Avicanna Reports Q1 2024 and First Positive Adjusted EBIDTA Quarter

Best Quarterly Results in Company's History from a Financial Perspective.
EBITDA Improvements Driven by Record Revenues, Record Margins and Operational Efficiencies.
Marketing Authorization of Trunerox™ in Colombia by INVIMA for Patients with LGS and DS in Colombia.

TORONTO, May 14, 2024 -- 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 results of Q1 2024.

"We are pleased to report our first EBITDA positive quarter and a critical milestone in our path to self sufficiency. During our best quarter we also delivered record gross margins credited to the proprietary nature of products and services we offer in Canada and made advancements in our international pillars with our first pharmaceutical marketing authorization in Colombia and into two new agreements with two different multinational pharmaceutical companies," stated Aras Azadian, CEO.

Financial highlights:

- Adjusted EBITDA of approximately $17k for Q1 2024, marking the first adjusted EBITDA positive quarter in the Company's history and a significant year-over-year improvement compared to EBITDA loss of $1.28 million in Q1 2023.
- Record quarterly revenue of $6.45 million representing a year-over-year increase of 451% compared to Q1 2023 and representing an increase 6.5% from Q4 2023. Revenue growth was achieved with a 32% increase in year-over-year operational expenses.
- Consolidated gross margins, before fair value changes in bio-assets, of 51% during Q1 2024, representing a 21% improvement compared to 42% during Q1 2023.
- Cash provided from operations during Q1 2024 was $122k, representing a substantial improvement compared to cash used in operations during Q1 2023 of approximately $2.05 million.

Phil Cardella, CFO added, "Avicanna's first EBITDA positive quarter is the results of consistent growth in our revenues which are mainly driven by our medical cannabis business unit including the steadying of the MyMedi.ca platform combined with our operational efficiencies and asset light model in Canada."

Other highlights during the quarter:

Canadian commercial advancements. The Company further expanded access to its proprietary medical cannabis products through the introduction of 2 new SKUs and 6 new medical listings on MyMedi.ca and Spectrum Therapeutics during the Q1 2024. During the first quarter, the Company sold 57,911 units across 135 commercial listings listed on 6 provincial channels and 7 medical platforms. Commercial results on the MyMedi.ca platform combined with optimization of sales on other channels contributed to margin improvements.

Avicanna obtained its first indication-specific drug registration with Trunerox™ in Colombia. Trunerox™ was approved in Colombia by the Colombian National Institute of Drug and Food Surveillance (El Instituto Nacional de Vigilancia de Medicamentos y Alimentos – "INVIMA") as a drug for the treatment of severe seizures related to Lennox-Gastaut Syndrome and Dravet Syndrome. The approval allows Avicanna to manufacture and commercialize Trunerox™ in Colombia for the approved indications which are two rare epileptic disorders classified as epileptic encephalopathies. Trunerox™ is Avicanna's proprietary oral formulation with 10% cannabidiol (CBD) and is manufactured under Good Manufacturing Practices utilizing CBD manufactured at Avicanna's majority owned subsidiary Santa Marta Golden Hemp SAS. Trunerox™ has not been approved as a drug in Canada by Health Canada.

Avicanna announced a supply and licensing agreement with a multi-national pharmaceutical company. The exclusive supply agreement is for two of Avicanna's proprietary topical products including the RHO Phyto™ branded Ultra CBD Topical Cream, which is a 3% CBD localized cream developed for dermatology conditions and the CBG Transdermal Gel which is a 2% CBD and 0.5% Cannabigerol ("CBG") gel targeting local inflammatory and pain conditions. The exclusive supply agreement for the European region is expected to launch these products in 6 European countries during 2024.

Avicanna announced a new research collaboration with a multi-national, European-based pharmaceutical company. The research collaboration is designed to initially assess the Company's proprietary SEDDS technology in combination with the collaborator's various drug delivery and pharmaceutical formats. The collaboration will gain a better understanding of proprietary dosage forms with precisely standardized delivery and enhanced bioavailability of cannabinoids.

About Avicanna Inc.

Avicanna is a commercial-stage international biopharmaceutical company focused on the advancement and commercialization of cannabinoid-based products and formulations for the global medical and pharmaceutical market segments. Avicanna has an established scientific platform including R&D and clinical development leading to the commercialization of more than thirty proprietary, evidence-based finished products and supporting four commercial stage business pillars.

- **Medical Cannabis formulary (RHO Phyto™):** The formulary offers a diverse range of proprietary products including oral, sublingual, topical, and transdermal deliveries with varying ratios of cannabinoids, supported by ongoing patient, and medical community education. RHO Phyto is an established leading medical brand in Canada currently available nationwide to patients across several medical channels and continues to expand into new international markets.

- **Medical cannabis care platform (MyMedi.ca):** MyMedi.ca is a medical cannabis care platform formed with the aim to better serve medical cannabis patients' needs and enhance the patient journey. MyMedi.ca is operated by Northern Green Canada Inc. and features a diverse portfolio of products and bilingual pharmacist-led patient support programs. MyMedi.ca also provides specialty services to distinct patient groups such as veterans and collaborates with public and private payers for adjudication and reimbursement. MyMedi.ca provides educational resources to the medical community to facilitate the incorporation of medical cannabis into health care regimens.

- **Pharmaceutical products (Trunerox™) and pipeline:** Leveraging Avicanna's scientific platform, vertical integration, and real-world evidence, Avicanna has developed a pipeline of proprietary, indication-specific pharmaceutical products that are in various stages of clinical development and commercialization. These cannabinoid-based drug candidates aim to address unmet medical needs in the areas of dermatology, chronic pain, and various neurological disorders. Avicanna's first indication-specific pharmaceutical drug, Trunerox™, was approved Q1 2024 by the Health Authority of Colombia INVIMA as an adjuvant treatment for seizures associated with Lennox-Gastaut Syndrome and Dravet Syndrome in Colombia. Trunerox™ has not been approved as a drug in Canada by Health Canada.

- **Active pharmaceutical ingredients (Aureus Santa Marta™):** Active pharmaceutical ingredients ("API") supplied by the Company's majority owned subsidiary Santa Marta Golden Hemp SAS ("SMGH") is a commercial-stage business dedicated to providing a various forms high-quality CBD, THC and CBG to the Company's international partners for use in the development and production of food, cosmetics, medical, and pharmaceutical products. The business unit also forms part of the Company's supply chain and is a source of reliable input products for its consumer retail, medical cannabis, and pharmaceutical products for globally.

SOURCE Avicanna Inc.
Stay Connected

For more information about Avicanna, visit our website, contact Ivana Maric by email at info@avicanna.com or follow us on social media on LinkedIn, Twitter, Facebook, or Instagram.

The Company posts updates through videos from the Company YouTube channel.

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 news release may be identified using words such as, "may", "would", "could", "will", "likely", "expect", "anticipate", "believe, "intend", "plan", "forecast", "project", "estimate", "outlook" and other similar expressions. 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 1, 2024 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.