



AVICANNA™

YEAR IN REVIEW

2023

A transformational year for Avicanna

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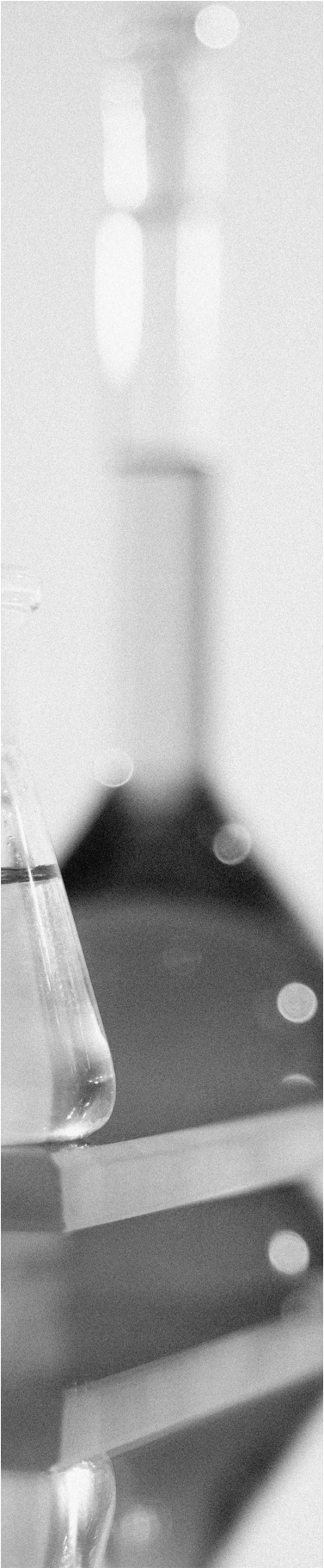
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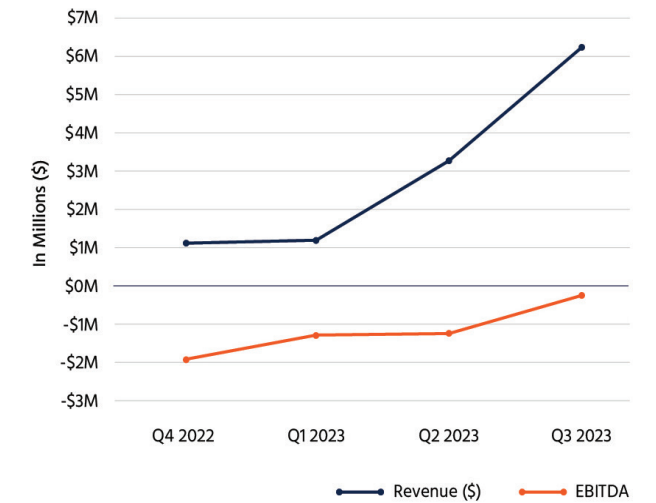


2023 Summary

Last year was a transformational and by far our most successful year where we experienced exponential revenue growth and fortified our leadership position as biopharmaceutical company in the medical cannabis industry. During the third quarter of 2023 alone, we delivered record revenues of nearly \$6.3M with stabilized consolidated gross margins of 46%, resulting in our best financial performance in terms of our EBITDA since IPO.

A priority focus during 2023 was our successful acquisition and integration of the Medical Cannabis by Shoppers business which launched our new medical cannabis care platform, MyMedi.ca. Today, the platform is providing a comprehensive medical cannabis solution to patients and the medical community featuring a diverse portfolio of products, a complete patient support program and educational programs.

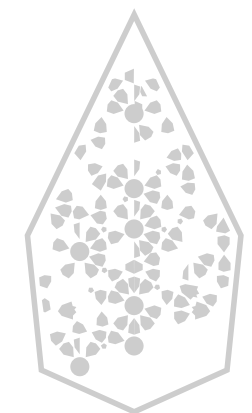
Our ongoing dedication to R&D and evidence-based product development continued during 2023 as we progressed several research initiatives that established pathways for our pharmaceutical products and international expansion. Additionally, we continued to demonstrate the potential value of our intellectual property with successful commercialization of our proprietary products particularly in Canada where we sold nearly 200,000 units. Additionally, our proprietary products are now available across 7 medical portals. We increased the number of active commercial SKUs to 27 and increased our number of commercial listings to 131 in 2023.



