AVICANNA

RHO PHYTO

MyMedi.ca
MEDICAL CANNABIS CARE

AUREUS
SANTA MARTA

AVICANNA INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31st, 2024 AND 2023

May 13th, 2024

Special Note Regarding Forward-Looking Statements

This management's discussion and analysis ("MD&A") of Avicanna Inc. ("Avicanna" or the "Company") contains "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "objective", "predict", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "will", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The Company's anticipated future operations are forward-looking and are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such forward-looking statements are estimates reflecting the Company's best judgment based upon current information and involve several risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. See "Risk Factors" below.

This MD&A was prepared by management as of May 10th, 2024, and is supplemental to and should be read in conjunction with the Company's consolidated financial statements (the "Financial Statements") for three months ended March 31, 2024, and March 31, 2023, and the accompanying notes thereto. The information contained in this MD&A is presented as of the date of the MD&A and is current to that date unless otherwise stated. The results reported herein have been derived from consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

All amounts are expressed in Canadian dollars unless otherwise noted.

This MD&A is intended to assist the reader in better understanding operations and key financial results as of the date of this report. The Financial Statements and this MD&A have been reviewed and approved by the Company's Board of Directors on May 10th, 2024.

INTRODUCTION

This MD&A, which should be read in conjunction with our Financial Statements and the notes thereto, provides additional information on our business, current developments, financial condition, cash flow and results of operations. It is organized as follows:

Part 1 – Business Overview. This section provides a general description of our business, which we believe is important in understanding the results of our operations, financial condition, and future trends.

Part 2 – Results of Operations. This section provides an analysis of operations for the quarters ended March 31, 2024, and 2023.

Part 3 – Financial Liquidity and Capital Resources. This section provides an analysis of our cash flow and outstanding debt and commitments, inclusive of the amount of financial capacity available to fund our ongoing operations and future commitments.

Part 4 – Critical Accounting Policies and Estimates. This section identifies those accounting policies that are considered important to our results of operations and financial condition and require significant management estimates.

We prepare and report our Financial Statements in accordance with IFRS, and the financial information contained herein are reported in Canadian Dollars, unless otherwise noted.

PART I – BUSINESS OVERVIEW

Part 1 – Business Overview is presented, and current, as at the date of this MD&A.

Avicanna is a commercial-stage international biopharmaceutical company focused on the advancement and commercialization of cannabinoid-based products and formulations for the global medical and pharmaceutical market segments. Avicanna has an established scientific platform including R&D and clinical development leading to the commercialization of more than thirty proprietary, evidence-based finished products and supporting four commercial stage business pillars.

Medical Cannabis formulary (RHO Phyto™): The formulary offers a diverse range of proprietary products including oral, sublingual, topical, and transdermal deliveries with varying ratios of cannabinoids, supported by ongoing patient, and medical community education. RHO Phyto is an established leading medical brand in Canada currently available nationwide to patients across several medical channels and continues to expand into new international markets.

Medical cannabis care platform (MyMedi.ca): MyMedi.ca is a medical cannabis care platform formed with the aim to better serve medical cannabis patients' needs and enhance the patient journey. MyMedi.ca is operated by Northern Green Canada Inc. and features a diverse portfolio of products and bilingual pharmacist-led patient support programs. MyMedi.ca also provides specialty services to distinct patient groups such as veterans and collaborates with public and private payers for adjudication and reimbursement. MyMedi.ca provides educational resources to the medical community to facilitate the incorporation of medical cannabis into health care regimens.

Pharmaceutical products (Trunerox™) and pipeline: Leveraging Avicanna's scientific platform, vertical integration, and real-world evidence, Avicanna has developed a pipeline of proprietary, indication-specific pharmaceutical products that are in various stages of clinical development and commercialization. These cannabinoid-based drug candidates aim to address unmet medical needs in dermatology, chronic pain, and various neurological disorders. Avicanna's first indication-specific pharmaceutical drug, Trunerox™, was approved Q1 2024 by the Health Authority of Colombia INVIMA as an adjuvant treatment for seizures associated with Lennox-Gastaut Syndrome and Dravet Syndrome.

Active pharmaceutical ingredients (Aureus Santa Marta™): Active pharmaceutical ingredients ("API") are supplied by the Company's majority owned subsidiary Santa Marta Golden Hemp SAS ("SMGH") which is a commercial-stage business dedicated to providing a various forms high-quality CBD, THC and CBG to the Company's international partners for use in the development and production of food, cosmetics, medical, and pharmaceutical products. The business unit also forms part of the Company's supply chain and is a source of reliable input products for its consumer retail, medical cannabis, and pharmaceutical products globally.

Q1 2024 HIGHLIGHTS

- **Financial highlights and most successful quarter in the Company's history:**
    - Adjusted EBITDA of approximately $17k for Q1 2024, marking the first adjusted EBITDA positive quarter in the Company's history and a significant year-over-year improvement compared to EBITDA loss of $1.28 million in Q1 2023.
    - Record quarterly revenue of $6.45 million representing a year-over-year increase of 451% compared to Q1 2023 and representing an increase 6.5% from Q4 2023. Revenue growth was achieved with a 32% increase in year-over-year operational expenses.
    - Consolidated gross margins, before fair value changes in bio-assets, of 51% during Q1 2024, representing a 21% improvement compared to 42% during Q1 2023.
    - Cash provided from operations during Q1 2024 was $122k, representing a substantial improvement compared to cash used in operations during Q1 2023 of approximately $2.05 million.

- **Canadian commercial advancements:** The company further expanded access to its proprietary medical cannabis products through the introduction of 2 new SKUs and 6 new medical listings on MyMedi.ca and Spectrum therapeutics during the first quarter of 2024. During the first quarter the Company sold a total of 57,911 units across 135 commercial listings which were listed on 6 provincial channels and 7 medical platforms. Commercial results on the MyMedi.ca combined with optimization of sales on other channels contributed to margin improvements that yielded record consolidated margins of 48% in Canada.

- **Avicanna's obtained its first indication-specific drug registration with Trunerox™ in Colombia.** Trunerox™ was approved in Colombia by the Colombian National Institute of Drug and Food Surveillance (El Instituto Nacional de Vigilancia de Medicamentos y Alimentos – "INVIMA") as a drug for the treatment of severe seizures related to Lennox-Gastaut Syndrome and Dravet Syndrome. The approval allows Avicanna to manufacture and commercialize Trunerox™ in Colombia for the approved indications which are two rare epileptic disorders classified as epileptic encephalopathies. Trunerox™ is Avicanna's proprietary oral formulation with 10% cannabidiol (CBD) and is manufactured with under Good Manufacturing Practices utilizing CBD manufactured at Avicanna's majority owned subsidiary Santa Marta Golden Hemp SAS. Trunerox™ has not been approved as a drug in Canada by Health Canada.

- **Avicanna announced a supply and licensing agreement with a multi-national pharmaceutical company.** The exclusive supply agreement is for two of Avicanna's proprietary topical products including the RHO Phyto™ branded Ultra CBD Topical Cream, which is a 3% CBD localized cream developed for dermatology conditions and the CBG Transdermal Gel which is a 2% CBD and 0.5% Cannabigerol ("CBG") gel targeting local inflammatory and pain conditions. The exclusive supply agreement for the European region is expected to launch these products in 6 European countries during 2024.

