



## AYURCANN

### *AYURCANN PROVIDES A CORPORATE UPDATE,*

### *COMPLETES DEBT SETTLEMENT AND GRANTS OPTIONS AND RSUs*

**Pickering, Ontario, January 5, 2024 – Ayurcann Holdings Corp. (CSE: AYUR, OTCQB: AYURF, FSE: 3ZQ0)** (“Ayurcann” or the “Company”), a leading Canadian cannabis extraction company specializing in the processing and co-manufacturing of pharma grade cannabis and hemp to produce various derivative cannabis 2.0 and 3.0 products in the medical and recreational market, is please to announce the following corporate updates.

#### *Corporate Update*

With the growth of the cannabis market and new products offerings into the market, Ayurcann is expanding its core stock keeping units (“SKUs”) listings in the vape, pre-roll, milled flower and concentrate categories, with 20 new SKUs anticipated in Ontario and Newfoundland over the next 6 months. By expanding our brand portfolio and brand recognition, we plan to further gain market share to solidify our position in the Canadian recreational cannabis market. Our products are currently available in Ontario, British Columbia and Alberta.

Continuing to build strategic relationships and partnerships through fiscal 2024, Ayurcann remains committed and focused on exploring new opportunities in Nova Scotia and Quebec, as well as enhancing the growth and market share of our current listings across Canada. Ayurcann products under its ‘FUEGO’, ‘XPLOR’ and ‘H&S’ brands have been well received across the provinces with new flavours, innovation and value contributing to their growth, exposure and sales. With a focus on the fastest growing category of infused pre-roll, Ayurcann has launched 6 new SKUs for its flavour forward vapes.

The following chart, based on reporting by Hyfyre IQ™ as of December 31, 2023, denotes the Company’s, alongside other companies’ growth, over the past year (minimum of 3 provinces of sales):

HiFyre P2Y Ending Dec31st 2023		2023 % Growth	\$ Share
<b>TOTAL MARKET</b>		<b>12.7%</b>	<b>100%</b>
1	<b>Cannara Biotech</b>	416.8%	2.5%
2	<b>Ayurcann</b>	361.9%	1.8%
3	<b>Abba Medix</b>	249.1%	1.4%
4	<b>Motif Labs</b>	190.9%	4.2%
5	<b>Final Bell</b>	116.9%	1.2%
6	<b>Indiva</b>	113.8%	1.4%
7	<b>Greentone</b>	79.4%	0.5%
8	<b>Decibel</b>	64.7%	7.0%
9	<b>Joint Venture Craft</b>	58.7%	0.5%
10	<b>Canadian Clinical Cannabinoids</b>	51.9%	1.1%
11	<b>Carmel</b>	50.0%	0.8%
12	<b>Bold</b>	46.6%	0.6%
13	<b>Stigma Grow</b>	44.7%	1.1%
14	<b>Cronos</b>	35.5%	5.6%
15	<b>Aurora</b>	30.6%	2.3%
16	<b>Sensi Brands</b>	20.9%	1.0%
17	<b>Weed Me</b>	15.4%	2.7%

### ***Option and RSU Grants***

The Company is also pleased to announce the grant of stock options (each, an “**Option**”) and restricted share units (each, an “**RSU**”) pursuant to the Company’s equity incentive plan. The Company granted an aggregate of 700,000 Options and an aggregate of 550,000 RSUs to certain employees and consultants of the Company. Each Option is exercisable at a price of \$0.05 per Common Share, expires three years from the date of grant and vested immediately. Each Option is exercisable to purchase one Common Share. Each RSU granted vested immediately.

All of the Options and RSUs (and any Common Shares issuable upon their exercise and settlement) are subject to a four month and one day hold period pursuant to the policies of the CSE and applicable securities laws.

### ***Debt Settlements***

Further to its press release dated December 22, 2023 (the “**December 22 Release**”), the Company has completed debt settlements in the amount of \$756,000 with each of 2388765 Ontario Inc., a company controlled by Igal Sudman (“**238 Ontario**”) and 1000677847 Ontario Inc., a company controlled by Roman Buzaker (“**1000 Ontario**”) to preserve the Company’s cash through the issuance of 30,240,000 Common Shares, at a deemed price of \$0.05 per Common Share (each, a “**Debt Settlement**”).