- ✓ Q3 2023 record revenue of \$6.25 million
- ✓ 9-month revenue of \$10.7 million, Y-Y increase of 270%
- ✓ Successful acquisition of the Medical cannabis by Shoppers business



- ✓ Successful launch of MyMedi.ca medical cannabis care platform
- ✓ 27 commercial SKUs in Canada, 131 commercial listings



Acquiring the Medical Cannabis by Shoppers Business and Introduction to MyMedi.ca

Initially announced in March 2023, Shoppers Drug Mart laid out its plans to transition its Medical Cannabis by Shoppers business to Avicanna. First launched in Ontario in January 2019, Medical Cannabis by Shoppers provided patients access to medical cannabis products from more than 30 licensed cannabis brands. Over the past four years, the platform supported tens of thousands of patients, and worked with patient groups to make access to medical cannabis easier.

We took over operations of the Medical Cannabis by Shoppers platform at the end of May during the transition period, and finally completed the acquisition and transferred operations to the new MyMedi.ca platform on August 1. To acquire this business unit, Avicanna purchased all the inventory from Medical Cannabis by Shoppers and entered into a two-year revenue share agreement. The transaction was non-dilutive yet significantly accretive to the Company, as it required no initial cash payments to be made by Avicanna to Shoppers Drug Mart for the transaction. This enabled us to dedicate resources to building the platform hire and integrate new employees to facilitate the transition, while minimizing disruption to patients revenue flow.



As part of the transition, Avicanna introduced MyMedi.ca, a new medical cannabis care platform designed to enhance the patient journey. MyMedi.ca has pharmacist-led patient support programs and aims to provide a similar product portfolio including various formats, brands, and competitive pricing.



- ✓ A multi-brand platform with over 200 SKUs, from more than 45 leading medical cannabis brands – one of the most diverse medical cannabis marketplaces in Canada.
- ✓ Training, medical education, products & services, and resources to facilitate the incorporation of medical cannabis into health care regimens including the Company’s own Avicanna Academy and the Canadian Consortium for the Investigation of Cannabinoid Syllabus.
- ✓ Pharmacist led and bi-lingual patient support programs, including specialty care services for distinct patient groups.
- ✓ Speciality services to Canada’s veterans, with dedicated programs including adjudication and good faith coverage for pre-approved patients.

“We are grateful for the trust placed in us by our medical cannabis patients over the past few years, and are confident we’ve found the right partner in Avicanna to continue to support them,” said Jeff Leger, President, Shoppers Drug Mart. “As we move away from medical cannabis distribution, we remain firm in our belief that this medication should be dispensed in pharmacies like all others and will continue our advocacy to that end.”

Successful Launch of MyMedi.ca

MyMedi.ca was launched in August 2023 as Avicanna’s new medical cannabis care platform that featured a diverse, scientifically curated portfolio of products from Avicanna and other Canadian licensed producers, and also featured pharmacist led patient support programs and educational resources to facilitate the incorporation of medical cannabis into health care regimens.

Since the launch:

- ✓ We successfully transitioned of over 96% of active patients from the legacy Medical Cannabis by Shoppers to MyMedi.ca and further grew the net new patient base by approximately 10%.
- ✓ We developed the infrastructure to offer insurance reimbursement services for patients through more than 15 private insurance providers and public institutions including 8 provincial worker safety boards and became the preferred vendor for WSIB Ontario and WSBC. Overall, insurance adjudication and reimbursement accounted for over 60% of MyMedi.ca sales.



- ✓ We established new relationships within a network of over 50 specialized clinics and medical institutions representing more than 1,500 healthcare providers.
- ✓ We facilitated the transfer and advancement of our previously announced real world evidence clinical studies, including the epidermolysis bullosa study in collaboration with the Hospital for Sick Children and

musculoskeletal pain and inflammation study with Sante Cannabis, through MyMedi.ca.

