



Avicanna Reports Q2 2023 Financial Statement

TORONTO, Aug. 15, 2023 -- Avicanna Inc. ("Avicanna" or "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 filing of interim financial statements for the three-month period ending June 30, 2023 ("Q2 2023").

Aras Azadian, CEO stated, "We are pleased to present the results of the second quarter and report the progress of our operations, which includes the increase in revenues and improvements in margins. During the quarter we worked towards the closing of the acquisition of the Medical Cannabis by Shoppers business and prepared for the launch of the new medical cannabis care platform, MyMedi.ca, and continued to make advancements in our Canadian operations with a focus on our proprietary medical products."

Q2-2023 highlights:

- **Financial highlights:** Q2 2023 revenue of \$3.3 million, an increase of 183% over Q1 2023 and 200% over the comparable quarter which was mainly attributed to the takeover of certain operational responsibilities and sales-revenue rights related to acquisition of the Medical Cannabis by Shoppers business. General and administrative expenses increased by 6% over the same period resulting in a 26% improvement in adjusted EBITDA over the comparable quarter of the prior year and an improvement of 18% over the first quarter of 2023.
- **Canadian commercial advancements:** 26 commercial SKUs and 118 total commercial listings that resulted in a 120% growth in listings and 70% growth in finished goods sold compared to the comparable quarter 2022, with 43% gross margins in its North American operations compared to 20% gross margins in the comparable quarter 2022.
- **Medical Cannabis By Shoppers:** On May 29, 2023, the Company announced that the definitive Asset Purchase Agreement with Shoppers Drug Mart Inc. for Avicanna to acquire the Medical Cannabis By Shoppers business was fully executed. On May 4, 2023, Avicanna announced the execution of the definitive Master Service Agreement with Northern Green Canada ("NGC"). NGC is a Canadian licensed producer that is tasked with providing logistics and fulfillment services for Avicanna's cannabis care platform, MyMedi.ca. On May 29, 2023, NGC and Avicanna successfully acquired the inventory for Medical Cannabis by Shoppers and transitioned inventory and fulfillment services to NGC.
- **Proprietary SEDDS Capsules:** On June 25, 2023, Avicanna announced the expansion of the Strategic Manufacturing Agreement ("SMA") with MediPharm Labs Corp. ("MediPharm"), adding the manufacturing and commercialization of Company's proprietary SEDDS capsules to the SMA. Avicanna's proprietary SEDDS capsules are to be manufactured by MediPharm to GPP and GMP standards to meet product channel requirements in Canadian and international markets. The capsules are expected to be launched under the RHO Phyto™ brand in Canadian medical cannabis channels during the second half of 2023.
- **New Medical Cannabis Education and Training Campaign and sponsorship of Canadian Consortium for the Investigation of Cannabinoids ("CCIC").** Through a Sponsorship Agreement, CCIC's Canadian Cannabis Syllabus ("CCS") will be made available to the medical community. The CCS provides foundational information for healthcare professionals interested in learning more about cannabis and cannabinoid products in clinical practice.
- **Research Collaboration with Langara College and NSERC Grant.** Through a Research Collaboration led by Dr. Jessica Kalra and Dr. Kalra's research team, research will be conducted focusing on characterization of Avicanna's proprietary products and drug pipeline formulations through *in vitro* and *in vivo* models. This Research Collaboration was awarded a two-year grant by the Natural Sciences and Engineering Research Council of Canada.

Other highlights subsequent to June 30, 2023

- **Launch of MyMedi.ca.** MyMedi.ca is Avicanna's medical cannabis care platform to serve the needs of medical cannabis patients. MyMedi.ca features diverse and scientifically curated products from leading Canadian licensed producers in addition to pharmacist-led patient support programs and educational resources to support the incorporation of medical cannabis into health care regimens. MyMedi.ca also provides specialty services to distinct patient groups such as veterans, and collaborating with public and private providers for adjudication and reimbursement. The platform is now available nationwide in Canada to tens of thousands of patients who have obtained medical cannabis authorization from healthcare providers with an initial product portfolio including 35 brands and over 200 SKUs

selected from various Canadian licensed producers

- **Closed acquisition of Medical Cannabis by Shoppers Drug Mart business.** Avicanna acquired specific assets of the Medical Cannabis by Shoppers Drug Mart business, including inventory and equipment, for approximately \$2.6M and will pay Shoppers Drug Mart an earnout, based on net revenues, for a period of two years. First launched in Ontario in January 2019, Medical Cannabis by Shoppers provided patients access to medical cannabis products from more than 30 licensed cannabis brands. Over the past four years, the legacy Medical Cannabis by Shoppers business supported tens of thousands of patients and worked with patient groups to facilitate access to medical cannabis.

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 (RHO Phyto™):** The formulary offers a diverse range of proprietary formulations including oral, sublingual, topical, and transdermal deliveries with varying ratios of cannabinoids and is supported with ongoing patient, and medical community education. RHO Phyto has been established as a leading medical brand in Canada and is currently available nationwide to patients across several medical channels and continues to expand into new international markets.
- **Pharmaceutical Preparations and Pipeline:** Leveraging Avicanna's scientific platform, vertical integration, and real-world evidence, Avicanna has developed an extensive 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.
- **MyMedi.ca Medical Cannabis Care Portal:** MyMedi.ca is Avicanna's medical cannabis care platform that is formed with the aim to better serve medical cannabis patients' needs and enhance the patient journey. MyMedi.ca features diverse and scientifically curated products from leading Canadian licensed producers in addition to pharmacist led patient support programs and educational resources to facilitate the incorporation of medical cannabis into health care regimens. MyMedi.ca also provides specialty services to distinct patient groups such as veterans and collaborating with public and private providers for adjudication and reimbursement.

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This news release contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information contained in this news 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. Forward-looking information contained in this news release includes, without limitation, statements related to the Offering, including the use of proceeds, the receipt of all approvals of the Toronto Stock Exchange in connection with the Offering, statements with respect to the Company's future business operations, the opinions or beliefs of management and future business goals. 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 March 31, 2023 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 news 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.