



Avicanna Launches RHO Phyto™ Topical Gels in Canada and Initiates Clinical Studies

- *RHO Phyto Deep Tissue Gels will be initially available on the Medical Cannabis by Shoppers Drug Mart™ online platform and expanded into specific consumer retail channels in February 2021.*
- *Initiation of osteoarthritis preclinical trials in Canada in addition to the enrollment of the products into the UHN MC-RWE study to evaluate the effectiveness on pain, sleep, anxiety, and depression.*

TORONTO, Jan. 28, 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 the launch of the RHO Phyto™ Deep Tissue Gels (the “**RHO Phyto Deep Tissue Gels**”) through Medical Cannabis by Shoppers Drug Mart as well as through additional adult use channels. The Company is also pleased to announce the initiation of pre-clinical osteoarthritis evaluations after successful *in vitro studies* and the enrollment of the Deep Tissue Gels in the Medical Cannabis Real World Evidence (“**MC-RWE**”) study. The MC-RWE study is led by the University Health Network (“**UHN**”) with the goal to evaluate the effectiveness of medical cannabis on pain, sleep and other related comorbidities.



About the RHO Phyto Deep Tissue Gels

The RHO Phyto Deep Tissue Gels synergistically combine natural clove oil and menthol with cannabinoids and natural polyphenols in advanced emulsions which are optimized for faster absorption and deeper delivery. The RHO Phyto Deep Tissue Gel formulations are also designed for long term cannabinoid shelf-life stability and accurate dosing with cooling sensation, and pleasant mint aroma. The deep tissue technology has been developed and optimized by Avicanna’s research and development team. Over the last 3 years, the RHO Phyto Deep Tissue Gel formulations have been validated by a series of preclinical studies where both stability and enhanced absorption into the deeper layers of the skin were shown.

The Cannabis and Pharmaceutical Market Opportunity

The launch of the RHO Phyto Deep Tissue Gels comes at a time when patients and consumers are seeking cannabinoid-based topical products and, despite the regulatory changes in October 2018 (“Cannabis 2.0”), there has been a limited number of topical products available in the projected \$3B Canadian cannabis market. In a 2018 Cannabis Report by Deloitte, 53% of users suggested they would try topical products in view of the new regulations. Additionally, 79% of these new users would like to use a topical product for potential pain relief.

Additionally, further clinical development of the RHO Phyto Deep Tissue Gel formulations is progressing with the goal of eventual registration as over-the-counter (“**OTC**”) drugs in legally permissible markets for relief of local pain associated with inflammation. The RHO Phyto Deep Tissue Gel product line is designed to compete with the current “gold standard” products such as Voltaren™.

Avicanna’s CEO, Aras Azadian commented: “With the launch of our topicals in Canada, we continue to validate our scientific capabilities of developing, optimizing and commercializing industry leading products and are extremely optimistic about their potential in the Canadian market. Additionally, we continue to demonstrate our commitment to our evidence-based approach with our recent results and initiation of further trials. As a cannabinoid-based biopharmaceutical company we are in a truly unique place to be able to commercialize these products through cannabis channels while we continue to make progress in their clinical development towards pharmaceutical drugs in parallel.”

Clinical Development

Expanding on existing evidence^{1,2}, the RHO Phyto Deep Tissue Gels are formulated to deliver a synergistic combination of cannabinoid and other active ingredients including Beta Caryophyllene in a topical formulation to address joint and muscle pain related to inflammation. To demonstrate potential efficacy, the products have been enrolled in Canadian preclinical studies to their efficacy in addressing localized pain and inflammation caused by osteoarthritis. The studies also seek to compare the efficacy of the RHO Phyto Deep Tissue Gels, with varying cannabinoid ratios, to Voltaren.

In addition, the RHO Phyto Deep Tissue Gel will be available in the MC-RWE studies led by UHN. This observational trial will evaluate the effectiveness of medical cannabis products on chronic pain, sleep, anxiety and depression through the completion of validated questionnaires over a 24 week period.

[1] Hammell DC, Zhang LP, Ma F, Abshire SM, McIlwrath SL, Stinchcomb AL, Westlund KN. Transdermal cannabidiol reduces inflammation and pain-related behaviours in a rat model of arthritis. *Eur J Pain* 2016;20: 936–48.

[2] Lowin T, Schneider M, Pongratz G. Joints for joints: cannabinoids in the treatment of rheumatoid arthritis. *Curr Opin Rheumatol* 2019;31:271–8.

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:

- Pura Earth™ or Pura H&W™: an advanced and clinically tested line of CBD consumer derma-cosmetic products; and,

- RHO Phyto™: an advanced line of medical cannabis products containing varying ratios of CBD and THC currently available nation-wide across Canada in partnership with Medical Cannabis by Shoppers™, a subsidiary of Shoppers Drug Mart. RHO Phyto is the first strictly medical formulary of advanced “Cannabis 2.0” products, containing oils, sprays, capsules, creams, and gels, all 2 developed with scientific rigour, manufactured under GMP standards and supported by pre-clinical data.

With ongoing clinical trials on its derma-cosmetic (branded as Pura Earth or Pura H&W), medical cannabis (branded as 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/UC5yBcINIsNf7VrE34iwt8OA>.

Please join the conversation on our Avicanna supporter’s telegram group at <https://t.me/Avicannainc>.

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 availability of the Deep Tissue Gels in the adult use markets in February 2021, the synergistic combination of the ingredients of the Deep Tissue Gels, the ability of the combination of the ingredients of the Deep Tissue Gels contributing the faster absorption and deeper delivery of cannabinoids, to the effectiveness and stability of the Deep Tissue Gels, the ability of the Company to register the Deep Tissue Gels as OTC products. 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.