- ✓ We enhanced education for our own portfolio and inventory management that streamlined access to Avicanna’s 27 commercial products which represented 17% of sales resulting in a 40% increase in sales since the acquisition.

The most diverse and complete medical cannabis platform



RHO Phyto - Medical Cannabis Formulary

During 2023 we progressed in our commercialization efforts in Canada with particular focus on expanding access to our proprietary products including RHO Phyto across medical channels. We continued to see significant growth for the non-inhalation formulary through further adoption by the medical community and patients in Canada establishing an incredible proof of concept for the Company’s international growth plans.

RHO Phyto

Is Avicanna’s portfolio of 30+ proprietary medical cannabis products offered in a range of scientifically driven drug delivery systems including oral, sublingual, topical, and transdermal with varying ratios of cannabinoids. RHO Phyto products were enrolled in real world evidence clinical trials

with major clinical institutions including the Hospital for Sick Children and UHN. The portfolio also includes proprietary SEDDS technology capsules, designed for enhanced and rapid absorption of cannabinoids that are planned for commercialization and clinical development in 2024.



Successful Commercialization of Proprietary Cannabis 2.0 Products

We experienced growing demand for our proprietary (cannabis 2.0) products and extended access to select SKUs from our portfolio across other medical cannabis platforms including Medipharma’s platform Canna Farms and Canopy Growth’s platform Spectrum Therapeutics; our products are now available on 7 different medical cannabis channels which we believe represents approximately 50% of all the registered medical cannabis patients in Canada. Additionally, we experienced adoption and expansion of our proprietary SKUs in adult use channels which reached a total of 131 Canadian listings when combined with our medical listings.

These expansion efforts during the 3rd quarter, where in large part accomplished by translating R&D efforts from the lab to the market through an efficient and asset light manufacturing model, which saw 27 proprietary products manufactured through 6 specialized Canadian licensed producers, with whom we also have supply agreements for various products available on MyMedi.ca.



Canadian Commercialization Infrastructure

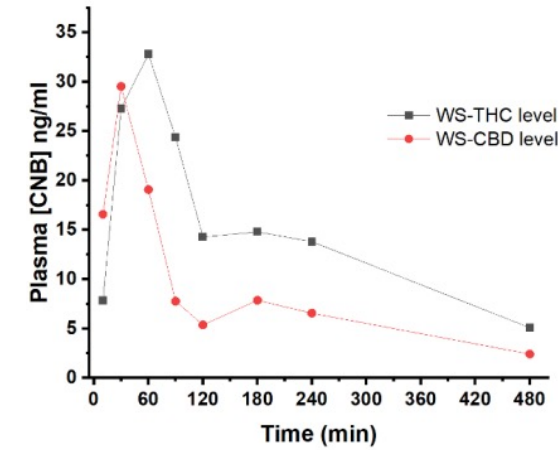
National Medical Channels		Provincial Retail Channels	
27		79	
Proprietary Commercial SKUs Across 4 Brands		Commercial Listings Across Medical Channels, Including 27 on MyMedi.ca	
7		131	
National Medical Cannabis Portals Offering Avicanna Products Including MyMedi.ca		Total Commercial Listings in Canada	

Viola Nano Drops Case Study

We further progressed in our exclusive agreement with Viola brands in Canada and launched 10 commercial SKUs including The Drop THC Extract which utilizes our proprietary Influid water soluble nano emulsion technology already available through several provincial boards including the Ontario Cannabis Store. Viola is an American social equity brand owned by NBA veteran Al Harrington.

