

For Immediate Release

Vencanna Ventures Announces Strategic Progress, Optimization of Operations, and Management Changes

November 5, 2024 – Vencanna Ventures Inc. (“Vencanna” or the “Company”) (CSE:VENI) is pleased to provide shareholders with an operational update following the successful conclusion of its acquisition of The Cannavative Group (“**Cannavative**”) on April 30, 2024 along with our ongoing developments in New Jersey.

Vencanna has implemented a focused strategy in Nevada, driving efficiency and enhancing profitability while progressing on key developments in New Jersey. In Nevada, Vencanna took immediate steps to streamline operations by reducing our cultivation operation, and primarily focusing on manufacturing and distribution. This realignment emphasizes our core brands, **Resin8** and **Motivator**, which are pivotal to our growth strategy. To optimize our strategy and resources, we implemented significant cost saving measures, including reducing headcount by approximately one-third, streamlining transportation, prioritizing relationships, and sourcing better quality and less expensive supplies. These measures have resulted in a 38% reduction in overall costs in July and August compared to the first 4 months of the year. Further, Cannavative will be moving into a new facility December 31, 2024. Due to Cannavative’s flexible lease terms, the Company is able to consider alternative operational sites with minimal economic cost. The new facility is much more aligned with our operational needs, and will result in a 75% reduction in facility carrying costs. In addition to being focused on costs, we have also realigned our sales efforts by partnering with JAB LLC, which brings an innovative sales approach, significant expertise and deep relationships in the Las Vegas market. This exciting new alignment will lead our Nevada sales in a new direction.

Further, the Company announces that effective today, Jason Crum, who has served as Chief Revenue Officer of the Company, has departed the Company. “The Company continues to focus on streamlining its operations, including its lines of communication, in our drive for efficiency,” stated David McGorman, chief executive officer of Vencanna. “We thank Jason for his long-term contribution and leadership while he oversaw the growth of Cannavative’s Nevada operations, and we wish him all the best in his future endeavours.”

These collective efforts have resulted in significant improvement in our profit margins, and upon the move to the new site and finalizing our management alignment, the Company is expecting Nevada’s gross margin improvement to increase to 35% in 2025 from 12% in the first four months of 2024, with a targeted EBITDA margin in 2025 of 17%.

In New Jersey, Vencanna is advancing both its Bellmawr project (a proposed 4,150 s.f. retail site) and the Cinnaminson project (a proposed 15,500 sf vertical operation, consisting of cultivation, manufacturing and retail). Construction at Bellmawr is underway, with the lot paving nearly complete as we’re now ready to proceed with demolition and finalize the building permit application. In Cinnaminson, we are repurposing Cannavative’s useable assets to establish a cultivation and manufacturing operation, along with a co-located retail arm. The Company intends to initially complete the Bellmawr project, then focus on the Cinnaminson project. The Company estimates that construction of the Bellmawr project should be complete in Q2 2025. We look forward to bringing our brands, relationships, and product development from Nevada into the New Jersey market.

Looking forward, we remain optimistic despite industry-wide challenges, including the DEA's ongoing deliberations on Section 280E. Both presidential candidates indicated their respective willingness for cannabis reform. In August 2023, the US Department of Health and Human Services (HHS) recommended to the U.S. Drug Enforcement Agency (DEA) to reclassify cannabis as a Schedule III controlled substance from a Schedule I. The DEA supported that recommendation earlier this year and in August announced that it is initiating an administrative hearing starting on Dec. 2, 2024. With potential regulatory advancements on the horizon following the upcoming U.S. presidential election, we anticipate favorable developments that will further strengthen our position.

The acquisition of Cannavative changed our regulatory and accounting criteria, where the Company went from a merchant capital firm to a U.S. based cannabis operating company. The Company has maintained its auditors, though the transition of our business required a new dedicated audit team. The changes in accounting principals, along with having a new audit team, has resulted in delays in the final preparation of our financial statements. As previously announced, on October 25, 2024, the Alberta Securities Commission issued a cease trade order ("**CTO**") against the Company, for the Company's failure to file its audited annual financial statements for the year ended April 30, 2024 and its interim financial report for the period ended July 31, 2024, along with the related management's discussions and requisite filings (collectively, the "**Required Filings**"). It is our intent to file all of our Required Filings on or before November 25, 2024, which will result in the lifting of the CTO.