- **Avicanna announced a new research collaboration with a multi-national, European-based pharmaceutical company.** The research collaboration is designed to initially assess the Company's proprietary SEDDS technology in combination with the collaborator's various drug delivery and pharmaceutical formats. The collaboration will gain a better understanding of proprietary dosage forms with precisely standardized delivery and enhanced bioavailability of cannabinoids.

- **Avicanna and Ease Labs Pharma granted commercialization approval for a pharmaceutical preparation in Brazil.** The first THC-containing pharmaceutical preparations produced in Brazil were approved by the Brazilian Health Regulatory Agency (ANVISA), under the RDC 327 regulation and GMP-certified manufacturing standards in Brazil. The full spectrum active pharmaceutical ingredients (API) are to be supplied by SMGH, under a multi-year API

supply agreement entered in 2021. Ease Labs is expected to make the product available in pharmacies with a medical prescription by the end of June 2024.

STRATEGY AND OUTLOOK

Summary of Commercial Activities by Geography

Canada

The Canadian market continues to be the focus of the Company's operations and most significant revenue driver where the Company established the infrastructure and proof of concept for its intellectual property and business units which can be scaled and expanded internationally. The Company's commercial platform operates as an asset light model leveraging 6 strategic manufacturing relationships with Canadian licensed producers to manufacture 29 proprietary products. The Company continued to demonstrate growth in products sales, active SKUs, and commercial listings with a predominant focus on medical, and growth in the top Canadian medical channels including the Company's own MyMedi.ca. Across all channels, total commercial listings increased to 139 listings, with 87 listed on medical platforms and 52 in adult-use channels.

The 2023 launch and integration of the MyMedi.ca medical cannabis care platform solidified the Company's position as a leader in the medical cannabis space in Canada, with the objective to offer patients and the medical community a comprehensive resource including proprietary products and patient support programs. The Company generated over $5.3 million in revenue from MyMedi.ca during the first quarter of 2024. The integration also increased awareness and access of the Company's own proprietary products, which in turn increased the Company's product sales – notably 23,433 units of Avicanna products were sold on MyMedi.ca in Q1 2024. The overall uplift was attributed to new listings, improved access, increased education, and inventory management efficiencies within the Company's own portfolio. MyMedi.ca also provided a platform for enhanced education and collaboration with the medical community including hospitals such as Sunnybrook's Odette Cancer Centre which dispense the Company's RHO Phyto products on-site, as well as private and public insurance providers. Collaborations also involved 8 worker safety boards including the Workplace Safety and Insurance Board ("WSIB") one of the largest insurance organizations in North America.

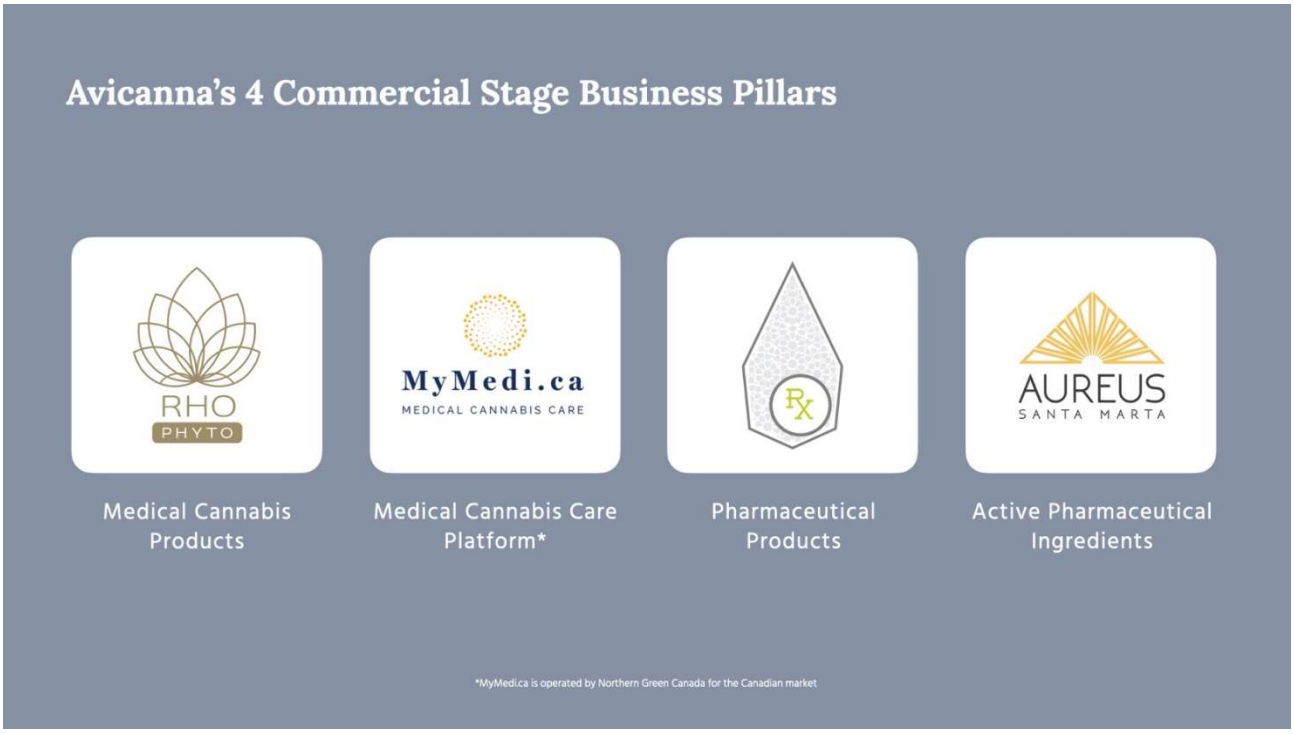
International

Internationally, the Company continues to prioritize and optimize its operations to focus on the Company's long-term pharmaceutical pipeline and the evolving medical cannabis space. The Company's international operations are preparing for the manufacturing of its proprietary cosmetic and pharmaceutical finished products including Trunerox™ which recently obtained marketing authorization in Colombia. The drug is expected to be commercialized in Colombia during 2024 with expected expansion into other Central American, Caribbean, and South American markets as early as 2025.

The Company also entered into two strategic agreements for international commercialization and licensing of its intellectual property which resulted in significant licensing revenues during the quarter.

Additionally, the Company's international efforts centered around cultivating and manufacturing its active pharmaceutical ingredients business through growth of the Aureus™ brand which now have been exported to 17 international markets and have been the API of record for three pharmaceutical marketing authorizations including Avicanna's own Trunerox.

