



AVICANNA™

Avicanna Reports Q2 2022 Financial Statement

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TORONTO, August 15, 2022 (GLOBE NEWSWIRE) — Avicanna Inc. (“**Avicanna**” or the “**Company**”) (TSX: AVCN) (OTCQX: AVCNF) (FSE: 0NN), a commercial stage, international biopharmaceutical company focused on the commercialization of evidence-based, cannabinoid-based products, is pleased to announce the filing of its interim financial statements for the three-month period ending June 30, 2022 (“**Q2 2022**”).

“We are pleased to report on our continued progress and global commercialization efforts where we primarily focused on, and achieved, growth of our four brands in the Canadian marketplace. We also pursued continuous optimization of our operations which was demonstrated by significant cost reductions over the quarter, with the goal of self-sufficiency,” stated Aras Azadian, CEO at Avicanna Inc.

Q2 2022 highlights:

- **6-month revenue of \$2.14M**, representing 101% increase from the same period in the prior year, supported by increased international and licensing revenue and through further progress across the Canadian commercialization efforts.
- **Progression of cost reduction initiatives**, including a 35% reduction in South American headcount and expected reduction of global operating expense (“OPEX”). This was coupled with approx. \$1M in proceeds from the sale of non-core subsidiary Sativa Nativa and the divestment other non-core and non-strategic business units including its medical cannabis division in Colombia.
- **Exclusive License and Supply Agreement with Major South American Pharmaceutical Company**, to commercialize up to four (4) of Avicanna’s proprietary cannabinoid-based pharmaceutical preparations. Through the license and supply agreement, Avicanna will license the Company’s intellectual property and supply final products starting initially with its proprietary 10% cannabidiol oral preparation. In connection with the partnership Avicanna can earn up to \$1.3M CAD in initial licensing fees through achieving near-term milestones.
- **Progression of international expansion**, with entrance into the 18th international market for all Avicanna’s products. The new markets include Aureus branded exports to Lesotho

with standardized genetics and Portugal with THC and CBD extracts, which supported the supported a 92% growth in international revenues over the same period last year.

- **Expansion RHO Phyto formulary with the Cannabigerol (CBG) products** into the Canadian market, including sublingual, and transdermal formulations, which are available in Ontario and will be made available through various medical and channels across Canada during Q3 2022.
- **Expansion of the partnership with Bio-Gate AG to launch Pura H&W into Europe.** The exclusive distribution agreement includes 5 SKUs from Pura H&W's evidence-based derma-cosmetics portfolio which will be commercialized through Bio-Gate's existing distribution channels.
- **Progression of Epilepsy research** including the initiation of new pre-clinical research collaboration with Dr. Mac Burnham and the University of Toronto to analyze the potential role of specific rare cannabinoids in epilepsy models. The on-going research on epilepsy is coupled with RHO Phyto Micro drop 50 formulation achieving the company's best performing SKU on the Medical Cannabis by Shoppers™ platform mainly due to its adoption by Canadian neurologists for their pediatric epilepsy patients.
- **Advancements in the pharmaceutical and medical cannabis pipeline**, including the completion the submission of the company's first international drug dossier for Trunerox into Brazil under the RDC327 legislation and in Colombia, and Ecuador as generic pharmaceutical.
- **\$1.5M Strategic private placement with lead investor Ei. Ventures, Inc.**, a technology company which seeks to empower mental wellness through psychoactive compounds, nutraceuticals, and technology, and with additional participation from other investors.

Other highlights subsequent to Q2 2022

- **Agreement to Develop and Commercialize Adaptogen Nutraceuticals.** In partnership with Ei. Ventures Avicanna will be utilizing existing scientific platform and drug delivery systems to develop and commercialize *Psilly*™ branded functional fungi-based products. The initial focus of the research and development efforts will be on functional, apoptogenic, fungi-based formulations in the form of consumer friendly and single dosed products.
- **The NBA players association announced Re+play as an official partner.** The performance-based wellness and recovery line created by Harrington Wellness has partnered with the NBPA to bring topicals and technologically advanced products to consumers in the US via Amazon and Walmart in the US. Avicanna's technology and formulations are the basis of the Re+Play products and the Company will be earning royalties for its technology, supplying the CBD in the US market in addition to commercializing Re+Play in Canada where the products are already launched on the Ontario Cannabis Store ("OCS") and Medical Cannabis by Shoppers™ platforms.

Management commentary

During the second quarter the company continued to make commercial progress across all its business units, opened new international markets and demonstrated consistent increase in the number Canadian commercial listings across medical and adult use channels. The company did however face industry wide price compression and faced stocking challenges with one of its manufacturing partners in Canada which resulted in delay of delivery of specific commercial SKU's and ultimate need to change the manufacturing partner for during the second quarter, the results of which in the short term is a reduced expectation of 2022 revenue of \$6M CAD. Long term the management believes that the change of manufacturer in Canada will result in improved margins and more consistent delivery of its proprietary products as commercial efforts and revenue continue to scale up. The company also continued to expand its scientific platform, progress its pharmaceutical pipeline further establish its brands at an international level.

About Avicanna Inc.

Avicanna is a commercial-stage international biopharmaceutical company focused on the advancement and commercialization of evidence-based cannabinoid-based products for the global medical and pharmaceutical market segments. Avicanna has an established scientific platform including R&D and clinical development that has led to the commercialization of more than thirty products across various market segments:

Medical Cannabis & Wellness Products: Marketed under the RHO Phyto™ brand these medical and wellness products are a line of pharmaceutical-grade cannabinoid 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 formulary is marketed with consumer, patient and medical-community education and training.

Pharmaceutical Pipeline: Leveraging Avicanna's scientific platform, vertical integration, and real-world evidence, Avicanna has created a pipeline of patent-pending drug candidates that are indication-specific and in various stages of clinical development and commercialization. These cannabinoid-based drug candidates look to address 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.

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The Company posts updates through videos from the official Company [YouTube](#) channel.

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