



2019 ANNUAL REPORT

AleafiaHealth.com





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80%
Cannabis
Revenue Gross
Margin

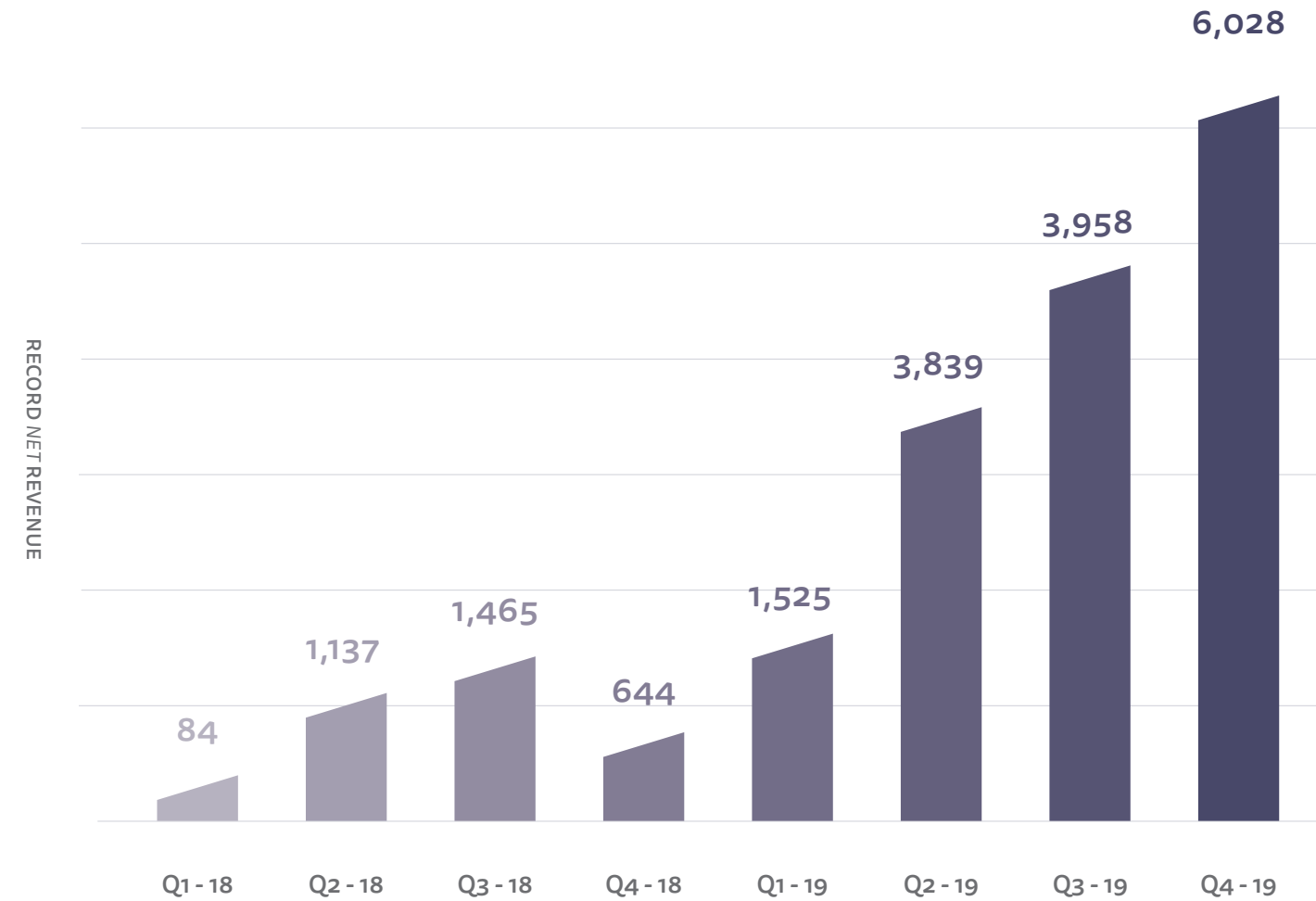
\$0.2M
Positive
Adjusted
EBITDA

-56%
Decline in Total Expenses
In Q4 2019 vs. Q1 2019

\$41.2M
Cash on Hand

RECORD NET REVENUE

Four Consecutive Quarters





Geoffrey Benic
CEO / Aleafia Health Inc.

In a period of economic uncertainty, for the cannabis industry, and globally, Aleafia Health continues to progress, through disciplined, sustainable growth. This has been a transformative year. Let's first put things in perspective.

