

National Access Cannabis Generates \$17 million in Revenue in Q3 2019. Retail Cannabis Stores Generate \$16.8 million in Revenue[1], and Adjusted EBITDA[2] of \$2.3 million

TORONTO, July 30, 2019 /CNW/ - National Access Cannabis Corp. ("NAC" or the "Company") (TSXV: META), the largest private retailer of recreational cannabis in Canada³, today announced its financial results for the third quarter ended May 31, 2019. All amounts are expressed in Canadian dollars.

Q3-2019 Highlights — Continued expansion in retail cannabis store financial results

- Sequential quarterly revenue growth (compared to Q2-2019) of 5.2% at a gross profit margin of 33% compared to 32% in Q2-2019
- The Company's retail cannabis stores generated \$16.8 million in revenue in Q3-2019, or 5.5% growth compared to Q2-2019. Gross profit margin was 32% in Q3-2019, compared to 31% in Q2-2019.
- Retail cannabis stores produced \$2.3 million in adjusted EBITDA in Q3-2019, growth of 32.4% compared to Q2-2019. Adjusted EBITDA margin expanded to 14% in Q3-2019, compared to 11% in Q2-2019.
- As of the date of this press release, the Company has received AGLC approval for 24 of its 34 retail cannabis store license applications, all of which are operating under the NewLeaf brand.
- The Company currently has a portfolio of 34 licensed recreational cannabis retail stores, 24 in Alberta, 9 in Manitoba, and 1 in Saskatchewan.

"In Q3 2019, the efforts of our team translated into steady growth in the Company's top line while a focus on optimizing working capital and driving higher profitability drove significantly improved adjusted EBITDA on a sequential basis," said Mark Goliger, CEO of NAC. "We are just at the beginning of NAC's growth trajectory with a target of growing to 40 total stores by the end of calendar 2019. We expect the Canadian cannabis market to continue to find its footing through the remainder of 2019 after a rocky start in late 2018. We expect to see supply issues continue to abate and we anticipate seeing a lifting of restrictions on new licences in new jurisdictions and the ability to offer our customers a wider selection of products. As the Canadian cannabis market matures, NAC is positioned to continue to gain share and drive continued growth in financial performance out of both existing and new stores."

This press release should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the three and nine months ended May 31, 2019 and the related Interim MD&A – Quarterly Highlights for the three and nine-month period ended May 31, 2019.

Summary Tables – Three Months Ended May 31, 2019

	Medical Cannabis Education Clinics	Retail Cannabis Stores	Research	Corporate	Total
Revenue	286,163	16,759,606	-	-	17,045,769
Cost of goods sold	(32,447)	(11,470,303)	-	-	(11,502,750)
Gross profit	253,716	5,289,303	-	-	5,543,019
Gross profit margin (%)	89%	32%	-	-	33%
Operating expenses	(636,140)	(5,812,588)	(257,950)	(4,025,597)	(10,732,275)
Loss from operations	(382,424)	(523,285)	(257,950)	(4,025,597)	(5,189,256)
Adjusted EBITDA	(215,949)	2,343,072	(257,950)	(2,432,987)	(563,814)
Adjusted EBITDA %	-	14%	-	-	-
Other expenses	(16,064)	(84,418)	-	-	(100,482)
Deferred tax recovery	-	-	-	509,589	509,589
Net loss	(398,488)	(607,703)	(257,950)	(3,516,008)	(4,780,149)

Summary Tables – Nine Months Ended May 31, 2019

	Medical Cannabis Education Clinics	Retail Cannabis Stores	Research	Corporate	Total
Revenue	1,101,157	35,933,941	-	-	37,035,098
Cost of goods sold	(170,778)	(24,755,208)	-	-	(24,925,986)
Gross profit	930,379	11,178,733	-	-	12,109,112
Gross profit margin (%)	84%	31%	-	-	33%
Operating expenses	(1,833,394)	(13,025,502)	(562,410)	(14,120,994)	(29,542,300)
Loss from operations	(903,015)	(1,846,769)	(562,410)	(14,120,994)	(17,433,188)
Adjusted EBITDA	(583,184)	4,705,960	(562,410)	(7,590,270)	(4,029,904)
Adjusted EBITDA %	-	13%	-	-	-
Other expenses	(16,064)	(84,418)	-	(1,642,857)	(1,743,339)
Deferred tax recovery	-	-	-	876,567	876,567
Net loss	(919,079)	(1,931,187)	(562,410)	(14,887,284)	(18,299,960)

Financial Measures

There are measures included in this news release that do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures and metrics presented by other publicly traded companies. The Company includes these measures because it believes certain investors use these measures and metrics as a means of assessing financial performance. EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-IFRS financial measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies.

Adjusted EBITDA

Three months ended May 31, 2019	Medical Cannabis Education Clinics	Retail Cannabis Stores	Research	Corporate	Total
Loss from operations	(382,425)	(523,284)	(257,950)	(4,025,597)	(5,189,256)
Amortization of property and equipment	166,475	435,650	-	-	602,125
Amortization of intangible assets	-	-	-	419,133	419,133
Finance and other costs	-	-	-	734,353	734,353
Professional fees – fundraising and acquisition	-	-	-	161,913	161,913
Integration and restructuring costs	-	-	-	-	-
Pre-operating retail expenses	-	2,430,707	-	-	2,430,707
Share based compensation	-	-	-	277,211	277,211
Adjusted EBITDA	(215,949)	2,343,072	(257,950)	(2,432,987)	(563,814)
Adjusted EBITDA %	-	14%	-	-	-

