



Sproutly Announces CCAA Filing for THR Divestiture

Vancouver, BC, June 27, 2022 – Sproutly Canada, Inc. (CSE: SPR) (OTCQB: SRUTF) (FSE: 38G) ("**Sproutly**" or the "**Company**"), announced today that Toronto Herbal Remedies Inc. ("THR") and Sproutly's subsidiary, that holds the shares of THR, Sproutly Inc. (together the "**Filers**"), filed a petition with the Ontario Superior Court of Justice for protection under the *Companies' Creditors Arrangement Act* ("**CCAA**") in order to restructure their business and financial affairs. The Company and its other subsidiaries are not parties to the CCAA filing and will now focus solely on the commercialization of its APP technology.

After going through a time and resource consuming process to sell THR and the facility, careful consideration of available alternatives and consultation with legal and financial advisors, the directors of the Company decided that in the interest of the Company's shareholders, THR's divestiture should be carried out by a court appointed monitor under a CCAA filing.

The Initial Order includes, among other things: (i) a stay of proceedings in favour of the Filers; (ii) approval of a DIP (Debtor in Possession) Loan (as described below); and (iii) the appointment of BDO Canada Limited as monitor of the Filers (in such capacity, the "**Monitor**"). The Filers are seeking creditor protection under the CCAA in order to receive a stay of proceedings that will allow the Monitor to conduct a sale and investment solicitation process ("**SISP**") and facilitate a transaction.

Under the Initial Order, the Filers will operate in the ordinary course throughout the CCAA proceedings during the SISP. Management of the Filers will remain responsible for the day-to-day operations of the Filers, under the general oversight of the Monitor. The Filers' day-to-day obligations to employees and key suppliers of goods and services, from and after the filing date, will be met using the DIP Loan.

In order to fund the CCAA proceedings, the SISP and other short term working capital requirements, the Filers have executed a term sheet with 0982244 BC Ltd. o/a Isle of Mann Property Group., on behalf of its clients (the "**DIP Lender**"), pursuant to which the DIP Lender will advance a debtor-in-possession loan in the amount of \$750,000 (the "**DIP Loan**"). The DIP Loan is conditional on, among other things, the issuance of the Initial Order which has been granted.

The Company is not part of the CCAA proceedings. The Company is the holder of the APP technology license from Infusion Biosciences for Canada, the EU, the UK, Australia, Israel and Jamaica. The Company is transitioning from operating a licensed cannabis facility to a cannabis technology company, as evidenced by the plan for the Filers. The Company will continue to partner with licensed producers to produce products utilizing the APP technology, which is capable of producing strain specific cannabis extracts, edible and beverage products. The Company has one partnership agreement in place whereby the Company will produce its own branded products while actively pursuing further sublicensing and other such arrangements.

"At this stage of Sproutly's evolution, our best path to capitalize on the APP technology and be able to produce innovative products required the sale of THR." said Dr. Arup Sen, Sproutly's CEO. "Especially in light of our progress in the newly formed joint venture with KCI, the execution of product development, manufacturing, and marketing in Canada requires a total focus on the operations of the joint venture and approaching prospective partners in the territories where Sproutly has rights to APP technology." he added.

About Sproutly Canada, Inc.

Sproutly is positioning to become a leading supplier of proprietary cannabis ingredients, brands, and customized formulations for the cannabis beverage and edibles marketplaces in Canada, Europe, Australia, and other international markets. Our proprietary natural water-soluble Infuz₂O and BioNatural Oils are designed to deliver true to strain whole plant experiences to new consumers and cannabis connoisseurs alike, ushering in the Cannabis 3.0 revolution. Sproutly will enter into partnerships with globally established consumer brands to leverage their existing customer bases, brand recognition, distribution networks to deliver this scientific breakthrough with speed and efficiency in major commercial territories around the world.

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. 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.

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 launch or supply its Cannabis 2.0 products in Canada; the Company's inability to complete agreements with partners and launch additional products; potential negative consumer, investor or public perception of the additional product lines; 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 launch its Cannabis 2.0 products in Canada; that the Company's products will be positively received by consumers in Canada; and that the Company will continue to develop and launch its Cannabis 2.0 products. 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.