



eNewsletter

CHF Spotlight

March 2021



AVICANNA™



**Driving biopharmaceutical advancements
of plant-derived cannabinoid-based products**

Avicanna Inc.: Real-World Results Backed by Science

When CHF was first introduced to Avicanna Inc. (TSX:AVCN) in 2020, right from the get-go the Company's Management made it clear that it considers itself a biopharmaceutical company first and foremost. Avicanna has always emphasized the scientific, or evidence-based approach to the cannabinoid products. That's what resonated with CHF which has always been selective when choosing clients to represent – Avicanna is a true trailblazer of the industry and if we had to choose just one 'cannabis' client, it had to be them.

Started in 2016 by Aras Azadian and Setu Purohit, having spent over four years in research and development, **Avicanna Inc. (TSX: AVCN)** quickly thereafter became a pioneer and leader of the medical cannabis industry. Headquartered in Toronto in the prestigious MaRS Discovery District, Avicanna specializes in cannabinoid-based products offered across several verticals including medical, pharmaceutical, and derma-cosmetic.

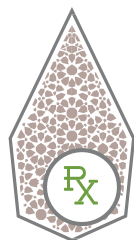
The product lines currently include:



Pura Earth™ / Pura H&W™ - an innovative, clinically tested line of CBD consumer derma-cosmetic products addressing different cosmetic needs with a variety of SKUs available in Canada and Colombia. Plans in H1 2021 for sales to commence in the USA in partnership with Red White and Bloom, in the EU through e-commerce, and in Brazil and Ecuador.



RHO Phyto™ - an advanced line of medical cannabis products in various deliveries and ratios of CBD and THC currently in commercialization stage in Canada and Colombia. Offerings include oil drops, sublingual sprays and topical creams and gels. These products are available in Canada through an exclusive medical distribution partnership with the Medical Cannabis by Shoppers™, a subsidiary of Shoppers Drug Mart, and available through provincial retailers across the country. With over 20 SKUs, RHO Phyto products have accurate dosing and are supported by education and training for patients and physicians, consumers and retailers.



Pharmaceuticals drugs - various indication-specific cannabinoid-based drugs in clinical development and registration phases. The pharmaceutical pipeline of products is undergoing extensive research and development to treat the following diseases: Refractory Epilepsy, Multiple Sclerosis, chronic pain, anxiety and depression, neuropathic pain, Epidermolysis Bullosa, COVID-19-related inflammation, and Osteoarthritis.

Research & Development

Avicanna conducts its research within the **Johnson & Johnson Innovation Centre** in Toronto – to date, the only cannabis company granted access to the esteemed lab - and **works alongside world-class clinical and educational institutions** including the Leslie Dan Faculty of Pharmacy at the University of Toronto (UofT), The Hospital for Sick Children in Toronto, the University of Guelph, and University Health Network (UHN). Avicanna has spent over four years researching and deploying optimized proprietary methodologies in extraction, formulation development, pre-clinical models, clinical development and analytical testing. Below are just some of the projects AVCN is currently working on:

- Working alongside UofT, Avicanna's research and development team is addressing the current Covid-19 crisis by using solid lipid nano particle nasal spray to reduce inflammation caused by the virus.
- Avicanna is addressing the mental health crisis by working with the University of Guelph to assess the affect of RHO Phyto products on symptoms related to mental health diseases. The research involves pharmacokinetics and behavioural studies.
- Working with the SickKids Hospital in Toronto, it is developing a topical cream to treat a rare genetic skin disorder affecting children - Epidermolysis Bullosa. The study is currently under review and pending Health Canada's approval to commence phase II-III clinical trials.
- One of the most notable partnerships is the Master of Services agreement the Company holds with the UHN for projects related to epilepsy. The study is testing Avicanna's products for their efficacy on comorbidities and seizure control in addition to identifying optimized cannabinoid and non-cannabinoid ratios for future drug development. The study is performed by Dr. Peter Carlen, a leading epilepsy researcher at the world-renowned Krembil Research Institute.

Vertical Integration and Global Partnerships

Avicanna is a multinational company with **sales and operations across Canada, the US, LATAM and Europe**. It operates two fully licenced, industrial scale and commercialized majority-owned subsidiaries in Santa Marta, Colombia: Santa Marta Golden Hemp S.A.S (“SMGH”) and Sativa Nativa S.A.S. The ownership of these subsidiaries allows Avicanna to cultivate, process and commercialize an organic range of cannabis and hemp and cannabis cultivars, giving the Company sustainable multinational vertical integration. The two production facilities combined have already witnessed 30+ harvests, and there is an annual production capacity of 30,000 kilograms through 480,000 square feet of combined cultivation space.

