



## **Sproutly Provides Business Update on the Moosehead Joint Venture for Cannabis Beverages**

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**VANCOUVER, BC, October 8, 2019** – Sproutly Canada, Inc. (CSE: SPR) (OTCQB: SRUTF) (FSE: 38G) (“**Sproutly**” or the “**Company**”) is pleased to provide an update on: 1) its previously announced joint venture with OCC Holdings Ltd., an affiliate of Moosehead Breweries Limited (“**Moosehead**”) (the “**Joint Venture**” or, the “**JV**”); and, 2) in respect of progress made to-date in the development of cannabis-infused beverages intended for sale in the Canadian market via Toronto Herbal Remedies Inc. (“**THR**”), Sproutly’s Health Canada licensed cannabis producer (the “**Infused Beverages**”).

“In the past five months, significant resources have been dedicated towards creating a portfolio of Infused Beverages that will be ready for consumers following legalization in Canada.” said Matthew Oland, CEO of the Joint Venture. “On May 1, 2019, I took over the leadership of the initiative. To date, we have made significant strides in developing the brand strategy, products, packaging, manufacturing, and logistics for the Infused Beverages. I am confident in our ability to deliver a great tasting beverage to Canadians that provides a controlled, strain specific, cannabis experience utilizing Sproutly’s naturally water soluble cannabinoids known as Infuz<sub>2</sub>0. Infuz<sub>2</sub>0 has proven to deliver the cannabis effects in less than 5 minutes with the experience lasting up to 90 minutes, as advertised. We are eager to bring our beverages to market showcasing the finished Infused Beverages utilizing such a truly unique technology.”

“Although the legal framework of the Joint Venture has taken longer than expected, both Moosehead and Sproutly have allocated significant resources to the Joint Venture since the announcement in May 2019. As a result, there has been substantial progress made on the business and product development of Infused Beverages. With Matthew’s extensive leadership and experience in the beverage category, we are well down the path on branding and formulating beverages. APP Technology has given us the ability to fast-track our beverage development process as we do not have the same technology and formulation challenges as processes that require chemical formulation on extracted cannabis oils.” said Keith Dolo, Sproutly’s Chief Executive Officer. “We look forward to completing the remaining legal documents to implement the Joint Venture and to announcing the name of the Joint Venture.”

Matthew Oland, one of Moosehead’s senior executives and Oland family member, has relinquished his former responsibilities at Moosehead to assume the role of Chief Executive Officer of the Joint Venture as of May 1, 2019. Moosehead has assigned additional staff and resources to support Mr. Oland in the development and operation of the Joint Venture.

The Infused Beverages will initially target the casual and canna-curious consumer with a premium beverage product that is a non-smokable cannabis alternative to traditional edibles and beverages that have inherent onset and offset challenges. With Sproutly's Infuz<sub>2</sub>O and Moosehead's adult beverage formulation expertise, the JV's Infused Beverages will deliver a great taste profile with little to no cannabis aroma or flavour impact. In addition to the desirable flavour and aroma characteristics, Infuz<sub>2</sub>O provides several other attractive formulation and experience benefits as compared to traditional oil-based beverage solutions, including:

- almost instant cannabis experience onset of 5 minutes or less (vs. 30+ minutes for traditional oil-based emulsion and nano-encapsulation technologies);
- efficient and controllable cannabis experience offset of 60-90 minutes (vs. 2+ hours for traditional oil-based emulsion and nano-encapsulation technologies);
- all-natural water-soluble cannabis extract without the use of chemicals or detergents as used in emulsion and nano-encapsulation technologies;
- whole plant extract with strain-specific features, allowing the ability to create beverages and edibles that deliver the strain experience without smoking the flower; and,
- when infused in beverages, the lack of pronounced cannabis taste, aroma, or sediment.

### **Joint Venture Business Development Highlights**

Sproutly and Moosehead, in its capacity as a branding, marketing, and logistics partner, have significantly progressed the business of the Joint Venture since the signing of the JV Agreement on April 30, 2019. Select Joint Venture business development highlights are outlined below:

- ***Brand Development***
  - Leveraged Moosehead's existing relationship with an award-winning branding & design agency to develop a brand name, logo, identity and architecture as well as a strategy for positioning the Joint Venture in the market.
  - Created a corporate name and secured corresponding website domains and commenced website development.
- ***Product Development***
  - Utilized Moosehead's product development experience and relationship with a leading global flavour and ingredient solutions company to lead the beverage base formulation.
  - Completed several rounds of product formulation testing, including:
    - testing of beverage base to determine desired flavor profiles, sweetness, colour, and calorie targets;
    - exploring an array of THC mg dosages utilizing Infuz<sub>2</sub>O; and,
    - utilizing both Indica and Sativa cannabis strains to determine desired strain-specific characteristics.
  - Evaluated numerous packaging (bottles and cans) and labeling options.
  - Engaged a third-party market research firm to help refine product development and branding through consumer research and product concept testing to explore end-user preferences.

