



New Leaf Ventures Provides Q1 2022 Outlook

VANCOUVER, British Columbia, Jan. 18, 2022 -- **New Leaf Ventures Inc.** (CSE: NLV) (OTC: NLVVF) (“New Leaf,” “NLV” or the “Company”), a management and investment organization dedicated to evaluating, investing, and accelerating advanced stage operations in the North American Cannabis sector, today provides an outlook regarding first quarter (Q1) strategic plans at its wholly-owned New Leaf USA (["New Leaf"](#) or ["NL USA"](#)) operations based in Seattle, Washington.

Efficiency via Automation

Within a challenging marketplace as the baseline condition, the Company determined to move forward with plans to improve efficiencies aimed at decreasing overhead and increasing margins. To that end, production automation systems identified during the MJBiz Conference in October led to the recognition of top equipment acquisitions planned for 2022. These items include a ‘Multi-Scale’ system for automated biomass weighing and packaging, a ‘Flow Wrapper’ for edible packaging, an ‘Automated Pre-Roll’ system, and an ‘Automated Vape Cartridge’ machine as prime examples which reduce labour costs, speed production, and improve quality assurance.

Target Product Development

In recognition of the undeniable consumer interest in edible products, New Leaf will be launching a new line of edible gummies as a line extension of the successful Goodies hard candies and caramels. The gummies will notably offer several different texture options and over a dozen flavors. Consumer data provided developmental criteria favoring flavor combinations such as Sour Apple, Sour Mango, Pink Lemonade, and Pineapple Habanero which were determined to attract broad interest and potential for sales traction. As originally reported in a previous [news release](#), New Leaf also remains committed to the development of flagship Cannabis beverage line ASTAR, with current projections for production targeting early 2022.

Cultivation Upgrades

With the conclusion of the regional fall harvest, a number of factors, including pandemic related causes, led to the largest oversaturation of biomass in the state’s legal cannabis history. The situation made itself felt with lower margins and sales volume regionally. New Leaf undertook responsive remedial measures at the start of the year with a temporary idling of in-house cultivation. On a positive note, along with cutting costs in the short term, the decision led to an opportunity to advance the scheduling of much needed departmental maintenance and upgrades which further streamlines future capabilities in readiness for normalization as regional biomass inventories draw down.

2022 also brings the start of a new generation of in-house cannabis strains that have been under preparation for imminent launch and are being readied for launch throughout 2022. Fresh new product offerings are a proven marketing driver and underlying basis for advancement in the fast paced and competitive cannabis industry. Bestselling strains will remain while data driven decisions regarding the less popular strains will undergo inventory replacement with the upcoming new designer strains. These new strains have been selected for a number of key attributes including higher production capability and incredible terpene profiles.

As an experiential result of the late season regional overproduction, New Leaf has determined to increase regular biomass procurement from local cultivation partners to help navigate through any future price fluctuations. Given the relatively short history of the legal cannabis sector in Washington, proactive planning and in-place agreements against future variability will position the Company to pivot quickly when market forces result in an environment where it is more cost effective to purchase finished biomass than to cultivate it internally.

Marketing

Ongoing brand development combined with structured and responsive marketing provided a significant increase to consumer feedback and faster time-to-market development of new product lines aligned to quantifiable market trend data. Aggressive distribution of samples to retailers, alongside structured follow-up and incentive closing protocols identified several new sales category opportunities and overall protection of market share in several key segments.

Multi-State Operations

NL USA is ramping efforts to become a Multi-State Operator in 2022. To-date, business development team members have travelled to meet with potential acquisition targets around the nation to identify a short list of partners and/or acquisitions suitable as part of the Company’s house-of-brands market positioning strategy. Those states allowing for vertical sector integration with an emphasis on active retail consumer engagement and a potential for processing and cultivation expansion are of particular interest. Strategically, the enterprise plan is predicated on expanding supply chain controls alongside an ability to procure popular brands and products as leverage for regional market share. Given New Leaf’s extensive experience in Washington state where vertical integration is not currently allowed, the team has a keen appreciation for the desirability to leverage verticality in all new ventures. Focusing on new recreationally and/or medically legal states, or with legalization on the horizon, we intend to leverage our decades of experience in the implementation of superior marketing, branding, and product development as a major value-add to newer enterprise operators in the pioneering regions of the country.

Dax Colwell, CEO of New Leaf USA and Director of New Leaf Ventures Inc. adds, “It’s no surprise the sector as a whole has seen unexpected stressors and challenges recently. Everyone had great hopes for the end of last year only to have yet another pandemic wave come crashing down on virtually every industry sector. I believe it’s a testament to our investment and

management model that helped provide New Leaf with the focus, drive, vision, expertise and liquidity to comfortably make the important tough decisions in a timely and effective way to fight back and persevere through tough times. In fact, across most of our business segments we are finding new ways to decrease costs and improve margins that will prove beneficial for years to come. Overall, we are very pleased by the team's determination and their ability to dig deep when it counts and come up with exciting news ideas, products, and strategies for success that are the hallmark of unity and effective leadership. I'm confident that most indicators appear to position us for calmer times ahead, and with an eventual return to normalcy, we look forward to increased productivity in the months ahead."

About New Leaf Ventures Inc. (CSE: NLV) (OTC: NLVVF)

New Leaf Ventures Inc. is developing a cannabis sector-based scalable 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, real property, intellectual property and equipment for lease, certain administrative services and other ancillary services to a Washington-based Tier 3 Producer/Processor focused on cultivating, growing, processing, packaging, and distributing cannabis and cannabis related products. Find out more at: <https://newleafventuresinc.com/>. For consumer interest visit: <https://www.damawashington.com/> and <https://damalife.com/>.

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