

Nextleaf Announces Fiscal 2022 Results and Provides Commentary

Vancouver, British Columbia--(Newsfile Corp. - January 31, 2023) - Nextleaf Solutions Ltd. (**CSE: OILS**) (**OTCQB: OILFF**) (**FSE: L0MA**) ("**Nextleaf**", "**OILS**", or the "**Company**"), a federally regulated manufacturer and distributor of cannabis extracts, has released its audited annual financial statements for the fiscal year ended September 30, 2022. Nextleaf is pleased to provide a summary of selected financial highlights and milestones achieved:

- Total revenue of \$5,351,509, an increase over 52% from the year prior.
- Cost of sales of \$3,748,621, decrease of approximately 12% from the year prior. A significant portion of cost of sales is related to excess capacity, as such, as revenue scales with increased distribution, gross profit is expected to increase exponentially.
- Gross profit of \$661,238
- Cash used in operations of \$802,192
- SG&A, R&D, and total operating expenses decreased year over year
- Established distribution in four provinces through government distributors and authorized retailers, and nationally through medical sales partners.
- Top 5 in CBD oil sales and Top 10 in vapes in B.C.
- Completed a public offering for gross proceeds of \$3,168,842 under a prospectus supplement dated December 15, 2021, issuing 15,844,208 units at \$0.20 per unit.

"Nextleaf established itself as one of the top producers of cannabis vapes and oils with the success of Glacial Gold™ branded products. During 2022, our business graduated from ingredient supplier into the manufacturing and distribution of branded consumer products," said Nextleaf CEO Paul Pedersen. "Nextleaf has a clear path to profitability with its right-sized operating overhead and steadily growing revenue base."

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Key Milestones During the Year

Nextleaf remained a top-10 supplier of cannabis vapes and oils in British Columbia.

Nextleaf began selling Glacial Gold™ THC and CBD products in Ontario through the Ontario Cannabis

Store ("OCS") in May 2022, and received a number of new product listings, including for its High Plains™ vapes, subsequent to year end.

Nextleaf began selling Glacial Gold™ THC and CBD products in Nova Scotia through the Nova Scotia Liquor Corporation ("NSLC") in February 2022.

Nextleaf began selling Glacial Gold™ THC and CBD products in Saskatchewan through National Cannabis Distribution.

Nextleaf began selling its *Glacial Gold*™ THC and CBD products to medical patients nationally through Quebec-based medical cannabis sales platform Mendo Medical (www.Mendocannabis.ca), and through Hybrid Pharm Inc., Canada's first brick-and-mortar pharmacy distributing medical cannabis.

Nextleaf released the most potent ingestible CBD product in the Canadian market, with *Glacial Gold*™ *Distilled CBD 200 Oil* - one of B.C.'s top selling CBD products.



Figure 1 - Nextleaf manufacturing THC vapes

To view an enhanced version of this graphic, please visit:
https://images.newsfilecorp.com/files/5347/153017_f1eaf91d443a3a30_001full.jpg

Innovation and Intellectual Property

Nextleaf is a global leader in cannabinoid innovation and intellectual property. The Company has been issued 19 U.S. patents, and 100 patents globally, on cannabinoid processing including extraction, distillation, and acetylation.

The Company validated its technology to produce THC-free Broad Spectrum CBD distillate from industrial hemp feedstock. Nextleaf launched its first THC-Free CBD product subsequent to year end.

Nextleaf launched its first cannabidiol ("CBN") product for sleep, with *Glacial Gold™ After Hours* CBN:THC Drops. The Company plans to expand its product offerings in the sleep category in 2023. According to Health Canada's recent cannabis survey, sleep remains the number one reason Canadians choose cannabis as a medicine.

Nextleaf became the first in Canada to produce D9-tetrahydrocannabinol acetate (D9-THC-OAc, delta-9-THC-OAc, THC-OAc), colloquially referred to as THC-O ("THC-O"). Federal Regulators confirmed the Company's understanding that THC-O is not subject to excise tax as it does not meet the definition of "Total THC" as defined under the Excise Act, which is aligned with the definition of the same in the Cannabis Act. With many delta-9-THC extracts subject to excise tax over 40% of the duty paid landed cost from government distributors, the Company is developing its novel THC-O cannabinoid ingredient as a tax-free alternative to delta-9-THC products, and sees significant opportunity for market disruption.

Key Milestones Subsequent to Fiscal Year 2022

Nextleaf expanded its product mix into cannabis softgel capsules, with the launch of *Glacial Gold™* THC 10mg Softgels in a 50-pack large format, and 10-pack trial size to address the market for edible cannabis products with more THC per package versus traditional edibles.

The Company entered the Newfoundland and Labrador market through a strategic partnership with Atlantic Cultivation Inc. ("Atlantic"), the number one distributor in the province by sales revenue and market share.

Nextleaf launched its new High Plains™ brand with a lineup of four high flavour vape SKUs in British Columbia.

Nextleaf partnered with NOYA Cannabis for the Canadian Launch of Cookies "C" branded vapes, with four unique flavours formulated with high-potency distillate produced by Nextleaf's patented ingredient processing technology.

Nextleaf completed its first international shipment of cannabis vape products. Cannabinoid vapes custom manufactured by Nextleaf under private label will be sold by pharmacies outside Canada where medical cannabis is legal.

The Company amended the terms of the senior secured note (the "Note") issued to an institutional investor (the "Investor") on March 31, 2021, extending the maturity date of the Note to June 1, 2023.

Financial Statements

The consolidated audited financial statements of the Company for the year ended September 30, 2022 and accompanying MD&A have been filed with the securities regulators and are available on SEDAR at www.sedar.com under the Company's issuer profile.

About Nextleaf Solutions Ltd.

Nextleaf® is a federally regulated manufacturer and distributor of cannabis vapes and oils under its award-winning prohibition-era brand, *Glacial Gold*™. The Company sells its branded products through government distributors and authorized retailers in 4 provinces in Canada. Nextleaf is a low-cost producer of cannabis oils, and supplier of THC and CBD to qualified wholesale partners across Canada and internationally. Nextleaf's patented ingredient processing technology transforms cannabis and hemp biomass into high-purity distillate at an industrial scale. The Company has been issued 19 U.S. patents, and 100 patents globally, on cannabinoid processing including extraction, distillation, and acetylation.

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

For more information visit www.nextleafsolutions.com and www.Glacial.Gold

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

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