Overview of the Four Commercial Business Pillars



Medical Cannabis products and RHO Phyto™:

The formulary of proprietary medical cannabis products marketed are under the RHO Phyto™ brand and offer a range of scientifically driven formulations in a variety of formats including oral, sublingual, topical, and transdermal with varying ratios of cannabinoids including CBD, THC and CBG. In Canada, the RHO Phyto is Company's flagship medical cannabis brand whose products were available through the MyMedi.ca platform in addition to other medical cannabis platforms such as Spectrum Therapeutics and Canna Farms. RHO Phyto products are available for on-site dispensing in some Canadian hospitals including the Sunnybrook Odette Cancer Centre and across several provincial retail channels. Internationally, the RHO Phyto products are available in Barbados and Cayman Islands and the Company has plans for further geographical expansion in the future.

Proprietary formulations and products:

Micro Drops 	**Rapid Act Sprays** 
The Micro Drops are blood-orange flavoured and utilize Avicanna's inverted emulsion technology to provide absorption and shelf-life stability. The product is administered with metered dosage using an oral syringe that is designed for more accurate titration.	Lemon-mint flavoured oral sprays utilize Avicanna's sublingual delivery technology to provide a rapid acting effect. The product is administered discreetly, designed for ease of use, and designed to deliver accurate, consistent dosing in every spray.
Deep Tissue Gel 	**Ultra CBD Local Cream** 
The water-based gels utilize Avicanna's deep tissue technology and combine cannabinoids with synergistic terpenes and natural excipients including menthol and beta-caryophyllene in a pharmaceutical-grade, airless pump.	The high CBD topical cream is designed for application on sensitive skin and free from THC and allergens including terpenes, perfumes, and vitamins. Ultra CBD Topical Cream is, unscented, and oil based.
Nano Drops 	**Rapid Act Capsules** 
Utilizing the company's Influid Self-Emulsifying Drug Delivery System ("SEDDS") technology, the water-soluble infusers are designed to deliver cannabinoids into any cold or warm beverage and have been commercialized in Canada since early 2023.	Utilizing the Company's SEDDS technology, the rapid act capsules are designed to improve the solubility and bioavailability of poorly water-soluble drugs. SEDDS formulations typically enhance the drug's solubility, making it easier for the body to absorb and utilize the drug effectively.

MyMedi.ca medical cannabis care platform:

MyMedi.ca is Avicanna's online medical cannabis care platform featuring a diverse portfolio of products from select Canadian licensed producers in addition to the Company's own evidence-based portfolio. The platform features bilingual, pharmacist-led patient support programs and educational resources to facilitate the incorporation of medical cannabis into health care regimens. MyMedi.ca also provides specialty services to distinct patient groups such as veterans and collaborates with public and private payers for adjudication and reimbursement. Launched on August 2, 2023, MyMedi.ca was unveiled on closing of the Company's successful acquisition of the Medical Cannabis by Shoppers business, a subsidiary of Shoppers Drug Mart. Through the platform, the Company provided medical cannabis access and support nationwide across Canada to tens of thousands of patients with medical cannabis authorization from a healthcare provider. MyMedi.ca is operated by Northern Green Canada Inc.

MyMedi.ca's unique features:

- Boasts a multi-brand assortment of 200+ SKUs from over 40 leading medical cannabis brands – in contrast to the approach of most other medical cannabis platforms predominantly emphasizing offerings limited to their own brands.

- Training, medical education and resources to facilitate the incorporation of medical cannabis into health care regimens including the Company's own Avicenna Academy and the accredited program from Canadian Consortium for the Investigation of Cannabinoid Syllabus ("CCIC").

- Bilingual, pharmacist-led patient support programs and specialty care services for distinct patient groups.

- Speciality programs dedicated to veterans, compassionate pricing, pharmacist consultations and insurance and adjudication for patients.

- Established infrastructure for insurance reimbursement services for patients through 17 private insurance providers and public institutions including eight provincial worker safety boards including dedicated formularies with preferred vendors.

Pharmaceutical products and pipeline:

The Company's pharmaceutical preparations and indication-specific drug candidates were in various stages of clinical development, registration, and commercialization. The pipeline of indication-specific drug candidates is designed to address unmet needs in various areas, including neurology, depression, sleep, dermatology. The drug candidates were supported by the Company's scientific research & development and ongoing clinical trials including real world evidence studies. Certain pharmaceutical preparations and drug candidates were in various stages of submission-application-registration across several Latin American countries.

Potential marketing authorization and commercial pathways:

- **Near term:** Pharmaceutical approvals (South and Central America) including RDC 327 in Brazil and INVIMA in Colombia.

- **Long term:** North American and European pharmaceutical approvals including FDA, EMA and Health Canada.

Trunerox™

Trunerox™ is the Company's proprietary 10% CBD (THC-free) formulation and its first indication-specific approved drug. Trunerox™ received drug approval in Colombia, in February 2024, from the Colombian National Institute of Drug and Food Surveillance (El Instituto Nacional de Vigilancia de Medicamentos y Alimentos – INVIMA) allowing Avicanna to manufacture and commercialize Trunerox® for the treatment of severe seizures related to Lennox-Gastaut Syndrome ("LGS") and Dravet Syndrome ("DS"). Trunerox™ has not been approved as a drug in Canada by Health Canada.

LGS and DS are two rare epileptic disorders classified as epileptic encephalopathies. Trunerox™ is manufactured under good manufacturing practices ("GMP") at Altea Farmacéutica in Bogota, Colombia utilizing CBD manufactured at SMGH. According to the World Health Organization, approximately 50 million people worldwide have epilepsy, a common neurological condition globally with nearly 139 per 100,000 people impacted[1].

The Company anticipates Trunerox™ to be commercialized in Colombia in 2024 where the product is expected to be covered by insurance. The Company also anticipates Trunerox commercialization in other Central American, South American, and Caribbean countries in an expedited manner based upon INVIMA's certification by the Pan American Health Organization.

Active Pharmaceutical Ingredients (Aureus Santa Marta™):

The Aureus™ brand is the Company's line of API, including CBD, CBG and THC manufactured through SMGH. The cannabis raw materials supplied by SMGH, form part of the Company's supply chain and are a source of reliable input for its consumer retail, medical cannabis, and pharmaceutical preparation and pipeline products for global markets. SMGH is also dedicated to providing consistent, high-quality sources of input materials for the Company's global partners for use in the development and production of food, cosmetic, medical, and pharmaceutical products. SMGH received Good Agricultural, and Collection Practices ("GACP") and Organic certifications under the United States Department of Agriculture National Organic Program ("USDA") for its hemp cultivars. SMGH has exported Aureus™ branded products into 17 different countries for research and manufacturing purposes.

Cultivation and Extraction Capacity	**March 31, 2024**	**December 31, 2023**
Total square feet	300,000	300,000
Annual yield (kg)	26,400	26,400
Cost per gram - dried flower	$0.10	$0.10
Extraction capacity - dried flower per day (kg)	300	300

Summary of medical and scientific platforms

With more than eight years of R&D, preclinical and clinical development with cannabinoids, Avicanna established a scientific platform to develop its intellectual property portfolio. Avicanna's dedication to product development and evaluating the potential role of cannabinoids for therapeutic benefit had been at the core of the Company's vision since its inception. The Company successfully developed and delivered more than thirty commercial products including cosmetics, medical cannabis, and pharmaceuticals. Avicanna owns all related intellectual property including formulations, trademarks, and all associated methodologies. Key attributes of Avicanna's platform include:

[1] World Health Organization. (2024, February 7). Epilepsy Fact Sheet. https://www.who.int/news-room/factsheets/detail/epilepsy.

