AVICANNA INC.

AVICANNA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2022

May 12, 2022

Special Note Regarding Forward-Looking Statements

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

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

This MD&A was prepared by management as of May 12, 2022 and is supplemental to and should be read in conjunction with the Company's condensed consolidated interim financial statements (the "Financial Statements") for the three months ended March 31, 2022, and the accompanying notes thereto. The information contained in this MD&A is presented as of the date of the MD&A and is current to that date unless otherwise stated. The results reported herein have been derived from consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

All amounts are expressed in Canadian dollars unless otherwise noted.

This MD&A is intended to assist the reader in better understanding operations and key financial results as of the date of this report. The Financial Statements and this MD&A have been reviewed and approved by the Company's Board of Directors on May 12, 2022.

Introduction

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

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

2. *Part 2 – Results of Operations.* This section provides an analysis of operations for the three months ended March 31, 2022.

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

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

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

Part 1 – Business Overview

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

Avicanna is a Canadian commercial-stage biopharmaceutical company established in research, development, and commercialization of evidence-based cannabinoid products for the global consumer, as well as medical and pharmaceutical market segments. Avicanna conducts its own R&D and collaborates with leading Canadian academic and medical institutions in conducting its further R&D in Canada. Avicanna has an established scientific platform that includes R&D and clinical development which has led to the commercialization of over thirty products across four main market segments:

Medical Cannabis & Wellness Products

Marketed under the RHO Phyto™ brand, these medical and wellness products are a line of pharmaceutical-grade cannabis products containing varying ratios of cannabidiol ("CBD") cannabigerol ("CBG") and tetrahydrocannabinol ("THC"). The portfolio contains a full formulary of oral, sublingual, topical, and transdermal deliveries with a range of cannabinoids ratios and doses. The formulary is supported by ongoing consumer, patient, and medical community education and training. Avicanna's medical and wellness product portfolio also forms the foundation of the Company's pharmaceutical pipeline to provide insight related to consumer behavior well as the data generated from sales and participation of the products in real world evidence studies.

Market opportunity

RHO Phyto has been established as a leading medical brand in Canada and is expanding across Canadian and International channels. The brand is currently available nationwide to patients in medical channels across Canada including a strategic partnership with Medical Cannabis by Shoppers™, a subsidiary of Shoppers Drug Mart Inc.™, several other medical portals as well as the Odette Cancer Centre pharmacy of Sunnybrook Health Science Centre, a major hospital group in Canada. The products are also available in adult-use sales channels through provincial retailers in five provinces.

These products are expanding into other international markets including the Caribbean region through Barbados and are also commercialized in Colombia under the magisterial legislation supported by comprehensive programs including education and patient support.

CBD Derma-Cosmetic Products

Marketed under the Pura H&W™ or Pura Earth™ brands, these registered, clinically tested, derma-cosmetic products include a portfolio of functional CBD topical products.

Market opportunity

The Pura branded derma-cosmetics products are expanding internationally as one of the few clinically backed and international CBD skin care brands. Currently available nationwide across Canada in medical sales channels and in adult-use sales channels through retailers in four provinces.

These products are also currently being sold in other countries under cosmetics designations including USA, Colombia, Ecuador, and anticipated to be launched in the UK, and certain Latin American countries during 2022.

Pharmaceutical Pipeline

Leveraging Avicanna's scientific platform, vertical integration, and real-world evidence, Avicanna has developed a pipeline of indication specific drug candidates that are in various stages of clinical development, registration, and commercialization. These cannabinoid-based drug candidates are designed to address unmet medical needs in the areas of dermatology, chronic pain, and various neurological disorders.

Market opportunity

These indication-specific pipeline of products are intended to be marketed once drug applications have been submitted and approved from national drug agencies including the Latin American health authorities such as National Health Surveillance Agency ("ANVISA") in Brazil. Specific drugs from Avicanna's pharmaceutical pipeline including Trunerox™ have completed technological dossiers and are in registration stage across several Latin American countries through strategic partnerships with local pharmaceutical companies. These are necessary for generic and phyto-therapeutic drug registrations, which rely on existing clinical evidence for marketing authorization with initial approvals expected in 2022.

Cannabis Raw Materials, Seeds, and Bulk Formulations

Marketed under the Aureus™ brand, the Company's raw material business has successfully completed sales to 13 countries. Aureus offers cannabis dried flower, standardized seeds, full spectrum extracts, and cannabinoid distillates, isolated cannabinoids (CBD, THC, CBG and other rare cannabinoids), and bulk formulations derived from hemp and cannabis cultivars through its organic, economical, and industrial-scale subsidiaries based in Colombia. Most of the Aureus products are produced at Santa Marta Golden Hemp S.A.S. ("SMGH"), the Company's majority-owned subsidiary, which is also Good Agricultural, and Collection Practices ("GACP") certified and United States Department of Agriculture ("USDA") National Organic Program certified for its hemp cultivar.

Market opportunity

The cannabis raw materials supplied by Avicanna's Colombian subsidiaries form part of the Company's supply chain and source of reliable input products for its consumer retail, medical cannabis, and pharmaceutical products for Global markets. Avicanna's raw material business unit is also dedicated to providing consistent, high-quality source of input materials for the Company's global partners for use in the development and production of food, cosmetic, medical, and pharmaceutical products.

The Company has formed several strategic supply relationships and has exported raw materials and bulk formulations from Colombia into 13 countries including Canada, the USA, Argentina, South Africa, Germany, Austria, Chile, Uruguay, Brazil, Peru, Czech Republic, Portugal and the UK to research and manufacturing purposes. Recently the Colombian regulations evolved to permit export of dried flower and biomass, which provides significant new opportunities for existing channels. Avicanna's Aureus division is positioned to supply the emerging cannabis sector with raw input materials for food, cosmetic, medical, wellness, and pharmaceutical use in addition to standardized seeds required for cultivation projects, particularly in South America.

Q1 2022 and subsequent event highlights

Q1 2022 highlights

- **Progressive commercial quarter in the Canadian market,** including approximately 35,000 units sold representing a 41% increase over last quarter and 765% increase over Q1 2021. This was driven by a 44% increase in the number of listings over the last quarter across medical and adult use channels.

- **Revenue of $1.04M, representing 283% increase from the same period in the prior year** and a $0.01 net income per share compared to ($0.14) net loss per share in Q1 2021.

- **Significant progress in on-going cost reduction initiative,** demonstrated through $2M SG&A and a 28% reduction from $2.85M in Q1 2021. Adjusted EBITDA of ($1.59M) compared to ($2.67M) in the same period in the previous year**,** representing a 40% improvement in EBITDA quarter or quarter.

- **2022 strategy and guidance release including the Company's forecasted revenue of $9M** from global operations, which is expected to be led by the anticipated sales of approximately 310,000 units of proprietary cannabinoid-based products.

- **Supply Agreement with Chilean Pharmaceutical Pioneer Knop Laboratorios S.A. ("Knop")** Expansion of the relationship, originally established in 2020. Supply of Avicanna's active pharmaceutical ingredients for existing commercial and pipeline of pharmaceutical products in South America.

- **Strengthens its board and executive team** with two seasoned pharmaceutical executives including the appointment of Eileen McCormack to the Board of Directors and Stephen Kim as the Chief Legal Officer.

- **Strategic Partnership with Tetra Bio-Pharma,** which will encompass three potential strategic pillars across supply of API, commercialization of prescription products, and co-development of pharmaceutical drug candidates.

- **Commenced of Epidermolysis Bullosa studies with the Hospital for Sick Children,** the study led by Dr. Elena Pope is analyzing the efficacy of the company's dermatological pharmaceutical product on rare skin disease.

- **The Company successfully closed a $2.5M, non-brokered private placement** at $0.35 cents per unit. Each common share entitles the holder to half warrant exercisable at $.40 per share.

- **Advancements in the pharmaceutical and medical cannabis pipeline,** including the completion of the company's first international drug dossier for Trunerox and the completion of several medical cannabis pipeline products including water soluble formulations.