- **Go-To-Market Strategy**
  - Completed an initial round of presentations to provincial cannabis regulatory agencies and a selection of private retailers to identify and assess initial launch markets.
  - Leveraging Moosehead and Sproutly in-house resources to develop a detailed go-to-market strategy including provincial market preferences, pricing and product positioning strategies.
  - In collaboration with a top-tier brand and marketing agency, commenced preliminary planning for a marketing strategy including a strategy for potential in-store activation, education, communication and merchandising.
  
- **Manufacturing, Logistics & Operations**
  - Determined that THR will utilize third-party contract manufacturers (co-packers) for the manufacturing of its initial products due to the Health Canada regulations requiring the segregation of cannabis-infused beverages from alcoholic beverage production.
  - Assessed potential co-packers for the manufacture of initial products and commenced discussions with preferred providers.
  - Initiated and continue discussion with provincial cannabis regulatory agencies to determine supply chain logistics to inform the go-to-market strategies including supply-chain and national product distribution.
  - Evaluated a number of third-party distribution companies for shipping and logistics services.

### **Implementation of the Joint Venture**

Following the signing of the binding definitive joint venture agreement on April 30, 2019, (the “**JV Agreement**”), Moosehead and Sproutly commenced the process of preparing and settling of the various agreements required for the implementation of the Joint Venture (the “**Implementation Documents**”). These Implementation Documents include, but are not limited to, a shareholders agreement, brand licensing agreements, supply agreement and co-packing agreement. The parties continue to work diligently to complete the Implementation Documents.

### **About Moosehead Breweries Ltd.**

In 1867, the Oland family – led by matriarch Susannah Oland – began brewing and selling October Brown Ale on the family farm located on the Dartmouth shore of the Halifax Harbour. What started as a small brewery, grew with grit and determination throughout time as the commitment to brewing quality beer passed on from generation to generation. Located in Saint John, New Brunswick, Moosehead is the last major brewery in Canada owned by Canadians. Now in its sixth generation of ownership, the Oland family’s passion for beer has helped them steer Moosehead through devastating fires, Prohibition, the Great Depression, two world wars, obstructive trade barriers, and bruising competition from breweries 100 times its size. As Canada’s oldest and largest independent brewer, the company stands committed to the same values that transformed a small brewery in Saint John, NB into a Canadian icon of resilience. Moosehead sells its beer throughout Canada, the United States and in 15 other countries around the world under its 14 wholly owned and 8 partner brands.

### **About Sproutly Canada, Inc.**

Sproutly's core mission is to become the leading supplier to the cannabis beverage and edibles market. Our Toronto based, ACMPR licensed facility was built to cultivate pharmaceutical grade cannabis to supply a technological breakthrough in producing and formulating the first natural, truly water-soluble cannabis solution. Our water-soluble ingredients and our bio-natural oils will deliver revolutionary brands to international markets that are clamouring for well-defined commercial products. Sproutly's business focus is to execute on partnerships with local and globally established consumer brands to leverage their existing customer bases, further expand brand loyalty, assist with marketing, and support distribution networks to deliver this scientific breakthrough with speed and efficiency worldwide.

For more information on Sproutly, please visit: [www.sproutly.ca](http://www.sproutly.ca).

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### **Forward-Looking Statements**

Cautionary Note Regarding Forward-Looking Statements: This release includes certain statements and information that may constitute forward-looking information within the meaning of applicable Canadian securities laws or forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to future events or future performance and reflect the expectations or beliefs regarding future events of management of Sproutly. Generally, forward-looking statements and information can be identified by the use of forward-looking terminology such as "intends" or "anticipates", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would" or "occur". This information and these statements, referred to herein as "forward-looking statements", are not historical facts, are made as of the date of this news release and include without limitation, statements regarding discussions of future plans, estimates and forecasts and statements as to management's expectations and intentions with respect to, among other things, timing relating to the formation of the Joint Venture, the qualities of the Infused Beverages and the Company realizing anticipated benefits and synergies from the Joint Venture. These forward-looking statements involve numerous risks and uncertainties and actual results might differ materially from results suggested in any forward-looking statements. These assumptions, risks and uncertainties include, among other things, the Company's inability to successfully develop and produce the Infused Beverages, the Company's inability to obtain any necessary regulatory approvals, failure to complete or realize anticipated benefits and synergies from the Joint Venture; potential negative consumer, investor or public perception of a party's respective current brand or company; changes in consumer preferences and product trends; and political, legal and regulatory uncertainty relating to cannabis products generally. In making the forward looking statements in this news release, the Company has applied several material assumptions, including without limitation, that the Company will be successful in completing the development and production of the Infused Beverages, the Company will obtain all applicable regulatory approvals from global jurisdictions including Health Canada and the Company will be able to successfully satisfy all of the conditions in the Joint Venture Agreement. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue

reliance on forward-looking statements and forward-looking information. Readers are cautioned that reliance on such information may not be appropriate for other purposes. The Company does not undertake to update any forward-looking statement, forward-looking information or financial outlook that are incorporated by reference herein, except in accordance with applicable securities laws. We seek safe harbor.