

NOTICE TO READER

This Notice accompanies the *Consolidated Financial Statements For the Years Ended December 31, 2025, and 2024* (the "Annual Statements") that are being refiled by Avicanna Inc. (the "Issuer") with the Canadian securities regulatory authorities through the SEDAR+ on June 12, 2026 (the "Refiled Statements"). The original Annual Statements were filed by the Issuer on March 31, 2026 (the "Original Statements").

The Issuer's auditors discovered an administrative error in its Audit Opinion Letter for the Original Statements, which erroneously listed Max Lewandowski as the engagement partner; however, the correct person that should have been listed in the Audit Opinion Letter as the engagement partner is Jonathan Boey. The auditor prepared an updated and corrected form of Audit Opinion Letter that makes only one change and that is to correctly list Jonathan Boey as engagement partner. This revised Audit Opinion Letter is attached to the Refiled Statements.

There are no changes to the to the Original Statements.

Dated: June 12, 2026.

Avicanna Inc.

"Aras Azadian"

Aras Azadian, Chief Executive Officer

Avicanna Inc.
Consolidated Financial Statements
For the Years Ended December 31, 2025, and 2024
(Expressed in Canadian dollars, unless otherwise noted)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder(s) of Avicanna Inc.

Opinion

We have audited the consolidated financial statements of Avicanna Inc. and its subsidiaries (the Company), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian Auditing Standards (CASs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter- Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company had an accumulated deficit of \$105,236,587, cash of \$280,630 and a working capital deficit of \$1,281,856 at December 31, 2025. Additionally, the Company incurred a net loss of \$2,759,197 and used \$1,181,237 of cash from operating activities during the year ended December 31, 2025.

These events or conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter- Restatement

We draw attention to Note 24 in the consolidated financial statements, which indicates that the Company identified certain errors in amounts previously recognized and disclosed in its consolidated financial statements for the year ended December 31, 2024.

Management evaluated these errors, both individually and in aggregate, and concluded that they resulted in a material misstatement of the previously issued consolidated financial statements for the year ended December 31, 2024. Accordingly, the Company has restated the comparative financial information presented herein in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Fair value and net realizable value of Santa Marta Golden Hemp (SMGH) inventory

Key Audit Matter Description

As discussed in Notes 2, 6 and 7 to the consolidated financial statements, harvested cannabis is transferred from biological assets to inventory at fair value less costs to sell at the point of harvest, which becomes the initial deemed cost of inventory. Inventory is subsequently measured at the lower of cost and net realizable value. Management exercised significant

judgment in evaluating the fair value and net realizable value of SMGH inventory, including assumptions regarding expected selling prices, costs to complete, costs necessary to make the sale, commercialization assumptions, and the completeness and accuracy of the underlying inventory data used in the analysis. Because the determination of fair value and net realizable value of SMGH inventory required significant auditor judgment and involved especially subjective assumptions, we determined this to be a key audit matter.

How the Key Audit Matter was Addressed in Our Audit

The primary procedures we performed to address this key audit matter included:

- Evaluating management's methodology, assumptions, and accounting treatment used in the fair value and net realizable value analysis for SMGH inventory;
- Testing the underlying analysis prepared by management, including the mathematical accuracy of the calculations;
- Assessing the reasonableness of key assumptions, including expected selling prices, costs to complete, and costs necessary to make the sale;
- Considering supporting evidence for key assumptions, including historical sales, contractual arrangements, commercial channels, and relevant external market information;
- Evaluating whether conservative adjustments were appropriately made where commercialization assumptions involved lower visibility;
- Testing the completeness and accuracy of the underlying inventory data used in management's analysis; and
- Assessing the adequacy of the related disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also—

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Jonathan Boey.



Ramirez Jimenez International CPAs Certified Public
Accountants

18012 Sky Park Circle, Suite 200

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March 31, 2026

Avicanna Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars, unless otherwise noted)

	Note	December 31, 2025		December 31, 2024
ASSETS	24			(As Restated)
Current assets				
Cash		\$	280,630	\$ 448,028
Accounts receivable	4		3,546,433	2,748,234
Prepaid assets			222,001	470,339
Biological assets	5		253,673	41,128
Inventory	6,24		3,594,705	3,229,998
Total current assets			7,897,442	6,937,727
Right of use asset	9		-	100,929
Property and equipment	7		12,385,249	11,171,910
Intangible assets	3,8		626,431	868,921
Goodwill	8		334,000	334,000
Total assets		\$	21,243,122	\$ 19,413,487
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Trade payables and accrued liabilities	18	\$	8,509,639	\$ 7,105,624
Lease liability – current portion	11		-	109,227
Deferred revenue – current portion	10		378,001	415,935
Royalty Liability	13		150,132	300,132
Non-controlling interest contribution liability	14,17		141,526	672,305
Total current liabilities			9,179,298	8,603,223
Deferred revenue	10		677,519	1,106,096
Total liabilities			9,856,817	9,709,319
Shareholders' Equity				
Share capital	15,24		88,256,108	86,378,616
Warrants	15,24		13,255,856	13,115,856
Share-based payment reserve	16,24		7,803,884	7,650,321
Accumulated other comprehensive loss			(1,235,601)	(2,132,320)
Deficit	24		(105,236,587)	(102,392,372)
Equity attributable to shareholders of the Company			2,843,660	2,620,101
Non-controlling interest	14,17		8,542,645	7,084,067
Total equity	24		11,386,305	9,704,168
Total liabilities and shareholders' equity		\$	21,243,122	\$ 19,413,487

Nature of operations and going concern uncertainty – Note 1

Approved by the Board

/s/ Eileen McCormack, Director

/s/ John McVicar, Audit Committee Chair, Director

The accompanying notes are an integral part of these consolidated financial statements

Avicanna Inc.
Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended December 31, 2025, and 2024
(Expressed in Canadian Dollars, unless otherwise noted)

		For the Year Ended December 31,	
	Note	2025	2024
Revenue			(As Restated)
Service revenue		\$ 1,400,599	\$ 1,284,407
License revenue	10	1,616,033	1,160,222
Product sales		22,462,063	23,014,586
Total revenue		25,478,695	25,459,215
Cost of goods sold		(11,742,842)	(12,153,716)
Gross profit before the undernoted		13,735,853	13,305,499
Inventory recovery (impairment)	6	(149,629)	310,643
Fair value changes in biological assets included in inventory sold		(125,306)	(717,830)
Unrealized (loss) gain on changes in fair value of biological assets		58,941	(703,445)
Gross profit		13,519,859	12,194,867
Expenses			
General and administrative	19	14,204,831	14,319,644
Share-based compensation	16,24	1,171,055	2,181,843
Depreciation and amortization	7,8,9	743,055	853,737
Expected credit loss	4	183,278	481,879
Total expenses		(16,302,219)	(17,837,103)
Other income (expenses)			
Foreign exchange gain (loss)		(35,446)	472,007
Gain (loss) on disposal of capital assets	7	-	(665)
Gain on fair value of royalty liability	13	-	769,868
Other income	24	110,446	154,898
Interest expense	11	(48,378)	(195,554)
Accretion of loans and convertible debentures	11,12	(3,459)	(138,093)
Net loss	24	\$ (2,759,197)	\$ (4,579,775)
Deferred tax expense		-	-
Income tax recovery		-	-
Net loss after taxes		(2,759,197)	(4,579,775)
Exchange differences on translation of foreign operations		1,566,123	(1,113,705)
Comprehensive loss		\$ (1,193,074)	\$ (5,693,480)
Comprehensive income (loss) attributable to non – controlling interest	17	754,423	(1,000,548)
Comprehensive loss attributable to Shareholders of the Company	17	(1,947,497)	(4,692,932)
Total comprehensive loss		\$ (1,193,074)	\$ (5,693,480)
Weighted average number of common shares – basic and diluted	21	114,721,362	100,030,541
Net income attributable to equity holders of the Company	21	(2,844,215)	(3,992,809)
Net loss per share – basic and diluted	21,24	\$ (0.02)	\$ (0.04)

The accompanying notes are an integral part of these consolidated financial statements

Avicanna Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended December 31, 2025, and 2024
(Expressed in Canadian Dollars, unless otherwise noted)

		Common shares		Warrants	Share-based payment Reserve	Deficit	Accumulated other comprehensive loss	Non-controlling interest	Total
	Note	#	\$	\$	\$	\$	\$	\$	\$
Restated opening balance at December 31, 2024	24	110,215,490	86,378,616	13,115,856	7,650,321	(102,392,372)	(2,132,320)	7,084,067	9,704,168
Share based compensation	16	-	-	-	1,171,055	-	-	-	1,171,055
Settlement of RSUs	16	3,826,379	1,017,492	-	(1,017,492)	-	-	-	-
Issuance of units (net of costs)	15	4,000,000	860,000	140,000	-	-	-	-	1,000,000
Recapitalization of SMGH	14	-	-	-	-	-	-	704,156	704,156
Foreign exchange translation		-	-	-	-	-	896,719	669,404	1,566,123
Net loss		-	-	-	-	(2,844,215)	-	85,018	(2,759,197)
Balance at December 31, 2025		118,041,869	88,256,108	13,255,856	7,803,884	(105,236,587)	(1,235,601)	8,542,645	11,386,305
Restated balance at December 31, 2023		90,676,969	81,025,495	12,118,194	6,890,762	(98,399,563)	(1,432,197)	8,084,615	8,287,306
Share based compensation	16,24	-	-	-	2,181,843	-	-	-	2,181,843
Settlement of RSUs	16	4,625,169	1,422,284	-	(1,422,284)	-	-	-	-
Issuance of units (net of costs)	15,24	14,601,352	3,757,140	1,046,559	-	-	-	-	4,803,699
Exercise of warrants	15	312,000	173,697	(48,897)	-	-	-	-	124,800
Foreign exchange translation		-	-	-	-	-	(700,123)	(413,582)	(1,113,705)
Net loss	24	-	-	-	-	(3,992,809)	-	(586,966)	(4,579,775)
Restated balance at December 31, 2024	24	110,215,490	86,378,616	13,115,856	7,650,321	(102,392,372)	(2,132,320)	7,084,067	9,704,168