Other highlights subsequent to Q1 2022

- **Exclusive License and Supply Agreement with Major South American Pharmaceutical Company,** to commercialize up to four (4) of Avicanna's proprietary cannabinoid-based pharmaceutical preparations. Through the license and supply agreement, Avicanna will license the Company's intellectual property and supply finished pharmaceutical products starting initially with its proprietary 10% cannabidiol oral preparation. In connection with the partnership Avicanna can earn up to $1.3M CAD in initial licensing fees through achieving near-term milestones.
- **$1.5M Strategic private placement with lead investor Ei. Ventures, Inc.**, a technology company which seeks to empower mental wellness through psychoactive compounds, nutraceuticals and technology, with additional participation from other investors
- **Expansion RHO Phyto formulary with the Cannabigerol (CBG) products** into the Canadian Market, including oral, sublingual, and transdermal formulations which will be made available through various medical and adult-use channels across Canada by Q3 2022
- **Partnership with Bio-Gate AG in Germany,** to expands its Derma-Cosmetics Brand Pura H&W™ into the European Union. The exclusive distribution agreement includes 5 SKUs from Pura H&W's evidence-based derma-cosmetics portfolio which will be commercialized through Bio-Gate's existing distribution channels with initial launches planned for Germany, Austria, and Switzerland in 2022

STRATEGY AND OUTLOOK

Summary of commercial activities

During the first quarter of 2022 the Company focused on further establishing its commercial infrastructure in Canada and continuing to advance all four of its brands across medical and adult use channels. In Canada, the Company operates with a lean and elastic model where it outsources manufacturing of its proprietary products and brands through several licensed producers allowing it to rapidly progress a strong footprint in the Canadian market within the growing wellness and medical segments.

Through its four commercial brands in Canada the Company ended the quarter with a total of 20 proprietary "cannabis 2.0" SKUs and increased its commercial listings by 44% to achieve 52 commercial listings across adult use and medical channels which then resulted in a 41% Q-Q growth with approximately 35,000 units sold in the quarter.

During the first quarter the Company focused its commercial efforts through medical channels with expansion into new medical portals and further fortified its strategic relationship with "medical cannabis by Shoppers" a subsidiary of Shoppers Drug with the addition of 2 new SKUs to reach a total of 15 available products across its platform.

	For the Three Months Ending March 31, 2021	For the Three Months Ending June 30, 2021	For the Three Months Ending September 30, 2021	For the Three Months Ending December 30, 2021	For the Three Months Ending March 31, 2022
CAD SKUs Commercial	5	10	10	16	20
CAD Medical Listings	5	7	10	13	17
CAD Provincial Listings	1	10	15	22	35
Aureus # of Countries with Sales	8	10	11	12	12
Pura # of Countries with Sales	3	3	4	4	4
RHO # of Countries with Sales	2	2	2	3	3

At a global level, the Company's progressed efforts to establish long term partnerships and supply agreements for finished wellness products and pharmaceutical drugs demonstrated by partnerships across Europe and South America during the period. The Company's Colombian-based vertical integration operation has established the foundation where the Company is able to export its genetics, active pharmaceutical ingredients, and finished products at a global level through strategic supply agreements.

2022 Strategy and Guidance

2022 is on track to be a pivotal year for the Company, where commercial initiatives through medical, wellness, skincare and pharmaceutical products are expected to yield more quantitative milestones across international commercial channels.

- Projected $9M in consolidated revenue from global operations, which is expected to be led by the anticipated sales of approximately 310,000 units of proprietary cannabinoid-based products.
- Anticipated increase in the number of "cannabis 2.0" SKUs across all four brands, coupled with additional listings that are expected to reach 60 by the end of 2022 in Canada.
- Expected expansion of existing evidence-based products to new medical channels and market share in Canada, motivated by the initial successful outcome of the partnership with Medical Cannabis by Shoppers™.

The Company is encouraged by the progressive regulatory environment, particularly towards medical and pharmaceutical applications of cannabinoid-based products at an international level over the past few years. It is expected that the Company's international operations will achieve growth, fortify its brands, achieve operational efficiencies, and facilitate new international market entrances, while advancing existing commercialization efforts.

- Anticipated marketing authorization and commercialization of its first pharmaceutical preparation into three new international markets.
- Anticipated expansion of proprietary and evidence-based skincare and wellness topical products into new international markets including the United Kingdom, European Union, and South America.
- New international markets expected for Aureus™ branded raw-material business units, including its standardized seeds and API, while delivering to existing partners.
- Projected progression and further development of its scientific platform, product pipeline and intellectual property portfolio, which is expected to be further supported by the scientific results of various clinical collaborations with various Canadian institutions.
- Management expects to concentrate on further operational efficiencies and optimization of the Company's commercial activities with the aim of achieving self-sufficiency towards the end of 2022.

Product Line & Brand	Canada - Medical	Canada - Adult Use	USA	Colombia	UK	Ecuador	Brazil	Mexico	Chile	Peru
RHO Phyto / Magisterial Medical	✔	✔		✔	2022					
Pharmaceutical Products	2024		2024	2022	2024	2022	2022	2022		2022
Pura H&W/Earth Dermacosmetics	✔	✔	✔	✔	2022	✔				
re+PLAY	✔	✔	✔							
Viola	✔	✔								
Aureus IP and/or Seeds			✔	✔	✔	2022	✔	2022	✔	✔

Note: The above table indicates expected launch dates, which are subject to regulatory approvals in each of the indicated countries, among other factors. See "Risk Factors".

New strategic partnerships during and post Q1-22

Exclusive license and supply agreement with an established South American pharmaceutical company, to commercialize up to four (4) of Avicanna's proprietary cannabinoid-based pharmaceutical preparations. The intellectual property related to Avicanna's proprietary cannabinoid-based pharmaceutical preparations was originally developed through the company's established drug delivery platform in Canadian. The pharmaceutical form of these formulations was then manufactured in Colombia, through the Company's global vertical integration, where the cannabinoid raw material is also sourced from the Company's cultivation and extraction infrastructure. Through various license and supply agreements, Avicanna will license the Company's intellectual property and supply finished pharmaceutical products starting initially with its proprietary 10% cannabidiol oral preparation. In connection with the partnership Avicanna can earn up to $1.3M CAD in licensing fees through achieving various milestones.

Strategic investment by Ei. Ventures, Inc., a technology company which seeks to empower mental wellness through psychoactive compounds, nutraceuticals, and technology, with additional participation from other investors.

Expands Pura H&W™ into the European Union through a Partnership with Bio-Gate AG, where they intend on expanding their existing research collaboration with the commercial distribution of Avicanna's evidence-based derma-cosmetic line Pura H&W™ into the European Market. The initial focus of the launch is the German-speaking regions of the continent including Germany, Austria and Switzerland, where Bio-Gate has an established distribution network of pharmacies and retail channels. In addition, Bio-Gate has the right to select 3 additional European countries for exclusive distribution within the first 12 months of the agreement.

Knop Laboratorios partnership in Chile

Since 2018, Avicanna and Knop have developed a collaborative enterprise which has led to commercial imports of Avicanna´s API, including CBD and THC, which has been used in the development, production, and commercialization of several cannabinoid-based products. In the fourth quarter, the Company has entered into a Master Supply Agreement with established Chilean pharmaceutical company Knop to supply a range of cannabinoid-based active pharmaceutical ingredients for the manufacturing, and commercialization of already commercial and pipeline of cannabinoid-based pharmaceutical products in South America

Knop is a Chilean pharmaceutical company and pioneer in herbal medicine with more than 90 years of experience in the field and active presence in several Latin American countries including Chile, Ecuador, Colombia, Bolivia, Paraguay, and Peru. With a GMP certified plant located in Quilpué, Chile, Knop Laboratorios serves its markets with high-quality pharmaceutical products. Knop has a wide portfolio of registered products, including Cannabiol®, a cannabinoid-based product already registered in Perú, and its own commercial infrastructure including strategic partnerships with over 80 "Knop Pharmacies" in Chile.

Medical Cannabis & Wellness Products Overview

Leading the Company's medical cannabis commercial efforts is the RHO Phyto formulary of products which include several oral, sublingual, and topical preparations in range of cannabinoid ratios and doses. RHO Phyto branded products are available to patients nationwide through a medical portal including partnership with Medical Cannabis by Shoppers Drug Mart™, where it has been established as one of the leading brands with consistent increase in units sold. Currently, in Canada, there are approximately 310,000 registered medical cannabis patients.

Avicanna has expanded the RHO Phyto formulary and its other brands into retail sales channels through Canadian provincial retailers since late 2021. This strategic initiative was to increase brand awareness and increase access to individuals who are using cannabis for wellness purposes. Currently, RHO Phyto products are available for sale in retailers in five (5) provinces in Canada, Alberta, Manitoba, New Brunswick, Ontario, and Saskatchewan.

Addressing Symptom Management and Establishing a Leadership Position with the Medical Community

Avicanna's education and commercial plans include information related to the line's potential in addressing a wide range of clinical indications, specifically including pain, sleep, appetite, anxiety, and depression that may be prevalent in wide range of various conditions. Avicanna's approach to evidence-based products with accurate dosing, established product stability, and optimized formulation with a view towards efficacy and safety, and in addition to making available training and education to the medical community has been well received by the medical community as supported by the instances where several select pharmacists, clinics, physicians, and medical institutions who have chosen the RHO Phyto brand for medical cannabis.

