



## New Leaf Ventures Streamlines Operations

### Sale of cultivation assets aims to reduce redundant overhead, add capital & stabilize margins

VANCOUVER, British Columbia, June 28, 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, wishes to advise that an assessment of the region’s oversaturated cannabis production conditions has led to the strategic divestiture of equipment, downsizing of related personnel, and an infusion of capital through the sale of cultivation related assets. The Company and the license holder remain committed to the development, production, distribution and sale of cannabis retail brands and products.

New Leaf Ventures Inc (“NLV”), through its wholly owned subsidiary New Leaf USA, is pleased to announce the dissolution of its master lease on the facility currently used for cultivation by the license holder. In addition, the Company has waived its option to purchase the producer license from New Leaf Enterprises (“NLE”) allowing that entity to sell the license to a third-party known Washington State producer.

As previously [noted](#), with the conclusion of the regional fall harvest in 2021, 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. Today’s announcement shifts the operational focus from production and cultivation through the infusion of asset-divested cash to increase the strategic focus on New Leaf’s growth-oriented distribution model.

Boris Gorodnitsky, President & Co-Founder, New Leaf USA & Director, New Leaf Ventures Inc. states, “We are finding high quality biomass for less cost than we can grow in our facility. There are dozens of partner farms that do incredible jobs at growing biomass that don’t have the distribution capabilities and brand reach that we can perform. By eliminating the cost fluctuation of oversaturation and harvest yields we can purchase at a fixed cost. This allows us to control our margins. Also, with a focus on ancillary products the cost of active THC and CBD distillate continues to go down making these products more profitable.”

A third-party asset management company has purchased the turnkey cultivation infrastructure and equipment and will lease the cultivation facility. New Leaf Enterprises (the license holder) will retain its processor license, allowing it to develop, manufacture, and distribute all cannabis-derived products in the State. New Leaf USA retains the option to purchase the processor license should ownership legislation in the State change in future. The sale of all fixed assets and equipment related to the cultivation facility and release of the facility lease will allow New Leaf to focus its operations on the advancement of processing and distribution of high-quality consumer goods to retailers throughout the State. This transaction is a significant step forward towards aligning New Leaf Enterprises operations with New Leaf Ventures “House of Brands” core mission and business model. Gross sale proceeds to the Company’s subsidiaries pursuant to the divestiture were US\$266,797.

Dax Colwell, CEO & Co-Founder, New Leaf USA & Director, New Leaf Ventures Inc. advises, “Over the past few years, we have seen continuing maturation of the cannabis market, accompanied by increased focus of companies on their core competencies. Specialization and economies of scale, combined with Washington’s changing market and regulatory conditions, have resulted in a consistent supply of all grades of raw cannabis material at highly favorable rates. This maturation of the supply chain will allow us to fully focus on developing, manufacturing, and distributing products under NLV’s House of Brands umbrella. NLV is moving quickly to expand its portfolio of brands and products, and NLE is ready to support these efforts with its manufacturing and distribution capability.”

The Company also announces that its subsidiary New Leaf Services LLC has parted ways with Brad Songhurst and David Tran. The Company thanks Messrs. Songhurst and Tran for their efforts and wishes them the best in their future endeavors.

#### **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 producer for the processing, packaging, and distribution of 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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