Pre-clinical and clinical development

Avicanna continues to collaborate with leading universities and hospitals on various preclinical and clinical projects. With researchers, we successfully obtained eight peer-reviewed government grants supporting our research projects over the past few years. All the formulations developed, and data generated in collaboration with researchers remain Avicanna's intellectual property.

Real-world evidence studies on RHO Phyto formulations

The commercial availability of RHO Phyto products in Canada led to the inclusion of these medical cannabis products in several real-world evidence ("RWE") trials on specific therapeutic indications and patient populations. Data derived from RWE trials in Canada was a component of an overarching imperative to minimize risk and maximize efficacy from research and development, optimization of formulations, enhancement of clinical protocols, prioritization of pharmaceutical trials, and educational materials for the medical community.

- **University Health Network's Medical Cannabis Real-World Evidence (MC-RWE)** The study led by Dr. Hance Clarke is a prospective, non-interventional, observational study to examine the efficacy of a select group of medical cannabis products including the entire RHO Phyto portfolio on patient reported outcomes of pain, sleep, depression, anxiety, and epilepsy.

- **Hospital for Sick Children - epidermolysis bullosa:** Avicanna's dermatology drug candidate commercialized under medical cannabis legislation in Canada under the RHO Phyto brand, was included in RWE studies measuring endpoints related to dermatological conditions as assessed by Dr. Elena Pope. As a part of a long-term collaboration with the Hospital for Sick Children, the study is expected to be completed during the first half of 2024.

- **Santé Cannabis - musculoskeletal pain and inflammation:** The real-world evidence study is focused on the RHO Phyto's CBG Transdermal Gel in patients with arthritis including osteoarthritis, rheumatoid arthritis, fibromyalgia, muscle and/or joint pain, localized pain, post-surgical pain, muscular and/or structural injuries. Completion of the study and data analysis will inform Avicanna's direction on further clinical development the RHO Phyto CBG Transdermal gel.

Medical affairs and patient support programs

The Company established a comprehensive medical affairs platform to offer education, training, and patient support for its own medical cannabis products, the MyMedi.ca platform and pharmaceutical products. Medical affairs efforts include collaboration with Canadian and international medical communities to assist prescription and dosing guidelines of the Company's products and services in addition to educational resources and modules including the Company's Avicenna academy. Medical affairs also encompassed research initiatives with the Company's academic and industry partners in generating data and learnings related to cannabinoid-based medicine.

PART II – RESULTS OF OPERATIONS

The following table contains selected consolidated financial information as of, and for the three months ended, March 31, 2024, and the two prior comparable periods:

Selected Consolidated Financial Information			
Statement of Financial Position *(Canadian Dollars)*	**March 31, 2024**	**December 31, 2023**	**December 31, 2022**
Current assets	$ 7,860,380	$ 8,460,356	$ 7,064,418
Non-current assets	13,675,794	13,510,752	10,554,813
Current liabilities	11,767,978	11,965,671	11,405,259
Non-current liabilities	$ 1,896,202	$ 2,033,326	$ 2,755,321
Statement of Operations and Comprehensive loss *(Canadian Dollars)*	**March 31, 2024**	**March 31, 2023**	**March 31, 2022**
Net revenue	$ 6,445,660	$ 1,170,218	$ 1,037,961
Gross margin	2,995,813	587,956	1,800,487
Operating expenses	(3,885,735)	(2,949,754)	(2,452,199)
Operating loss	(889,922)	(2,361,798)	(651,712)
Net comprehensive (loss) income	(498,238)	(1,918,012)	643,887
Loss per share – basic and diluted	$ (0.01)	$ (0.03)	$ (0.01)

The changes in the above table are discussed in greater detail in the sections below.

Revenues

We report revenues in three geographic segments: North America, South America, and the Rest of World. North America includes sales arising from Company's medical products, revenue generated from the licensing of intellectual property and research and development services, all developed in North America and serving customers within Canada and revenue from sales through MyMedi.ca. South America includes sales of the Company's API to customers worldwide, all grown and developed in Colombia and revenue generated from the licensing of intellectual property and research and development services, all developed in Colombia and serving customers outside of North America. The Rest of the World includes sales of products to customers in Europe and Central America.

	Three Months Ended March 31,			
Revenue by Segment *(Canadian Dollars)*	**2024**	**2023**	**Change**	**Change (%)**
North America	$ 6,006,299	$ 1,057,586	$ 4,948,713	468%
South America	439,361	112,632	326,729	290%
Rest of world	-	-	-	-
Net Revenue	**$ 6,445,660**	**$ 1,170,218**	**$ 5,275,442**	**451%**

North American net revenue totaled $6,006,299 for the three months ended March 31, 2024, compared to $1,057,586 for the three months ended March 31, 2023. The substantial increase was a direct result of the acquisition of Medical Cannabis by Shoppers, and the introduction of the Company's e-commerce platform MyMedi.ca. The platform contributed $5.3 million in revenue in the current quarter. The Company invested in brand awareness, customer and patient education and expansion of its portfolio into new retail locations to increase sales across these channels. Revenues from South American sources were $439,361 for the three months ended March 31, 2024, compared to $112,632 for the three months ended March 31, 2023. Revenue in the quarter ended March 31, 2024 is largely due to milestones hit on two new licensing agreements which closed in the first quarter of 2024.

Key revenue metrics

The following table summarizes the number of SKUs of the Company's products listed for sale (the "Listings") in the Canadian markets, the total units sold in the Canadian market, and provides a summary of the international revenue streams for the three months ended March 31, 2024, and 2023.

	Three Months Ended March 31,			
Key Revenue Metrics	2024	2023	Change (#)	Change (%)
Canadian Revenue Channels				
Medical* (Listings)	87	81	6	131%
Adult use** (Listings)	52	52	-	-
Canadian finished goods sold (units)	57,911	56,384	1,527	3%
International Revenue Channels				
Finished products sold (units)	1,047	-	1,047	100%
Sale of API (kg)	27	13	14	52%

* Listings for medical equals the number of SKUs available for sale nationwide.

** Listings for adult use equals the number of SKUs available for sale in a particular province. For greater clarity, the same SKU available in 2 provinces counts as 2 Listings.

For the three months ended March 31, 2024, the Company sold 57,911 units in Canadian channels, compared to 56,384 units for three months ended March 31, 2023, a 3% increase. API sales in international channels were 27 kg for the three months ended March 31, 2024, compared to 13 kg for the three months ended March 31, 2024, a 52% increase. Regarding International finished products the company sold 1,047 units, reflecting a 100% increase compared to the corresponding period of the previous year.