Partnership with Sunnybrook Hospital

In June 2021, sales commenced of Avicanna's RHO Phyto products pursuant to a relationship agreement with Sunnybrook Health Sciences Centre whereby Sunnybrook Hospital distributes the Company's RHO Phyto products to patients with appropriate medical authorization at Odette Cancer Centre pharmacy. This relationship has focused on increasing healthcare provider and patient education on medical cannabis products and provide patients with a one stop process for accessing plant-based cannabis for medical use, in coordination with their hospital healthcare team.

RHO Phyto product offerings

- **Micro Drops:** The Micro Drops are blood-orange flavoured and utilize Avicanna's inverted emulsion technology to provide absorption and shelf-life stability. The product is administered with metered dosing using an oral syringe that allows for accurate titration.

- **Rapid Act Sprays:** The oral sprays are lemon-mint flavoured and utilize Avicanna's sublingual delivery technology to provide a rapid acting effect. The product is administered discreetly, is easy to use, and delivers accurate, consistent dosing in every spray.

- **Deep Tissue Gel:** The water-based gels utilize Avicanna's deep tissue technology and combines cannabinoids with synergistic terpenes and natural excipients including menthol and beta-caryophyllene in a pharmaceutical-grade, airless pump.

- **Ultra CBD local cream:** The high CBD topical cream is designed for application on sensitive skin and free from THC and allergens including terpenes, perfumes and vitamins. Ultra CBD Topical Cream is, unscented, and oil based.

- **Pipeline:** The Company continues to advance its pipeline of medical products through its scientific platform and R&D infrastructure which includes novel drug delivery mechanisms including capsules, tablets, gummies and water-soluble formulations, in addition to the incorporation of rare cannabinoids into specific formulations.

SKU	Commercial Status	Delivery	Size	CBD	THC	CBG	Description
RHO Phyto							
Micro Drop 2:50	Commercial	Oral Drop	30 mL	1500 mg	60 mg	-	High CBD Oil
Micro Drop 5:20	Commercial	Oral Drop	30 mL	600 mg	150 mg	-	Balanced CBD Oil
Micro Drop 50 CBD	Commercial	Oral Drop	30 mL	1500 mg	-	-	THC-Free High CBD Oil
Micro Drop 100 CBD	Q2-22	Oral Drop	30 mL	3000 mg	-	-	THC-Free Very High CBD Oil
Micro Drop THC 10:0	Commercial	Oral Drop	30 mL	60 mg	300 mg	-	Low Dose THC Oil
Micro Drop CBG 20:10:10 THC:CD:CBG	Q2-22	Oral Drop	30 mL	300 mg	600 mg	300 mg	CBG:CBD:THC Oil
Rapid Act Spray 40 CBD	Commercial	Sublingual Spray	15 mL	600 mg	-	-	THC-Free CBD Spray
Rapid Act Spray 2:40 CBD	Commercial	Sublingual Spray	15 mL	600 mg	30 mg	-	High CBD Spray
Rapid Act Spray 10:20 CBD	Commercial	Sublingual Spray	15 mL	300 mg	150 mg	-	Balanced Spray
Rapid Act Spray 20:10 CBG:THC	Q2-22	Sublingual Spray	15 mL	30 mg	300 mg	-	THC:CBG Spray
Extra Strength Deep Tissue Gel (5:0.2)	Commercial	Transdermal Gel	50 mL	250 mg	10 mg	150 mg	CBG Transdermal Gel
CBG Transdermal Relief Gel (20:5)	Q2-22	Transdermal Gel	30 mL	600 mg	30 mg	150 mg	High CBD &CBG Transdermal Gel
Ultra CBD Topical Cream	Commercial	Transdermal Gel	30 mL	900 mg	-	-	High CBD Local Cream

Expansion and growth strategy

- **Expansion to new medical channels:** The Company is expanding access to its Canadian product offerings to more patients and physicians through new channels and partnerships. The Company's exclusivity with Medical Cannabis by Shopper's ™ expired in Q1 2022 allowing for the potential expansion of its products to other medical cannabis distribution platforms.

- **Expansion within adult use markets:** Expansion into new adult use channels including new provincial boards and retailers and the expansion of product offerings across all four commercial brands in the currently commercialized provinces.

- **Establishment of the wellness category:** In partnership with provincial boards and distinct premium retailers in Canada, Avicanna's product lines are well positioned for the wellness category, where consumers will have access to standardized and non-inhalation cannabis products without the requirements of medical documentation. Avicanna's team is working closely with retailers to provide in store assets and training required to slowly establish the category and place its products as within the growing segment. This in turn can expand the market size and expand the potential consumers for retailers from the "cannabis connoisseurs" to a wider audience interested in the wellness benefits of cannabis products.

Category	Channel	Primary Demographics	Psychographics	Utility	CAD Brand	CAD Products
Recreational	Online & Retail	Young adults	Early adopters & Connoisseurs	Social Mood enhancement	VIOLA.	Oral, sublingual, inhalation
Wellness	Online & Retail	Young to Middle aged adults	Early adopters & Healthy lifestyle	Lifestyle Health & well being	PURA EARTH™ re+PLAY RHO™ PHYTO	Oral, sublingual, topical
Medical	Online, Retail Shopper's Drug Mart	Middle aged adults to Aging population	Open minded, Educated	Well being & Unmet medical needs	PURA EARTH™ re+PLAY RHO™ PHYTO	Oral, sublingual, topical
Clinical	Shopper's Drug Mart Hospital Pharmacies	Medical patients	Conservative	Unmet medical needs	RHO™ PHYTO	Oral, sublingual, topical

Canadian segmentation strategy describing market opportunities for the four brands in Canada across medical and adult use channels.

- **Expansion into major hospitals:** Avicanna will leverage its established relationships with the Canadian medical community to meet the growing demand for access to standardized cannabinoid medicine in the medical community. The Company will look to increase its footprint of RHO Phyto in Canadian hospitals with appropriate infrastructure to store and dispense qualified medical cannabis products.

- **Expansion of SKUs:** Since the initial launch of RHO Phyto in Canada with two SKUs of micro drops in the third quarter of 2020, the Company has continued to expand the product offerings and continues to introduce additional doses and deliveries of products desired by the medical community and patients. The Company expects to have 14 SKUs of RHO Phyto and a total 25 SKUs commercial in Canada by the end of 2022.

- **International expansion:** The RHO Phyto products have been successfully commercialized in Canada, Colombia, and Barbados establishing the basis for a "proof of concept" for North America, the Caribbean, and South America where there has been initial patient, consumer and medical community adoption. The Company will look to expand its product offering in Canada and other potential markets in 2022 and beyond, as the Company hopes that international regulations continue to be progress positively towards medical cannabis.

CBD Derma-Cosmetic Products

Marketed under the Pura H&W™ brand[1], or private-label brands, the Company's consumer retail products form a line of natural skincare products utilizing the benefits of hemp-derived CBD with synergistic natural ingredients. This line of products is believed to be one of the first known CBD-based skincare lines that includes the participation of three products in human studies, each with approximately 50 subjects where both safety and efficacy were assessed. The results of the studies are positive – please see "Cosmetic clinical trials" below.

[1] The Company markets its CBD skincare products under its Pura Earth™ brand in some jurisdictions.

Pura product offerings are categorized in four distinct groups where several SKUs are available in specific markets:

- **Beauty line**
    - **Anti-aging cream -** Luxurious combination of CBD and Japanese cedar bud extract that floods the skin with moisture to visibly improve natural lifting, toning and smoothing effects.
    - **Anti-aging serum –** A clinically backed emulsion gel that combines CBD with stem cells from a rare variety of Swiss apple to deliver powerful ingredients to the skin. A refreshing and fast absorbing formula maximizes results for bouncy, glowing skin.
    - **Under eye cream –** A formulation of CBD and ash tree bark extract gently moisturizes the delicate area under your eyes and may help reduce the appearance of dark circles.
    - **Dark spots cream -** The triple effect of CBD, kiwi and sophora root extract is formulated to help reduce the appearance and number of dark spots.
- **Specialized care line**
    - **Clear skin gel –** A clinically backed formulation combining CBD with rosemary extract, tea tree oil and other ingredients to help manage oil and provide fresher looking skin.
    - **Intensive moisturizing cream** – A clinically backed and rich combination of CBD and colloidal oatmeal designed to help soothe extremely dry skin.
- **Wellness line**
    - **Cooling gel -** Go-to essential combines CBD & CBG with menthol, clove and other unique ingredients and natural polyphenols in an advanced emulsion formulation. This non-greasy formula is ideal for those moments when you need to cool sore spots after physical activity.
- **Moisture and protection line**
    - **Skin protecting facial lotion PM -** Overnight cream that combines CBD, pro-retinol, and vitamin E, which work together to hydrate your skin while you rest.
    - **Skin protecting facial lotion AM -** Lightweight moisturizer combines CBD and vitamin E, which protects against drying effects and to boost skin’s glow.
    - **Skin protecting body lotion -** Fast absorbing creamy lotion with CBD a touch of shea butter for total body application.