About Vencanna

On September 24, 2018, the Company completed a recapitalization financing, appointed a new management team and board of directors, and commenced trading on the CSE as an investment issuer. The transactions transitioned the Company from an oil and gas issuer to a merchant capital firm, and rebranded as "Vencanna Ventures". The Company's aim has been to be a go-to capital provider for early-stage cannabis initiatives. The Company focused on strong management and states possessing unique characteristics and barriers to entry.

On April 30, 2024 Vencanna acquired Cannavative, a cultivation and extraction company in the state of Nevada. Cannavative was established in 2016, and began operations in 20217. They were the first cannabis company in Nevada to hold both a cultivation and extraction license. The acquisition of Cannavative transitioned the Company from a merchant capital firm to an operating company.

Vencanna is dedicated to offering investors a diversified and high-growth cannabis investment strategy, with a particular focus in the Unities States of America. It proposes to achieve this through strategic investments, grass roots developments, and acquisitions spanning the cannabis value chain.

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Reader Advisories

Neither the CSE nor the Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this news release.

Forward-Looking Statements

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly, and without limitation, this news release contains forward-looking statements and information concerning the Company's business plan and objectives in Nevada and New Jersey, including increasing cost savings and enhancing profitability; the proposed relocation of the Cannavative facility; the partnership with JAB LLC and the anticipated benefits thereof; the anticipated timing of the completion of the Bellmawr project; the introduction of Nevada products into New Jersey; the market for adult-use cannabis in the United States; the state of the adult-use cannabis market and U.S. regulatory changes in respect thereof; the timing of filing the Required Filings and the lifting of the CTO.

The forward-looking statements are founded on the basis of expectations and assumptions made by the Company, including expectations and assumptions concerning: the future operations of, and transactions contemplated by, of the Company; the impact of increasing competition; timing and amount of capital expenditures; the legislative and regulatory environments of the jurisdictions where of the pro forma Company will carry on business, have operations or plan to have operations; the ability of the Company to enter into contracts with companies to provide financing on acceptable terms; conditions in general economic and financial markets; the ability of the Company's investments to execute on their business plan; and the Company's ability to obtain additional financing on satisfactory terms or at all. Forward-looking statements are subject to a wide range of risks and uncertainties, and although the Company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

Although Vencanna believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Vencanna can give no assurance that they will provide to be correct. By its nature, such forward-looking information is subject to inherent risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. Without limitation, these risks and uncertainties include: risks inherent in manufacturing and product development; actions and initiatives of federal, state and local governments and changes to government policies and the execution and impact of these actions, initiatives and policies; uncertainty caused by potential changes to regulatory framework; regulatory approval and permits; environmental, health and safety laws; risks associated with the cannabis industry in general; the ability of the Company to implement its corporate strategy; the state of domestic and international capital markets; the ability to obtain financing; and other factors more fully described from time to time in the reports and filings made by the Company with securities regulatory authorities.

Readers are cautioned that the assumptions used in the preparation of forward-looking information, although considered reasonable at the time of preparation, may prove to be imprecise. Actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and accordingly there can be no assurance that such expectations will be realized. Vencanna undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking information contained herein is expressly qualified by this cautionary statement.

FOFI Disclosure

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Vencanna's prospective results of operations and future profit margins, including gross margin improvements and EBITDA margin improvements, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs. FOFI contained in this press release was approved by management as of the date of this press release and was included for the purpose of providing further information about Vencanna's anticipated future business operations. Vencanna and its management believe that FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. Vencanna disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

Specified Financial Measures

This press release includes various specified financial measures, including non-GAAP financial measures, non-GAAP financial ratios and capital management measures as further described herein. These measures do not have a standardized meaning

prescribed by generally accepted accounting principles (“GAAP”) and, therefore, may not be comparable with the calculation of similar measures by other companies. **“EBITDA margin” (non-GAAP financial ratio) is calculated as consolidated net income (loss) before interest and financing expenses, income taxes, depletion, depreciation and amortization divided by net revenue (gross revenues less discounts).** Vencanna utilizes EBITDA margin to evaluate the Company's performance compared to internal targets and to benchmark its performance against key competitors.