



For Immediate Release

April 9, 2024

AGRICANN SOLUTIONS PROVIDES CORPORATE UPDATE

Vancouver, BC, April 9, 2024 – AgriCann Solutions Corp. ("AgriCann") (with its subsidiaries, collectively referred to as "**the Company**") today issued a Letter to Shareholders from its Chairman, Rob van Santen.

Dear Stakeholders,

Before diving into the following key points, I want our stakeholders to know that all our collective efforts have been to enable our Company to capitalize on opportunities in the cannabis industry, to drive shareholder value. Personally, I'm a corporate finance and capital markets guy living in Vancouver, not involved on the operations side in the Okanagan Valley, or the cannabis sector per se. I'm the chairman here because I structure, acquire, and ultimately set up public companies for listing on an Exchange, much like I did with Valens (now SNDL-Nasdaq). That is still the goal. I have significant funds invested here and at risk, as do committed fellow directors Tim Tombe and Henk Vander Waal. Importantly, we remain optimistic and determined about the Company's future direction and confident in our dedicated team as they deal with several immediate challenges, complete a strategic review, and implement a streamlined and scalable operating strategy.

Year's Highlights, Challenges and State of Affairs

- **Capital Raises:** AgriCann raised \$307,203 through a Shareholder Rights Offering (Feb 7, 2023) designed to encourage existing shareholder participation, completed a \$1,941,780 shares-for-debt settlement at \$0.10 per share (Feb 28, 2023) largely to convert loans and accruals to equity to clean up the balance sheet, and closed a non-brokered private placement for \$1,019,236 at \$0.10 per share (Oct 31, 2023). Funds raised were allocated towards re-establishing and expanding operations from Lake Country into a purpose-built facility in Vernon offering scalability with superior Health Canada licensing.
- **Strategic Acquisition:** Completed the acquisition of Newline Ventures Inc. ("Newline") on Oct 20, 2023, formalizing the Company's early-2023 move into its Vernon facility, and securing our investment in infrastructure, equipment, an enhanced business model and the assembly of an operating team. This strategic acquisition took almost a year to complete, first approved by shareholders at AgriCann's AGM back in late 2022. It expanded the Company's operational capability by adding cultivation, processing, medical sales, and Cannabis 2.0 licenses to the sole nursery license already held through Craft Nurseries.
- **Online Portal Development:** Initiated the development of an online portal that serves multiple purposes: Showcases engaging content for our consumer brands, provides valuable information to consumers, facilitates the wholesale ordering process for BC retailers through Direct Delivery, and streamlines the supply chain to enhance customer experience.
- **EU-GMP Cultivation Testing:** Initiated cultivation testing with an EU-GMP partner, aiming to test

our genetics in their facility with the goal of producing finished cannabis flower for the European market, an initial step towards international expansion and diversification of revenue sources.

- **Strategic Partnership:** Forged a strategic partnership agreement with Klonetics Plant Science, designed to leverage Klonetics' expertise in tissue culture and plant science, outsource the production of clones and starter plants from Craft Nursery's operations, and to enable the Company to focus on its core strength of curating new genetics cultivars.
- **Cannabis 2.0 License:** Initiated and was awarded a Cannabis 2.0 license through Newline, enabling the manufacture and distribution of concentrates, edibles, vapes, topicals, and other cannabis derivative products. This license broadens the Company's product offerings and positions Newline to tap into the growing market for cannabis derivatives.
- **Market Expansion:** Commenced delivery of cannabis products into the OCS, Ontario's sole distributor into Canada's largest market, providing significant opportunities for the Company to reach a broader customer base and increase market share.
- **BC's Direct Delivery Program:** Secured approval to participate in BC's Direct Delivery program. This program provides a streamlined distribution channel, allowing delivery of consumer-packaged goods directly to retailers across British Columbia.
- **The Ultimatum:** Despite the cash raise completed with the closing of the Newline acquisition in October and the significant cash injections advanced by directors to meet recurring shortfalls over many months, there was an inability to provide meaningful cash flow projections, or meaningful cashflow. A tipping point was reached on December 7th when our CEO presented an ultimatum for an immediate \$200,000 to cover operating expenses with the expectation that \$500,000 would be required to execute his plans. This came with a demand for an immediate release of the recently awarded management retention and incentive shares, despite their being set up under an executed escrow and pooling agreement with performance criteria. The Board pushed back on these demands.
- **CEO resignation:** On December 11th Adam Sancewicz resigned his CEO position with AgriCann, relinquished his roles as a director and CEO of both subsidiaries, and terminated his RPIC duties with Health Canada and the CRA. Adam also held our various domains, administered corporate websites, and coordinated sales. As CEO he had been largely given free rein and a lucrative incentive and retention package. Founding director and former COO Tim Tombe immediately assumed an Interim CEO position given his proximity to the operations, cannabis experience and significant financial interest.
- **CFO resignation:** On February 9th Dome Duong resigned as CFO and director with AgriCann. Dome had signing authority on all banking accounts, a looming Q3 interim financials filing deadline due February 29th, and a key coordination role between the parent company and subsidiaries. The Company was unable to file Q3 interim consolidated financial statements and MD&A and is currently under a Cease Trade Order for failure to file. The transition to an experienced and qualified accountant has been proceeding slowly and as a result is now under review.
- **State of Affairs:** Following the resignations, the Company has struggled to find its feet. Henk Vander Waal, our Master Grower, AgriCann director and top individual shareholder, remains as an exceptionally talented and dedicated member of the Newline team. Our COO Bobby Athwal has by default filled the vacuum created on site and in sales. Bobby was instrumental in developing the online ecommerce platform, introducing the EU-GMP cultivating partner, finalizing the strategic partnership with Klonetics, and spearheading the Company's market expansion into the OCS and BC Direct Delivery program. He is credited with bringing in the first \$200,000 in cannabis product sales following the Newline acquisition, so provides some continuity to our initiatives. Henk and Bobby are supported by a dedicated three-member operations team and draw upon an experienced part-time crew during harvests.

