



## New Leaf Ventures Reports Positive Operational Outlook

VANCOUVER, British Columbia, July 16, 2020 -- **New Leaf Ventures Inc. (CSE: NLV)** (“New Leaf,” “NLV” or the “Company”), a management and investment organization dedicated to evaluating and accelerating advanced stage operations in the North American Cannabis sector is pleased to advise on operational activities reported by its New Leaf USA team.

New Leaf USA Inc. (and its subsidiaries) provides licenses, consulting services, physical and intellectual property, production equipment and related services to a Washington-based Tier 3 Producer/Processor focused on industrial-scale agronomy, processing, packaging, marketing and distributing cannabis and cannabis related products. While recent global events have created uncertainty in many industries, reports from the Seattle-based team provide strategic insight and cautious optimism for the coming harvest season.

### Product Sales Price Increase Averages 28%

- Over the past two years, the cannabis industry in Washington state has experienced stabilization in supply due to consolidation of producers and processors.
- The stabilization has resulted in an increase in wholesale costs of flower and extraction material throughout the regional sector.
- Beginning June 1st, the New Leaf USA licensee competitively matched the industry trend by increasing fees on flower sales to retailers by an average of 28% with virtually no impact to COGS. Retailer acceptance has been positive across the board.
- Based on information gathered from its industry partners, New Leaf USA expects wholesale prices to remain stable throughout the 2020-2021 harvest season, subject to normal seasonal fluctuations.

### Harvest Season Preparations

- New Leaf USA has been actively establishing and building relationships with regional producers and processors in preparation for the upcoming harvest season.
- Early light deprivation greenhouse and auto-flower harvests are expected to start in late July, ramping up in August. Large scale outdoor and greenhouse harvests will begin in September through October.
- The license holder anticipates the purchase and processing of several thousand pounds of material in August, ramping up through the fall. New Leaf USA participates in earnings through its licensed IP whereby monthly revenues are earned relative to units sold. Therefore, the more biomass processed and sold ensures positive cash flow to New Leaf USA.
- A portion of purchased material will be packaged and sold via New Leaf USA's affiliate Weed brand, with the remainder slated for sales in bulk to processors.

### Cultivation Facility Upgrades

- New Leaf USA has received funding and initiated a series of upgrades to increase the scope of licensed indoor cultivation facilities.
- Phase one upgrades include higher efficiency lighting with increased light output. The operator expects a 25-35% increase in production volume of usable material based on initial tests of the new lighting configuration.
- The Company has also advanced changes to the drying and curing process that will result in increases in quality of flower production.
- New Leaf USA has authorized the implementation of an integrated software system for scheduling, managing, and tracking cultivation operations. This system will increase efficiencies in the cultivation cycle, improve the ability to identify issues, implement corrective measures and improvements (such as the introduction of new strains), and facilitate inter-departmental communication in support of lean manufacturing processes.
- Phase two upgrades will focus on environmental and process controls within the cultivation facility, resulting in improvements in consistency and quality of overall flower production, packaging and logistics.

Michael Stier, CEO of New Leaf Ventures states, “The reports and activities from our New Leaf USA subsidiary are welcome news. Our investment strategy and management controls are delivering a focused approach to production improvements and a practical pathway to revenue growth. We are delighted by these early successes including news of increased product interest by a growing number of regional retailers and processors. With an increased ability to deliver consistent high-quality products we aim to focus on cost-efficient replicable methods to achieve a dominant role as a leader in best practices and shareholder value.”

### About New Leaf Ventures Inc. (CSE: NLV)

New Leaf Ventures Inc. is developing a cannabis sector-based scalable securities concept of focused financing and applied management to achieve earnings growth through targeted investment. The Company's flagship enterprise is New Leaf USA and its subsidiaries, which provide licenses, consulting services, real property, intellectual property and equipment for lease and ancillary services to a Washington-based Tier 3 Producer/Processor focused on cultivating, growing, processing, packaging, and distributing cannabis and cannabis related products.

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