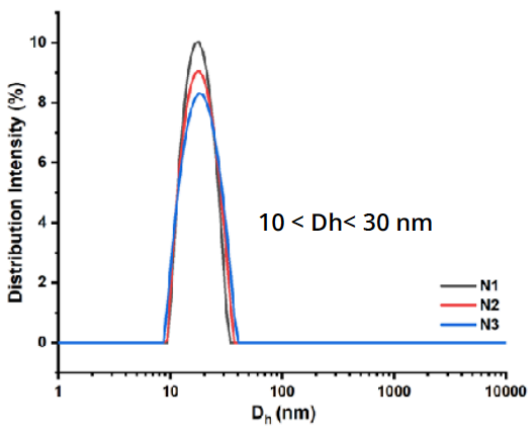
Viola Nano Drops

- ✓ Proprietary Self Nano Emulsion Cannabinoid Delivery System (SNEDDS) designed for enhanced absorption and rapid on-set of 15 minutes
- ✓ Designed for discrete administration into beverages with great dissolution properties
- ✓ Easy titration (e.g., Nanodrop 25 - 1 drop = 0.5 mg)
- ✓ Instant nano-emulsion (between <100 nanometers)
- ✓ Demonstrated long-term shelf-life stability



Animal Pharmacokinetic Study

- Pharmacokinetic study performed on animals confirms the fast absorption and on-set of SNEDDS with a plasma peak ranging between 30-60 minutes



Dynamic Light Scatter Study

- Instant formation of nano-emulsion in beverage ranging from 10 nm to 100 nm
- Increases cannabinoid absorption by increasing surface area in contact once ingested

International Efforts

We demonstrated our commitment to expanding our products and intellectual property globally. Our belief is that the international opportunity for cannabinoids will focus towards, cosmetic, medical, and pharmaceutical applications rather than adult use through having **completed transactions in over 20 international markets.**

Our majority-owned subsidiary Santa Marta Golden Hemp in Colombia continued to deliver high-quality, accessible API to parties under various agreements globally for medical and pharmaceutical applications under the Aureus Santa Marta brand. Since its establishment 6 years ago, SMGH provided Avicanna with its own dependable and economical source of cannabinoid API and this past 3rd quarter saw continued utilization of these high-quality inputs for our own drug candidates and pharmaceutical preparations. This included

our 10% CBD pharmaceutical preparation which will be marketed under different labels including our own Trunerox™ which had been in review for marketing authorization with 3 regulatory agencies in Brazil, Ecuador, and Colombia during this past 3rd quarter.



Dedication to Research and Development

With 6+ years of R&D, preclinical and clinical development on cannabinoids, we established a cannabinoid-based scientific platform and continued to develop its intellectual property portfolio. Avicanna's dedication to product development and evaluating the potential role of cannabinoids for therapeutic benefit continued to be the focus and had been at the core of the Company's vision since its inception. We successfully developed and delivered 31+ commercial products from our scientific platform where we own all related intellectual property.

During 2023 we continued to advance our discovery and pre-clinical projects with major Canadian institutions and introduced a new collaboration with Dr. Jessica Kalra's group at the Applied Research Centre at Langara College. Dr. Kalra's group will be collaborating with Avicanna's R&D team to perform expand in vitro and in vivo research of our drug delivery systems and commercial formulations

under the RHO Phyto™ brand. The outcomes of the research collaboration would look to gain a better understanding of the absorption, pharmacokinetic and pharmacodynamic properties of the formulations, which may contribute towards product pipeline developments.

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





Medical Affairs and Education

In line with our commitment to advance education related to medical cannabis and support the incorporation of medical cannabis into the standard of care, in 2023 we made significant progress through internal developments and external partnerships.

Internal efforts included the education and training of patients through our patient support programs and our ongoing efforts to train the medical community through Avicenna Academy and the MyMedi.ca platform. Additionally, we are proud to have partnered CCIC who championed the advancement of evidence-based research and education on the endocannabinoid system in Canada. Aligning with the launch of MyMedi.ca and our commitment to advance medical cannabis access, we believe that the Canadian Cannabis Syllabus had been an effective tool to provide education for healthcare providers and provide information to support the adoption of medical cannabis by the medical community.