Gross profit

The following outlines the gross profit by segment for the three months ended March 31, 2024, and 2023:

Gross Profit (loss) by Segment *(Canadian Dollars)*	Three Months Ended March 31, 2024	2023	Change	Change (%)
North America	$ 2,898,697	$ 445,520	2,453,177	551%
Gross margin %	48%	42%		
South America	$ 97,116	$ 142,436	(45,320)	(32%)
Gross margin %	22%	126%		
Rest of World	$ -	$ -	-	-
Gross margin %	0%	0%		
Total gross profit	**$ 2,995,813**	**$ 587,956**	**2,407,857**	**410%**

Gross profit in the North American segment for three months ended March 31, 2024, was $2,898,697, representing 48% of revenue, compared to $445,520 for the three months ended March 31, 2023, representing 42% of revenue. Margins in North America increased due to the addition of the MyMedi.ca platform, which has higher margins compared to the manufacturing and sale of the Company's products. The increase in volume and margin percentage were both positive. Gross profit for the South American segment totaled $97,116 for the three months ended March 31,2024, compared to $142,436 for three months ended March 31, 2023, margins were supported largely by licensing fee revenue which had little to no cost of sales directly attributed. These were in turn decreased by fluctuations in the fair value and usage of biological assets and inventory.

Operating Expenses

The following table presents operating expenses for the three months ended March 31, 2024, and 2023:

Operating Expenses *(Canadian Dollars)*	Three Months ended March 31, 2024	2023	Change	Change (%)
General and Administrative	$ 1,094,084	$ 424,126	$ 669,958	158%
Selling, marketing and promotion	720,824	74,256	646,568	871%
Consulting fees	219,223	222,162	(2,939)	(1%)
Professional fees	105,971	232,643	(126,672)	(54%)
Salaries and wages	1,101,002	716,721	384,281	54%
Research	48,720	107,994	(59,274)	(55%)
Share based compensation	336,300	997,467	(661,167)	(66%)
Depreciation and amortization	224,244	157,931	66,313	42%
Expected credit loss	35,367	16,454	18,913	115%
Total Operating Expenses	**$ 3,885,735**	**$ 2,949,754**	**$ 935,981**	**32%**

Office and general expenses

For the three months ended March 31, 2024, the Company incurred office and general expenses totaling $1,094,084, compared to $424,126 for the three months ended March 31,2023. The Company experienced a significant increase in these expenses due to additional costs related to the MyMedi.ca platform. These increases included additional IT costs to support the platform's development.

Selling, marketing and promotion

Selling, marketing and promotion expenses totaling $720,824 for the three months ended March 31, 2024, compared to $74,256 for three months ended March 31, 2023. Marketing costs increased in the current period due to fees paid to physicians and clinics for patient education to MyMedi.ca. These fees were substantial but are a primary resource for patient outreach and growth.

Consulting fees

For the three months ended March 31, 2024, the Company incurred consulting expenses totaling $219,223, compared to $222,162 for the three months ended March 31, 2023. Consulting expenses were comprised of third-party consultants, service providers, and investor relation services. As part of the Company's continued cost-saving efforts, many of these services were shifted in-house resulting in lower overall costs.

Professional fees

For the three months ended March 31, 2024, the Company incurred professional fees of $105,971, compared to $232,643 for the three months ended March 31, 2023. The three months ended March 31, 2023, fees were higher due largely to specific events requiring additional professional fees, such as the extension and amendments to the convertible debentures and the acquisition of Medical Cannabis by Shoppers.

Salaries and wages

For the three months ended March 31, 2024, the Company incurred salaries and wages of $1,101,002, compared to $716,721 for the three months ended March 31,2023. Despite the addition of several employees for the launch of MyMedi.ca, the increase in salaries was not significant due to an overall reduced head count in 2024 compared to 2023, as well as several executive and management-level employees receiving share-based compensation in lieu of salaries.

Research and development

For the three months ended March 31, 2024, the Company incurred research and development expenses of $48,720, compared to $107,994 in the same quarter of the prior year. In the current year, research and development costs had not changed substantially as resources were focused on the implementation of the MyMedi.ca platform. The Company expects to resume normal research activities in the coming year.

Share-based compensation

For the three months ended March 31, 2024, the Company incurred share-based compensation expenses of $336,300, compared to $997,467 in the same quarter in the prior year. During the three months ended March 31, 2023, some executives elected to take stock-based compensation in lieu of salaries, resulting in greater share-based compensation at quarter-end.

Depreciation and amortization

Depreciation and amortization for the three months ended March 31, 2024, was $224,244, compared to $157,931 for the three months ended March 31, 2023. The increase in depreciation is due to the addition of assets in the second and third quarter of 2023. These included intangible assets acquired through the Medical Cannabis by Shoppers, and the IT and e-commerce build-out of MyMedi.ca.

Expected credit loss

For the three months ended March 31, 2024, the Company recognized an expected credit loss of $35,367, compared with $16,454 the same quarter of the prior year. The loss recognized in the current year was an estimate based on historical collections, aged receivables, and bad debts. The Company had some aged receivables which were a higher risk of credit loss, though the Company remained confident these were collectible. Therefore, the expenses increased in the current year.

Other income (expenses)

The following table presents other income and (expense) for the three months ended March 31, 2024, and 2023:

Three Months ended March 31,				
Other Income (Expenses) *(Canadian Dollars)*	**2024**	**2023**	**Change**	**Change (%)**
Foreign exchange (loss) gain	$ (10,106)	$ (8,209)	$ (1897)	23%
Gain on disposal of capital assets	-	2414	(2414)	(100%)
Gain on fair value of derivative liability	-	39,234	(39,234)	(100%)
Other (expense) income	10,448	40,457	(30,009)	(74%)
Interest expense	(74,240)	(56,887)	(17,353)	31%
Accretion expense	(53,808)	(163,566)	109,758	67%
	$ (127,706)	**$ (146,557)**	**$ 18,851**	**(13%)**

Other income and expenses were ($127,706) for the three months ended March 31, 2024, compared to ($146,557) for the three months ended March 31,2023. In the prior year, the Company held larger loans with substantial accretion expenses compared to the loans currently held by the Company. Additionally, the loans held now have no derivative liability, therefore no gain or loss is reflected in the current period.

Adjusted EBITDA

The following table presents Adjusted EBITDA for the three months ended March 31, 2024, and 2023:

Three Months ended March 31,				
Adjusted EBITDA[1] *(Canadian Dollars)*	**2024**	**2023**	**Change**	**Change (%)**
Net comprehensive loss	$ (498,238)	$ (1,918,012)	$ 1,419,774	74%
Exchange differences on translation	(519,390)	(590,343)	70,953	12%
Share-based compensation	336,300	997,467	(661,167)	(66%)
Depreciation and Amortization	224,244	157,931	66,313	42%
Estimated credit loss	35,367	16,454	18,913	115%
Interest expense	74,240	56,887	17,353	31%
Foreign exchange loss	10,106	8,209	1,897	23%
Other income, net	(10,448)	(40,457)	30,009	74%
Accretion	53,808	163,566	(109,758)	(67%)
Gain on revaluation of derivative liability	-	(39,234)	39,234	100%
Unrealized changes in biological assets	280,749	(247,973)	528,722	213%
Inventory impairment	31,035	152,607	(121,572)	80%
Adjusted EBITDA	**$ 17,773**	**$ (1,282,898)**	**$ 1,300,671**	**101%**

[1]Adjusted EBITDA is a non-IFRS measure and is calculated as the reported net loss, adjusted to exclude impairments, share-based compensation, amortization, other (income) and expense..