Capitalized terms not otherwise defined herein have the meanings attributed to them in the December 22 Release.

The Common Shares are subject to a four month and one day hold period pursuant to the policies of the CSE and applicable securities laws. Pursuant to the policies of the CSE, completion of the Debt Settlements was subject to prior approval from the disinterested Shareholders and at the Meeting the Company received the requisite disinterested Shareholder approval.

### ***Related Party Transaction***

Each Debt Settlement constituted a “related party transaction”, as such term is defined in MI 61-101 due to the involvement of each of Messrs. Sudman and Buzaker (together, the “**Officers**”), who are each directors and officers of the Company and direct and control, 238 Ontario and 1000 Ontario, respectively, and would have required the Company to receive minority shareholder approval for, and obtain a formal valuation for the subject matter of, the transaction in accordance with MI 61-101, prior to the completion of such transaction. However, in completing the Debt Settlements, the Company relied on exemptions from: (x) the formal valuation requirements of MI 61-101, on the basis that the Company is not listed on Specified Markets (as defined in MI 61-101), as determined in accordance with MI 61-101; and (y) the minority shareholder approval requirements of MI 61-101, on the basis that the fair market value of each Officer’s participation in their respective Debt Settlement does not exceed \$2,500,000, as determined in accordance with MI 61-101.

Further details will be included in a material change report to be filed by the Company. While the Company filed a material change report in respect of the Debt Settlements and the Officers’ participation in the Debt Settlements on January 2, 2024, the Company did not file the material change report more than 21 days before the closing date of the Debt Settlements. In the Company’s view, the shorter period was necessary to permit the Company to close the Debt Settlements in a timeframe consistent with usual market practice for a transaction of this nature and was reasonable and necessary to improve the Company’s financial position in a timely manner in the circumstances. Further, the Officers indicated a desire to complete the Debt Settlements on an expedited basis.

### ***Early Warning Disclosures***

Effective January 5, 2024, the Company settled debt owing to 238 Ontario and 1000 Ontario in the aggregate amount of \$1,512,000 ( a “**Transaction**”). As part of the Transactions, 238 Ontario and 1000 Ontario each converted \$756,000 of their respective debt owed by the Company into 15,120,000 Common Shares, at a deemed price of \$0.05 per Common Share. The Common Shares issued in connection with each Transaction are subject to a statutory hold period of four months and a day from the date of issuance.

Prior to the closing of the Transactions, 238 Ontario, together with its joint actor, Igal Sudman, beneficially owned an aggregate of 29,305,424 Common Shares (of which 15,373,322 Common Shares were owned by 238 Ontario directly and 13,932,102 Common Shares were owned by Igal Sudman), representing approximately 18.06% of the total issued and outstanding Common Shares on a non-diluted and partially diluted basis. 1000 Ontario, together with its joint actors, Roman Buzaker and IIPAC Inc., a company controlled by Roman Buzaker (“IIPAC”), beneficially owned an aggregate of 29,013,142 Common Shares (of which Nil Common Shares were owned by 1000 Ontario directly, 15,373,322 Common Shares were owned by IIPAC, and 13,639,820 Common Shares were owned by Roman Buzaker), representing approximately 17.88% of the total issued and outstanding Common Shares on a non-diluted and partially diluted basis.

Following the completion of the Transaction, 238 Ontario, together with its joint actor, now has ownership and control over an aggregate of 44,425,424 Common Shares (of which 30,493,322 Common Shares are owned by 238 Ontario directly and 13,932,102 Common Shares are owned by Igal Sudman), representing approximately 23.08% of the total issued and outstanding Common Shares on a non-diluted and partially diluted basis. 1000 Ontario, together with its joint actors, Roman Buzaker and IIPAC, now has ownership and control over an aggregate of 44,133,142 Common Shares (of which 15,120,000 Common Shares are owned by 1000 Ontario directly, 15,373,322 Common Shares are owned by IIPAC, and 13,639,820 Common Shares are owned by Roman Buzaker), representing approximately 22.93% of the total issued and outstanding Common Shares on a non-diluted and partially diluted basis.

