



## **SPROUTLY ANNOUNCES FINANCIAL RESULTS FOR THE THIRD QUARTER OF 2020**

### ***NOT FOR DISSEMINATION IN THE US OR THROUGH US NEWSWIRE SERVICES***

**VANCOUVER, B.C., January 29, 2020** – Sproutly Canada, Inc. (CSE: SPR) (FRA: 38G) (OTCQB: SRUTF) (“**Sproutly**” or the “**Company**”) today announced the Company’s financial results for the third quarter ended November 30, 2019.

"Our third quarter saw us receive our Flower Sales Licence from Health Canada effective October 16, 2019. That was a key milestone for us as a Company, and we quickly followed that up by signing supply agreements with Alberta and New Brunswick." said Keith Dolo, Chief Executive Officer of Sproutly. "We were able to execute on shipments to both provinces prior to the end of calendar 2019, providing adult recreational cannabis consumers in both provinces the opportunity to enjoy CALIBER’s craft, indoor-grown Berry White and Lemon Z strains. Our focus now is to execute on these agreements while rightsizing our cost structure in order to move towards positive cash flow and deliver on our plans of becoming a leader in the cannabis infused product category."

### **Highlights for the Third Quarter Ended November 30, 2019**

- Toronto Herbal Remedies (“THR”) (the Company’s wholly-owned licensed cannabis producer), received its sales license for cannabis flower from Health Canada. The Flower Sales License will allow THR to sell dried cannabis flower products provincially and territorially in Canada through authorised distributors and retailers. The sales will commence through the launch of Sproutly’s premium cannabis brand CALIBER.
- Infusion Biosciences Inc. (“Infusion”) and BNO Holdings Inc. (“BNO Holdings”) developed and verified analytical methods that detect, identify, and measure cannabinoid molecules in water-soluble (“Infuz2O”) and oil preparations (“Bio-Natural Oil”) derived from cannabis and hemp using APP Technology (collectively, the “Developed Analytics”). APP Technology is a patent pending process that uses proprietary reagents to recover naturally occurring water-soluble cannabinoids as well as the cannabis oils.
- The Company expanded its operations with a new manufacturing facility in close proximity to the THR production facility in Scarborough, Ontario. The additional property allows the Company to continue to centralize operations in the Greater Toronto Area, as well as providing manufacturing capabilities for its proprietary reagents, a key input for the APP Technology cannabinoid recovery process.

### **Subsequent Events**

- THR entered into a cannabis standing offer contract with the province of Alberta from Alberta Gaming, Liquor & Cannabis (“AGLC”), the province’s wholesaler and operator of Alberta’s only

legal online recreational cannabis store, AlbertaCannabis.org. Pursuant to the Supply Agreement, Sproutly will supply AGLC with its indoor grown dried flower products produced from THR, under the Company's premium cannabis brand 'CALIBER'.

- THR has also entered into a cannabis supply agreement in the province of New Brunswick through Cannabis NB ("CNB") as of December 5th, 2019.
- The Company delivered its first shipment of CALIBER flower to both ALGC and CNB, marking its entrance into Canada's recreational cannabis market.
- The Company has reduced its administrative staff and overhead costs in order to better align expenses with revenues and move closer towards positive cash flow to ensure viability for the Company in the long term.

### **Management Reorganization**

The Company's President, Mr. Bryan Semkuley, will be transitioning his role to a strategic advisor. Mr. Semkuley's duties will be assumed by the Company's CEO, Keith Dolo.

Karin Studer, Chief Operating Officer, is also transition her role in the organization to focus on the regulatory and licensing steps required within Cannabis 2.0 as Sproutly prepares for these products, both internally and within the Moosehead Joint Venture. Dr. Arup Sen, Chief Science Officer, will assume the consolidated role of both Science and Operations at the Ontario facility.

"These changes will allow Sproutly to reduce monthly expenses and create an organization that operates more efficiently. As we ramp up production of our CALIBER Brand, as well as look to the finalization and launch of the Moosehead Joint Venture, this new structure will allow us to operate a leaner organization that can narrowly focus in on driving revenue in 2020." commented Keith Dolo, CEO of Sproutly Canada Inc.

### **Consolidated Financial Statements and Management's Discussion and Analysis**

The Company's unaudited consolidated interim financial statements and accompanying notes as at and for the quarter ended November 30, 2019, and the Company's Management's Discussion and Analysis for the three months ended November 30, 2019 are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company will not be hosting a conference call this quarter as it focuses its attention on the execution of operational priorities. However, the Company continues to be committed to addressing questions from investors, which can be directed to [investorrelations@sproutly.ca](mailto:investorrelations@sproutly.ca).

### **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).

Contact:

Keith Dolo, Chief Executive Officer of Sproutly Canada

Email: [investorreleations@sproutly.ca](mailto:investorreleations@sproutly.ca)

### **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 Canada. 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, the date of trading of the Sproutly Shares on the CSE and final regulatory approvals. 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 state of the economy in general and capital markets in particular, and other factors, many of which are beyond the control of Sproutly Canada. 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 out-look that are incorporated by reference herein, except in accordance with applicable securities laws. We seek safe harbor.