The accompanying notes are an integral part of these consolidated financial statements

Avicanna Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025, and 2024
(Expressed in Canadian Dollars, unless otherwise noted)

		For the Year Ended December 31,	
	Note	2025	2024
			(As Restated)
Cash flows from operating activities			
Net loss	24	\$ (2,759,197)	\$ (4,579,775)
Depreciation and amortization	7,8,9	743,055	853,737
Accretion of loans and convertible debentures	11,12	3,459	138,094
Share-based compensation	16,24	1,171,055	2,181,843
Deferred revenue incurred, net of recognized revenue	10	(466,511)	(415,933)
Expected credit losses	4	183,278	481,879
Gain on fair value of royalty liability	13	-	(769,868)
Loss on sale of capital assets	7	-	665
Changes in non-cash operating elements of working capital	22	(56,376)	(437,750)
Cash used in operating activities		(1,181,237)	(2,547,108)
Cash flows from investing activities			
Purchase of capital assets	7	(255,873)	(402,574)
Proceeds from disposal of capital assets	7	31	-
Cash used in investing activities		(255,842)	(402,574)
Cash flows from financing activities			
Payment of lease liability	11	(112,686)	(150,248)
Proceeds from issuance of common shares, net of costs	15	1,000,000	4,803,699
Increase in non-controlling interest contributions	14	75,860	327,443
Repayment of loan payable	12	-	(1,683,290)
Proceeds from exercise of warrants	15	-	124,800
Cash provided by financing activities		963,174	3,422,404
Net increase (decrease) in cash		(473,906)	472,722
Effect of foreign exchange differences		306,508	(501,892)
Cash, beginning of period		448,028	477,198
Cash, end of period		\$ 280,630	\$ 448,028

The accompanying notes are an integral part of these consolidated financial statements

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

Avicanna Inc. (“Avicanna” or the “Company”) was incorporated in Ontario, Canada. The Company is a commercial-stage international biopharmaceutical company focused on the advancement and commercialization of evidence-based 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 that has led to the commercialization of more than thirty proprietary finished products.

The registered office of the Company is located at 480 University Avenue, Suite 1502, Toronto, Ontario. The Company’s common shares are listed under the symbol “AVCN” on the Toronto Stock Exchange (“TSX”); the OTC US exchange under the symbol “AVCNF”; and the Frankfurt Stock Exchange under the symbol “ONN”.

These consolidated financial statements have been prepared on a going concern basis which contemplates that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

As of December 31, 2025, the Company has an accumulated deficit of \$105,236,587 (December 31, 2024 - \$102,392,372), cash of \$280,630 (December 31, 2024 – \$448,028), and a working capital deficit of \$1,281,856 (December 31, 2024 – deficit of \$1,665,496). Additionally, the Company incurred a net loss after taxes of \$2,759,197 and used \$1,181,237 of cash from operating activities during the year ended on December 31, 2025. In the prior year, the Company incurred a net loss of \$4,579,775 and used \$2,547,108 of cash from operating activities. The Company will need to raise additional financing to continue operations, product development and clinical research. Although the Company has been successful in the past in obtaining financing and it believes that it will continue to be successful, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on terms that are advantageous to the Company. These material uncertainties may cast significant doubt as to the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared by management in accordance with IFRS Accounting Standards as issued by the IASB and Interpretations of the IFRS Interpretations Committee. The policies set out below have been consistently applied to all periods presented unless otherwise noted.

These consolidated financial statements were approved and authorized for issuance by the Company’s Board of Directors on March 26, 2026.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for biological assets and derivative financial instruments, which are measured at fair value through profit and loss, as explained in the accounting policies below. The Company operates in three business segments: two based on geographic region and Corporate; Canada, International and Corporate, which is comprised of costs which serve the Company’s global administrative responsibilities.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of each subsidiary is presented in the table below.

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has power, directly or indirectly, over an entity and is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through the power it has. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The following is a list of the Company's operating subsidiaries.

Subsidiaries	Jurisdiction of Incorporation	Ownership Interest	Functional currency
Avicanna (UK) Limited ("Avicanna UK")	United Kingdom	100%	British Pound Sterling
Avicanna USA Inc. ("Avicanna USA")	United States of America	100%	United States Dollar
Avicanna LATAM S.A.S. ("LATAM")	Republic of Colombia	100%	Colombian Peso
Santa Marta Golden Hemp S.A.S. ("SMGH")	Republic of Colombia	51%	Colombian Peso
Sigma Analytical Magdalena S.A.S.	Republic of Colombia	60%	Colombian Peso
Sigma Magdalena Canada Inc.	Ontario, Canada	60%	Canadian Dollar
2516167 Ontario Inc. ("MyCannabis")	Ontario, Canada	100%	Canadian Dollar

Intragroup balances and any unrealized gains and losses or income and expenses arising from intragroup transactions are eliminated in full on consolidation.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount recognized initially, plus the non-controlling interests' share of changes in the capital of the company in addition to changes in ownership interests. Total comprehensive income or loss is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Foreign currency transactions

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the foreign exchange rate applicable at that period-end date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within gain (loss) on foreign exchange.

Foreign currency translation

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Canadian dollars at the exchange rates at the reporting date. The income and expenses of foreign operation are translated into Canadian dollars at the dates of the transactions. Foreign currency differences due to translation are recognized in other comprehensive income ("OCI") and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests ("NCI").

Use of judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments and estimates that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the Consolidated financial statements:

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

Business combinations

Determining whether an acquisition meets the definition of a business combination or represents an asset purchase requires judgment on a case-by-case basis. As outlined in IFRS 3, the components of a business must include inputs, processes and outputs.

In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, the Company may utilize an independent external valuation expert to develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Biological assets and inventory

In calculating the fair value of the biological assets and inventory, management is 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. Inventories of harvested cannabis are valued at the lower of cost or net realizable value. The Company estimates the net realizable value of inventories, considering the most reliable evidence available at the reporting date. The future realization of these inventories may be affected by market-driven changes that may reduce future selling prices. A change to these assumptions could impact the Company's inventory valuation and gross profit.

Estimated useful life of long-lived assets

Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

Impairment of long-lived assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value in use and fair value less costs to sell. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate to calculate present value.

In addition to assessing evidence of possible impairment, the Company also determines whether there is any indication that a previously recognized impairment loss for an asset other than goodwill no longer exists or may have decreased. The Company determines whether there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss is recognized.

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgements to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

Provisions

Provisions are accrued for liabilities with uncertain timing or amounts, if, in the opinion of management, it is both likely that a future event will confirm that a liability has been incurred at the date of the consolidated financial statements and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time. In the ordinary course of business, the Company may be party to legal proceedings which include claims for monetary damages asserted against the Company. The adequacy of provisions is regularly assessed as new information becomes available.

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

Leases

The Company exercises judgment when contracts are entered into that may give rise to a right-of-use asset that would be accounted for as a lease. Judgment is required in determining the appropriate lease term on a lease-by-lease basis. The Company considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option at inception and over the term of the lease, including investments in major leaseholds, operating performance, and changed circumstances. The periods covered by renewal or termination options are only included in the lease term if the Company is reasonably certain to exercise that option.

Income tax provisions

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Judgment is required in determining whether deferred income tax assets and liabilities are recognized on the consolidated statement of financial position. Deferred income tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate future taxable income in order to utilize the deferred income tax assets. Estimates of future taxable income are based on forecasted cash flows from operations or other activities. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded on the reporting date could be impacted.

The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Determination of share-based payments

The estimation of share-based payments (including warrants and stock options) requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model at the date of the grant. The Company makes estimates as to the volatility, the expected life, dividend yield and the time of exercise, as applicable. The expected volatility is based on the average volatility of share prices of similar companies over the period of the expected life of the applicable warrants and stock options. The expected life is based on historical data. These estimates may not necessarily be indicative of future actual patterns.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Leases

At the inception of a contract, the Company assesses if the agreement is or contains a lease arrangement. A lease arrangement exists if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and lease obligation with respect to all lease arrangements with a lease term greater than twelve months. Leases with a term of twelve months or less, variable rent expenses, or leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statements of net earnings when performance relating to those expenses has occurred. Low-value assets comprise primarily small equipment.

Right-of-use Asset

A right-of-use asset is measured at the amount of the initial lease obligation and adjusted for any lease payments made at or before the commencement date of the lease less any incentives, initial direct costs, or the estimate of costs to restore the right-of-use asset at the conclusion of the lease term. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the underlying asset or the lease term. If it is reasonably certain at the commencement of the lease arrangement that the Company will exercise its purchase option or otherwise obtain ownership of the underlying asset at the end of the lease term, the right-of-use asset is depreciated over the useful life of the underlying asset.

Lease liability

The Company measures its lease obligation as the present value of the outstanding lease payments, discounted using the interest rate implicit in the lease and the term of the contract adjusted for reasonably certain renewal or termination options. If the interest rate implicit in the lease is not readily available, the payments are discounted using the Company's incremental borrowing rate. The lease

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

obligation is subsequently measured by increasing the carrying amount for interest using the effective interest method. Lease payments are recognized as reductions to the carrying amount of the lease obligation.

Lease obligations are initially measured at the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The Company remeasures the lease obligation and right-of-use asset as a result of material modifications to a lease arrangement.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statements of operations and comprehensive loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise primarily small equipment.

Revenue recognition

The Company recognizes revenue in accordance with IFRS 15. IFRS 15 specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. The Company's accounting policy for revenue recognition under IFRS 15 is to follow a five-step model to determine the amount and timing of revenue to be recognized:

1. Identifying the contract with a customer
2. Identifying the performance obligations within the contract
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

The Company generates revenue from the sale of cannabis-based products, as well as from licensing arrangements, development services, and royalties related to its intellectual property.