238 Ontario, together with its joint actor, Mr. Sudman, and IIPAC, together with its joint actor, Mr. Buzaker, each most recently filed an early warning report pursuant to National Instrument 62-104 – *Take-Over Bids and Issuer Bids* on October 18, 2022 (collectively, the “Prior EWRs”). Since then, the Company has issued Common Shares in a variety of transactions, which has resulted in each of 238 Ontario’s, together with its joint actor, Igal Sudman, and 1000 Ontario’s, together with its joint actors, IIPAC and Roman Buzaker, holdings to increase by more than 2%. As at the date of the Prior EWRs, (i) 238 Ontario, together with its joint actor, Igal Sudman, beneficially owned an aggregate of 26,895,424 Common Shares, representing approximately 17.43% of the total issued and outstanding Common Shares on a non-diluted and partially diluted basis and (ii) 1000 Ontario, together with its joint actors, Roman Buzaker and IIPAC, beneficially owned an aggregate of 26,603,142 Common, representing approximately 17.24% of the total issued and outstanding Common Shares on a non-diluted and partially diluted basis.

The Common Shares acquired pursuant to the Transactions were acquired by each of 238 Ontario and 1000 Ontario for investment purposes, and depending on market and other conditions, each of 238 Ontario and 1000 Ontario, may from time to time in the future increase or decrease their respective ownership, control or direction over securities of the Company through market transactions, private agreements, or otherwise.

An early warning report pursuant to the requirements of applicable securities laws will be issued by each of 238 Ontario and 1000 Ontario, separately, and will be posted to SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and be available on request at the number and addresses below. For further information, including a copy of the early warning reports required under applicable Canadian securities laws to be filed by each of 238 Ontario and 1000 Ontario because of the Transactions, please contact Igal Sudman, Chief Executive Officer, at 905-492-3322 or Roman Buzaker, Chief Financial Officer, at 905-492-3322. For the purposes of this notice, the address of 238 Ontario and 1000 Ontario is 1080 Brock Road, Unit 6, Pickering, Ontario L1W 3H3, which is also the head office of the Company.

### **About Ayurcann**

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.

For more information about Ayurcann, please visit [www.ayurcann.com](http://www.ayurcann.com) and its profile page on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

*Neither the CSE nor its Regulation Services Provider have reviewed or accepted responsibility for the adequacy or accuracy of this release.*

## **Cautionary Note Regarding Forward-Looking Statements**

*This press release contains “forward-looking statements” within the meaning of applicable securities laws. All statements contained herein that are not clearly historical in nature may constitute forward-looking statements. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “strategy”, “expects” or “does not expect”, “intends”, “continues”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or may contain statements that certain actions, events or results “will be taken”, “will launch” or “will be launching”, “will include”, “will allow”, “will be made” “will continue”, “will occur” or “will be achieved”. The forward-looking information and forward-looking statements contained herein include, but are not limited to, statements regarding: the Company launching new products and SKUs under the terms and in the jurisdictions disclosed herein; the Company gaining and growing its market share; the Company building additional strategic relationships and partnerships; the Company’s becoming the partner of choice for leading Canadian and international cannabis brands; and the Company’s plans to produce various derivative cannabis products.*

*Forward-looking information in this news release are based on certain assumptions and expected future events, namely: the Company has the ability to produce various derivative cannabis products; the Company will launch new products and SKUs under the terms and in the jurisdictions disclosed herein; the Company will gain and grow its market share; the Company will build additional strategic relationships and partnerships; the Company’s assessment of market conditions, its ability to gain market share, and its potential competitive edge are accurate; the Company has the ability to carry out its plans with respect to its new innovation and offerings; the Company has the ability to enhance its product development capabilities; the Company will seek new Canadian business opportunities; the Company will increase efficiency in its processes and partnerships; and the Company has the ability to carry out its goals and objectives.*

*These statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements, including but not limited to: the Company will be unable to launch new products and SKUs under the terms, in the jurisdictions disclosed herein and/or at all; the Company being unable to gain and/or grow its market share; the Company’s inability to build additional strategic relationships and/or partnerships; the Company’s inability to become the partner of choice for leading Canadian and international cannabis brands; the Company’s inability to produce various derivative cannabis products; the Company’s inability to carry out its plans with respect to its new innovation and offerings; and the Company’s inability to enhance its product development capabilities.*

*Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions, or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.*

*Forward-looking statements contained in this news release are expressly qualified by this cautionary statement and reflect the Company’s expectations as of the date hereof and are subject to change thereafter. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events, or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking information, except as required by applicable law.*

*This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws.*