

Avicanna Enters Partnership with Heritage Cannabis Holdings Corp. to Commercialize Evidence-Based Topical Products through Heritage's Medical Cannabis Channels

- *Exclusive licensing of certain of Avicanna's advanced and evidence-based CBD topical products including its deep tissue and skin care formulations.*
- *Heritage to lead medical sales and commercialization across non-competing medical channels in Canada under the Opticann brand.*

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TORONTO, August 11, 2021 (GLOBE NEWSWIRE) -- Avicanna Inc. ("**Avicanna**" or the "**Company**") (TSX: AVCN) (OTCQX: AVCNF) (FSE: 0NN), a biopharmaceutical company focused on the development, manufacturing and commercialization of plant-derived cannabinoid-based products, is pleased to announce that the Company has entered into an exclusive intellectual property licensing and royalty agreement (the "**Licensing Agreement**") with Heritage Cannabis Holdings Corp. ("**Heritage**") for the commercialization of a number of Avicanna's advanced CBD-based topical products under Heritage's medical cannabis brands (the "**Branded Products**") targeting patients registered to purchase medical cannabis in Canada.

The Branded Products include Avicanna's proprietary cannabinoid topical formulations developed through years of extensive research by Avicanna's team of scientists. The specific products are all supported with pre-clinical studies in addition to two of the SKUs that are supported by completed human studies. The Branded Products are planned to launch by Q4 2021 through Heritage's extensive medical sales channels in Canada and aim to address unmet medical needs of the mass market with evidence-based and standardized cannabinoid products.

Under the Licensing Agreement, which has an initial three-year term, Avicanna has exclusively licensed, subject to certain conditions and exceptions, the use of certain proprietary product formulations to Heritage to be marketed and sold under Heritage's medical Opticann branded products in non-competing medical channels in Canada. For the exclusive license, Heritage is required to meet certain minimum sales requirements every year for each Branded Product licensed under the Licensing Agreement and will pay Avicanna a fee for each product manufactured and a royalty for each product sold to its medical cannabis consumers.

"We are excited to add Avicanna's innovative topical products to our portfolio of highly effective medical CBD products. They are a great strategic fit. We are very impressed with Avicanna's diligent R&D approach for developing highly effective topical products formulated with pharmaceutical technology and which are supported with evidence of efficacy, much like the existing Opticann portfolio that includes oral products that use the patented VESIsorb® technology and sublingual CBD filmstrips that use the patented Versafilm® technology. The Licensing Agreement offers Heritage speed-to-market with highly effective topicals and we see this as beginning of a highly successful commercial partnership," said Umar Syed, President of Heritage's medical division.

In commenting on the Licensing Agreement, Aras Azadian, CEO of Avicanna said, "We look forward to collaborating with the Heritage team to extend our proprietary and evidence-based topical formulations to more Canadian patients and expand into more medical channels nationwide. We believe that the alignment

of both companies to offer the highest standards for cannabinoid-based medicine and education will yield fruitful and long-term commercial success.”

About Heritage Cannabis Holdings Corp.

Heritage is a leading cannabis company offering innovative products to both the medical and recreational legal cannabis markets in Canada and the U.S., operating under two licensed manufacturing facilities in Canada. The company has an extensive portfolio of high-quality cannabis products under the brands Purefarma, Pura Vida, RAD, Premium 5, feelgood., CB4 and ArthroCBD.

About Avicanna Inc.

Avicanna is a diversified and vertically integrated Canadian biopharmaceutical company focused on the research, development and commercialization of plant-derived cannabinoid-based products for the global consumer, medical, and pharmaceutical market segments.

Avicanna is an established leader in cannabinoid research and development, which it primarily conducts at its R&D headquarters in the Johnson & Johnson Innovation Centre, JLABS @ Toronto, Canada and in collaboration with leading Canadian academic and medical institutions. In addition to its developing pharmaceutical pipeline, Avicanna’s team of experts have developed and commercialized several industry leading product lines, including:

- RHO Phyto™: an advanced line of medical cannabis products containing varying ratios of CBD and THC currently available nationwide across Canada in medical channels in partnership with Medical Cannabis by Shoppers™, a subsidiary of Shoppers Drug Mart, and in adult use channels through provincial retailers. RHO Phyto is the first medical formulary of advanced “Cannabis 2.0” products, containing oils, sprays, capsules, creams, and gels, all developed with scientific rigor, manufactured under GMP standards and supported by pre-clinical data; and,
- Pura H&W™: an advanced and clinically tested line of functional CBD consumer derma-cosmetic products currently available nationwide across Canada in medical channels in partnership with Medical Cannabis by Shoppers™, a subsidiary of Shoppers Drug Mart, in adult use channels through provincial retailers in Canada and nation-wide across Colombia.

With ongoing clinical studies on its derma-cosmetic (Pura H&W), medical cannabis (RHO Phyto) and a pipeline of pharmaceutical products, Avicanna’s dedication to researching the important role that cannabinoids play in an increasingly wider scope of products has been at the core of the Company’s vision since its inception. Furthermore, Avicanna’s commitment to education is demonstrated through its annual medical symposium, the Avicanna Academy educational platform, and the My Cannabis Clinic patient program through its subsidiary company.

Avicanna manages its own supply chain including cultivation and extraction through its two majority-owned subsidiaries, Sativa Nativa S.A.S. and Santa Marta Golden Hemp S.A.S., both located in Santa Marta, Colombia. Through these sustainable, economical, and industrial scale subsidiaries, Avicanna cultivates, processes, and commercializes a range of cannabis and hemp cultivars dominant in CBD, CBG, THC, and other cannabinoids for use as active pharmaceutical ingredients. Avicanna’s Avesta Genetica program specializes in the development and optimization of rare cultivars for commercial production along with feminized seeds for global export. In June 2020, Avicanna made history with a shipment of hemp seeds to the United States of America by completing the first ever export of hemp seeds from Colombia.

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For more information about Avicanna, visit www.avicanna.com, call 1-647-243-5283, or contact Setu Purohit, President, by email at info@avicanna.com.

The company posts updates through videos from the official company YouTube channel https://www.youtube.com/channel/UCFXPBGdKSxOUOf_VZoSFSUA.

Cautionary Note Regarding Forward-Looking Information and Statements

This news release contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information contained in this press release may be identified by the use of words such as, "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", "outlook" and other similar expressions, and includes statements with respect to the laws of Canada, the Company's ability to license its intellectual property to Heritage, Heritage ability to sell the Branded Products, the market demand for the Branded Products, and the Company's and Heritage's ability to engage suitable contract manufacturers. Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors relevant in the circumstances, including assumptions in respect of current and future market conditions, the current and future regulatory environment; and the availability of licenses, approvals and permits.

Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the Company can give no assurance that they will prove to be correct. Actual results and developments may differ materially from those contemplated by these statements. Forward-looking information is subject to a variety of risks and uncertainties that could cause actual events or results to differ materially from those projected in the forward-looking information. Such risks and uncertainties include, but are not limited to current and future market conditions, including the market price of the common shares of the Company, and the risk factors set out in the Company's annual information form dated April 15, 2020 and final short form prospectus dated November 27, 2020, filed with the Canadian securities regulators and available under the Company's profile on SEDAR at www.sedar.com.

The statements in this press release are made as of the date of this release. The Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.