Revenue from the sale of the Company's cannabis-based products is recognized when the Company transfers control of the goods to the customers. Control of the product transfers at a point in time either upon shipment to, or receipt by, the customer, depending on the contractual terms. The Company recognizes revenue in an amount that reflects the consideration that the Company expects to receive including an estimate of variable consideration, considering any variation that may result from rights of return.

The Company currently generates revenue from license, development, and royalties from its intellectual property. For licensing arrangements, the Company assesses whether the license provides a right to access intellectual property over time or a right to use intellectual property at a point in time. Where the Company has ongoing obligations that significantly affect the intellectual property, revenue is recognized over time as those obligations are satisfied. Revenue from license and royalties is recognized when the Company has fulfilled its duties under the terms of the specific license and royalty contracts, or when a related sale is completed by the licensees to their end customers. Royalty revenue that is based on the licensee's subsequent sales is recognized when the underlying sales occur.

Revenue from development projects is recognized when the Company has fulfilled its obligations under the specific agreements with customers. Consideration for development projects is collected at the commencement of the project and recorded into deferred revenue. Revenue is recognized over time as the related performance obligations are satisfied, on a reasonable basis based on the terms of the agreement with the customer. Variable consideration associated with development arrangements, including milestone payments, is included in the transaction price only to the extent that it is highly probable that a significant reversal will not occur when the uncertainty is resolved.

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment. All other repair and maintenance costs are recognized in the consolidated statements of operations and comprehensive loss.

The initial cost of property and equipment comprises its purchase price or construction cost and any costs directly attributable to bringing it to a working condition for its intended use. The purchase price or construction cost is the aggregate amount of cash consideration paid

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

and the fair value of any other consideration given to acquire the asset. Where an item of property and equipment is comprised of significant components with different useful lives, the components are accounted for as separate items of property and equipment.

Construction-in-progress includes property and equipment not ready for use and is carried at cost less any recognized impairment charge. These assets are reclassified to the appropriate category of property and equipment and depreciation of these assets commences when they are completed and ready for their intended use.

For all property and equipment, depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is calculated starting on the date that property and equipment is available for its intended use. For all other property and equipment, depreciation is calculated using a straight-line method based on the asset's useful life as presented below:

	Estimated useful life (years)
Equipment	
Computer	2-5
Machinery and Equipment	5-35
Infrastructure and Buildings	20-25

Intangible assets

Intangible assets acquired separately are measured upon initial recognition at cost, which comprises the purchase price plus any costs directly attributable to the preparation of the asset for its intended use. Intangible assets acquired through business combinations or asset acquisitions are initially recognized at fair value as at the date of acquisition. After initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment charges.

All intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

	Estimated useful life (years)
E-commerce platform	5
Software licenses	2
Intellectual property	5
Customer relationships	5

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible assets require the use of estimates and assumptions and are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense attributable to an intangible asset is recognized in the consolidated statements of operations and comprehensive loss in the expense category consistent with the function of the intangible asset.

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

Impairment of long-lived assets

Property and equipment are tested for impairment when events or changes in circumstances arise that indicate the carrying value may not be recoverable. Definite-lived intangible assets are assessed annually for indicators of impairment. If indicators exist, the asset will be tested for impairment by comparing the recoverable amount to the carrying value. Goodwill and indefinite-lived intangible assets are tested for impairment annually.

For the purposes of measuring recoverable amounts, assets are grouped together into the smallest group of assets that generate cash flows from continuing use that are largely independent of cash inflows of other assets or groups of assets, referred to as a cash generating unit ("CGU"). The recoverable value of a CGU is the greater of its fair value less costs of disposal or value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the CGU. An impairment loss is recognized if the carrying amount of the CGU exceeds its recoverable amount. For asset impairments other than goodwill, the impairment loss reduces the carrying amounts of the non-financial assets in the CGU on a pro-rata basis, up to an asset's individual recoverable amount.

Business Combinations

The Company identified a business combination by determining whether the acquiree meets the definition of a business, consistent with guidance provided in IFRS 3, *Business Combinations*. Acquisitions of businesses are accounted for using the acquisition method. The total consideration paid for the acquisition is the aggregate of the fair values of assets acquired, liabilities assumed, and equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards which are accounted for in accordance with IAS 12 and IFRS 2, respectively. Acquisition costs are recognized in the consolidated statement of operations and comprehensive loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

If the acquiree does not meet the definition of a business, the acquisition is accounted for as an asset acquisition. The consideration transferred for the group of assets acquired is allocated to the individual asset acquired and liabilities assumed on a basis of their relative fair value at the acquisition date.

Contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in a business combination, subject to the applicable terms and conditions. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, *Financial Instruments* with the corresponding gain or loss recognized in profit or loss. Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

Biological assets

The Company's biological assets consist of cannabis plants which are not yet harvested. The Company incurs all the direct and indirect costs related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest including labor related costs, grow consumables, materials, utilities, facilities costs, quality and testing costs. The Company then measures the biological assets at fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Cost to sell include costs directly attributable to the sale of the biological assets. The net unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the period in the related reporting years.

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

Inventories

Inventories consisting of work-in-process and finished goods are valued at the lower of cost or net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less cost to sell up to the point of harvest, which becomes the initial deemed cost of inventories. All subsequent direct and indirect postharvest costs are capitalized to inventory as incurred, including labour related costs, consumables, materials, packaging supplies, utilities, facilities costs, quality costs and testing costs. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories for resale, raw materials and supplies and consumables are valued at the lower of costs and net realizable value, with cost determined using the weighted average cost basis.

The line item "Inventory production costs expensed to cost of sales" in the consolidated statements of operations and comprehensive loss is comprised of the cost of inventories expensed in the year and the direct and indirect costs of shipping and fulfillment including labour related costs, materials, shipping costs and facilities costs.

Realized fair value amounts from biological assets included in the cost of inventory sold are separately presented for cost of sales as fair value changes in biological assets included in inventory sold.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the assets to be recovered.

Earnings per share

Basic earnings per share is calculated using the weighted average number of common shares outstanding during the year. The dilutive effect on earnings per share is calculated presuming exercise of outstanding options, warrants, convertible debentures and similar instruments.

Share-based compensation

The Company has an omnibus long-term incentive plan which includes issuances of stock options and restricted share units in place. The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Fair value is measured using the Black-Scholes option pricing model. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. Any revisions are recognized in the consolidated statements of loss and comprehensive loss such that the cumulative reflects the revised estimate.

Financial Instruments

The Company classifies its financial assets and financial liabilities into the following measurement categories;

- (i) measured at amortized cost.
- (ii) subsequently measured at fair value through other comprehensive income ("FVOCI")
- (iii) subsequently measured at fair value through profit or loss ("FVPTL").

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

The classifications for each class of the Company's financial assets and financial liabilities are summarized in the following table:

Financial Assets	Classification
Cash	Amortized cost
Amounts receivable	Amortized cost
Financial Liabilities	Classification
Trade payables and accrued liabilities	Amortized cost
Lease liability	Amortized cost
Non-controlling interest contribution liability	Amortized cost
Royalty liability	Amortized cost

(i) Financial assets

Financial assets are initially measured at fair value. On initial recognition, the Company classifies its financial assets at either amortized cost, FVOCI or FVTPL, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions: a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) FVTPL financial assets

Financial assets are classified as FVTPL when the financial asset is held for trading, or it is designed as FVTPL. Financial assets classified as FVTPL are stated at fair value with any resulting gain or loss recognized in the consolidated statements of operations and comprehensive loss. Transaction costs are expensed as incurred.

Where the fair values of financial assets recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to this model are derived from observable market data where possible, but where observable market data is not available, judgement is required to establish fair values.

(iii) Impairment of financial assets

For amounts receivable, the Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected credit loss provision for all amounts receivable. Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due under the contract and the cash flows that the Company expects to receive. The expected cash flows reflect all available information, including the Company's historical experience, past due status, the existence of third-party insurance and forward-looking macroeconomic factors.

(iv) Financial liabilities

Non-derivative financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVTPL.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by considering any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations and comprehensive loss.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issuance of common shares are recognized as a reduction in equity. Proceeds received on the issuance of Equity Units, comprised of common shares and warrants, are allocated to common shares and warrants based on the residual method.

Non-controlling interests

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Corporation's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value of the consideration received or receivable, or at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the acquisition.

Comprehensive income

Comprehensive income is the change in the equity of the Company during a reporting period from transactions and other events and circumstances from non-shareholder sources. It includes all changes to equity during a period except those resulting from investments and distributions to shareholders. Comprehensive income is comprised of net income for the period and other comprehensive income. This standard requires certain gains and losses that would otherwise be recorded as part of net income to be presented in "other comprehensive income" until it is considered appropriate to recognize in net income.

The Company's comprehensive income transactions include foreign currency translations recognized due to the consolidation of subsidiaries with a functional currency that differs from the presentation currency. This foreign exchange difference is recognized on the consolidated statements of operations and comprehensive loss, and the balance recorded in prior periods is accumulated on the consolidated statements of financial position.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Royalty liability

Royalty liability from the acquisition of Medical Cannabis by Shoppers Drug Mart was initially recognized at fair value on the consolidated statement of financial position as a financial liability recorded at fair value through profit or loss. However, as of December 31, 2025 the value of the liability is known following one year from the date of purchase of the asset and therefore the liability is measured at amortized cost. The liability value was derived from a percentage of sales in the first year after purchase. As the purchase occurred over one year ago the value is now known.

New Accounting Policies

New accounting standards adopted in the current year

Amendments to IAS 1 – Classification of liabilities as current or non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments were applied retrospectively beginning on 1 January 2024. The adoption did not have a significant impact to the Company's financial statements.

