



Avicanna Announces Closing of Non-Brokered Private Placement of Convertible Debenture Units

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Toronto, Ontario – January 28, 2022 (GLOBE NEWSWIRE) – Avicanna Inc. (“**Avicanna**” or the “**Company**”) (TSX: AVCN) (OTCQX: AVCNF) (FSE: 0NN), an innovative, commercial stage, and international biopharmaceutical company focused on the development advancement, and commercialization of evidence-based, cannabinoid-based products, is pleased to announce that it has closed a non-brokered private placement (the “**Offering**”) of 1,626 convertible debenture units of the Company (the “**Units**”) at a price of \$800 per Unit (representing an original issue discount equal to 20%), for aggregate gross proceeds of approximately \$1,550,400. Each Unit consists of an aggregate of \$1,000 principal amount of secured subordinated convertible debentures (the “**Debentures**”) and 545 common share purchase warrants (each, a “**Warrant**”).

The Debentures will mature one year following the closing of the Offering (the “**Maturity Date**”). Each Debenture shall be convertible at any time following the date that is six months from the closing of the Offering, at the option of the holder, into common shares in the capital of the Company at a price of: (A) \$1.20 per share, if converted between the period commencing six months from the closing of the Offering and ending on the second business day prior to the Maturity Date; or (B) \$0.85 per share, if converted anytime after the second business day prior to the Maturity Date. The Debentures will not bear interest prior to the Maturity Date, after which they will bear interest at a rate of 15% per annum (based on a year of 360 days composed of twelve 30-day months). Upon a change of control of the Company, holders of Debentures have the right to require the Company to repurchase their Debentures, in whole or in part, at a price equal to 105% of the principal amount of the Debentures then outstanding. The Company shall have the right at any time and from time to time during the period commencing on the date that is six months from the closing of the Offering and the Maturity Date, to repay up to 50% of the principal amount of the then outstanding Debentures. The Debentures will rank *pari passu* in right of payment of principal with all other Debentures issued under the Offering and will be subordinate to the Company’s outstanding senior secured debt (the “**Senior Debt**”).

Each Warrant is exercisable into one common share in the capital of the Company (each a “**Warrant Share**”) at a price of \$1.10 per share for a period of three years from the closing of the Offering.

In connection with the Offering, the Company has granted to the subscribers of Units a right to subscribe for and purchase additional units (the “**Additional Units**”) on substantially the same terms as the Units issued pursuant to the Offering if: (A) at any time it wishes to prepay the then outstanding Senior Debt, and desires to fund, in its sole discretion, such prepayment through the



issuance of such Additional Units; or (B) an event of default occurs in respect of the Senior Debt, in each case for the purpose of raising sufficient funds to prepay or repay, as applicable, the Senior Debt. The issuance of Additional Units shall be subject in all respects to the approval of the Toronto Stock Exchange (the “**TSX**”) and the terms thereof shall be substantially the same terms as the Units issued pursuant to the Offering, including the same maturity date as the Maturity Date notwithstanding the issue date thereof, subject to any increase in the exercise price of the warrants and the conversion price of the convertible debentures, in each case which will form part of any Additional Units to be offered, to be not less than the then minimum pricing permitted by the TSX, and any proration and corresponding reduction of the original issue discount applied to such Additional Units, having regard to the maturity date of the Additional Units.

The Company intends to use the proceeds from the Offering for general working capital purposes, general and administrative expenses, expenditures related to production and manufacturing, and research and clinical development.

All securities issued under the Offering, including securities issuable on conversion or exercise thereof, are subject to a hold period expiring four months and one day from the date hereof.

The Offering is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the TSX.

About Avicanna

Avicanna is a Canadian commercial-stage biopharmaceutical company established in cannabinoid research, development, and evidence-based products for the global consumer, as well as medical and pharmaceutical market segments. In leading global cannabinoid advancements, Avicanna conducts most of its research in Canada at its R&D headquarters in the Johnson & Johnson Innovation Centre, JLABS @ Toronto, located in the MaRS Discovery District. The company actively collaborates with leading Canadian academic and medical institutions. Avicanna has established an industry-leading scientific platform including advanced R&D and clinical development which has led to the commercialization of over twenty products across four main market segments:

- **Medical Cannabis & Wellness Products:** Marketed under the RHO Phyto™ brand, or Magisterial Preparations, these medical and wellness products are an advanced line of pharmaceutical-grade cannabis products containing varying ratios of cannabidiol (“CBD”) and tetrahydrocannabinol (“THC”). The product portfolio contains a full formulary of products including oral, sublingual, topical, and transdermal deliveries that have controlled dosing, enhanced absorption and stability studies supported by pre-clinical data. The advanced formulary is marketed with consumer, patient and medical community education and training. Avicanna’s medical and wellness product portfolio also forms the foundation of the Company’s pharmaceutical pipeline with the contribution of the formulations that



form the basis of the products as well as the data generated from sales and participation of the products in real world evidence studies.

- CBD Derma-Cosmetic Products: Marketed under the Pura H&W™ or Pura Earth™ brands, these registered, clinically tested, derma-cosmetic products include a portfolio of functional CBD topical products.
- Pharmaceutical Pipeline: Leveraging Avicanna’s scientific platform, vertical integration, and real-world evidence, Avicanna has created a pipeline of patent-pending drug candidates which are indication-specific and in various stages of clinical development and commercialization. These cannabinoid-based drug candidates provide solutions for unmet medical needs in the areas of dermatology, chronic pain, and various neurological disorders. Avicanna’s first pharmaceutical preparation (Trunerox) is in the drug registration stage in South America.
- Cannabis Raw Materials, Seeds, and Bulk Formulations: Marketed under the Aureus™ brand, the Company’s raw material business has successfully completed sales to 11 countries. Aureus offers cannabis dried flower, standardized seeds, full spectrum extracts, and cannabinoid distillates, isolated cannabinoids (CBD, THC, cannabigerol (“CBG”) and other rare cannabinoids), and bulk formulations derived from hemp and cannabis cultivars through its sustainable, economical, and industrial-scale subsidiaries based in Colombia. The majority of the Aureus products are produced at Santa Marta Golden Hemp S.A.S. (“SMGH”), the Company’s majority-owned subsidiary, which is also Good Agricultural and Collection Practices (“GACP”) certified and has United States Department of Agriculture (“USDA”) National Organic Program certification for its hemp cultivar.

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For more information about Avicanna, visit www.avicanna.com, or contact Ivana Maric by email at info@avicanna.com.

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 use of proceeds of the Offering and the issuance of any Additional Units. 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, the availability of licenses, approvals and permits, and the utility and potential application of certain drugs, cannabinoids, compounds and products. Although the Company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be



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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 September 3, 2021 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.