We are a relatively young company. In 2018, we had total cannabis revenue of \$0.6 million. But we did have the vision, which has been very clear from day one, to be the leader in cannabis health and wellness. That remains true today. We have now reported our first quarterly positive adjusted EBITDA, in the fourth quarter of 2019

While most LPs report substantial sequential declines, our cannabis net revenue has increased 27% quarter over quarter, led by medical cannabis sales and wholesale. Year over year cannabis revenue has increased 1,748 per cent. And perhaps most importantly, we can report 80% gross margins on cannabis net revenue. We are a growth company in a growth industry. However, it's very clear for all to see that times have changed. The cost of capital increases everyday. Balance sheet risk hangs like a cloud over the sector.

It was almost exactly a year ago today, that we closed the acquisition of Emblem. Since that time, we have instituted a culture of disciplined growth, reducing overhead and focusing on core revenue generating operations. I am excited with how far we have come, but we aren't resting on our laurels.

We have a long way to go, and work to do to continue increasing our sales. Since the outset, facility licensing has been a significant bottleneck for our business. That's now changing, after receiving licensing for our Niagara Facility.

To say it's a long-time coming would be an understatement. But, we have been prepared for this day for months.

"The future is bright for our young company. And the best is yet come."

The greenhouse will give us consistent, stable inventory, which complements the seasonal nature of outdoor cultivation.

During Q4 2019, we completed our inaugural outdoor cultivation harvest., which yielded 12,747 kgs of dried flower, at \$0.10 all-in cash

cost per gram.

The quarter was significant also for our Paris Facility. We completed the Phase II expansion, which will exponentially increase our ability to produce and sell value-added cannabis products. The facility has been purpose-built to meet EU-GMP certification requirements.

Seniors members of our team have spent most of their careers in EU-GMP production or build-outs, and their expertise will be essential as we look to gain market access to the EU.

Looking forward, we have recently hired medical cannabis sales channel veterans to help grow our core business. We continue to believe that medical cannabis, both in Canada and abroad, remains an incredibly attractive market which many have ignored.

The future is bright for our young company. And the best is yet to come.

- Geoff

SCIENCE

Data analytics and science-based medicine inform every decision, from strains to treatment. If it matters, measure it.

SEEDING

We seed change by disrupting established industries. Crossplatform integration and cannabis innovation is how we do it.

WELLNESS

Specialized treatment programs, tailored cannabis education courses, and product innovation. We deliver wellness through diversification.



4 DIVISIONS, 1 ECOSYSTEM

Continuous innovation, powered by technology to scale globally.



Port Perry

26-Acre

expansion to 86 acres in 2020



\$0.10
All-in cash
cost per gram





Niagara Facility

29

Licence Secured
March 13, 2020

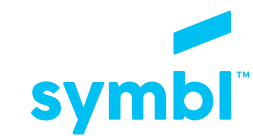
PRODUCTS

Aleafia Health Product Suite



Medical Cannabis

Medical cannabis products are the core of our business. That means providing our patients with standardized, repeatable medicine, when they need it.



Adult-use Cannabis

Some health and wellness consumers who want to purchase their products over the counter. That's why we made Symbi. Because curiosity is the catalyst for discovery and growth.



Sublingual Strips

Health and wellness conscious consumers want novel, discreet form factors. That's why we now have the exclusive Canadian rights to produce the award-winning Kin Slips sublingual strips.



GLOBAL MARKET

Moving the World Forward

Global Market Access

With products in market in Australia, Aleafia Health has joined a handful of cannabis companies who have completed international exports. As medical cannabis is legalized in more jurisdictions, we are well positioned to expand our health and wellness

ecosystem, in Canada and globally. The Phase II expansion of our Paris Facility is built to EU-GMP certification requirements which will allow us to begin exports to the Germany and the EU market.



CORPORATE DIRECTORY

CHAIR

Julian Fantino

CHIEF EXECUTIVE OFFICER

Geoffrey Benic

DIRECTOR

Loreto Grimaldi

CHIEF FINANCIAL OFFICER

Benjamin Ferdinand

DIRECTOR

Daniel Milliard

CHIEF OPERATING OFFICER

Greg Rossi

DIRECTOR

Lea Ray

CHIEF MARKETING & TECHNOLOGY OFFICER

Trevor Newell

DIRECTOR

Mark Sandler

CHIEF MEDICAL OFFICER

Dr. Michael Verbora

DIRECTOR

Raf Souccar

PRESIDENT OF CLINIC OPERATIONS

Keith White

DIRECTOR

Bill Stewart

SHAREHOLDER INFORMATION

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TSX / ALEF

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