Future accounting pronouncements

IFRS sustainability disclosure standards

The International Sustainability Standards Board (ISSB) of the IFRS Foundation has published IFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. The objective of IFRS S1 and S2 is to require an entity to disclose information about its sustainability and climate related risks and opportunities that are useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

Both Standards are effective for fiscal years beginning January 1, 2024, but certain transitional reliefs are available. The ISSB has confirmed that industry-specific disclosures are required and, in the absence of specific IFRS Sustainability Disclosure Standards, companies must consider the Sustainability Accounting Standards Board ('SASB') Standards to identify sustainability-related risks, opportunities and appropriate metrics. The Company is currently evaluating the impact of these reporting requirements.

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

In March of 2024, the Canadian Sustainability Standards Board (“CSSB”) proposed two exposure drafts on Canadian Sustainability Disclose Standard (“CSDS”) 1, *General Requirements for Disclosure of Sustainability related Financial Information* and CSDS 2, *Climate-related Disclosures*. These exposure drafts align with IFRS S1 and S2 global baselines, with modifications to align with Canadian-specific needs which include:

- extending the earliest voluntary adoptions dates for CSDS 1 and CSDS 2 from January 1, 2024, to January 1, 2025;
- extending the proposed transition relief for disclosures beyond climate-related risks and opportunities from one year granted by the ISSB to two years. This means entities that voluntarily adopt the CSSB standards on January 1, 2025, will be required to disclose information on all sustainability-related risks and opportunities from the reporting period beginning on or after January 1, 2027; and
- extending the proposed transition relief for disclosure of Scope 3 Green house gas (“GHG”) emissions from one year granted by the ISSB to two years. This means entities that voluntarily adopt the CSSB on January 1, 2025, will be required to disclose Scope 3 GHG emissions from the reporting period beginning on or after January 1, 2027.

The adoption is not expected to have a material impact on the Company’s consolidated financial statements.

Amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures

In May 2024, amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures*, were issued. The amendments clarify the timing of recognition and derecognition for a financial asset or a financial liability, including clarifying that a financial liability is derecognized on the settlement date. Additional disclosures are required for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to only early adopt the amendments to the classification of financial assets. The adoption is not expected to have a material impact on the Company’s consolidated financial statements.

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements* (“IFRS 18”) to replace International Accounting Standards 1, *Presentation of Financial Statements* (“IAS 1”). IFRS 18 impacts the presentation of the financial statements and notes, primarily the statements of income/loss and comprehensive income/(loss) where companies will be required to present separate categories of income and expenses for operating, investing and financing activities with subtotals for each new category. IFRS 18 will require management-defined performance measures to be defined and included in a separate note within the consolidated financial statements. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements, and require retrospective application. The Company is currently assessing the impact of the new standard on its financial statements.

4. ACCOUNTS RECEIVABLE

	December 31, 2025		December 31, 2024	
Trade and other receivables	\$	2,698,663	\$	2,951,968
Sales tax receivable		1,126,039		357,857
Expected credit loss provision		(278,269)		(561,591)
Total amounts receivable	\$	3,546,433	\$	2,748,234

5. BIOLOGICAL ASSETS

Biological assets consist of cannabis on plants. The changes in the carrying value of biological assets are as follows:

	December 31, 2025		December 31, 2024	
Opening balance	\$	41,128	\$	83,179
Production costs capitalized		906,854		231,549
Transferred to inventory upon harvest		(699,367)		(269,651)
Foreign exchange translation		5,058		(3,949)

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

Ending balance	\$	253,673	\$	41,128
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The Company measures its biological assets at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants and seeds currently being cultivated, and then adjusts that amount for the expected selling price less costs to sell per gram. During the period, the Company also cultivated seeds which have been transferred into inventory.

The fair value measurements for biological assets have been categorized as Level 3 fair values based on the inputs to the valuation technique used. The Company's method of accounting for biological assets attributes value accretion on a straight-line basis throughout the life of the biological asset from initial cloning to the point of harvest.

The fair value of biological assets has been determined using a valuation model that incorporates key unobservable inputs based on management's best estimates at the reporting date. The valuation reflects the expected economic outcome of the biological transformation process, taking into account both direct commercialization of flower and alternative conversion into finished products, where applicable.

As at December 31, 2025, the Company's biological assets were, on average, 16% complete (December 31, 2024 – 12% complete) and it was expected that the biological assets would yield approximately 1,356 kg of dry flower (December 31, 2024 – 614 kg). As at December 31, 2025, the Company had 13,832 plants (December 31, 2024 – 7,570 plants) that are considered biological assets.

The significant estimates and inputs used to assess the fair value of biological assets include the following assumptions:

- Average number of weeks in the growing cycle is 14 weeks from propagation to harvest. As at December 31, 2025, 42% of the plants were in the propagation stage, 36% were in the vegetative stage and 22% were in the flowering stage.
- Expected average harvest yield as at December 31, 2025 was 97g per plant (December 31, 2024 – 81g).
- Expected average fair value of \$0.19 per gram for flower products at the time of harvest as at December 31, 2025 (December 31, 2024 - \$0.19 per gram).
- Expected average cost to complete harvest and cost of post-harvest activities is \$0.15 per gram as at December 31, 2025 (December 31, 2024 - \$0.17 per gram).

The expected average fair values were determined by using recent bulk flower purchases and the Company's historical purchases and sales, and the Company's expected purchase price going forward. The estimates of growing cycle, harvest yield and costs per gram are based on the Company's historical results. These assumptions are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods. The Company expects that a \$1 increase or decrease in the selling price per kilogram of dried cannabis would increase or decrease the fair value of biological assets by \$467. A 5% increase or decrease in the estimated yield per cannabis plant would result in an increase or decrease in the fair value of biological assets of \$12,683.

The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

An unrealized gain on biological assets of \$58,941 was recognized in the calculation of gross margin for the year ended December 31, 2025 (Unrealized loss as of December 31, 2024– \$703,445).

6. INVENTORY

	Capitalized Cost	Biological assets fair value adjustment	Impairment	Carrying Value
Harvested Cannabis				
Seeds	\$ 82,945	\$ -	\$ (82,945)	\$ -
Wet Flower	209,204	83,977	-	293,181
Dried Flower	861,106	(197,819)	(5,521)	657,766
	1,153,255	(113,842)	(88,466)	950,946
Active Pharmaceutical Ingredients				
Work in process	477,204	167,967	-	645,171
Finished goods	15,630	-	(7,415)	8,215
	492,834	167,967	(7,415)	653,386

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

Supplies and consumables	549,910	-	(15,633)	534,277
Finished goods	1,472,172	-	(16,077)	1,456,095
December 31, 2025	\$ 3,668,171	\$ 54,125	\$ (127,591)	\$ 3,594,705

	Capitalized Cost	Biological assets fair value adjustment (As Restated)	Impairment (As Restated)	Carrying Value (As Restated)
Harvested Cannabis				
Seeds	\$ 74,478	\$ -	\$ (74,478)	\$ -
Wet Flower	123,580	(95,470)	-	28,110
Dried Flower	460,622	(158,929)	-	301,693
	658,680	(254,399)	(74,478)	329,803
Active Pharmaceutical Ingredients				
Work in process	530,482	(510,745)	-	19,737
Finished goods	6,603	-	(6,603)	-
	537,085	(510,745)	(6,603)	19,737
Supplies and consumables	828,913	-	(10,764)	818,149
Finished goods	2,076,686	-	(14,377)	2,062,309
December 31, 2024	\$ 4,101,364	\$ (765,144)	\$ (106,222)	\$ 3,229,998

The value of inventory transferred to cost of goods sold during the year ended December 31, 2025, was \$11,742,842 (December 31, 2024 - \$12,153,716). For the year ended December 31, 2025, the Company recognized inventory impairment of \$149,629 to account for changes in the net realizable value of cannabis inventory. In 2024, the Company was able to sell inventory that had been written down in a prior period, resulting in a net recovery of \$310,643. The reversal was included as a reduction of cost of goods sold.

Correction of Prior Period Error

During the preparation of the consolidated financial statements for the year ended December 31, 2025, the Company identified an error in the valuation of inventory as at December 31, 2024 related to inventory held by Santa Marta Golden Hemp.

As of December 31, 2024, the Company did not fully recognize a loss arising from the measurement of certain harvested cannabis inventory. Specifically, certain products were transferred from biological assets to inventory at amounts that overstated fair value less costs to sell because the valuation did not fully reflect market restrictions and the limited realizable markets available for those products. As a result, the carrying amount of inventory was overstated by \$703,445 and unrealized losses were understated by \$703,445 as of December 31, 2024.

The Company has corrected this error by restating the comparative figures. See Note 24, Restatement of Comparative Information.

7. PROPERTY AND EQUIPMENT

	Equipment \$	Land \$	Construction in Progress \$	Infrastructure and Buildings \$	Total \$
Cost					
December 31, 2024	5,025,754	6,591,102	476,171	1,526,768	13,619,795
Additions	154,882	-	100,991	-	255,873
Disposals	(1,087)	-	-	-	(1,087)
Foreign exchange translation	517,904	810,368	58,544	175,632	1,562,448
December 31, 2025	5,697,453	7,401,470	635,706	1,702,400	15,437,029
Accumulated Depreciation					

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

December 31, 2024	2,053,444	-	-	394,441	2,447,885
Depreciation	309,006	-	-	90,630	399,636
Disposals	(1,056)	-	-	-	(1,056)
Foreign exchange translation	164,463	-	-	40,852	205,315
December 31, 2025	2,525,857	-	-	525,923	3,051,780

Net Book Value

December 31, 2024	2,972,310	6,591,102	476,171	1,132,327	11,171,910
December 31, 2025	3,171,596	7,401,470	635,706	1,176,477	12,385,249

	Equipment \$	Land \$	Construction in Progress \$	Infrastructure and Buildings \$	Total \$
Cost					
December 31, 2023	5,188,584	6,919,647	219,678	1,597,974	13,925,883
Additions	135,651	-	266,923	-	402,574
Disposals	(89,689)	-	-	-	(89,689)
Foreign exchange translation	(208,792)	(328,545)	(10,430)	(71,206)	(618,973)
December 31, 2024	5,025,754	6,591,102	476,171	1,526,768	13,619,795

Accumulated Depreciation

December 31, 2023	1,851,093	-	-	319,868	2,170,961
Depreciation	314,283	-	-	87,474	401,757
Disposals	(89,689)	-	-	-	(89,689)
Foreign exchange translation	(22,243)	-	-	(12,901)	(35,144)
December 31, 2024	2,053,444	-	-	394,441	2,447,885

Net Book Value

December 31, 2023	3,337,491	6,919,647	219,678	1,278,106	11,754,922
December 31, 2024	2,972,310	6,591,102	476,171	1,132,327	11,171,910

During the year ended December 31, 2025, the Company recognized depreciation expense on its property and equipment of \$399,636 (December 31, 2024 - \$401,757).