Cosmetic clinical trials

The first clinical trial completed by Avicanna evaluated Pura H&W topical cream containing 0.5% cannabidiol and 1% hemp seed oil on 49 adults. The study achieved its primary endpoint of increased skin hydration in people with dry skin. Avicanna's second study evaluated its Pura H&W facial cream containing 0.5% cannabidiol and 0.1% hemp oil on skin hydration and characteristics associated with acne-prone skin. In total, 49 self-assessed oily or acne-prone healthy adults had enhanced hydration. Furthermore, a significant decrease in oily skin was evident in a subset of individuals with higher sebum production. Avicanna's third study evaluated the effect of its Pura H&W topical serum containing 1% cannabidiol and apple stem cells on skin characteristics associated with aging. A total of 48 participants were evaluated over a two-month period. The results indicate an enhanced skin hydration effect following application of the cream and after 2 months of use.[2]

re+Play sports performance products

Through the partnership between Avicanna and Harrington Wellness, the performance-based CBD wellness brand that Harrington Wellness built with the fundamentals and combined knowledge of scientists, athletes, doctors, and certified athletic trainers, has been commercialized by Avicanna across adult use and medical channels in Canada and is supporting the launch of the brand in the United States that is led by the Harrington Wellness team.

- **Muscle Rub (Pro)** - A water-based emulsion that combines 500 mg of pure Cannabidiol ("CBD") with complementary natural active ingredients including menthol, camphor, and the terpene beta-caryophyllene. The intense formulation offers a warming sensation upon application and is formulated to enhance delivery into deeper layers of skin.
- **Total Body Cream** - A water-based emulsion that combines 250 mg of pure CBD with complementary natural active ingredients including menthol, beta-caryophyllene and eucalyptus essential oil for an immediate cooling sensation with a light scent.
- **Foot + Ankle Cream** - A rich cream that combines 500 mg of pure CBD with soothing colloidal oatmeal as well as antimicrobial tea tree and spearmint essential oils to provide a cool but gentle sensation on feet. This fast-absorbing, lightly scented cream is formulated to enhance delivery into deeper layers of skin.

Viola brands partnership in Canada

Avicanna's partnership with Viola brings the equity-focused brand founded by NBA veteran, Al Harrington, to Canada for the first time. Initial products will be available nationwide on the medical cannabis by Shoppers online platform followed by adult use channels including Ontario, Saskatchewan, and New Brunswick. Through the Company's multi-level partnership with Viola, Avicanna is responsible for managing the overall commercialization of all Viola-branded products in Canada through its manufacturing, distribution, and sales infrastructure. Founded in 2011 by NBA veteran Al Harrington, Viola is one of the leading producers and licensed wholesalers of premium quality cannabis products in the United States with its footprint across 4 States. Viola's mission is to increase minority representation and provide greater employment opportunities to Black and other under-represented communities in the cannabis industry.

[2] Study details are published on clinicaltrials.gov as interventional clinical trials.

Pharmaceutical pipeline and products

The Company continues to make progress on clinical development of its pharmaceutical pipeline and is exploring several pathways to submit drug applications for marketing authorizations with national drug agencies such as the US FDA, Health Canada, and Latin American health authorities including ANVISA in Brazil and INVIMA in Colombia.

- ***Marketing authorization and commercial pathways***:
    - **Generic pharmaceutical** (LATAM market - expected commercialization 2022)
    - **Natural drug or Phyto-therapeutic designations** (LATAM market - expected commercialization 2022)
    - **Rare disease pharmaceutical pipeline** (Canada, EU, LATAM markets - expected commercialization 2024)
    - **Over the counter** (LATAM markets - expected commercialization 2023; Canada, USA, EU markets - expected commercialization 2024)
- **Trunerox ™ – 10% CBD (100 mg/ml Cannabidiol)**
    - Pharmaceutical preparation under GMP standards with completed technical dossier.
    - Expected marketing authorization during 2022 in Colombia, Ecuador, Argentina, Mexico and Brazil.
    - Utilizing Avicanna's proprietary formulation and vertical integration to deliver a pharmaceutical CBD preparation into the Latin American Markets.

Drug Development Program	Delivery	Development status	Clinical status	Registration
Refractory Epilepsy Trunerox™	Oral	✔	-	Generic Pharmaceutical
Multiple Sclerosis	Sublingual	✔	-	Generic/Phyto-therapeutic
Chronic Pain	Oral	✔	-	Phyto-therapeutic
Anxiety and Depression	Oral	✔	-	Phyto-therapeutic
Epidermolysis Bullosa	Topical	✔	Pre-clinical	Orphan Drug
Osteoarthritis	Topical	✔	Pre-clinical	Pharmaceutical
Seizure and Sudden Death - Epilepsy	Oral	In Development	Pre-clinical	Orphan Drug
Neuropathic Pain	Oral	In Development	PK Studies	Orphan Drug

Scientific platform

With 5+ years of R&D, preclinical and clinical development on cannabinoids, Avicanna has established a cannabinoid-based scientific platform and developing an intellectual property portfolio. Avicanna's dedication to product development and evaluating the potential role of cannabinoids for therapeutic benefit has been at the core of the Company's vision since its inception. The Company has successfully developed and delivered 31+ commercial products from its scientific platform where it owns all related intellectual property. Key attributes of Avicanna's platform include:

- 31+ proprietary commercial products;
- 7 Canadian Government research grants awarded since 2020;
- 7 pending patent applications;
- Drug development pipeline, including sustained release tablets, transdermal patches and nano participle formulations;
- 4 Health Canada cannabis research licenses issued to Avicanna or institutional collaborators over the past 4 years; and,
- Academic and clinical collaborations over the past 4 years: Hospital for Sick Children, University of Toronto, University of Guelph, University Health Network, Charles River, Thompson Rivers University and Sunnybrook Health Sciences Centre (Hospital).

Pre-Clinical and Clinical Development

Avicanna's preclinical and clinical development is conducted in collaboration with leading university and hospital partners. In collaboration with our research partners, we have successfully obtained seven peer-reviewed government grants supporting our research projects over the past two years. All formulations developed and data generated in collaboration with our partners are considered Avicanna Intellectual Property. Highlighted below are some of the Company's ongoing research projects.

- Through the **University of Guelph** in collaboration with Dr. Jibran Khokhar, Avicanna's RHO Phyto products are undergoing pharmacokinetic, electrophysiological, and behavioral evaluation with comparison to basic MCT oil products. Additionally, various cannabinoid ratios and terpenes are being evaluated with Avicanna formulations in animal models of addiction and withdrawal from alcohol and nicotine, and neuropathic pain for pharmaceutical development.
- The collaboration with the **University Health Network** and Dr. Peter Carlen is focused on evaluating Avicanna's formulations with various cannabinoid and terpenes ratios for reduction of seizure frequency and severity in various preclinical models related to epilepsy as a part of the company's pharmaceutical pipeline.
- The collaboration with Thompson River University led by Dr. Kingsley Donkar and team is focused on evaluating optimal cannabinoid and terpenes ratios for their effect on various bacteria and fungi in addition to the assessment of those ratios anti-inflammatory effects on tissue models including lung, nasal and airways caused by the COVID-19 virus.

Partner Institution & Researcher	Project Highlights	Project Status
University of Guelph - Dr. Jibran Khokhar	Preclinical pharmacokinetic and behavioral analysis of RHO Phyto products in comparison to MCT based products. Drug discovery for cannabinoid-based products in animal model of alcohol and nicotine addiction for attenuating withdrawal side effects. Drug discovery for cannabinoid-based products for decreasing pain in preclinical model of neuropathic pain.	Pharmacokinetic study: analysis of results expected in Q2-2022. Animal model of toxicosis completed – Commencing treatment study Q2 2022. Animal model of addiction completed – commencing treatment study Q3 2022. Currently, evaluating neuropathic pain model and expecting study to commence Q4 2022.
University Health Network - Dr. Peter Carlen	Filed US patent application for a novel Cannabinoid formulation in reducing incidence of seizures and sudden unexpected death in Epilepsy in Q4 2021.	Completed set up of epilepsy in organoid model to be used for high throughput testing of Avicanna's formulations. Avicanna's formulation to be tested in Q2 in an in vivo Epilepsy model to substantiate provisional patent filed. All on-going studies continue to evaluate other cannabinoids in various ratios for their effects on seizures.
Hospital for Sick Kids – Dr. Elena Pope	Evaluation of Avicanna's 3% CBD cream in a real-world observational trial for individuals with various dermatological conditions including epidermolysis bullosa patients.	Study commenced Q1 2022. Expected completion Q4 2022. Results from the study are expected to supported application to Health Canada for Clinical Trial.
Thompson Rivers University – Dr. Kingsley Donkar	Evaluation of various ratios for cannabinoids in Avicanna formulation in tissue model of inflammation. Evaluation of cannabinoids for antibacterial effects.	Testing of tissue models of inflammation began in Q4 2021 and expected to finish Q1 2022. Results from study will be completed by Q2 2022. Testing of various combinations of cannabinoids for antibacterial effects including bactericide, biofilm and minimum inhibitory concentrations expected to be completed end of Q2 2022.

