



Avicanna Reports Second Quarter 2019 Financial Results

/NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAWS/

Toronto, Ontario – August 14, 2019 – Avicanna Inc. ("**Avicanna**" or the "**Company**") (TSX: AVCN) a biopharmaceutical company focused on the development, manufacturing and commercialization of plant-derived cannabinoid-based products announces results for the second quarter ended June 30, 2019.

Aras Azadian, Chief Executive Officer of Avicanna, commented "We are pleased to report our second quarter financials, which provide insight into our strong infrastructure and the maturity of our various business units as we near commercialization. Within the last quarter we have validated our cultivation projects with commercial crops, extraction and preparation of active pharmaceutical ingredients, completion of a pilot production run for our finished products and the start of our first clinical trial. Additionally, we are proud to have listed on the Toronto Stock Exchange, senior board, as a research and development issuer, which we aim to leverage for our future growth."

Operational Highlights

Approval of Genetics

- During the second quarter ended June 30, 2019, Santa Marta Golden Hemp S.A.S., a subsidiary of the Company, obtained genetic registration from the Colombian Agricultural Institute (ICA) for three tetrahydrocannabinol ("**THC**") dominant genetic strains, one cannabidiol ("**CBD**") dominant genetic strain, and is currently cultivating its registered CBD dominant genetic for extraction and commercial sale of CBD products while it seeks to obtain quotas for its THC dominant genetics.
- The Company, through its subsidiaries, has submitted an application with the Colombian regulatory authorities to register an additional 25 genetics, of which six would be CBD dominant and 19 would be THC dominant.

Research and Development

- The Company, through its subsidiaries, has commenced phase I clinical trials on three of its derma-cosmetic products in Colombia with the Centro de Atención e Investigación Médica CAIMED S.A.S. (CAIMED), which are expected to be complete in the fourth quarter of 2019, prior to the Colombian commercial launch of the Company's derma-cosmetic line.

Pipeline Progress

- The Company has received interest for sample orders for its CBD isolates. The Company is awaiting final regulatory approvals to export its CBD isolates before it can pursue any firm orders.



- The Company anticipates it will have up to 120 kilograms of CBD isolate available for distribution at the end of 2019.

Expansion in Cultivation and Extraction

- Currently the Company's subsidiaries have a total of 290,000 square feet of cultivation space, which is expected to yield approximately 15,000 kilograms of dried flower annually.
- The Company's subsidiaries are currently expanding their cultivation footprint to approximately 410,000 square feet, which is expected to yield approximately 22,800 kilograms of dried flower annually. The Company anticipates this expansion to be completed by the end of 2019.
- The Company's subsidiaries have current extraction facilities capable of processing approximately 300 kilograms of dried flower per day into plant-derived cannabinoid extracts and purified cannabinoids including distillates and isolates.

Manufacturing

- The Company is expecting to manufacture approximately 82,000 units of its derma-cosmetic products by the end of the third quarter of 2019, which are expected to be slated for distribution in the Colombian market.

Financial Highlights

- The Company added significant liquidity to its balance sheet from the second closing of its special warrant financing and from a transaction involving Sativa Nativa S.A.S., positioning it well for its planned commercial efforts. The Company had approximately \$12.9 million of cash and cash equivalents on hand at June 30, 2019, compared with \$69,295 at December 31, 2018.
- The Company's costs increased for the six months ending June 30, 2019 as a result of scaling up operations and the significant costs associated with the listing of its common shares on the Toronto Stock Exchange.

Unaudited Summary of Operations (\$CDN)

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	\$	\$	\$	\$
Revenues	16,571	25,156	40,594	58,663
General and administrative	4,243,276	1,331,940	6,930,482	2,582,751
Share-based compensation	674,929	114,707	1,719,568	170,844



AVICANNA™

Depreciation and amortization	128,822	28,380	185,117	51,643
Total Expenses	(5,047,027)	(1,475,027)	(8,835,167)	(2,805,238)
Other income (loss)	522,257	(91,721)	400,898	1,044,866
Net Loss	(4,508,199)	(1,541,592)	(8,393,675)	(1,701,709)
Weighted average number of Common Shares outstanding – basic and diluted	18,139,300	13,221,068	16,825,405	11,834,633
Loss per share – basic and diluted	(0.25)	(0.12)	(0.49)	(0.14)