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

8. INTANGIBLE ASSETS AND GOODWILL

Intangible assets

	Customer Relationships \$	Ecommerce Platform \$	Licenses and Permits \$	Software Licenses \$	Intellectual Property \$	Total \$
Cost						
December 31, 2024	761,327	968,932	44,917	108,486	172,192	2,055,854
Additions	-	-	-	-	-	-
Foreign exchange translation	-	-	5,524	14,459	10,273	30,256
December 31, 2025	761,327	968,932	50,441	122,945	182,465	2,086,110
Accumulated Amortization						
December 31, 2024	316,994	599,940	44,917	108,486	116,596	1,186,933
Amortization	124,000	102,588	-	-	15,902	242,490
Foreign exchange translation	-	-	5,524	14,459	10,273	30,256
December 31, 2025	440,994	702,528	50,441	122,945	142,771	1,459,679
Net Book Value						
December 31, 2024	444,333	368,992	-	-	55,596	868,921
December 31, 2025	320,333	266,404	-	-	39,694	626,431

	Customer Relationships \$	Ecommerce Platform \$	Licenses and Permits \$	Software Licenses \$	Intellectual Property \$	Total \$
Cost						
December 31, 2023	761,327	968,932	47,156	113,943	176,763	2,068,121
Additions	-	-	-	-	-	-
Foreign exchange translation	-	-	(2,239)	(5,457)	(4,571)	(12,267)
December 31, 2024	761,327	968,932	44,917	108,486	172,192	2,055,854
Accumulated Amortization						
December 31, 2023	192,994	422,311	47,156	113,943	105,265	881,669
Amortization	124,000	177,629	-	-	15,902	317,531
Foreign exchange translation	-	-	(2,239)	(5,457)	(4,571)	(12,267)
December 31, 2024	316,994	599,940	44,917	108,486	116,596	1,186,933
Net Book Value						
December 31, 2023	568,333	546,621	-	-	71,498	1,186,452
December 31, 2024	444,333	368,992	-	-	55,596	868,921

During the year ended December 31, 2025, the Company recognized amortization on its intangible assets of \$242,490 (December 31, 2024 - \$317,531). The Company did not identify any impairment indicators for the finite-lived intangibles and therefore no impairment losses were recognized.

Goodwill

Goodwill of \$334,000 was recognized during the year ended December 31, 2023, as a result of the acquisition of Medical Cannabis by Shoppers Drug Mart. For the purposes of testing impairment, the Company includes the acquired business operations as a separate CGU. During the year ended December 31, 2025, the Company determined that the recoverable amount, based on the value in use, exceeds the carrying amount of the CGU and therefore no impairment loss was required. The value in use was calculated using a discounted cash flow model using a 26.7% discount rate, based on the Company's cost of capital, and a 3% long-term growth rate.

Avicanna Inc.**Notes to the Consolidated Financial Statements**

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

9. RIGHT OF USE ASSETS

As of December 31, 2025, and 2024, the Company's right of use assets consisted of the following:

	December 31, 2025		December 31, 2024	
Cost				
Opening balance	\$	392,297	\$	392,297
Ending balance	\$	392,297	\$	392,297
Accumulated Amortization				
Opening balance	\$	291,368	\$	156,919
Depreciation		100,929		134,449
Ending balance	\$	392,297	\$	291,368
Net Book Value	\$	-	\$	100,929

10. DEFERRED REVENUE

	December 31, 2025		December 31, 2024	
Opening balance	\$	1,522,031	\$	1,937,964
Revenue recognized		(466,511)		(415,933)
Ending Balance	\$	1,055,520	\$	1,522,031

- [i] On November 26, 2019, the Company entered into a license agreement (the "License Agreement") with LC2019, Inc. ("LC2019") pursuant to which the Company has agreed to license certain proprietary formulations and brand elements to LC2019 for commercialization in the United States. Management assessed the nature of the promise under IFRS 15 and concluded that the License Agreement provides LC2019 with a right to access the Licensed IP over the license term, as the Company undertakes ongoing activities to maintain and protect the licensed brand and related intellectual property and governs the manner in which the brand is used (including activities such as maintaining trademark registrations and monitoring/enforcing intellectual property rights, and maintaining and updating brand standards/quality controls). In relation to this contract, the Company recognized \$377,998 into license revenue for the year ended December 31, 2025 (December 31, 2024 - \$378,000).

Significant judgement – term of recognition and termination rights: The License Agreement includes a stated 10-year term and includes termination provisions (including a termination-for-convenience right on notice). Management has applied judgment in determining that recognizing revenue on a straight-line basis over the 10-year term best depicts the period over which the Company satisfies the stand-ready/right-to-access licensing promise, based on the contractual term, the nature of the ongoing provisions and activities, and management's expectation that the arrangement will continue absent a change in facts. Management reassesses this judgment at each reporting date and would revise the recognition period if facts and circumstances change (for example, if termination becomes probable or occurs).

- [ii] On April 10, 2022, the Company entered into an exclusive license and supply agreement with a South American pharmaceutical company (the "Licensee"). The agreement provides the Licensee with the right to use the Company's intellectual property ("IP") to promote, market and sell the Company's products within Licensee's designated territory for an initial period of five years, commencing on the date of execution. As consideration for the licensing agreement, the Company is to receive a fee of USD\$1,000,000 (\$1,291,255), paid in five tranches; a USD\$100,000 (\$125,955) fee paid on signing of the agreement and the remainder paid in four tranches as the Company meets specific milestones in the transfer of IP. The Company originally determined that the fee paid upon signing contains a performance obligation which occurs over a period of time and therefore, revenue was to be recognized straight-line over a five-year period based on the term of the contract. However, the Company has now met all milestones and has no remaining performance obligations. Therefore, the Company deemed it appropriate to recognize the remaining balance of deferred revenue which amounted to an additional \$39,886 of License Revenue during the period. In relation

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

to this contract, the Company recognized \$58,779 into license revenue for the year ended December 31, 2025 (December 31, 2024 - \$25,191).

[iii] On April 22, 2022, the Company entered into an exclusive license and supply agreement with a Brazilian pharmaceutical company (the "Licensee"). The agreement provides the Licensee with the right to use the Company's IP to promote, market and sell the Company's products within the Licensee's designated territory for an initial period of 5 years, commencing on the date of execution. As consideration for the licensing agreement, the Company is to receive a fee of USD\$250,000 (\$322,814), paid in three tranches; a USD\$50,000 (\$63,713) fee paid on signing of the agreement and two USD\$100,000 (\$129,125) as the Licensee meets specific milestones. The Company originally determined that the fee paid upon signing contained a performance obligation which occurs over a period and therefore, revenue was to be recognized straight-line over a five-year period based on the term of the contract. However as there remains no further milestones to be met nor any remaining performance obligation, the Company deemed it appropriate to recognize the remaining balance of deferred revenue which totalled \$20,176 of License Revenue during the period. In relation to this contract, the Company recognized \$29,734 into license revenue for the year ended December 31, 2025 (December 31, 2024 - \$12,742).

Future recognition of current deferred revenue will be as follows:

Recognized in less than 1 year	\$	378,001
Recognized between 1 and 3 years		677,519
Recognized between 3 and 5 years		-
	\$	1,055,520

11. LEASE LIABILITY

As of December 31, 2025, and December 31, 2024, the lease liability consisted of the following:

	December 31, 2025		December 31, 2024	
Opening balance	\$	109,227	\$	245,610
Interest incurred on lease liability		3,459		13,865
Lease payments		(112,686)		(150,248)
Ending balance	\$	-	\$	109,227
Lease liability – current portion		-		109,227
Lease liability – noncurrent portion		-		-

The Company is currently in a month-to-month lease for the Toronto office space and therefore holds no liability or asset on the balance sheet.

12. LOANS PAYABLE

	December 31, 2025		December 31, 2024	
Opening balance	\$	-	\$	1,557,787
Additions:		-		-
Repayments		-		(1,683,290)
Accretion		-		124,229
Foreign exchange translation		-		1,274
Ending Balance	\$	-	\$	-
Current	\$	-	\$	-
Non-current	\$	-	\$	-

Bank loan

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

On October 28, 2021, the Company's majority owned subsidiary, SMGH, received a bank loan from a financial institution in Colombia. SMGH borrowed principal of \$659,086 (COL\$2,000,000,000), incurring interest at 8.3% over a term of 3 years. The loan was to be repaid in 12 quarterly payments over the life of the loan.

On November 13, 2024, the balance of the bank loan was repaid in full.

During the year ended December 31, 2025, the Company incurred interest expense of \$nil (December 31, 2024 - \$7,808) in relation to this loan.

