



SPROUTLY ANNOUNCES FINANCIAL RESULTS FOR THE FISCAL YEAR 2020, POSTPONEMENT OF EXECUTIVE COMPENSATION DISCLOSURE AND BOARD REORGANIZATION

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VANCOUVER, B.C., August 31, 2020 – Sproutly Canada, Inc. (CSE: SPR) (OTCQB: SRUTF) (FRA: 38G) (“**Sproutly**” or the “**Company**”) today announced the Company’s financial results for the fiscal year ended February 29, 2020, as well as a postponement of executive compensation disclosure and a Board reorganization.

"Although we were making progress with sales of our CALIBER indoor-grown Berry White and Lemon Z strains being sold into five provinces, the COVID-19 pandemic had a significant impact on our operations." said Dr. Arup Sen, Chief Executive Officer of Sproutly. "As a result, we implemented the Business Transformation Plan and shifted our primary focus to our APP technology while minimizing our cost structure. We are now focused on using our naturally water soluble Infuz2O and BioNatural oils in unique Cannabis 2.0 edible and beverage products."

Highlights for the Fourth Quarter Ended February 29, 2020

- The Company’s licensed subsidiary, Toronto Herbal Remedies (“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.
- THR 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 secured a private loan of \$1 million from Infusion Biosciences Inc., a related party of the Company.

Subsequent Events

- THR entered into cannabis supply agreements with the provinces of British Columbia, Manitoba and Saskatchewan, through the British Columbia Liquor Distribution Branch, the Manitoba Liquor and Lotteries Corporation and the Saskatchewan Liquor and Gaming Authority, respectively. These are the 3rd, 4th and 5th provinces in Canada to carry the Company’s CALIBER branded indoor-grown dried flower products.
- The Company amended the conversion price of its previously issued convertible debentures from

- a price of \$0.75 per common share to \$0.105 per share.
- The Company commenced a Business Transformation Plan. The key aspects are:
 - Appointing Dr. Arup Sen as CEO, replacing Keith Dolo
 - Implementing a reduction in its staffing by 75% and cutback in cultivation output
 - Infusion Biosciences has provided a letter of intent to invest up to an additional \$855,000. The investment will be made by way of issuance of convertible debentures (the “Convertible Debentures”). The Convertible Debentures will bear an accrued interest rate of 15% and be exchangeable into units at a price of \$0.07 per unit (the “Units”). The Units consist of one common share and one common share purchase warrant, with each warrant allowing the holder to purchase one common share at a price of \$0.08.
 - The Company reorganized their Board of Directors. Michael Bellas, Gregg Orr and Justin Kates departed, with Craig Loverock and Paul Marcellino joining the Board.

Postponement of Executive Compensation Disclosure

The Company will be relying on the temporary blanket relief provided by the Canadian Securities Administrators, including under BC Instrument 51-516, to postpone filing of its executive compensation disclosure required under applicable securities laws until such time as the Company files its executive compensation disclosure. The Company expects to file the executive compensation disclosure prior to December 31, 2020.

Board Reorganization

The Company's Chairman, Mr. Con Constandis, has transitioned from the role of Board Chairman to the role of Audit Committee Chairman, following which, Dr. Arup Sen was appointed to the role of Chairman of the Board.

Consolidated Financial Statements and Management's Discussion and Analysis

The Company's unaudited consolidated interim financial statements and accompanying notes at and for the year ended February 29, 2020, and the Company's Management's Discussion and Analysis for the year ended February 29, 2020 are available under the Company's profile on SEDAR at www.sedar.com.

About Sproutly Canada, Inc.

Sproutly's core objective is to become the leading supplier of unique ingredients and customized formulations to the cannabis beverage and edibles market. Our water-soluble Infuz2O and BioNatural Oils will deliver revolutionary brands to international markets that are striving to produce differentiated consumer 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.

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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 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 outlook that are incorporated by reference herein, except in accordance with applicable securities laws. We seek safe harbor.