

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

**Item 1. Name and Address of Company**

Avicanna Inc. (the “**Company**”)  
480 University Avenue, Suite 1502  
Toronto, Ontario M5G 1V2

**Item 2. Date of Material Change**

March 4, 2021.

**Item 3. News Release**

A news release disseminated on March 4, 2021 via Canada Newswire and filed on SEDAR.

**Item 4. Summary of Material Change**

The Company closed a non-brokered private placement offering 4,480,000 units (the “**Units**”) of the Company at a price of \$1.25 per Unit, for gross proceeds of \$5,600,000 (the “**Offering**”). Each Unit is comprised of one common share of the Company (each a “**Common Share**”) and one common share purchase warrant (each full warrant, a “**Warrant**” and collectively the “**Warrants**”). Each Warrant is exercisable for one Common Share at a price of \$1.75 per share at any time for a period of 36 months following closing of the Offering.

**Item 5. Full Description of Material Change**

**5.1 Full Description of Material Change**

The material change is described in the news release attached hereto.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6. Reliance on Subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7. Omitted Information**

Not applicable.

**Item 8. Senior Officer**

For additional information, please contact Setu Purohit, President of the Company at 1-647-243-5283 or [info@avicanna.com](mailto:info@avicanna.com).

**Item 9. Date of Report**

March 15, 2021

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### **Avicanna Closes Non-Brokered Private Placement Raising \$5.6 Million.**

**Toronto, Ontario – Mar 4, 2021** – Avicanna Inc. ("**Avicanna**" or the "**Company**") (TSX: AVCN) (OTCQX: AVCNF) (FSE: ONN), a biopharmaceutical company focused on the development, manufacturing and commercialization of organic and sustainable plant-derived cannabinoid-based products, is pleased to announce that it has closed a non-brokered private placement (the "**Offering**"). Under the Offering, the Company has issued an aggregate of 4,480,000 units (the "**Units**") at a price of CAD\$1.25 per Unit for aggregate gross proceeds of approximately CAD\$5.6 million.

Aras Azadian, CEO of Avicanna commented "We are pleased to have strengthened our balance sheet and to have done so in a private setting with existing shareholders and new strategic and long-term investors. We are at an excellent position now to execute our business plan and expand commercial and marketing efforts in our priority markets in North America and South America."

Each Unit is comprised of one (1) common share in the capital of the Company (each, a "**Common Share**") and one (1) common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant is exercisable into one common share in the capital of the Company (each, a "**Warrant Share**") at a price of CAD\$1.75 per Warrant Share until March 4, 2024.

The Company intends to use the proceeds from the Offering for general working capital purposes.

All securities issued under the Offering, including securities issuable on 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 Toronto Stock Exchange.

#### **About Avicanna**

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 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 developed with scientific rigour, manufactured under GMP standards and supported by pre-clinical data.

With ongoing clinical trials on its derma-cosmetic (Pura H&W), medical cannabis (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.

SOURCE Avicanna Inc.

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For more information about Avicanna, visit [www.avicanna.com](http://www.avicanna.com), call 1-647-243-5283, or contact Setu Purohit, President by email [info@avicanna.com](mailto: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. 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 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](http://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.*