Non-Convertible Debentures

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. The balance was recognized net of the following issuance costs:

Principal	\$	1,455,000
Issuance Costs		(24,000)
Warrants (note 15)		(173,036)
	\$	1,257,964

As part of the term loan agreement, the Company issued 1,455,000 common share purchase warrants to the lender, exercisable into common shares of the Company for 3 years from the date of issuance at a price of \$0.35 per common share. The fair value of the warrants was determined using the Black-Scholes pricing model with the following assumptions: risk-free rate of 4.06%, volatility of 86%, expected life of 1.5 years, dividend yield 0% and share price of \$0.31.

On April 17, 2024, the Company partially repaid principal of \$155,000.

On September 2, 2024, the remaining principal of \$1,300,000, and accrued interest of \$24,750, was paid in full.

During the year ended December 31, 2025, the Company incurred accretion expense of \$nil (December 31, 2024 - \$124,229) and interest expense of \$nil (December 31, 2024 - \$145,800) in relation to this loan.

13. ROYALTY LIABILITY

	December 31, 2025		December 31, 2024	
Opening balance	\$	300,132	\$	1,070,000
Payments		(150,000)		-
Change in fair value		-		(769,868)
Ending Balance	\$	150,132	\$	300,132

On July 31, 2023, the Company closed the acquisition of Medical Cannabis by Shoppers Drug Mart. As partial consideration for the acquisition, the Company entered into a Royalty Agreement whereby, Shoppers Drug Mart Inc. (the "Vendor") receives an earn-out payment of 15% of net revenue from the acquired customers, for a period of one year following the closing date and 10% of net revenue for a period of one year following the first anniversary of the closing date. Net revenue is defined in the acquisition agreement as revenue less discounts, cost of goods sold, shipping and clinic education fees.

The obligation was originally accounted for as a financial liability recorded at fair value through profit and loss while the future revenue and associated liability was unknown. The fair value of this obligation was determined using valuation models that require estimation of future earnings, future net cash flows, and discount rates. This was calculated using a discounted cash flow model which estimates approximately 2% to 3% annual sales growth, a customer attrition rate of approximately 30% annually and a discount rate of 20%. The discount rate was determined based on the Company's capital structure and by assessing comparable peers within the Company's industry.

During the year ended December 31, 2025, a gain on the fair value of \$nil (December 31, 2024 - \$769,868) was recorded. The change in the fair value of the liability in the prior year was based on actual results and customer attrition. Both parties agreed to the remaining

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

amount to be paid in the year ended December 31, 2024 and now that the value of the liability is known, the liability is measured at amortized cost.

14. RELATED PARTY TRANSACTIONS

The Company defines key management personnel as the Chief Executive Officer, Chief Legal Officer, Chief Financial Officer and all members of the Board of Directors. The following outlines salaries and shared based compensation paid to key management personnel:

		For the year ended December 31,	
		2025	2024
Salaries	\$	628,933	\$ 670,766
Stock-based compensation		651,932	664,273
	\$	1,280,865	\$ 1,335,039

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 \$141,526 (December 31, 2024 - \$315,165). 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 June 25, 2025, the Company and the minority shareholder of SMGH completed a capitalization of a total of \$1,462,944 (COP \$4,318,615,628) in shareholder contributions in SMGH, including \$704,156 in contributions from the minority shareholder. The company and the minority shareholder received an additional 2,078,668 and 1,994,612 shares in SMGH, respectively. SMGH remains a majority owned subsidiary of the Company.

Changes in the balances are disclosed in the following table:

		December 31, 2025	December 31, 2024 (As Restated)
Opening Balance – Note 24	\$	315,165	\$ (39,653)
Additions		433,000	312,469
Capitalized		(704,156)	-
Foreign exchange		97,517	42,349
Ending Balance	\$	141,526	\$ 315,165

15. SHARE CAPITAL

Authorized and outstanding share capital:

The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares with no par value. As of December 31, 2025, the Company had 118,041,869 common shares issued and outstanding (December 31, 2024 – 110,215,490).

- [i] On April 18, 2024, the Company issued an aggregate of 5,313,959 Units (the “Units”) at a price of \$0.40 per Unit for net cash proceeds of \$2,098,584, comprised of gross proceeds of \$2,125,584 less issuance costs of \$27,000. Each Unit was comprised of one (1) common share in the capital of the Company and one-half common share purchase warrant. Each whole Warrant is exercisable into one common share in the capital of the Company at a price of \$0.55 until April 18, 2027.

The net proceeds were allocated between the common shares and the warrants by determining the fair value of the warrants, and allocating the residual to the common shares as follows:

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

Common shares	\$	1,836,587
Warrants		254,455
Broker warrants		7,542
	\$	2,098,584

The fair value of the common share purchase warrants was determined using the Black-Scholes option pricing model with a market price per common share of \$0.30, a risk-free interest rate of 4.38%, an expected annualized volatility of 100% and expected dividend yield of 0%.

- [ii] On August 28, 2024, the Company issued an aggregate of 6,620,692 Units (the “Units”) at a price of \$0.30 per Unit for net cash proceeds of \$1,927,605, comprised of gross proceeds of \$1,986,208 less issuance costs of \$58,603. Each Unit was comprised of one (1) common share in the capital of the Company and one-half common share purchase warrant. Each whole Warrant is exercisable into one common share in the capital of the Company at a price of \$0.40 until August 28, 2027.

The net proceeds were allocated between the common shares and the warrants by determining the fair value of the warrants, and allocating the residual to the common shares as follows:

Common shares	\$	1,281,509
Warrants		610,152
Broker warrants		35,944
	\$	1,927,605

The fair value of the common share purchase warrants was determined using the Black-Scholes option pricing model with a market price per common share of \$0.39, a risk-free interest rate of 2.96%, an expected annualized volatility of 102% and expected dividend yield of 0%.

- [iii] On November 4, 2024, the Company issued an aggregate of 2,666,701 Units (the “Units”) at a price of \$0.30 per Unit for net cash proceeds of \$777,510, comprised of gross proceeds of \$800,010 less issuance costs of \$22,500. Each Unit was comprised of one (1) common share in the capital of the Company and one-half common share purchase warrant. Each whole Warrant is exercisable into one common share in the capital of the Company at a price of \$0.40 until November 4, 2027.

The net proceeds were allocated between the common shares and the warrants by determining the fair value of the warrants, and allocating the residual to the common shares as follows:

Common shares	\$	639,044
Warrants		131,092
Broker warrants		7,374
	\$	777,510

The fair value of the common share purchase warrants was determined using the Black-Scholes option pricing model with a market price per common share of \$0.28, a risk-free interest rate of 3.01%, an expected annualized volatility of 95% and expected dividend yield of 0%.

- [iv] On July 16, 2025, the Company issued an aggregate of 4,000,000 Units (the “Units”) at a price of \$0.25 per Unit for cash proceeds of \$1,000,000. Each Unit was comprised of one (1) common share in the capital of the Company and one-half common share purchase warrant. Each whole Warrant is exercisable into one common share in the capital of the Company at a price of \$0.30 until July 16, 2028.

The proceeds were allocated between the common shares and the warrants by determining the fair value of the warrants, and allocating the residual to the common shares as follows:

Common shares	\$	860,000
Warrants		140,000

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

\$	1,000,000
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The fair value of the common share purchase warrants was determined using the Black-Scholes option pricing model with a market price per common share of \$0.25, a risk-free interest rate of 2.81%, an expected annualized volatility of 73% and expected dividend yield of 0%.

Warrant Reserve

As of December 31, 2025, the following warrants were outstanding and exercisable:

	Warrants #	Weighted average exercise price \$
Outstanding as of December 31, 2023	25,388,938	0.73
Warrants issued	7,649,435	0.45
Warrants exercised	(312,000)	0.40
Warrants expired	(8,409,875)	1.34
Outstanding as of December 31, 2024	24,316,498	0.43
Warrants issued	2,000,000	0.30
Warrants exercised	-	-
Warrants expired	(10,852,975)	0.41
Outstanding as of December 31, 2025	15,463,523	0.43

The following table is a summary of the Company's warrants outstanding as of December 31, 2025:

Warrants Outstanding			Warrants Exercisable	
Exercise price range \$	Number outstanding #	Weighted average remaining life (years)	Weighted average exercise price \$	Number exercisable #
0.55	2,735,729	1.30	0.55	2,735,729
0.50	2,988,055	0.31	0.50	2,988,055
0.41	1,371,033	0.91	0.41	1,371,033
0.40	4,913,706	1.70	0.40	4,913,706
0.35	1,455,000	0.59	0.35	1,455,000
0.30	2,000,000	2.54	0.30	2,000,000
	15,463,523	1.30	0.43	15,463,523

16. SHARE BASED PAYMENT RESERVE AND COMPENSATION

The Company has established a Long-Term Omnibus Compensation Plan (the "Omnibus Plan") for directors, officers, employees, and consultants of the Company. The Company's Board of Directors determines, among other things, the eligibility of individuals to

participate in the Option Plan and the term, vesting periods, and the exercise price of options and share units granted to individuals under the Omnibus Plan.

Each option converts into one common share of the Company on exercise. No amounts are paid or payable by the individual on receipt of the option. The options carry neither the right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. Each share unit converts into a single common share of the Company on the vesting date. No amounts are payable on receipt of the share unit or at vesting.

The Company's Omnibus Plan provides that the number of common shares reserved for issuances of options may not exceed 10%, and the number of common shares reserved for the issuance of share units must not exceed 4%, of the number of common shares outstanding.

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

If any options or share units terminate, expire, or are cancelled, as contemplated by the Omnibus Plan, the number of options or share units so terminated, expired, or cancelled shall again be available under the Omnibus Plan.