The Real-World Evidence Opportunity

The commercial availability of RHO Phyto in Canada has led to the inclusion of RHO Phyto products in a number of real-world evidence ("RWE") trials on specific therapeutic indications and patient populations. RHO Phyto products are participating in the University Health Network's Medical Cannabis Real-World Evidence (MC-RWE) clinical study led by Dr. Hance Clarke. The prospective, non-interventional, observational study will examine the efficacy of a select group of medical cannabis products on patient reported outcomes of pain, sleep, depression, and anxiety. The study will track patients' use and symptoms over a 6-month period.

Recently, Avicanna launched its pharmaceutical candidate for epidermolysis bullosa under medical cannabis legislation in Canada. This product has been included in RWE studies focused on specific endpoints related to the dermatological conditions and assessed by Dr. Elena Pope as a part of a long-term collaboration with the Hospital for Sick Children. Additionally, this product will be participating in the MC-RWE focused on patient reported outcomes on pain, sleep, anxiety, and depression.

Data derived from RWE trials in Canada is expected to be a component of an overarching imperative of minimizing risk and maximizing efficacy from industry-leading research and development. The data is also expected to be utilized in the optimization of formulations, enhancement of clinical protocols, prioritization of pharmaceutical trials, and educational materials for the medical community.

Pharmaceutical trials

Avicanna's pharmaceutical products follow the traditional drug discovery and development process for submission to the applicable governmental agencies, such as Health Canada, of a drug application for approval and market authorization. Avicanna's pharmaceutical products use only plant-derived cannabinoid extracts, purified cannabinoids, including distillates and isolate. Avicanna's initial pipeline of pharmaceutical products look to address pain, dermatology, and various neurological disorders.

Epidermolysis Bullosa: The Company is continuing discussions with Health Canada in relation to the submissions required for the clinical trial to study the effects of its 3% CBD cream on pediatric patients suffering from Epidermolysis Bullosa. Recently the Company commercialized the 3% CBD cream under medical cannabis legislation in Canada to conduct prospective observational studies with h Dr. Elena Pope and the Hospital for Sick Children.

Neuropathic Pain in Sickle Cell Disease: The prevalence study for neuropathic pain in patients with Sickle Cell Disease ("SCD") at the University of the West Indies ("UWI") in Jamaica was completed with a total of 257 patients were screened for the study. The data provided sufficient evidence of neuropathic pain in the Jamaican SCD population with a sufficient sample size thereby allowing the Company and UWI to progress to an intervention study. The protocol for the intervention study is being finalized and will use Avicanna pipeline of drug candidates pending appropriate clinical approvals and current restrictions in Jamaica for COVID-19. The drug candidate for this study continues to be evaluated in preclinical studies including further product optimization, thereafter the candidate will be used in an animal model of neuropathic pain.

Other drug candidates: The Company continues to progress other drug candidates from its pipeline. The Company's pharmaceutical deep tissue gel recently completed an osteoarthritis pre-clinical animal study and intends to progress this candidate into human studies. Additionally, the Company is finalizing additional oral formulations including self-emulsifying drug delivery system ("SEDDS") in the form of capsules and tablets that it intends to further clinically study.

Intellectual Property

As the Company continues to expand its research and development activities and further establish its scientific platform, the expectation is to grow its intellectual property portfolio through patent and trademark applications and other available intellectual property protection mechanisms. To date, the Company has seven patent-pending applications. In parallel to the patent protection of novel products and processes, the Company also takes necessary steps to protect its trademarks. To date, the Company has a total of 77 active trademark filings covering Avicanna's logos, word marks, design marks, and drug names in over a dozen countries in North and South America, Europe, Africa, Australasia, and Asia.

Proprietary oral delivery of cannabinoids

The Company is currently working on finalizing and commercializing its patent pending and proprietary formulations including a range of liquids, capsules, powders, and controlled release tablets utilizing Avicanna's self-emulsifying drug delivery systems (SEDDS) technology. The formulations offer stability, bioavailability, and controlled release of cannabinoids including (CBD, THC, CBG, CBN, and THCv). Avicanna intends to utilize the technology in its medical and pharmaceutical products and develop these formulations for the treatment of neurological diseases and disorders

Oral administration of cannabinoids is a route for non-invasive drug delivery. However, due to the highly lipophilic nature and poor water-solubility of cannabinoids, the elementary formulations currently available in the market have been generally described as having poor bioavailability and lack consistent drug delivery. Avicanna's proprietary compositions have been specifically designed to alter the hydrophobic nature of cannabinoids, resulting in drug solubility which leads to absorption and bioavailability either sublingually or orally.

The patent application entitled "Oral cannabinoid compositions and methods for treating neurological diseases and disorders" claims formulations that have been developed through Avicanna's R&D platform utilizing the Company's proprietary self-emulsifying drug delivery systems (SEDDS) technology and include a range of drug delivery formats with varying release and absorption profiles including:

Sustained and controlled-release tablets – designed for the linear release of the drug over time and thereby maximizing pharmacological properties and reducing side effects particular to cannabinoids.

Oral capsules - self-emulsifying cannabinoid technology designed to enhance absorption through a fast and effective dispersion mechanism.

Sublingual tablets – designed to provide rapid absorption of cannabinoids through the sublingual membrane to reduce first-pass metabolism and provide a solution for acute symptom management, and

Water-soluble formulations – nano-emulsion technology designed for instant dispersion and dissolution of cannabinoids which can be utilized for convenient titration in drug delivery and beverages

Raw Material Business Unit - Cannabis Raw Materials, Seeds, and Bulk Formulations

The Company's cultivation and extraction subsidiaries, SMGH and Sativa Nativa S.A.S. ("Sativa Nativa"), are located in Santa Marta, Colombia. SMGH and Sativa Nativa serve two purposes in the Company's supply chain: (i) supply quality API's for the Company's products, and (ii) allow the Company to vertically integrate by controlling the costs at each stage of a product's life cycle. Additionally, the Company's products are made available to the Company's partners globally with over 12 markets already opened. The Company has 480,000 square feet of cultivation capacity with production capacity of over 25,000 kg of biomass per year with complete extraction, analytical testing and manufacturing infrastructure.

Aureus is the Company's business-to-business raw material brand for cannabinoid Active Pharmaceutical Ingredients ("API"), feminized seeds, cannabis biomass and formulations offered with quality testing and tracking. The Company extracts include crude oils, cannabinoid distillates, and isolated cannabinoids (CBD, THC, CBG, and other cannabinoids), and bulk formulations, derived from hemp and cannabis cultivars through its sustainable, economical, and industrial scale subsidiaries based in Colombia, as further described under "Raw materials and Vertical Integration". The Company's SMGH subsidiary is further supported with recent GACP certification in addition to USDA National Organic Program certification it attained in 2019 for its hemp cultivar.

The cannabis raw materials supplied by the Company's Colombian subsidiaries form part of Avicanna's supply chain for its finished products that are manufactured and distributed from Colombia to the global marketplace including consumer retail, medical cannabis and pharmaceutical products.

Milestones and highlights

- Supply agreements with pharmaceutical companies in Argentina, Brazil and Chile.
- First commercial export of high CBD full spectrum and THC cannabis extracts into Brazil in connection with a three-year master supply agreement that SMGH executed with a leading Brazilian pharmaceutical company.
- Completed over thirty harvests under a low-cost cultivation model and over 20 cultivation and breeding R&D experiments.
- USDA National Organic Program certification for a hemp cultivar and recently attained GACP certification.
- Avicanna was ranked highest amongst global cannabis companies in the SAM Corporate Sustainability Assessment ("CSA") in the 2020 Sustainability Yearbook, a sustainability index that has become the basis for numerous S&P Global ESG indices.
- Realized commercial sales of CBD, CBG and THC under the Aureus™ brand with exports made into twelve countries.
- Currently has over thirty federally registered and registerable genetics in SMGH and Sativa Nativa.
- Export of genetics in the form of feminized seeds into the US, Peru and Argentina.

Cultivation capacity and operations

The Company holds controlling interest in two entities, Sativa Nativa and SMGH, that are fully licensed to cultivate, process, extract and sell cannabinoid products and API.