 AVICENNA ACADEMY	 CCIC* Canadian Consortium for the Investigation of Cannabinoids
<ul style="list-style-type: none">• Introduction to Cannabinoid based medicine• Practical & Clinical consideration for the prescriptions of cannabinoid based medicine• Case Study Based Learning• Understanding RHO Phyto Portfolio	<ul style="list-style-type: none">• Introduction to the Endocannabinoid System Cannabis Basics• Cannabis Use Disorder• Acute Adverse Effects, Drug interactions and Contraindications of Cannabis• Cannabis Policy in Canada

Financial Highlights

We achieved record revenue of \$6.25 million during the third quarter of 2023, representing an increase of 90% over the previous quarter and 713% over the same period last year. The nine-month revenue of \$10.7 million, represented a major milestone in the Company’s history and a 269% increase from the same period last year. During the nine-months ending September 30, 2023, we saw an increase of only 23% in SG&A compared to 2022 when combined with a significant revenue increase, demonstrated scalability of the business model, and resulted in the best financial performance in the Company’s history with an adjusted EBITDA loss of \$473,650 for the three-month period.

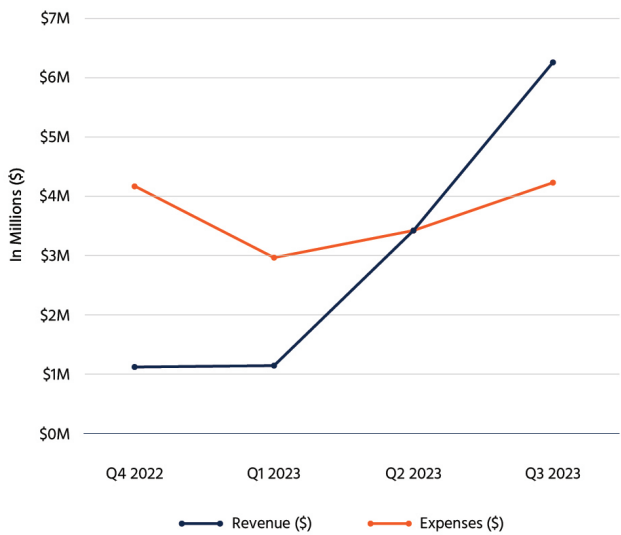
During the third quarter of 2023, the average gross margins of MyMedi.ca was 46%, and the Company expects to see further margin improvements through the increase in sales of our own products which offer a significantly higher margin opportunities than the sales of products purchased wholesale. At the end of 2023, our own products made up 17% of sales on the MyMedi.ca platform.

Outside of MyMedi.ca, our Canadian sales experienced a 34% growth compared against the same nine-month period in 2022, from \$1.2 million to \$1.6 million in the current nine-month period, and almost doubled in units sold, from 64,000 to 127,000 in those same periods, respectively.

We continued to drive cost control measures which resulted in operating costs increasing by only 23% for the nine-month period and an adjusted EBITDA loss of \$3 million; compared against an EBITDA loss of over \$5 million during the same period in 2022. In looking at this past 3rd quarter specifically, there was an adjusted

EBITDA loss of \$473,000, compared against EBITDA loss of \$1,848,637 in Q3 2022 – this reflects our lowest quarter to date.

We will continue to drive down costs with the goal, based on our current rate of progress, of being EBITDA positive by the first quarter of 2024.



A Look Ahead

The financial and performance this past year clearly showed that 2023 was an incredibly progressive and significant year for the Company. We are optimistic about the year ahead and believe we have paved the path to further scale our commercial efforts towards becoming EBITDA positive in the near future.

As we look to 2024, our focus will be to continue to serve our valued patients, continue to work towards firmly establishing our position as a leading medical cannabis provider in Canada, and continue to focus on developing our science and intellectual property. We aim to focus on efforts to advancing our R&D, clinical development projects and commercializing our pharmaceutical preparations as we aim to establish our leadership position as a biopharmaceutical company internationally as well.

As the founding CEO who witnessed every phase of evolution in this company, I am very proud of my team’s execution and resilience during the difficult past few years. I want to thank everyone that had a part in this for their dedication and unwavering support.

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