Share-based compensation is comprised of the following:

		2025	For the year ended December 31,	2024 (As Restated)
Stock options	\$		152,163	\$ 900,696
Restricted Stock Units			1,018,892	1,281,147
	\$		1,171,055	\$ 2,181,843

Employee and non-employee options

[i] Measurement of fair values

The fair value of share options granted during the years ended December 31, 2025, and 2024, was estimated at the date of grant using the Black Scholes option pricing model using the following range of inputs:

	2025	2024
Grant date share price	\$0.25 - \$0.26	\$0.26 - \$0.30
Exercise price	\$0.30 - \$0.33	\$0.33 - \$0.39
Expected dividend yield	0%	0%
Risk-free interest rate	2.70% - 2.81%	3.37% - 3.43%
Expected option life	3 - 5 years	5 years
Expected volatility	73.06% - 87.32%	86.20% - 100.62%

Expected volatility was estimated by using the historical volatility of the Company's publicly traded common shares. The expected option life represents the period that options granted are expected to be outstanding. The risk-free interest rate is based on Canada government bonds with a remaining term equal to the expected life of the options.

[ii] Options Issued and Outstanding

	Options #	Weighted average exercise price \$
Outstanding on December 31, 2023	3,100,358	1.76
Options issued	4,887,500	0.36
Options expired	(37,500)	0.40
Options cancelled and forfeited	(60,000)	0.90
Outstanding on December 31, 2024	7,890,358	0.59
Options issued	810,000	0.32
Options expired	(272,000)	2.92
Options cancelled and forfeited	(752,200)	0.38
Outstanding on December 31, 2025	7,676,158	0.49

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

The following table is a summary of the Company's share options outstanding as of December 31, 2025:

Options Outstanding			Options Exercisable	
Exercise price	Number outstanding	Weighted average remaining life	Weighted average exercise price	Number exercisable
\$	#	(years)	\$	#
0.30	300,000	3.90	0.30	287,500
0.31	250,000	4.61	0.31	197,500
0.33	2,547,500	3.47	0.33	2,137,500
0.35	350,000	3.57	0.35	350,000
0.37	40,000	1.86	0.37	40,000
0.38	412,500	2.32	0.38	200,000
0.39	1,550,000	3.17	0.39	775,000
0.40	275,000	0.67	0.40	275,000
0.45	400,000	2.91	0.45	400,000
0.47	410,000	2.65	0.47	410,000
0.60	475,000	2.02	0.60	475,000
1.00	415,000	1.31	1.00	415,000
1.24	2,500	0.71	1.24	2,500
1.39	8,000	0.16	1.39	8,000
2.50	67,608	3.53	2.50	67,608
2.75	151,500	0.07	2.75	151,500
5.00	1,550	0.81	5.00	1,550
8.00	20,000	0.16	8.00	20,000
	7,676,158	2.97	0.49	6,213,658

During the year ended December 31, 2025, the Company recognized a total share-based compensation expense relating to options of \$152,163 (December 31, 2024 - \$900,696).

Restricted Stock Units

The fair value of restricted stock units ("RSUs") granted is based on the market price of the Company's publicly traded common shares on the grant date.

The following table summarized the continuity of the Company's RSUs:

	Restricted stock units	Weighted average issue price
	#	\$
Outstanding on December 31, 2023	1,768,902	0.32
RSUs issued	4,063,562	0.28
RSUs vested	(4,625,169)	0.31
RSUs forfeited	(45,000)	0.31
Outstanding on December 31, 2024	1,162,295	0.32
RSUs issued [i]	4,269,021	0.25
RSUs vested [ii]	(3,826,379)	0.27
RSUs forfeited	(258,333)	0.27
Outstanding on December 31, 2025	1,346,604	0.24

[i] During the year ended December 31, 2025, 4,269,021 restricted stock units were issued with a fair value range of \$0.25 to \$0.26 per unit.

[ii] During the year ended December 31, 2025, 3,826,379 common shares were issued on the vesting of restricted stock units. The grant price of the exercised units ranged from \$0.25 to \$0.48. Of the units issued, 2,849,655 vested immediately and the remainder vest over two years.

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

During the year ended December 31, 2025, the Company recognized a total share-based compensation expense relating to restricted stock units of \$1,018,892 (December 31, 2024 - \$1,281,147).

17. NON-CONTROLLING INTEREST

The following table presents the summarized financial information about the Company's subsidiaries that have non-controlling interests. This information represents amounts before intercompany eliminations as of December 31, 2025, and 2024.

Santa Marta Golden Hemp S.A.S.	December 31, 2025		December 31, 2024
			As Restated
Current assets	\$	2,887,742	\$ 1,750,041
Non-current assets		12,003,869	10,770,295
Current liabilities		(291,891)	(929,545)
Ending Balance	\$	14,599,720	\$ 11,590,791

Santa Marta Golden Hemp S.A.S.	December 31, 2025		December 31, 2024
			As Restated
Revenue	\$	1,782,913	\$ 1,759,002
Operating expenses		(1,452,103)	(1,425,586)
Net income before taxes		154,638	(817,890)
Cash used in operating activities		(272,081)	(10,173)
Cash used in investing activities		(248,153)	(250,150)
Cash provided by financing activities		627,610	716,664

Sigma Magdalena Canada Inc.	December 31, 2025		December 31, 2024
Current assets	\$	3,180	\$ 2,801
Non-current assets		246,834	219,809
Current liabilities		(256,714)	(228,607)
Ending Balance	\$	(6,700)	\$ (5,997)

The net change in non-controlling interest is as follows:

	December 31, 2025		December 31, 2024
			As Restated
Opening Balance	\$	7,084,067	\$ 8,084,615
Capitalization of non-controlling interest contributions (note 17)		704,155	-
Foreign translation		669,404	(413,582)
Net loss attributed to non-controlling interest		85,018	(586,966)
Ending Balance	\$	8,542,645	\$ 7,084,067

18. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from deposits with banks and outstanding receivables. The Company does not hold any collateral as security but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

As of December 31, 2025, \$2,698,663 in trade and other receivables remained outstanding (December 31, 2024 – \$2,951,968). The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The loss allowance is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate.

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

A summary of aged trade and other receivables is included below:

December 31, 2025	1 - 30	31 - 60	61 - 90	90 +	Total
	\$	\$	\$	\$	\$
Trade and other receivables	1,428,842	306,950	189,944	772,927	2,698,663

December 31, 2024	1 - 30	31 - 60	61 - 90	90 +	Total
	\$	\$	\$	\$	\$
Trade and other receivables	2,225,017	104,946	97,081	524,924	2,951,968

During the year ended December 31, 2025, the Company has recognized an estimated credit losses of \$183,278 (December 31, 2024, – \$481,879).

Liquidity risk

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

In addition to the commitments disclosed, the Company is obligated to the following contractual maturities of undiscounted cash flows:

	Carrying amount	Contractual cash flows	Year 1	Year 2	Year 3 +
Trade payables and accrued liabilities	\$ 8,509,639	\$ 8,509,639	\$ 8,509,639	\$ -	\$ -
Royalty liability	150,132	150,132	150,132	-	-
	\$ 8,659,771	\$ 8,659,771	\$ 8,659,771	\$ -	\$ -

The due to related party balance of \$141,526 is not intended to be repaid. As these amounts become due, the outstanding balances can be converted into common shares of SMGH, consistent with current ownership splits.

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

Currency risk is the risk to the Company's earnings that arise from fluctuations in foreign exchange rates. The Company is exposed to foreign currency exchange risk as it has substantial operations based out of Colombia and record keeping is denominated in a foreign currency. As such the company has foreign currency risk associated with Colombian Pesos. A 5% change in the value of the Colombian Peso would lead to a change of approximately \$44,124 in net income (loss) primarily due to the remeasurement of Colombian denominated monetary assets and liabilities.

Interest risk

Interest rate 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 is not exposed to interest rate as all borrowing have fixed rates of interest which are not effected by these fluctuations. The Company's exposure to interest rate risk as at December 31, 2025 is not significant. The Company did not have material

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

variable-rate borrowings outstanding at year-end. Accordingly, management believes that a reasonable change in market interest rates would not have a material effect on the Company's financial position, results of operations, or cash flows.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of the Company's cannabis products (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Fair values

The carrying values of cash, amounts receivable, amounts payable, current portion of loan payable and royalty liability, approximate the fair values due to the short-term nature of these items. The risk of material change in fair value is not considered to be significant due to the short-term nature. It is not practicable to estimate the fair value of the non-controlling interest contribution liability, due to the nature of this liability. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1	Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2	Valuation techniques based on inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3	Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level input significant to the fair value measurement in its entirety.

The Company's finance team performs valuations of financial items for financial reporting purposes, including level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximizing the use of market – based information.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. As of the years ended December 31, 2025, and 2024, there were no level 3 financial instruments.

19. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended December 31	
	2025	2024
Office and general	\$ 3,461,514	\$ 3,459,186
Selling, marketing and promotion	3,382,375	3,188,840
Consulting fees	366,318	944,891
Professional fees	951,439	790,898
Salaries and wages	5,786,763	5,757,672
Research and development	256,422	178,157
	\$ 14,204,831	\$ 14,319,644

During the year ended December 31, 2025, as part of its inventory costing process, the Company capitalized \$598,668 of salaries to inventory and biological assets (December 31, 2024 – \$211,355).