The Adjusted EBITDA profit for the three months ended March 31, 2024, was $17,773, as compared to the loss of ($1,282,898) for the three months ended March 31, 2023. The significant improvement was due to the introduction of the MyMedi.ca platform, which contributed substantial revenue in the current year. While operating expenses also increased substantially, the Company identified efficiencies and cost savings for a smaller increase in expenses compared to revenue.

Summary of Quarterly Results

The following tables present our quarterly results of operations for the eight consecutive three-month periods up to March 31, 2024. These tables should be read with the Financial Statements and related notes. We prepared the information on the same basis as our audited consolidated financial statements. Our operating results for any quarter are not necessarily indicative of the results for any future quarters or for a full year.

	Quarter Ended			
2023 Quarterly Results *(In Canadian Dollars)*	**March 31, 2024**	**December 31, 2023**	**September 30, 2023**	**June 30, 2023**
Net revenues	$ 6,445,660	$ 6,053,443	$ 6,252,950	$ 3,314,872
Net comprehensive loss	(498,238)	(2,388,943)	(1,025,605)	(1,297,301)
Loss per share	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.02)

	Quarter Ended			
2022 Quarterly Results *(In Canadian Dollars)*	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**
Net revenues	$ 1,170,218	$ 1,136,100	$ 771,263	$ 1,102,557
Net comprehensive loss	(1,918,012)	(7,759,237)	(3,059,127)	(4,225,547)
Loss per share	$ (0.03)	$ 0.14	$ (0.05)	$ (0.08)

PART III – FINANCIAL LIQUIDITY AND CAPITAL RESOURCES

The Company's primary liquidity and capital requirements were for capital expenditure, inventory, working capital and general corporate purposes. The Company had a cash balance of $850,671 on March 31, 2024. The Company's ability to fund operating expenses and capital expenditures will depend on its future operating performance, and its ability to raise capital which will be affected by general economic conditions, financial, regulatory, and other factors, including factors beyond the Company's control.

Management continually assesses liquidity in terms of the ability to generate sufficient cash flow to fund the business. Net cash flow was affected by the following items: (i) operating activities, including the level of trade receivables, accounts payable, accrued liabilities and unearned revenue and deposits; (ii) investing activities, including the purchase of property and equipment; and (iii) financing activities, including debt financing and the issuance of capital stock.

The following table provides a summary of the cash flows for the three months ended March 31, 2024, and 2023:

	Three Months ended March 31,			
Statement of cash flow *(Canadian Dollars)*	**2024**	**2023**	**Change**	**Change (%)**
Net cash (used in) provided by:				
Operating activities	$ 122,430	$ (2,051,885)	$ 2,174,315	106%
Investing activities	(48,334)	10,140	(58,474)	(577%)
Financing activities	165,731	845,459	(679,728)	(80%)
Effect of exchange rate changes on cash	133,646	224,121	(90,475)	(40%)
Net increase (decrease) in cash and cash equivalents	239,827	(1,196,286)	1,436,113	120%
Cash, beginning of year	477,198	1,194,040	(716,842)	(60%)
Cash, at quarter end	$ **850,671**	**$ 221,875**	**$ 628,796**	**283%**

Cash provided in operations during the three months ended March 31, 2024, was $122,430, substantial improvement from the three months ended March 31, 2023, which cash used was $2,051,885. The improvement in operating cash out flows was due to increased cashflows and more predicable accounts receivables from insurance providers related to the sales of MyMedi.ca platform.

Net cash flows from investing activities totaled ($48,334) for the three months ended March 31, 2024, compared to cash inflow of $10,140 for the three months ended March 31, 2023. In difference in the current period is due to the acquisition of capital assets, primarily computer equipment, in the quarter ended March 31, 2024.

Net cash flow from financing activities totaled $165,731 for the three months ended March 31, 2024, down from $845,459 for the three months ended March 31, 2023. During the first quarter of 2024, the Company had not completed any equity or debt financing and the cash provided from financing was due to the exercise of warrants and contributions to SMGH by the Company's minority shareholder. In the first quarter of 2023, the Company completed a private placement, therefore resulting in additional cash raised in the prior year.

The following table provides information about the Company's financing from the public and private sources during the three months ended March 31,2024 and year ended December 31, 2023, and the actual use of proceeds from those financings compared to the intended use of proceeds from the offerings. The remaining cash related to financings raised for general corporate and working capital needs are prorated based timing of funds raised and the current years cash flow.

Date	Type	Gross Proceeds	Initially Intended Use of Proceeds	Actual Use of Proceeds
March 20, 2023	Private Placement offering	$1,238,492 (Net proceeds of $1,226,392)	The Company's stated intended use of the net proceeds was for general working capital and buildout of MyMedi.ca platform.	As of the date of this MD&A, all funds have been fully deployed in their originally intended use.
August 2, 2023	Loan Payable	$1,455,000 (Net proceeds of $1,431,000	The Company's stated intended use of the net proceeds was for buildout of MyMedi.ca platform and repayment of matured convertible debentures.	As of the date of this MD&A, all funds have been fully deployed in their originally intended use.
December 4, 2023	Private Placement offering	$888,128 (Net proceeds of $857,426)	The Company's stated intended use of the net proceeds was for general working capital related to MyMedi.ca platform	As of the date of this MD&A, there was no change in the intended use of proceeds.

March 2023, Private Placement

On March 20, 2023, the Company closed a non-brokered private placement. Under this offering the Company issued an aggregate of 3,096,230 units at a price of $0.40 per unit for aggregate proceeds of approximately $1.24 million. Each of these units was comprised of one common share and one-half common share purchase warrant, each of which is exercisable into one common share at a price of $0.50 per share until March 20, 2026.

August 2023 Loan Payable

On August 2, 2023, the Company issued non-convertible debentures for principal of $1,455,000, incurring 18% interest for a term of 12 months, with the principal and interest due at the maturity date.

December 2023, Private Placement

On December 4, 2023, the Company announced that it closed a non-brokered private placement. Under this offering the Company issued an aggregate of 2,537,508 units at a price of $0.35 per unit for aggregate proceeds of approximately $888,127. Each of these units was comprised of one common share and one-half common share purchase warrant, each of which is exercisable into one common share at a price of $0.41 per share until December 4, 2026.

Off Balance Sheet Arrangements

The Company had no off-balance sheet arrangements.

Related Party Balances and Transactions

Compensation expenses for Avicanna's key management personnel for the three months ended March 31, 2024, and 2023 are as follows:

	Three Months Ended March 31,			
Related Party Compensation *(In Canadian Dollars)*	**2024**	**2023**	**Change**	**Change (%)**
Salaries and benefits	$ 132,826	$ 161,932	$ (26,106)	(18%)
Share-based compensation	78,050	416,256	(338,206)	(81%)
	$ 210,876	**$ 578,188**	**$ (367,312)**	**(99%)**

Non-controlling interest contribution liability

The Company recognizes accumulated contributions from certain related parties who represent the minority shareholders of SMGH in the amount of $466,018 (December 31, 2023 - $317,487). The advances relate to minority partners contributions towards the expansion and operation of the cultivation facilities. The balance owed to this related party is interest free. As these amounts become due, the outstanding balances are converted into common shares of SMGH.