The pharmaceutical grade cannabinoids produced from these facilities, which include THC, CBD, CBG and other rare cannabinoids, are utilized for all of Avicanna’s finished products and are also offered to the global marketplace under the Aureus Santa Marta brand, already with commercial sales and **exports into six countries**.



Avicanna is no stranger to making **avant-garde deals and transactions with multinational markets**. The Company conducted the first known production, extraction, and export of the rare cannabinoid CBG into the US from Colombia. Through partnership with Alliancepharma Technologies S.A., one of Ecuador’s largest pharmaceutical companies, AVCN is taking advantage of the upcoming cannabis regulations to allow for the registration and distribution of several of the



Company’s consumer and pharmaceutical products across Ecuador. In addition to that, Avicanna’s majority owned subsidiary, SMGH, has completed the registration of its CBD and CBG dominant genetics and a commercial export of feminized non-psychoactive cannabis seeds to Uruguay.

Just recently the Company reported its expansion into the US market with a newly announced multi-level strategic partnership with NBA veteran Al Harrington’s Harrington Wellness for the development and licensing of a bespoke and evidence-based athletic line of CBD topical products for the re+PLAY brand in the U.S. These CBD-based topicals utilize Avicanna’s proprietary deep tissue technology for cannabinoid delivery and have been curated with the support of Harrington Wellness’ deep understanding of the needs of professional athletes. The products are planned to be launched in Q2 2021 in the United States by Harrington Wellness across retail and e-commerce channels and in Canada through medical and adult-use/consumer retail cannabis sales channels by Avicanna. The product formulations are also enrolled in several preclinical studies with leading Canadian medical institutions to assess their efficacy in chronic pain and osteoarthritis.

On top of leading the way on multinational operations, the Company is also continuously recognized for its quality of production: AVCN was ranked one of the highest amongst its competitors on the S&P Global Sustainability Index and received the first USDA National Organic Program certification for a hemp cultivar in Colombia, obtained by Santa Marta Golden Hemp.



medical cannabis

by **SHOPPERS DRUG MART** 

In Canada, AVCN has an **exclusive medical distribution agreement with Shoppers Drug Mart** through the Medical Cannabis by Shoppers™ platform to distribute their RHO Phyto products (CBD, THC) across the country. With over 300,000 registered patients authorized to use the products and 1,300 pharmacist-owned locations from coast to coast, this market has already seen 50% average growth month-to-month.

Following on the footsteps of a very successful launch through Shoppers, in December 2020 the Company announced that its RHO Phyto products would now also be offered nationwide **through provincial retailers, a market estimated at \$3 billion dollars** (Statistics Canada). By expanding the RHO Phyto portfolio into retail sales channels, Avicanna helps provide consumers with easier and low-barrier access to standardized medical products they seek, including an assortment of advanced oils, sublingual sprays and topicals.



Investment Thesis

- Consistently named one of TSX's best performing health-care stocks in Canada, Avicanna is a quickly developing story that continues to innovate and forge strategic partnerships.
- The Company utilizes the scientific research related to plant-derived cannabinoid products through its internal research platforms and high-profile collaborations with world-class research institutions.
- AVCN is the only vertically integrated company that manages its own supply chain from cultivation to product commercialization which ensures consistent quality and supply.
- Diversified revenue streams coming from multiple product lines.
- Successful commercial launches in Canada, the US, Colombia, Ecuador and Uruguay.
- Management, directors and insiders own ~30% of the issued shares, institutions own between 40 and 50%.
- Three consecutive quarters of 100% revenue growth while reducing their G&A.
- 2020 revenues targeted at \$3M with profitability by mid-2021.

With the mission 'to provide unparalleled quality of natural cannabinoids solutions that foster informed communities and improved quality of life', Avicanna Inc. (TSX: AVCN) is poised to become a global industry leader setting trends for other companies in the sector through its high-profile biopharmaceutical approach.

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CHF recommends that individuals consult a registered financial advisor and carry out their own independent due diligence before making an investment in any publicly-traded company.

Compensation for this article came from our monthly fees. CHF Capital Markets Inc. and partners Ottavio Cavalcanti and Cathy Hume own shares of AVCN.

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