	March 31, 2022	December 31, 2021
Santa Marta Golden Hemp		
Total square feet	300,000	300,000
Annual yield (kg)	26,400	26,400
Cost per gram - dried flower	$0.08	$0.09
Extraction capacity - dried flower per day (kg)	300	300
Sativa Nativa		
Total square feet	120,000	120,000
Annual yield (kg)	4,500	4,500
Cost per gram - dried flower	$nil	$nil

Santa Marta Golden Hemp (SMGH)

SMGH continued its indoor, greenhouse and outdoor cultivation at about 31% of its capacity during the quarter. It focused on the production of CBD, THC biomass and THC seeds. SMGH currently operates cultivation facilities that includes 340,000 square feet of shade house and outdoor space and 20,000 square feet of customized greenhouse space.

Sativa Nativa

Sativa Nativa currently operates cultivation facilities that include approximately 100,000 square feet of shade house and outdoor space and 20,000 square feet of customized greenhouse space. The following table breaks down the current cultivation capacity, by site, for each of Sativa Nativa and SMGH.

The Company is currently finalizing registration of its high CBD and THC cultivars developed during the last 3 years and obtaining the appropriate export permits.

Additional information relating to the Company, including the Company's Annual Information Form for the three months ended March 31, 2022, is available under the Company's SEDAR profile at www.sedar.com.

Part 2 – Results of Operations

The following table sets forth selected consolidated financial information for the three months ended March 31, 2022 and 2021.

For the three months ended March 31										
Selected Consolidated Financial Information *(Canadian Dollars, except per share amounts)*		**2022**			**2021**			**Change**		**Change (%)**
Net revenue	$	1,037,961		$	270,907		$	767,054		283%
Gross margin before biological assets adjustment		444,209			180,365			263,844		146%
Net impact, fair value of biological assets		1,356,278			223,357			1,132,921		507%
Gross margin		1,800,487			403,722			1,396,765		346%
Operating expenses		(2,452,199)			(3,319,014)			866,815		(26%)
Operating loss		(939,076)			(3,102,761)			2,126,487		(77%)
Net income (loss) and comprehensive income (loss)		643,887			(5,016,588)			5,560,475		(113%)
Income (loss) per share – basic and diluted	$	0.01		$	(0.14)		$	0.15		(110%)

Revenues

We report revenues in three key segments: North American, South America, and the rest of world. North America 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 North America and serving customers within Canada and the United States. South America includes sales of the Company's pharmaceutical and health products and sales of API to customers worldwide, all grown and developed in Colombia. Rest of world includes sales of products to customers in Europe and Central America.

	For the three months ended March 31			
Revenue by Segment *(Canadian Dollars)*	**2022**	**2021**	**Change**	**Change (%)**
North America	$ 845,572	$ 175,051	$ 670,521	383%
South America	176,218	82,324	93,894	114%
Rest of world	16,171	13,532	2,639	20%
Net Revenue	**$ 1,037,961**	**$ 270,907**	**$ 767,054**	**283%**

North American net revenue totaled Revenue totaled $845,572 for the three months ended March 31, 2022, compared to $175,051 for the three months ended March 31, 2021. Units delivered have consistently increased as the Company continues to gain market share and introduce additional SKUs, particularly in Canada.

Revenues from South American sources increased to $176,218 for the three months March 31, 2022, compared to $82,324 for the three months ended March 31, 2021. The Company realized an increase in sales of API and seeds from its Colombian subsidiary, SMGH.

Revenue from Rest of World sources was $16,171 for the three months ended March 31, 2022, compared to $13,532 for the three months ended March 31, 2021, representing consistent revenue quarter over quarter.

Key Revenue Metrics

The following table summarizes the number of SKUs of the Company's products listed for sale (the "Listings") in the Canadian markets, the total units sold in the Canadian market, and provides a summary of the international revenue streams for the three months ended March 31, 2022 and 2021.

	For the three months ended March 31			
Key Revenue Metrics	**2022**	**2021**	**Change (#)**	**Change (%)**
Canadian Revenue Channels				
Medical (Listings)*	17	5	12	240%
Adult use (Listings)**	35	2	33	1650%
Canadian finished goods sold (units)	35,566	4,104	31,462	767%
International Revenue Channels				
Finished products sold (units)	568	4,751	(4,183)	(88%)
Sale of API (kg)	93	29	64	221%
Sale of Seeds (units)	-	7,500	(7,500)	(100%)

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

The Company sold 35,566 units in the Canadian channel for the three months ended March 31, 2022, compared to 4,104 units for the three months ended March 31, 2021. The increase is directly attributable to the increased number of listings in Canada in 2022. Internationally, the Company sold 568 units of its derma cosmetic line of products and Magisterial Preparations model through its subsidiary, Avicanna LATAM S.A.S in March 2022. The Company sold 4,751 units of finished products on a consolidated basis during the same period in 2021.

The Company realized sales of 93 kilograms of API and nil units of seeds for the three months ended March 31, 2022, respectively, compared to 29 kilograms and 7,500 units for the three months ended March 31, 2021, respectively.

Gross Margins

The following outlines the gross margin by segment for the three months ended March 31, 2022 and 2021.

	For the three months ended March 31			
(Canadian Dollars)		**2022**		**2021**
North America	$	310,373	$	129,193
Gross margin %		*37%*		74%
South America	$	1,484,513	$	264,919
Gross margin %		*842%*		*322%*
Rest of World	$	5,601	$	9,610
Gross margin %		*35%*		*71%*
Total gross margin	**$**	**1,800,487**	**$**	**403,722**

Gross margins in the North American segment for the three months ended March 31, 2022, totaled $310,373 compared to $129,193 for the three months ended March 31, 2021. The increase in margins in 2022, was the result of the Company increasing product sales in North America. Overall gross margin percentages dropped in North America, given the sales mix in 2022 was more product-based while in fiscal 2021 much of the revenue in North America was royalty and license fee-based.

Gross margins for the South American segment totaled $1,484,513 for the three months ended March 31, 2022, compared to $264,919 for the three months ended March 31, 2021. The increase in margin in 2022 was as the result of upward adjustments to fair values of inventory and biological assets being much higher compared to 2021.

Gross margins in the Rest the World segment for the three months ended March 31, 2022, was $5,601, compared to $9,610 for the three months ended March 31, 2021.

Operating Expenses

The following table presents operating expenses for the three months ended March 31, 2022, and 2021.

Operating Expenses *(Canadian Dollars)*	For the three months ended March 31 2022	2021	Change	Change (%)
General and administrative expenses				
Office and general	$ 362,999	$ 784,648	$ (421,649)	(54%)
Selling, marketing and promotion	65,823	120,904	(55,081)	(46%)
Consulting fees	393,551	485,940	(92,389)	(19%)
Professional fees	154,042	228,882	(74,840)	(33%)
Salaries and wages	1,042,753	1,159,543	(116,790)	(10%)
Research and development	26,319	60,638	(34,319)	(57%)
	$ 2,045,487	$ 2,840,555	$ (795,068)	(28%)
Share based compensation	$ 153,242	$ 171,781	$ (18,539)	(11%)
Depreciation and amortization	253,470	265,039	(11,569)	(4%)
Expected credit loss	-	41,639	(41,639)	(100%)
Total Operating Expenses	**$ 2,452,199**	**$ 3,319,014**	**$ (866,815)**	**(26%)**

Office and General expenses

For the three months ended March 31, 2022, the Company incurred office and general expenses totaling $362,999 compared to $784,648 for the same period in the prior year. These decreases were primarily attributed to:

- Purposeful reductions in North America, as the Company continues to streamline operations.
- Reduction in office and general expenses for other international operations, particularly the Latin American operations.

Selling, Marketing and Promotion

For the three months ended March 31, 2022, the Company incurred selling, marketing and promotional expenses totaling $65,823 compared to $120,904 for the same period from the prior year. Advertising and marketing expenses decreased as a result of Canadian sales initiatives normalizing.

Consulting Fees

For the three months ended March 31, 2022, the Company incurred consulting expenses totaling $393,551 compared to $485,940 in the same period from prior year. The decrease is attributed to a reduction in consulting fees in the Latin American operations.

Professional Fees

For the three months ended March 31, 2022, the Company incurred professional fees of $154,042 compared to $228,882 for the same period last year. Fees decreased as a result of lower legal fees for the quarter ended March 31, 2022.

Salaries and Wages

For the three months ended March 31, 2022, the Company incurred salaries and wages of $1,042,753 compared to $1,159,543 for the same period last year. These decreases in salaries and wages were the result of a purposeful reduction in staff in Colombia.

Research and Development

For the three months ending March 31, 2022, the Company incurred research and development expenses of $26,319 compared to $60,638 for the same period last year. The decrease is mainly due to timing, and the commencement of certain research and development activities.