On December 20, 2023, the Company and the minority shareholder of SMGH completed a capitalization of $12,362,456 (COP 36,435,608,891) in shareholder contributions in SMGH, including $4,525,411 in contributions from the minority shareholder. The Company and the minority shareholder received an additional 13,611,027 and 13,094,457 shares in SMGH, respectively. As a condition of capitalization, the shares were issued to the Company at a premium resulting in a decrease in the Company's ownership share in SMGH to 51% from 60%, SMGH remains a majority owned subsidiary of the Company.

Outstanding Share Data

The authorized capital of the Company consisted of an unlimited number of common shares (each, a "Common Share"). As of the date of this MD&A, there were 97,913,896 Common Shares issued and outstanding. In addition, there were 3,513,538 Common Shares issuable on the exercise of Stock Options, 23,253,918 Common Shares issuable on the exercise of Warrants, 1,614,582 Common Shares issuable on the vesting of Restricted Share Units.

Subsequent events

On April 18, 2024, the Company announced that it had closed a non-brokered private placement offering 5,313,959 units of the Company as a price of $0.40 per unit, for aggregate gross proceeds of $2,125,584. Each unit is comprised of one common share and one-half common share purchase warrant. Each common share purchase warrant was exercisable into one common share of the Company at an exercise price of $0.55 per share, for a period of 36 months after the closing date. In connection with this private placement, the Company paid a cash funder's fees of $31,500 and issued 78,750 broker warrants. Each broker warrant was exercisable into one common share of the Company at an exercise price of $0.55 per share, for a period of 36 months after the closing date.

PART IV – CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our material accounting policies are fully described in Note 3 of the consolidated financial statements. Certain accounting policies require the application of significant judgement by management and, as a result, are subject to an inherent degree of uncertainty. We believe that the following accounting policies and estimates are the most critical to fully understand and evaluate our reported financial position and the results of operations, as they require our most subjective or complex management judgments. The estimates used are based on our historical experience, our observation of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. Actual results may vary from our estimates in amounts that may be material to the financial statements.

Inventory valuation

Critical judgment. Inventory was valued at the lower cost and net realizable value. The valuation of our inventory balances involved calculating the estimated net realizable value of our inventory and assessing it against the cost. A component of this analysis therefore involved determining whether there is excess, slow-moving, or obsolete inventory on hand.

Assumptions and judgment. When determining whether there is excess, slow-moving, or obsolete inventory, management made assumptions around future demand and production forecasts, which were then compared to current inventory levels. Management also made assumptions around future pricing and considered historical experience and the application of the specific identification method for identifying obsolete inventory.

Impact if actual results differ from assumptions. If the assumptions around future demand for our inventory were more optimistic than actual future results, the net realizable value calculated using these assumptions may be overstated, resulting in an overstatement of the inventory balance.

Biological Assets Valuation

Critical judgment. In calculating the fair value of the biological assets, management was required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, average or expected selling prices and list prices, expected yields for the cannabis plants, and oil conversion factors.

Assumptions and judgment. Management used available market information and transactional data to generate expectations of costs and prices. Estimates on the stage of growth and conversion factors were based on historical information from prior harvests. This information was compiled to determine the fair value of biological assets.

Impact if actual results differ from assumptions. The gain or loss on fair value of biological assets was included as part of gross margin. Differences between assumptions and results will be reflected in the profit and loss.

Estimated useful lives and depreciation and amortization of long-lived assets

Critical estimates. During the purchase or construction of our property and equipment, and during the acquisition or purchase of intangible assets, amounts were capitalized onto the statement of financial position. When the assets go into service, a useful life is assigned to determine depreciation and amortization expense. Useful lives were determined through the exercise of judgment.

Assumptions and judgment. The useful lives were determined based on the nature of the asset. Management considered information from manufacturers, historical data, and industry standards to estimate the appropriate useful life and salvage value. In certain cases, management may obtain third party appraisals to estimate salvage value.

Impact if actual results differ from assumptions. If actual useful lives differ from the estimates used, the timing of depreciation and amortization expense will be impacted.

Impairment of property and equipment and definite lived intangible assets

Critical estimates. Property and equipment and definite lived intangible assets needed to be assessed for impairment when an indicator of impairment exists. If an indicator of impairment exists, further judgement and assumptions will be required in determining the recoverable amount.

Assumptions and judgment. When determining whether an impairment indicator exists, judgement was required in considering the facts and circumstances surrounding these long-lived assets. Management considered whether events such as a change in strategic direction, changes in business climate, or changes in technology would indicate that a long-lived asset may be impaired. When an impairment indicator does exist, judgement and assumptions are required to estimate the future cash flows used in assessing the recoverable amount of the long-lived asset.

Impact if actual results differ from assumptions. If impairment indicators exist and are not identified, or judgement and assumptions used in assessing the recoverable amount change, the carrying value of long-lived assets can exceed the recoverable amount.

Derivative liability fair value measurement

Critical estimates. The derivative liability was measured at fair value through net income (loss) using Level 3 inputs.

Assumptions and judgment. The valuation technique required assumptions and judgement around the inputs to be used. Specifically, there was a high degree of subjectivity and judgement in evaluating the determination of the expected share price volatility inputs. Historical and peer group volatility levels were used to provide a range of expected volatility inputs.

Impact if actual results differ from assumptions. An increase or decrease in the share price volatility will result in an increase or decrease in fair value. Fair value estimates were sensitive to the expected volatility inputs.

Stock-based compensation

Critical estimates. We used the Black-Scholes option pricing model to calculate our share-based compensation expense.

Assumptions and judgment. The option pricing model relied on key inputs such as rate of forfeiture, expected life of the option, the volatility of our share price, and the risk-free interest rate used.

Impact if actual results differ from assumptions. If key inputs differ, the fair value of options will be impacted. A higher fair value of the options will result in higher share-based compensation expense over the vesting period of the option.

Income taxes

Critical estimates. Many of our normal course transactions may have uncertain tax consequences. We used judgment to determine income for tax purposes and this may impact the recognized amount of assets or liabilities, the disclosure of contingent liabilities or the reported amount of revenue or expense and may result in an unrealized tax benefit for transactions that have not yet been reviewed by tax authorities and that may in the future be under discussion, audit, dispute, or appeal.

Assumptions and judgment. We used historical experience, current and expected future outcomes, third-party evaluations and various other assumptions believed to be reasonable in making judgements.

Impact if actual results differ from assumptions. An unrealized tax benefit will be recognized when we determine that it is more likely than not that the tax position is sustainable based on its technical merits. In any case, if the outcome is different from our estimate this could impact on our income taxes and cash flow.

Provisions

Critical judgment. Accrued for liabilities or which the timing and amount of the liability is uncertain.

Assumptions and judgment. Management assessed the likelihood that the liability will be incurred at the financial statement date, however it cannot be confirmed as such. The recording of such liability is based on Management's judgement.