Nine months ended May 31, 2019	Medical Cannabis Education Clinics	Retail Cannabis Stores	Research	Corporate	Total
Loss from operations	(903,015)	(1,846,770)	(562,410)	(14,120,994)	(17,433,188)
Amortization of property and equipment	319,830	864,102	-	-	1,183,932
Amortization of intangible assets	-	-	-	1,257,399	1,257,399
Finance and other costs	-	-	-	2,848,253	2,848,253
Professional fees – fundraising and acquisition	-	-	-	1,096,210	1,096,210
Integration and restructuring costs	-	-	-	380,480	380,480
Pre-operating retail expenses	-	5,688,629	-	-	5,699,629
Share based compensation	-	-	-	948,382	948,382
Adjusted EBITDA	(583,184)	4,705,960	(562,410)	(7,590,270)	(4,029,904)
Adjusted EBITDA %	-	13%	-	-	-

Management defines Adjusted EBITDA as the net loss from operations, as reported, before interest, tax, and adjusted by removing non-cash items, including stock-based compensation expense, depreciation, and further adjusted to remove integration and restructuring related costs, as well as upfront costs required to open a retail store. Management believes Adjusted EBITDA is a useful financial metric to assess its operating performance on a cash adjusted basis before the impact of

non-cash items and acquisition related costs. Adjusted EBITDA is a non-IFRS financial measure that does not have any standardized meaning and therefore may not be comparable to similar measures presented by other issuers.

Subsequent Events

NAC Enters Conditional Share Purchase Agreement

On July 15, 2019 the Company entered into a conditional share purchase agreement as previously announced, to acquire 19.9% of Sicamous Trading Company Incorporated ("**STC**"). Pursuant to the share purchase agreement, the Company will acquire 199,000 common shares in the capital of STC, being 19.9% of the issued and outstanding shares in the capital of STC, in exchange for \$200,000, payable by the issuance of common shares of the Company at a price of \$0.53 per share.

NAC Enters Loan Agreement with OCN

Pursuant to the terms of a letter agreement between the Company and Opaskwayak Cree Nation ("**OCN**") dated July 23, 2019, the Company and OCN agreed to extend the maturity of a \$9,000,000 loan previously entered into between the Company and OCN (the "**OCN Loan**") from December 14, 2019 to August 1, 2020, subject to certain conditions precedent. Under the terms of the letter agreement, if the Company elects to extend the term of the OCN Loan to a maturity date of August 1, 2020, the interest rate of the OCN Loan shall increase to 12% per annum and the Company shall be obligated to deliver 1,000,000 common share purchase warrants registered in the name of OCN. Such warrants shall be exercisable for a term of 36 months at an exercise price equal to the closing price of the common shares of the Company on the TSX Venture Exchange on the date prior to the issuance of such warrants.

About National Access Cannabis Corp.

NAC is Canada's largest recreational cannabis retailer³. With 34 licensed retail locations nationwide, NAC is the leader in secure, safe and responsible access to legal recreational cannabis in Canada. Through its Canada-wide network of Meta Cannabis Supply Co.™ and NewLeaf Cannabis™ recreational cannabis retail stores and NAC Medical's cannabis clinics and pharmacy partnerships, NAC enables the public and registered patients to gain knowledgeable access to Canada's network of authorized Licensed Producers of cannabis. NAC is listed on the TSX Venture Exchange under the symbol (TSXV: META).

For more information, visit:

www.nationalaccesscannabis.com

www.metacannabis.com

www.newleafcannabis.ca

www.nacbio.com

www.nacmedical.com

Cautionary Statements

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward looking statements or information. Forward-looking statements and information in this news release includes, but is not limited to, the number of NAC cannabis retail stores expected to open and/or become licensed, the potential lifting of restrictions on new retail licences in new jurisdictions, the ability of the Company to offer customers a wider selection of products, the ability of the Company to gain market share and growth in the financial performance of the Company. Although the Company believes that the expectations and assumptions on which the forward-looking statements and information are based

are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Company cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results and developments, including the number of NAC cannabis retail stores expected to open, may differ materially from those that are currently contemplated by these statements depending on, among other things, risks relating to the AGLC reinstating its moratorium, the ability to obtain or maintain licences to retail cannabis products; future legislative and regulatory developments involving cannabis including Ontario opening up licensing to more private retailers; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favourable terms; general business, economic, competitive, political and social uncertainties; timing and completion of construction of the Company's retail locations; the delay or failure to receive regulatory approvals; the competitive conditions of the cannabis industry; the competitive and business strategies of the Company; the labour market generally and the ability to access, hire and retain employees; and the recreational and medical cannabis industry in Canada generally. The Company cautions that the foregoing list of risks and uncertainties is not exhaustive. The forward-looking statements and information contained in this news release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statement or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

¹ The Company had 24 retail locations in operation as of May 31, 2019 resulting in total revenue of \$35,933,941 from retail operations for the nine months ended May 31, 2019.

² Adjusted EBITDA is a non-IFRS measure that does not have a standardized meaning prescribed by IFRS. For more information and a reconciliation of non-IFRS measures to the closest IFRS measure, see below under "Financial Measures", or find additional detail in the "Non-IFRS Financial Measures" section in the Company's Interim MD&A – Quarterly Highlights for the three and nine-month period ended May 31, 2019, available on SEDAR and on the Company's website.

³ Canaccord Genuity, Canadian Cannabis Report, July 17, 2019

SOURCE National Access Cannabis Corp.

View original content: <http://www.newswire.ca/en/releases/archive/July2019/30/c2932.html>

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