Avicanna Inc.**Notes to the Consolidated Financial Statements**

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

20. INCOME TAX**Current tax**

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2024 – 26.5%) to the effective tax rate is as follows:

	For the year ended December 31	
	2025	2024
	\$	\$
Net loss before recovery of income taxes	(2,759,197)	(4,579,775)
Expected income tax recovery	(731,187)	(1,213,640)
Tax rate changes and other adjustments	(59,080)	40,750
Permanent difference	393,660	(152,040)
Prior year true-up	(35,950)	(1,297,560)
Change in tax benefits not recognized	432,557	276,710
Income tax recovery	-	-

Deferred tax

The following table summarizes the components of deferred tax:

	December 31, 2025	December 31, 2024
	\$	\$
Deferred tax assets		
Property and equipment	451,490	118,353
Intangible asset	-	(9,370)
Deferred revenue	279,710	403,340
Royalty liability	-	79,530
Capital lease obligation	-	28,950
Foreign Exchange	337,620	683,220
Reserves	11,350	4,880
Inventory impairment	955,870	879,750
Net fair value of inventory	1,016,490	864,230
Share issuance costs	53,920	119,230
Capital losses – Canada	75,260	75,260
Losses Canada	11,900,990	11,711,890
Losses Colombia	7,960,030	6,682,290
Valuation allowance	(22,812,510)	(21,331,250)
	230,220	310,300

	December 31, 2025	December 31, 2024
	\$	\$
Deferred tax liabilities		
Capital lease assets	-	(26,750)
Royalty liability	(230,220)	(283,550)
	(230,220)	(310,300)

Avicanna Inc.**Notes to the Consolidated Financial Statements**

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

Net deferred tax asset (liability)	-	-
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Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31, 2025	December 31, 2024
	\$	\$
Share issuance costs	202,470	449,910
Capital loss – Canada	568,010	568,010
Losses carried forward – Canada	44,900,390	44,195,790
Losses carried forward – Colombia	22,742,950	19,092,260
	68,413,820	64,305,970

The Canadian non-capital loss carryforwards expire as noted in the table below. The Colombian loss carry forwards expire between 2029 and 2037. Share issue and financing costs will be fully amortized in 2028. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

	\$
2036	11,570
2037	2,398,600
2038	4,810,280
2039	3,912,610
2040	6,656,390
2041	5,337,630
2042	7,593,630
2043	6,871,650
2044	3,837,050
2045	2,305,310
2046	1,165,670
	44,900,390

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

21. LOSS PER SHARE

	For the years ended December 31	
	2025	2024 (As Restated)
Net loss attributable to equity holders of the Company	\$ (2,844,215)	\$ (3,992,809)
Weighted average number of common shares – basic and diluted	114,721,362	100,030,541
Net loss per share – basic and diluted	\$ (0.02)	\$ (0.04)

22. NON-CASH OPERATING ELEMENTS OF WORKING CAPITAL

	For the years ended December 31	
	2025	2024 (As Restated)
Amounts receivable	\$ (981,477)	\$ (261,872)
Biological assets	(212,545)	42,051
Inventory	(364,707)	1,231,061
Prepaid assets	248,338	340
Accounts payable	1,254,015	(1,449,330)
	\$ (56,376)	\$ (437,750)

23. SEGMENT REPORTING

Operating segments are determined based on internal reporting that is regularly reviewed by the chief operating decision maker (“CODM”) for the purpose of allocating resources to the segment and for assessing its performance. As of December 31, 2025, the Company determined that it has three operating segments, two organized by geographical area: Canada and International, and Corporate, comprised of costs which serve the Company’s global administrative responsibilities.

Canada includes sales of the Company’s pharmaceutical and health products as well as revenue generated from the licensing of intellectual property and research and development services, all developed in Canada and serving customers within Canada. International includes sales of the Company’s pharmaceutical and health products and sales of API to customers worldwide, all grown and developed in Colombia. Corporate includes overhead and financing costs incurred by the Company to support its public company infrastructure and operating segments.

	Canada	International	Corporate	Total
Year ended December 31, 2025				
Statement of Financial Position				
Current assets	\$ 4,092,255	\$ 3,805,187	\$ -	\$ 7,897,442
Non-current assets	1,004,810	12,340,870	-	13,345,680
Current liabilities	8,455,080	724,218	-	9,179,298
Non-current liabilities	677,519	-	-	677,519
Statement of Operations and Comprehensive Loss				
Revenue	\$ 23,591,538	\$ 1,887,157	\$ -	\$ 25,478,695
Gross margin	11,901,301	1,618,558	-	13,519,859
Operating expenses	(13,051,367)	(2,041,064)	(1,209,788)	(16,302,219)
Net loss before tax	(814,652)	(734,757)	(1,209,788)	(2,759,197)

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

	Canada	International	Corporate	Total
	(As Restated)	(As Restated)	(As Restated)	(As Restated)
Year ended December 31, 2024				
Statement of Financial Position				
Current assets	\$ 4,318,367	\$ 2,619,360	\$ -	\$ 6,937,727
Non-current assets	1,388,504	11,087,256	-	12,475,760
Current liabilities	7,333,315	1,269,908	-	8,603,223
Non-current liabilities	1,106,096	-	-	1,106,096
Statement of Operations and Comprehensive Loss				
Revenue	\$ 23,536,568	\$ 1,922,647	\$ -	\$ 25,459,215
Gross margin	11,624,823	570,044	-	12,194,867
Operating expenses	(13,397,834)	(2,260,270)	(2,178,999)	(17,837,103)
Net loss before tax	(1,052,778)	(1,347,998)	(2,178,999)	(4,579,775)

24. RESTATEMENT OF COMPARATIVE INFORMATION

During the preparation of the consolidated financial statements for the year ended December 31, 2025, the Company identified certain errors in amounts previously recognized and disclosed in its consolidated financial statements for the year ended December 31, 2024.

Management evaluated these errors, both individually and in aggregate, and concluded that they resulted in a material misstatement of the previously issued consolidated financial statements for the year ended December 31, 2024. Accordingly, the Company has restated the comparative financial information presented herein in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The errors principally relate to the following:

- (i) the company identified certain liabilities at SMGH totaling \$315,195 that were extinguished prior to 2024 but not removed from the balance sheet. The Company confirmed with the vendor that the liabilities were no longer outstanding as of December 31, 2023 and has derecognized the balance in the comparative period;
- (ii) an error was identified in the valuation inputs, specifically the expected annualized volatility, used in the historical measurement of certain equity warrants and stock-based compensation awards. This resulted in an understatement of \$609,453 in share-based compensation expense and in the share-based payment reserve within equity in the comparative period, as well as an understatement of warrant equity of \$621,734 and an overstatement of share capital for that same amount;
- (iii) the company identified an error in the reconciliation of the balance of HST payable, which resulted in an overstatement of the liability of \$350,804 in the comparative period;
- (iv) as described in Note 6, the Company did not fully recognize losses associated with certain biological assets in the comparative period. Specifically, certain harvested products were transferred to inventory at amounts that overstated fair value less costs to sell because the valuation did not appropriately reflect market restrictions applicable to those products. Because the harvest-date amount became the cost basis of inventory, inventory was overstated and unrealized losses were understated in the comparative period by \$703,445. In certain cases, a further write-down to net realizable value was also required after transfer.
- (v) The related income tax effect.

The impact of these revisions on the Company's previously reported consolidated statements is summarized below:

Consolidated statement of financial position as at December 31, 2024

Avicanna Inc.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

Line item	As previously reported	Adjustment	As restated
Inventory (iv)	\$ 3,933,443	\$ (703,445)	\$ 3,229,998
Total assets	\$20,116,932	\$ (703,445)	\$ 19,413,487
Accounts payable and accrued liabilities (i), (iii)	\$ 7,771,623	\$ (665,999)	\$ 7,105,624
Total liabilities	\$ 10,375,318	\$ (665,999)	\$ 9,709,319
Share capital (ii)	\$ 87,000,350	\$ (621,734)	\$ 86,378,616
Warrants (ii)	\$12,494,122	\$ 621,734	\$ 13,115,856
Share-based payment reserve (ii)	\$ 7,040,868	\$ 609,453	\$ 7,650,321
Deficit	\$ (102,090,161)	\$ (646,899)	\$ (102,737,060)
Total equity	\$ 9,741,614	\$ (37,446)	\$ 9,704,168

Consolidated statement of loss and comprehensive loss for the year ended December 31, 2024

Line item	As previously reported	Adjustment	As revised
Unrealized gain (loss) on changes in fair value of biological assets (iv)	-	\$ (703,445)	\$ (703,445)
General and administrative expense (iii)	14,670,448	\$ (350,804)	\$ 14,319,644
Share-based compensation expense (ii)	\$ 1,572,390	\$ 609,453	\$ 2,181,843
Net loss	\$ (3,617,681)	\$ (962,094)	\$ (4,579,775)
Comprehensive loss attributable to non – controlling interest	\$ (655,860)	\$ (344,688)	\$ (1,000,548)
Comprehensive loss attributable to Shareholders of the Company	\$ (4,075,526)	\$ (617,406)	\$ (4,692,932)

Consolidated statement of changes in equity for the year ended December 31, 2024

Line item	As previously reported	Adjustment	As revised
Share capital (ii)	\$ 87,000,350	\$ (621,734)	\$ 86,378,616
Warrants reserve (ii)	\$ 12,494,122	\$ 621,734	\$ 13,115,856
Share-based reserve (ii)	\$ 7,040,868	\$ 609,453	\$ 7,650,321
Deficit	\$ (102,090,161)	\$ (302,211)	\$ (102,392,372)
Non-controlling interest	\$ 7,428,755	\$ (344,688)	\$ 7,084,067
Total equity	\$ 9,741,614	\$ (37,446)	\$ 9,704,168

Opening Balance as at January 1, 2024

Line item	As previously reported	Adjustment	As revised
Accounts payable and accrued liabilities (i)	\$ 8,870,149	\$ (315,195)	\$ 8,554,954
Deficit (i)	\$ (98,714,758)	\$ 315,195	\$ (98,399,563)
Total equity	\$ 7,972,111	\$ 315,195	\$ 8,287,306

Avicanna Inc.**Notes to the Consolidated Financial Statements**

For the Years Ended December 31, 2025, and 2024

(Expressed in Canadian dollars, unless otherwise noted)

The adjustments did not affect the Company's cash and cash equivalents or total cash flows for any period presented.

25. SUBSEQUENT EVENTS

On February 10, 2026, the Company completed a private placement of 7,750,001 units at a price of \$0.20 per unit for gross proceeds of \$1,550,000. Each unit consisted of one common share and one-half common share purchase warrant. The Company intends to use the proceeds for general corporate purposes and working capital. The private placement was completed after December 31, 2025 and is considered a non-adjusting subsequent event. Accordingly, the consolidated statement of financial position as at December 31, 2025 does not reflect this transaction.