



Avicanna Reports Third Quarter 2019 Financial Results

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

Aras Azadian, Chief Executive Officer of Avicanna, commented "We have built tremendous momentum and have connected several international verticals into a unified vertically integrated model in recent months. During this time, we have initiated several revenue streams through our various product lines, which we expect to drive the Company's future growth. This is an exciting time for Avicanna, as we are starting to see years of our hard work and research and development come together to result in commercialized cannabinoid-based products at a time where global market demand continues to increase."

Third Quarter Operational Highlights

- Successfully manufactured the first commercial batch of **Pura Earth™** branded derma-cosmetic products. This first batch included a total of approximately 28,000 units of Pura Earth product manufactured using approximately 28 kilograms of the Company's purified cannabidiol ("CBD").
- Clinical trials for Avicanna's branded derma-cosmetic line, Pura Earth, with the Centro de Atencion e Investigacion Medica CAIMED S.A.S., commenced during the quarter. These trials will demonstrate effectiveness with specific cosmetic endpoints, such as reduction of fine lines associated with aging, efficacy as a moisturizer for eczema prone skin, and reduction of sebum and redness attributed to acne. Upon completion, it is expected that these products will be the first CBD based cosmetic products with claims supported by clinical trials. These results are expected in the fourth quarter of 2019.
- Health Canada granted Avicanna a cannabis research licence, which will permit cannabinoid-based formulations and advanced pharmaceutical drug development at the Company's research and development headquarters located at the MaRS Discovery District in Toronto.
- Expanded the scope and duration of Avicanna's research and collaboration agreement with Dr. Christine Allen's research group at the University of Toronto's Faculty of Pharmacy, which is focused on pharmaceutical development of cannabinoid-based medicines, further solidifying the Company's position as a leader in the biopharmaceutical cannabis industry.
- Formed a joint venture with Sigma Analytical Services Inc. for the testing of cannabis and cannabis-based products in Colombia. The joint venture is expected to establish the first Good Manufacturing Practices and Good Laboratory Practice analytical testing facility in Colombia for such products.



- Entered into an agreement with the University of Guelph for the in vivo analysis of Avicanna's proprietary cannabinoid-based products and formulations to treat psychiatric disorders including anxiety, depression, PTSD and addiction. This agreement provides a unique opportunity for Avicanna to commence research on brain function and health. In addition, the Company entered into a research agreement with the University of Guelph and Dr. Max Jones to produce and optimize commercial genetics.
- Added an additional 120,000 square feet of cultivation space in its majority owned subsidiaries, Santa Marta Golden Hemp S.A.S. ("SMGH") and Sativa Nativa S.A.S ("Sativa Nativa"). The total cultivation area for the period ending September 30, 2019 is now 410,000 square feet. With this addition, the Company has completed its initial phase of its cultivation and extraction facility.

Financial Highlights

- The Company had approximately \$6.6 million of cash on hand and short-term investments at quarter end. Avicanna made significant strides to position itself for commercial sales. In particular, capital expenditures on its cultivation facilities was expedited to bring the 410,000 square feet of cultivation space online, which marks the completion of its initial phase of construction. As a result, it will be well positioned to meet future sales demand.
- The Company's costs increased for the nine months ending September 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. In particular, the Company scaled up certain costs as it related to the commercial launch of its Pura Earth line of products in Colombia.

Unaudited Summary of Operations (\$CDN)

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	\$	\$	\$	\$
Revenues	4,943	35,166	45,537	93,829
General and administrative	5,673,540	1,592,955	12,604,022	4,174,867
Share-based compensation	262,498	370,808	1,982,066	671,501
Depreciation and amortization	326,983	35,915	512,100	87,558
Total Expenses	(6,263,021)	(1,999,678)	(15,098,188)	(4,933,926)
Other income (loss)	72,748	(108,466)	473,646	920,222
Net Loss	(6,185,330)	(2,072,978)	(14,579,005)	(3,919,875)
Weighted average number of Common Shares outstanding – basic and diluted	21,830,153	13,666,351	19,298,899	13,174,504
Loss per share – basic and diluted	\$ (0.28)	\$ (0.14)	\$ (0.84)	\$ (0.30)



Unaudited Summary of Balance Sheet (\$CDN)

	As at September 30, 2019	As at December 31, 2018
Assets	\$	\$
Cash	3,086,171	69,295
Short term investments	3,523,613	-
Amounts receivable	679,082	258,608
Prepaid assets	3,132,914	863,624
Biological assets	291,031	-
Inventory	1,574,327	-
Right to use asset	588,775	-
Property and equipment	19,590,649	16,256,136
Intangible assets	10,830,589	10,733,266
Investments	72	72
Total Assets	43,297,223	28,181,001
Liabilities and Equity		
Amounts payable	2,717,072	1,455,565
Due to related party	2,734,359	331,320
Convertible debentures	702,687	-
Derivative liability	80,313	-
Lease liability	599,308	-
Term loan	-	14,441
Total Liabilities	6,883,739	1,801,326
Shareholder's equity	36,463,484	26,379,675
Total Liabilities and Shareholder's Equity	43,297,223	28,181,001

Recent Developments

- Completed first commercial sale of Pura Earth derma-cosmetic products to Percos S.A., now available at approximately 59 high-end retail locations throughout Colombia, including Blind prestige beauty shops and Cromantic professional beauty markets.
- Commenced trading on the OTCQX Best Market in the United States under the symbol "AVCNF".
- SMGH received a United States Department of Agriculture National Organics Program certification from Control Union Certifications for the cultivation of hemp (non-psychoactive cannabis). This certification makes SMGH the first producer to receive a USDA organic certification in Colombia.
- SMGH registered fifteen additional genetics, thereby further expanding the Company's quantity of genetics that it can utilize to cultivate, extract, export and use for commercial and research and development purposes to nineteen total genetics.



- Fulfilled the first international customer orders for the **Aureus™** brand of CBD-based products, including purified CBD isolate and bulk oil formulations. The CBD isolate was to customers in the United Kingdom and South Africa.
- Guiding to have up to 96 kilograms of CBD isolate available for distribution and sales by the end of 2019.
- Announced the execution of lock-up agreements for executive officers, directors and founders with restrictions on disposition impacting over 10 million common shares of the Company.
- Successfully completed the initial pilot runs and testing for its phyto-therapeutic line, **Rho Phyto™**, with sales expected to commence in the first quarter of 2020.
- Commenced trading on the Frankfurt Stock Exchange under the symbol "ONN".

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.

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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 info@avicanna.com.

Cautionary Note Regarding Forward-Looking Information and Statements

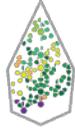


This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities 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 timing of the commencement of sales for the Company's phyto-therapeutic line of products, the establishment of the first GMP and GLP laboratory in Colombia, the Pura Earth line being the first line of CBD based cosmetics supported by clinical trials, the ability of the Company to commence research on brain function and health, the completion of research on cannabinoid-based formulations in the MaRS Discovery District and the expected timing for the results of the clinical trial on the Pura Earth line.

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, the Company will not encounter any delays in the launch of its phyto-therapeutic line, the completion of the laboratory with Sigma Analytical Services Inc. will proceed on time and budget, no competitors or third parties will establish a GMP and GLP compliant laboratory in Colombia prior to the launch of the Company's laboratory, that no other CBD based cosmetics will complete clinical trials prior to Pura Earth, the University of Guelph will be able to complete studies and generate data in accordance with the exclusive research agreement entered into with the Company and the Company will not be



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subject to any unforeseen delays or regulatory or contractual actions that will prevent it from completing research on cannabinoids in the MaRS Discovery District.