



AYURCANN

AYURCANN HOLDINGS CORP. REPORTS RECORD THIRD QUARTER 2021 REVENUES

Toronto, Ontario, May 18, 2021 - Ayurcann Holdings Corp. (CSE: AYUR) (the “Company” or “Ayurcann”), a Canadian cannabis extraction company specializing in the processing of cannabis and hemp for the production of oils and various derivative product, is pleased to report financial and operating results for the three- and nine-months ending March 31, 2021. All figures are reported in Canadian Dollars.

HIGHLIGHTS OF QUARTER AND NINE MONTHS ENDED MARCH 31, 2021

- Ayurcann Holdings Corp. reported net revenues of \$2.6 million for the 3 months ending March 31, 2021 compared to \$1.56 million for the 3 months ending December 31, 2020, with total revenues of \$4.9 million for the 9 months ending March 31, 2021.
- The Company reported gross margins of \$1.84 million for the 3 months ending March 31, 2021 compared to \$302,000 for the 3 months ending December 31, 2021, with gross margins of \$2.32 million for the 9 months ending March, 31, 2021.
- Ayurcann Inc. reported substantial growth in Adjusted EBITDA¹ of \$1.086 million for the third quarter, representing gross margins of approximately 70%.
- On March 26, 2021, Ayurcann Holdings Corp. became publicly listed on the Canadian Securities Exchange (“CSE”) because of the reverse-takeover transaction with Ayurcann Inc. and 12487772 Canada Inc. and was subsequently renamed Ayurcann Inc., which is a wholly owned subsidiary of Ayurcann Holdings Corp.
- Ayurcann began the build out of their Phase 2 expansion on their Pickering facility, providing increased production capabilities to further cement themselves as a one-stop shop for Canadian LP’s seeking a branded product solution.
- A \$2.1 million non-recurring, one-time, non-cash expense was realized in the three months ended March 31, 2021 quarter, related to the go-public transaction listing costs.
- Ayurcann Inc. maintains monthly inventory of approximately 300kg of Crude THC and CBD distillate and isolate for use in Cannabis 2.0 and 3.0 products, representing one of the largest available inventories in Canada.

Igal Sudman, Chief Executive Officer of Ayurcann, said, “This quarter was a milestone for Ayurcann. We wanted to show that it can be done, a Cannabis company in Canada can operate as a profitable entity, keeping an eye on the bottom line and being responsible. We successfully oversubscribed and closed a financing which will now enable us to complete our phase 2 buildout, further increasing our ability to serve our clients and grow our revenues.”

Igal added: “We are thrilled to see our revenues growing at a steady pace, month over month, while maintaining incredibly strong margins and running a profitable business. As far as we know, we are one of the very few in our peer group showing growing revenues and a positive operating income with a consistent path of profitability. We can confidently say we are profitable now and fully expect to show continued profits going forward while building on our momentum.”

Mr. Sudman continued: “With the phase 2 build out underway, we will increase bulk production up to 300,000 kg per year and have the ability to co-pack up to 2.5 million production products into the medicinal and recreational markets. We are confident that we will continue securing additional, lucrative supply and manufacturing agreements with top-tier customers across the country, thereby helping grow our top line revenues while maintain healthy margins.”

¹ Please see the Note Regarding Non-IFRS Measures, Reconciliation, and Discussion below. Please see the Financial Statement section below, and the Company’s Third Quarter 2021 Unaudited Condensed Consolidated Financial Statements and Management Discussion and Analysis (“MD&A”), available under the Company’s SEDAR profile, for more information.

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About Ayurcann Holdings Corp.:

Ayurcann is a leading post-harvest solution provider with a focus on providing and creating custom processes and pharma grade products for the adult use and medical cannabis industry in Canada. Ayurcann is striving to become a partner of choice for leading Canadian cannabis brands by providing best-in-class, proprietary services including ethanol extraction, formulation, product development and custom manufacturing.

Non IFRS Measures Adjusted EBITDA Adjusted EBITDA is a non-IFRS measure, and the Company calculates Adjusted EBITDA as a sum of net revenue, other income, cost of goods sold, expenses, less recapitalization costs, depreciation and share based payments, as determined by management. Adjusted EBITDA is not intended to be considered as an alternative to net earnings, cash flow from operations, or any other measure of performance prescribed by IFRS. The Company’s Adjusted EBITDA may also not be comparable to Adjusted EBITDA used by other companies, which may be calculated differently. The Company considers Adjusted EBITDA to a meaningful measure and is provided to assist readers to assess its operating performance in addition to IFRS measures. It is included because the Company believes it can be useful in measuring its ability to expand its business. Three months ended March 31 2021 2020 Revenues \$ 2,626,516 \$ 9,453 Cost of goods sold 784,355 114,479 Gross margin 1,842,161 (105,026) Ayurcann Holdings Corp. Management’s Discussion and Analysis of Financial Condition and Results of Operations For the three and nine months ended March 31, 2021 and 2020 (Expressed in Canadian dollars) 11 Operating expenses 833,407 216,575 Operating income 1,008,754 (321,601) Depreciation and amortization 78,214 30,992 Adjusted EBITDA \$ 1,086,968 \$ (290,609) Revenues increased as discussed above. Increased operating expenses and depreciation and amortization were required to meet the customer needs. Adjusted EBITDA is

within management expectations for the quarter. Management expects this indicator to grow as the Company matures and scales its operations.

Neither the Canadian Securities Exchange nor its Regulation Services Provider have reviewed or accept responsibility for the adequacy or accuracy of this release.

Certain statements included in this press release constitute forward-looking information or statements (collectively, "forward-looking statements"), including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", "may", "should" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts but reflect current expectations regarding future results or events. This press release contains forward looking statements, including but not limited to statements relating to the Company's expansion plans and future production capacity. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Factors that could cause the actual results to differ materially from those in forward-looking statements include, but are not limited to, failure to obtain regulatory approval, ability to increase production at the Company's facilities, the continued availability of capital and financing, and general economic, market or business conditions. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Although such statements are based on management's reasonable assumptions, there can be no assurance that the statements will prove to be accurate or that management's expectations or estimates of future developments, circumstances or results will materialize. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, Further, there may be others that cause results not to be as anticipated, estimated or intended and such changes could be material. Public health crises, including the ongoing novel coronavirus (COVID-19) pandemic, could have significant economic and geopolitical impacts that may adversely affect the Company's business, financial condition and/or results of operations. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law. Readers should not place undue reliance on the Company's forward-looking statements.