Unaudited Summary of Balance Sheet (\$CDN)

	As at June 30, 2019	As at December 31, 2018
Assets	\$	\$
Cash	2,054,918	69,295
Short term investments	10,923,613	-
Amounts receivable	397,076	258,608
Prepaid assets	3,276,907	863,624
Biological assets	259,495	-
Inventory	875,026	-
Right to use asset	637,839	-
Property and equipment	18,418,835	16,256,136
Intangible assets	10,675,476	10,733,266
Investments	72	72
Total Assets	47,519,257	28,181,001
Liabilities and Equity		
Amounts payable	2,548,373	1,455,565
Due to related party	1,353,931	331,320
Convertible debentures	690,211	-
Derivative liability	91,835	-
Lease liability	642,398	-
Term loan	-	14,441
Total Liabilities	5,326,748	1,801,326
Shareholder's equity	42,192,509	26,379,675
Total Liabilities and Shareholder's Equity	47,519,257	28,181,001



About Avicanna

Avicanna is an Ontario, Canada based corporation focused on the development, manufacturing, and commercialization of plant-derived cannabinoid-based products through its two main business segments, cultivation and research and development.

Avicanna's two majority-owned subsidiaries, Sativa Nativa S.A.S. and Santa Marta Golden Hemp S.A.S., both located in Santa Marta, Colombia are the base for Avicanna's cultivation activities. These two companies are licensed to cultivate and process cannabis for the production of cannabis extracts and purified cannabinoids including cannabidiol (CBD) and tetrahydrocannabinol (THC).

Avicanna's research and development business is primarily conducted out of Canada at its headquarters in the Johnson & Johnson Innovation Centre, JLABS @ Toronto. Avicanna's scientific team develops products, and Avicanna has also engaged the services of researchers at the Leslie Dan Faculty of Pharmacy at the University of Toronto for the purpose of optimizing and improving upon its products.

Avicanna's research and development and cultivation activities are focused on the development of its key products, including plant-derived cannabinoid pharmaceuticals, phyto-therapeutics, derma-cosmetics, and Extracts (defined as plant-derived cannabinoid extracts and purified cannabinoids, including distillates and isolates), with a goal of eventually having these products manufactured and distributed through various markets.

SOURCE Avicanna Inc.

Stay Connected

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

Cautionary Note Regarding Forward-Looking Information and Statements

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only Avicanna's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of Avicanna's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information and forward-looking statements contained herein may include, but is not limited to, the expected inventory available to the Company in 2019, the expected production capacity of the Company's facilities, the timing of the completion of the expanded cultivation facilities, the volume and timing of the Company's derma-cosmetic manufacturing, the timing of the pilot and commercial production of the Company's phyto-therapeutic products and the expected normalization of the Company's general and administrative costs.



AVICANNA™

By identifying such information and statements in this manner, Avicanna is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Avicanna to be materially different from those expressed or implied by such information and statements. In addition, in connection with the forward-looking information and forward-looking statements contained in this press release, Avicanna has made certain assumptions.

Among others, the key factors that could cause actual results to differ materially from those projected in the forward-looking information and statements are the following: decreases in the prevailing prices for cannabis and cannabis products in the markets in which the Company operates; adverse changes in applicable laws; adverse changes in the application or enforcement of current laws, including those related to taxation; increasing costs of compliance with extensive government regulation; changes in general economic, business and political conditions, including changes in the financial markets and in particular in the ability of the Company to raise debt and equity capital in the amounts and at the costs that it expects; risks related to licensing, including the ability to obtain the requisite licenses or renew existing licenses for the Company's proposed operations; dependence upon third party service providers, skilled labor and other key inputs; risks inherent in the agricultural and retail business; intellectual property risks; risks related to litigation; dependence upon senior management; and the other risks disclosed in the Company's long form final prospectus dated July 8, 2019. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

Although Avicanna believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. Key assumptions used herein are that there will not be any unexpected costs or delays in the completion of the cultivation facilities, the Company will be able to continue to harvest inventory at a rate consistent with historical capabilities, the Company will realize expected yields on expanded facilities, demand for derma-cosmetic products will be consistent with management's expectations and there will not be any delays in the production and manufacturing of the Company's derma-cosmetic or phyto-therapeutic products.