Impact if actual results differ from assumptions. This could result in a timing difference in the recognition of expenses resulting in a difference in the current profit and loss.

Risk Management

Liquidity risk

Liquidity risk is that the Company will not meet its financial obligations as they become due. The Company's exposure to liquidity risk was dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigated liquidity risk by management of working capital, cash flows and the issuance of share capital.

In addition to the commitments disclosed, the Company was obligated to the contractual maturities of certain undiscounted cash flows. These have been disclosed in note 23 of the financial statements.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk.

Currency risk is the risk to the Company's earnings that arise from fluctuations in foreign exchange rates. The Company was exposed to foreign currency exchange risk as it had substantial operations based in Colombia and record keeping is denominated in a foreign currency. As such the company had foreign currency risk associated with Colombian Pesos.

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company was not exposed to interest rates as all borrowing had fixed rates of interest which were not affected by these fluctuations. Loan payable, convertible debentures and lease liability were recorded at amortized cost using fixed interest rates.

Due to the nature of the Company's business, the legal and economic climate in which it operates and its present stage of development, the Company is subject to significant risks. Additional risks and uncertainties not presently known to management or that management currently considers immaterial may also impair the business and operations.

Factors that could cause actual results to differ materially from those set forth in forward-looking information include, but are not limited to: the future customer concentration; the ability to anticipate future needs of customers; no unusual delays to receive regulatory approvals for clinical trials or cultivation quotas; expectations with respect to the competitive landscape of the industry in which Avicanna operates and the Company's present intentions to differentiate its business within that industry; the regulatory framework governing cannabis for recreational and medicinal use in Canada, Colombia, and any other jurisdiction in which the Company may conduct its business in the future; there being no significant delays in the completion of its cultivation facilities; there being no significant delays in the development and commercialization of its products; maintaining sufficient and effective production and R&D capabilities; the Company's ability to analyze customer data; its ability to secure partnerships with manufacturers and distributors in international markets; the ability of its strategic partnerships to effectively operate; its ability to develop a brand to market its products successfully to consumers; future production and supply levels, and future consumer demand levels; the price of cannabis and cannabis related products; continuing to attract and retain key personnel; the demand for the Company's products will grow for the foreseeable future; there being no significant barriers to acceptance of its products in the market; expected number of medical cannabis users and the willingness of physicians to prescribe medical cannabis to patients in the markets in which the Company operates; and, ability to access financing on commercially attractive terms.

Avicanna's overall performance and results of operations are subject to various risks and uncertainties which could cause actual performance, results and achievements to differ materially from those expressed or implied by forward-looking statements, including, without limitation, the following factors, some of which, as well as other factors, are discussed in the Company's Annual Information Form dated April 1, 2024, for the Year ended December 31, 2023 available under the Company's profile on www.sedar.com, which risk factors should be reviewed in detail by all readers:

- Avicanna's business segments are heavily regulated in Canada and Colombia.
- The regulatory regime is evolving, and uncertainty exists regarding the impact of the regime on the Company.
- The political environment surrounding the cannabis industry is in flux and subject to change.
- The inability to successfully complete clinical trials or obtain regulatory approval of products.
- Risks of foreign operations generally, including but not limited to agriculture and drug policies, nationalization, expropriation, contractual rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases, and risks of loss due to civil strife, acts of war, guerilla activities and insurrections.
- The potential inability to enforce judgments obtained in Canada against any person or company incorporated, continued, or otherwise organized under the laws of a foreign jurisdiction or that resides outside of Canada, even if the party has appointed an agent for service of process.
- The potential inability to obtain or retain licenses required to grow, store, and sell cannabis in Colombia,
- The potential inability to establish and maintain bank accounts.
- Potential involvement in regulatory or agency proceedings, investigations, and audits.
- Compliance with evolving environmental, health and safety laws.
- The potential risk of exposure resulting from the control of foreign subsidiaries in Colombia.
- Potential government policy changes or shifts in public opinion.
- Exposure to foreign exchange risks.
- Inflationary risks based on Colombia's historic experience of double-digit rates of inflation.
- The potential that Colombia will impose repatriation of earnings restrictions in the future.
- Colombian political and economic conditions are subject to intervention and change.
- Constraints on marketing of products.
- The cannabis industry and market are subject to general business risks, and those associated with agricultural and regulated consumer products.
- Competitive conditions, consumer tastes, patient requirements and spending patterns remain relatively unknown.
- There are no assurances that the cannabis industry and market will continue to exist or grow as anticipated.
- The industry is changing at rapid speeds, and the Company may be unable to keep pace.

- The consumer perception of cannabis can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media, and other publicity.
- Future clinical research into effective medical cannabis therapies could raise concerns regarding, and perceptions relating to, cannabis.
- Limited history of operations.
- The inability to retain and attract employees and key personnel.
- Potential for delays in obtaining, or restructuring conditions imposed by, regulatory approvals.
- Potential increases in material and labor costs.
- The Company has incurred losses since inception and may continue to incur losses in the future.
- The potential to have trouble developing new products and remaining competitive.
- Potential for adverse environmental conditions, accidents, labor disputes and changes in the regulatory environment.
- Reliance on third-party manufacturers and distributors.
- There can be no assurances of profit generation or immediate results.
- Shareholder dilution pursuant to additional financing.
- Transportation disruptions to the Company's courier services.
- The cost of key inputs is unpredictable.
- Compliance with laws relating to privacy, data protection, and consumer protection.
- Potential for information systems security threats.
- Reliance on key suppliers and skilled labor.
- Inability to effectively implement quality control systems.
- There is a potential for conflicts of interest to arise among key stakeholders.
- Potential inability to sustain pricing models.
- The Company may not be able to successfully identify or complete future acquisitions.
- The Company may be unable to effectively protect personal information.
- Exposure to product recalls, liability claims, regulatory action and litigation based on products.
- The Company may be unable to protect intellectual property in relevant markets.
- The market price for the Common Shares may be volatile and subject to wide fluctuations.
- The Company may not be able to effectively prevent fraudulent or illegal activities by its employees, contractors, or consultants.
- The Company may not be able to effectively prevent security breaches at its facilities.
- Management may not be able to effectively manage growth.
- Outside factors may harm The Company's reputation.
- The Company may become subject to legal proceedings from time to time.
- Management has limited experience managing public companies.
- The Company may be unable to effectively protect its trade secrets.
- Securities analysts may publish negative coverage.
- The Company's financial statements have been prepared on a going concern basis.
- The Company may be dependent on the performance of its subsidiaries.
- Operating subsidiaries of The Company are not wholly owned.
- There may be future sales of the Common Shares by directors, officers, and principal shareholders; and
- Interruptions or changes in the availability or economics of The Company's supply chain.

For a discussion of the risks faced by the Company, please refer to the Company's Annual Information Form for the Year Ended December 31, 2023, and other public filings of the Company, each of which is available under the Company's profile on SEDAR, at *www.sedar.com.*

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

The information provided in this report, including those derived from the Financial Statements, is the management's responsibility. In preparing these statements, estimates are sometimes necessary to determine future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

For the period ended March 31, 2024, there were no changes made in the Company’s design of internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.