

Nextleaf Solutions Provides Q2 Update

Vancouver, British Columbia--(Newsfile Corp. - June 1, 2021) - Nextleaf Solutions Ltd. (CSE: OILS) (OTCQB: OILFF) ("Nextleaf", "OILS", or the "Company"), the world's most innovative cannabis extractor, is pleased to provide shareholders with the following commercial update and comments on its second-quarter results:

Nextleaf Solutions: Building A World-Class Patent Portfolio Around Cannabis Extraction

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Nextleaf Provides Commercial Update

Nextleaf is pleased to announce that subsequent to the quarter-end it completed the second wholesale order from its recently announced customer, a NASDAQ-listed global cannabis company (the "**Partner**"). The Company's wholly-owned subsidiary Nextleaf Labs Ltd. ("**Nextleaf Labs**" or "**Labs**") supplies the Partner with high-purity CBD distillate to power their branded CBD oil products that are distributed by provincially-authorized retailers across Canada.

Additionally, the Company is pleased to announce Nextleaf Labs has onboarded an Ontario licensed producer (the "**New Partner**") and received an initial purchase order for approximately 40 kilos of high-purity THC distillate. The New Partner plans to use Nextleaf's THC distillate to power their market-leading vape brand.

"We are thrilled that our two newest partners are leveraging Nextleaf's competitive advantage to power their established brands," said Nextleaf Solutions CEO Paul Pedersen. "We continue to expand our B2B wholesale business, supplying some of the world's largest cannabis producers with THC and CBD oils produced by Nextleaf's patented cannabis oil refinery. With the recent issuance of our sales amendment by Health Canada, Nextleaf looks forward to increasing revenues through the sale of branded consumer cannabis products by provincially-authorized retailers," said Pedersen.

Q2 Highlights and Recent Developments

In the second quarter, Nextleaf Solutions continued to execute on its corporate strategy and advance its commercial operations, as illustrated by the following milestones:

- The United States Patent and Trademark Office granted Nextleaf three distinct patents related to the extraction, purification, and delivery of cannabinoids, adding to the Company's dynamic and expanding portfolio of issued U.S. patents.
- The Canadian Intellectual Property Office granted Nextleaf a patent for the acetylation of cannabinoids. More specifically, the patent covers a process for acetylating CBD, and subsequent refinement of CBD-O-Acetate using a proprietary extraction and distillation technique.
- The Israeli Patent Office granted the Company a patent for its foundational process for producing low-cost cannabis distillate, Nextleaf's fifth issued extraction patent in Israel.
- The Mexican Institute of Industrial Property granted Nextleaf a patent vital to the low-cost production of cannabis distillate.
- Nextleaf Labs received an amendment to its existing Cannabis Research Licence from Health Canada to conduct controlled human administration trials for sensory evaluation of cannabis. This license permits Nextleaf Labs to conduct R&D involving the administration of cannabis to human subjects for the assessment of taste, sight, or smell, subject to conditions laid out by Health Canada.
- Nextleaf Labs received an amendment to its existing Standard Cannabis Processing Licence from Health Canada that authorizes the sale of cannabis extracts, edibles, and topical products, directly to provincially-authorized distributors and retailers across Canada.
- Nextleaf closed a private placement with an institutional investor (the "Investor") for aggregate gross proceeds of \$3,000,000 (the "Offering"). The Offering was completed pursuant to the terms of securities purchase agreement dated March 31, 2021, between the Company and the Investor which provided for the issuance of a senior secured convertible note of the Company in the principal amount of \$3,300,000 and a warrant to purchase up to 6,875,000 common shares in the capital of the Company.

Nextleaf Comments on Financial Results from Q2 Financials

The second quarter saw an increased operational focus on both finalization of Nextleaf's sales amendment, which was received shortly after the quarter-end, and optimization and scaling of vape cartridge manufacturing line, capable of producing up to 8,000 vape cartridges per day. With capital expenditures tapering off significantly and overheads tightening, Nextleaf's expect to be well positioned to grow its B2B segment, consistently as the overall market moves toward equilibrium.

"Beyond turning initial B2B orders into longer-term supply agreements, increased revenue optionality is key to be building a sustainable business model. We've built a facility, team, and IP base that has synergies through all three of our revenue pillars of IP licensing, B2B bulk sales, and B2C branded product sales. We believe a diverse revenue model, with commonalties will allow us to build a very sustainable business in the medium term, while smoothing revenues as the B2B market normalizes," said Nextleaf CFO Charles Ackerman. "Due to a focus on automation, as Nextleaf's facility utilization increases - further operational synergies should be realized, providing the ability to drive costs down and provide more value to our partners," said Ackerman.

About Nextleaf®

Nextleaf is an innovative cannabis processor that owns one of the largest portfolios of U.S. patents for the extraction, distillation, and delivery of cannabinoids. Nextleaf supplies cannabis oils to its wholesale customers and distributes consumer products under its award-winning prohibition-era brand, Glacial Gold™. Nextleaf's proprietary closed-loop automated extraction plant in Metro Vancouver has a design capacity to process 600 kilos of dried cannabis into oil per day. Nextleaf is developing delivery technology through its Health Canada Research Licence with sensory evaluation of cannabis via human testing.

The Company owns 14 U.S. patents and has been issued 80 patents globally.

Nextleaf Solutions trades as [OILS on the Canadian Securities Exchange](#), [OILFF on the OTCQB Market in the United States](#), and [LOMA on the Frankfurt Stock Exchange](#).

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www.nextleafsolutions.com

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On behalf of the Board of Directors of the Company,
Paul Pedersen, CEO

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NEXTLEAF

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