Share-based Compensation

For the three months ended March 31, 2022, the Company incurred share-based compensation expenses of $153,242 compared to $171,781 for the same period last year. Share-based compensation has remained relatively consistent quarter-over-quarter.

Depreciation and amortization

Depreciation and amortization for the three months ending March 31, 2022, was $253,470 compared to $265,039 for the three months ended March 31, 2021. The amortization and depreciation have remained consistent quarter-over-quarter.

Expected Credit Loss

For the three months ended March 31, 2022, the Company recognized an expected credit loss of $nil whereas, for the three months ended March 31, 2021, the Company recognized an expected credit loss of $41,639. The Company recorded a significant allowance for both trade receivables and sales tax receivable at year-end, and due to additional collections in Q1 2022, no additional allowance was required.

Other income (expenses)

The following table presents other income and (expense) items for the three months ended March 31, 2022, and 2021.

	For the three months ended March 31			
Other Income (Expenses) *(Canadian Dollars)*	**2022**	**2021**	**Change**	**Change (%)**
Foreign exchange gain (loss)	$ (10,504)	$ (10,474)	$ (30)	0.3%
Gain on disposal of capital assets	-	53,738	(53,738)	(100%)
Gain (loss) on revaluation of derivative liability	50,956	(140,568)	191,524	(136%)
Other income	34,238	42,644	(8,406)	(20%)
Interest expense	(362,054)	(132,809)	(229,245)	173%
	$ (287,364)	**$ (187,469)**	**$ (99,895)**	**53%**

Other income and expenses (net) was ($287,364) for the three months ended March 31, 2022. Other income and expenses (net) was ($187,469) for the three months ended March 31, 2021. The increase (decrease) in net other income (expenses) are as the result of:

- The Company sold a piece of its equipment in its subsidiary, Santa Marta Golden Hemp S.A.S. in the first quarter of fiscal 2021.
- A gain (loss) on the derivative liability is the culmination of fair value changes at each reporting period.
- The additional interest expense for the three months ended March 31, 2022, is the result of additional debt compared to the prior year. This includes the convertible debt issuance in January 2022.

Adjusted EBITDA

The following table presents Adjusted EBITDA for the three months ended March 31, 2022, and 2021:

	For the three months ended March 31,			
Adjusted EBITDA[1] *(Canadian Dollars)*	**2022**	**2021**	**Change**	**Change (%)**
Net comprehensive income (loss)	$ 643,887	$ (5,016,588)	$ 5,660,475	(113%)
Exchange differences on translation	(1,582,963)	1,913,827	(3,496,790)	(183%)
Share-based compensation	153,242	171,781	(18,539)	(11%)
Depreciation and amortization	253,470	265,039	(11,569)	(4%)
Other (income) expenses, net	(34,238)	(42,644)	8,406	(20%)
Interest expense (income)	362,054	132,809	229,245	173%
Loss (gain) on revaluation of derivative liability	(50,956)	140,568	(191,524)	(136%)
Unrealized gain in biological assets	(1,332,526)	(231,665)	(1,100,861)	475%
Adjusted EBITDA	**$ (1,588,030)**	**$ (2,666,873)**	**$ 1,078,843**	**(40%)**

[1]Adjusted EBITDA is a non-IFRS measure and is calculated as the reported net loss, adjusted to exclude deferred tax (recovery) expense, impairments, share-based compensation, amortization, other (income) and expenses and removal of any one-time costs and fees.

The Adjusted EBITDA loss for the three months ended March 31, 2022, was ($1,588,030) as compared to an Adjusted EBITDA loss of ($2,666,873) for the three months ended March 31, 2021. The increase in EBITDA was the result of further reductions in general and administrative expenses and growth in revenue.

Summary of Quarterly Results

The following tables presenting our quarterly results of operations should be read in conjunction with the Financial Statements and related notes. We have prepared the unaudited information on the same basis as our audited consolidated financial statements. Our operating results for any quarter are not necessarily indicative of the results for any future quarters or for a full year.

The following tables present our quarterly results of operations for the eight consecutive quarters ended March 31, 2022:

	Quarter Ended			
(In Canadian Dollars)	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Net revenues	$ 1,037,961	$ 1,217,811	$ 987,967	$ 792,220
Net comprehensive income (loss)	643,887	(8,390,551)	(2,944,747)	(3,197,617)
Income (loss) per share	$ 0.01	$ (0.18)	$ (0.07)	$ (0.08)

	Quarter Ended			
(In Canadian Dollars)	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Net revenues	$ 270,908	$ (2,182)	$ 851,871	$ 459,468
Net comprehensive income (loss)	(5,016,588)	(16,320,464)	(6,600,303)	(9,219,165)
Loss per share	$ (0.14)	$ (0.18)	$ (0.35)	$ (0.36)

Part 3 – Financial Liquidity and Capital Resources

The Company's primary liquidity and capital requirements are for capital expenditures, inventory, working capital and general corporate purposes. The Company currently has a cash and cash equivalents balance of $1,575,620 on March 31, 2022. The Company's ability to fund operating expenses and capital expenditures will depend on its future operating performance, and its ability to raise capital which will be affected by general economic conditions, financial, regulatory, and other factors, including factors beyond the Company's control.

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

The following table provides a summary of the cash flows for the three months ended March 31, 2022, and 2021.

Cash flows *(In Canadian Dollars)*	For the three months ended March 31, 2022	2021
Net cash (used in) provided by:		
Operating activities	$ (3,141,919)	$ (3,545,972)
Investing activities	150,433	1,475,538
Financing activities	3,133,274	5,565,383
Effect of exchange rate changes on cash and cash equivalents	1,402,828	(858,018)
Net increase (decrease) in cash and cash equivalents	141,788	3,494,949
Cash, beginning of year	31,004	1,266,732
Cash, end of year	**$ 1,575,620**	**$ 3,903,663**

Cash used in operations during the three months ended March 31, 2022, was ($3,141,919), compared to ($3,545,972) for the three months ended March 31, 2021. The decrease in cash used in operations is primarily due to increased sales for the period, and, in turn, lower losses.

Net cash flows from investing activities totaled $150,433 for the three months ended March 31, 2022, compared to $1,475,538 for the three months ended March 31, 2021. The increase in cash flows from investing activities was as the result of the Company redeeming a $1,250,000 GIC and the selling of an asset in SMGH.

Net cash flow from financing activities totaled $3,133,274 for the three months ended March 31, 2022, compared to $5,565,383 for the three months ended March 31, 2021. The Company raised approximately $3.9 million in the first quarter of 2022, compared to approximately $5.6 million in the first quarter of fiscal 2021.

The following table provides information about the Company's financing from the public and private sources during the three months ended March 31, 2022, and 2021, and the actual use of proceeds from those financings compared to the intended use of proceeds from the offerings. The remaining cash related to financings raised for general corporate and working capital needs are prorated based timing of funds raised and the current periods cash flow.

Date	Type	Gross Proceeds	Initially Intended Use of Proceeds	Actual Use of Proceeds
August 18, 2021	Term loan	$1,800,000	The Company's stated intended use for the net proceeds were for general working capital.	Management has not adjusted its originally intended use of the net proceeds of the financing. As of March 31, 2022, all funds have been fully deployed.
October 19, 2021	Private Placement offering (See below)	$3,900,000	The net proceeds generated from the public offering amounted to $3,835,000. The Company's stated intended use of the net proceeds were for general working capital.	Management has not adjusted its originally intended use of the net proceeds of the financing. As of March 31, 2022, all funds have been fully deployed.
January 28, 2022	Convertible Debenture	$1,550,400	The Company's stated intended use for the net proceeds were for general working capital.	Management has not adjusted its originally intended use of the net proceeds of the financing. As of March 31, 2022, all funds have been fully deployed.
March 31, 2022	Private Placement offering (See below)	$2,523,568	The net proceeds generated from the public offering amounted to $2,491,068 The Company's stated intended use of the net proceeds were for general working capital.	Management has not adjusted its originally intended use of the net proceeds of the financing. As of March 31, 2022, $915,000 were deployed.

August 2021 Term Loan

On August 18, 2021, the Company entered into a term loan agreement for principal of $2,118,000, issued at a discount. Gross funding from the term loan was $1,800,000. The loan incurs interest at a rate of 5% for a term of 14 months. The loan principal is to be repaid at the maturity date, with interest paid monthly beginning 2 months after the issuance date.

October 2021 Private Placement

On October 19, 2021, the Company closed a non-brokered private placement. Under this offering the Company issued an aggregate of 4,587,022 units at a price of $0.85 per unit for aggregate proceeds of approximately $3.9 million. Each of these units is comprised of one common share and one-half common share purchase warrant, each of which is exercisable into one common share at a price of $1.10 per share until October 19, 2024.