- **Restructuring:** Effective April 1st Newline brought in a cannabis sector consultant with a solid resume, strong working knowledge, and a track record in the commercial cannabis industry. Skills include budgeting, human resource management, regulatory compliance, creating and maintaining a strong corporate culture, and marketing in the cannabis space. The consultant will make recommendations to help push Newline forward, build and optimize the operations team, monitor and track operations, drive organizational improvements, and implement best practices.
- **Cultivation shutdown:** Given the buildup of inventory and disruptions at the leadership level, the Company is opting to shutdown new cultivation for a 3-month period to allow for a re-assignment and rationalization of core personnel and to facilitate the processing of harvested flower and related packaging and refocus on developing sales and retail store relations. The Company anticipates significantly lower financial overhead during this period. This hiatus also provides an opportunity to complete some final repairs and installations at the facility before resuming cultivation.
- **Shareholder loans:** Principal shareholders and directors continue to support the Company and Newline's operations to date. Since the closing of the Newline acquisition, operating cash loans totaling over \$450,000 have been advanced, augmenting the ~\$1 million-plus of sales revenue achieved over the preceding months.

Conclusion

In hindsight, the Company's long-term growth aspirations as executed over 2023 sacrificed the achievement of steady-state production, revenue and expense coverage. The resulting cash burn became increasingly unfinanceable, given projections regularly missed and goalposts extended. The lengthy Newline acquisition closing delay encountered was a complicating factor. Last-minute cash calls were used to compensate. Simply put, operations required a substantially greater financial commitment than envisioned, which the Company could not effectively raise without key shareholder support. Meanwhile, the cannabis sector was experiencing its own challenges and dislocation, with significant investor distress and aversion.

The AgriCann board remains committed to improve operational and financial efficiencies, and right-size the Company with a defined and executable growth strategy. Initiatives are immediately being introduced to reduce expenses and strengthen operations.

The Board would like to thank our stakeholders for their patience and continued support as we position AgriCann as a reliable player in the premium cannabis industry.

ON BEHALF OF AGRICANN SOLUTIONS CORP.

(signed) "Rob van Santen"

Chairman

About AgriCann Solutions Corp.

AgriCann Solutions Corp. operates wholly owned subsidiaries Craft Nurseries Canada Ltd., a full-service Health Canada licenced cannabis nursery located in Lake Country, and Newline Ventures Inc., a Health Canada multi-licenced facility in nearby Vernon, British Columbia. AgriCann is an emerging supplier and supports craft cultivators by creating demand with premium genetics, strong consumer branding and the distribution of consumer-packaged goods through scalable logistics models. By providing access to superior genetics, starting materials, and cultivation support, we ensure quality control of finished flower to compete in today's market effectively and strategically.

For more information, please visit AgriCann Solutions' website at <https://agricannsolutions.com/> and Craft Nurseries' website at <https://www.craftnurseries.com/>

Forward-Looking Statements

This news release contains statements that constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Forward-looking statements in this press release include, but are not limited to, statements in respect of the Company's ongoing efforts to improve operational and financial efficiencies and the expansion of the Company's operations.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management of AgriCann at this time, are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies that could cause actual results to differ materially from those expressed or implied in such statements. Investors are cautioned not to put undue reliance on forward-looking statements. Applicable risks and uncertainties include, but are not limited to regulatory risks, risks related to the COVID-19 global pandemic, changes in laws, resolutions and guidelines, market risks, concentration risks, operating history, competition, the risks associated with international and domestic operations and the other risks identified under the headings "Risk Factors" in AgriCann's quarterly and annual filings and other disclosure documents available on the Company's profile on SEDAR+ at www.sedarplus.ca. AgriCann is not under any obligation, and expressly disclaims any intention or obligation, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable law.