January 2022 Convertible Debenture

On January 28, 2022, the Company closed a non-brokered secured subordinated convertible debenture. Under this offering the Company issued an aggregate of 1,626 units at a price of $1,000 per unit for aggregate proceeds of approximately $1.6 million. Each Unit consists of an aggregate of $1,000 principal amount of secured subordinated convertible debentures and 545 common share purchase warrants.

March 2022 Private Placement

On March 31, 2022, the Company closed a non-brokered private placement. Under this offering the Company issued an aggregate of 7,210,194 units at a price of $0.35 per unit for aggregate proceeds of approximately $2.5 million. Each of these units is comprised of one common share and one-half common share purchase warrant, each of which is exercisable into one common share at a price of $0.40 per share until March 31, 2025.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Related Party Balances and Transactions

Compensation expense for Avicanna's key management personnel for the three months ended March 31, 2022, and 2021 are as follows:

(In Canadian Dollars)	For the three months ended March 31, 2022	2021
Salaries and benefits	$ 183,125	$ 190,000
Share-based compensation	83,770	147,832
	$ 266,895	**$ 337,832**

Additionally, as of March 31, 2022, the Company received advances from certain related parties who represent the minority shareholders of SMGH and SN in the amount of $4,065,027 ($3,659,931 as of December 31, 2021). The advances relate to minority partners contributions towards the expansion of cultivation facilities and ongoing operations. The balance owed to the related party is interest free and due on demand.

Subsequent events

On May 6, 2022 the Company closed a non-brokered private placement of 4,210,931 units of the Company issued at a price of $0.35. Each unit consists of one common share of the Company and one-half common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.40 per share for a period of 3 years following the closing date.

Part 4 – Critical Accounting Policies and Estimates

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

Inventory valuation

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

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

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

Biological Assets Valuation

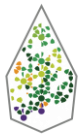
Critical judgment. In calculating the fair value of the biological assets, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, average or expected selling prices and list prices, expected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

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

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

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

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



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

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

Impairment of property and equipment and definite lived intangible assets

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

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

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

Derivative asset fair value measurement

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

Assumptions and judgment. The valuation of the derivative asset is highly subjective, and management applies a probability-weighted expected return model which considers a number of potential outcomes. We use judgment to make assumptions on the key inputs, primarily; (i) probability and timing of U.S. legalization, (ii) expected returns from US operations and (iii) an appropriate discount rate.

Impact if actual results differ from assumptions. If the assumptions and judgments differ, the fair value calculation will be impacted.

Derivative liability fair value measurement

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

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

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

Stock-based compensation

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

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

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

Income taxes

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

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

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

Long-term investment

Critical estimates. Long-term investments include investments in a private company. The fair value of this investment is subject to limited as the financial information of private companies is not readily available.

Assumptions and judgment. Management applies judgement on the information utilized to determine the fair value of the investment which may include financial information received from the investment company, subsequent equity financing, significant events or restructuring of the investment company.

Impact if actual results differ from assumptions. Differences in actual results from assumptions could have a material impact on the gain or loss recording on the long-term investment, as well as the value reported on the statement of financial position.

Provisions

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

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

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

Risk Management

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.

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.

Market risk

Market risk is the risk that the fair value of 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 of 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.

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 risk as it does not have any borrowings subject to a variable interest rate.

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 (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. The Company is not exposed to other price risks as of March 31, 2022, and March 31, 2021.

OUTSTANDING SHARE DATA

The authorized capital of the Company consists of an unlimited number of common shares (each, a "Common Share"). As of the date of this MD&A, there are 53,412,850 Common Shares issued and outstanding. In addition, there were 1,496,489 Common Shares issuable on the exercise of Stock Options, 19,355,882 Common Shares issuable on the exercise of Warrants, 393,634 Common Shares issuable on the vesting of Restricted Share Units and (assuming a conversion price of $0.85 per share) up to 1,912,941 Common Shares issuable on the exercise of the January 2022 Debentures.

RISK FACTORS

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

Factors that could cause actual results to differ materially from those set forth in forward-looking information include, but are not limited to: the impacts of COVID-19 to our business; the future customer concentration; the ability to anticipate future needs of customers; no unusual delays to receive regulatory approvals for our clinical trials or cultivation quotas; our expectations with respect to the competitive landscape of the industry in which we operate and our present intentions to differentiate our business within that industry; the regulatory framework governing cannabis for recreational and medicinal use in Canada, Colombia, and any other jurisdiction in which we may conduct our business in the future; there being no significant delays in the completion of our cultivation facilities; there being no significant delays in the development and commercialization of our products; maintaining sufficient and effective production and R&D capabilities; our ability to analyze customer data; our ability to secure partnerships with manufacturers and distributors in international markets; the ability of our strategic partnerships to effectively operate; our ability to develop a brand to market our products successfully to consumers; future production and supply levels, and future consumer demand levels; the price of cannabis and cannabis related products; continuing to attract and retain key personnel; the demand for our products will grow for the foreseeable future; there being no significant barriers to acceptance of our products in the market; expected number of medical cannabis users and the willingness of physicians to prescribe medical cannabis to patients in the markets in which the Company operates; and, ability to access financing on commercially attractive terms.

Since December 31, 2019, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial, and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the direct and indirect extent of the ongoing impact the COVID-19 outbreak, and the subsequent variants, may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Company's business and financial condition.

The Company's overall performance and results of operations are subject to various risks and uncertainties which could cause actual performance, results and achievements to differ materially from those expressed or implied by forward-looking statements, including, without limitation, the following factors, some of which, as well as other factors, are discussed in the Company's Annual Information Form dated March 31, 2022 for the year ended December 31, 2021 available under the Company's profile on www.sedar.com, which risk factors should be reviewed in detail by all readers:

- our business segments are heavily regulated in Canada and Colombia;
- the regulatory regime is evolving and uncertainty exists regarding the impact of the regime on the Company;
- the political environment surrounding the cannabis industry is in flux and subject to change;
- the inability to successfully complete clinical trials or obtain regulatory approval of products;
- risks of foreign operations generally, including but not limited to agriculture and drug policies, nationalization, expropriation, contractual rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases, and risks of loss due to civil strife, acts of war, guerilla activities and insurrections;
- the potential inability to enforce judgments obtained in Canada against any person or company incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or that resides outside of Canada, even if the party has appointed an agent for service of process;
- the potential inability to obtain or retain licenses required to grow, store and sell cannabis in Colombia,
- the potential inability to establish and maintain bank accounts;
- potential involvement in regulatory or agency proceedings, investigations and audits;
- compliance with evolving environmental, health and safety laws;
- the potential risk of exposure resulting from the control of foreign subsidiaries in Colombia;
- potential government policy changes or shifts in public opinion;
- exposure to foreign exchange risks;
- inflationary risks based on Colombia's historic experience of double digit rates of inflation;
- the potential that Colombia will impose repatriation of earnings restrictions in the future;
- Colombian political and economic conditions are subject to intervention and change;
- constraints on marketing of products;
- the cannabis industry and market is subject to general business risks, and those associated with agricultural and regulated consumer products;
- competitive conditions, consumer tastes, patient requirements and spending patterns remain relatively unknown;
- there are no assurances that the cannabis industry and market will continue to exist or grow as anticipated;
- the industry is changing at rapid speeds, and we may be unable to keep pace;
- the consumer perception of cannabis can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media, and other publicity;
- future clinical research into effective medical cannabis therapies could raise concerns regarding, and perceptions relating to, cannabis;
- limited history of operations;
- the inability to retain and attract employees and key personnel;
- potential for delays in obtaining, or restructuring conditions imposed by, regulatory approvals;
- potential increases in material and labour costs;
- we have incurred losses since inception and may continue to incur losses in the future;
- the ownership of the Common Shares is heavily concentrated among our directors and officers;
- the potential to experience difficulty developing new products and remaining competitive;

- the completion and commercial viability of new products in the prototype stage;
- construction risk in connection with the facilities in Colombia;
- potential for adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment;
- reliance on third-party manufacturers and distributors;
- there can be no assurances of profit generation or immediate results;
- risks against which we are unable or unwilling to insure against;
- shareholder dilution pursuant to additional financings;
- transportation disruptions to our courier services;
- the cost of our key inputs is unpredictable;
- compliance with laws relating to privacy, data protection, and consumer protection;
- potential for information systems security threats;
- we are reliant on key suppliers and skilled labour;
- inability to effectively implement quality control systems;
- there is a potential for conflicts of interest to arise among our key stakeholders;
- we may be unable to sustain our pricing models;
- we may not be able to successfully identify or complete future acquisitions;
- we may be unable to effectively protect personal information;
- exposure to product recalls, liability claims, regulatory action and litigation based on products;
- we may be unable to protect intellectual property in relevant markets;
- the market price for the Common Shares may be volatile and subject to wide fluctuations;
- we may not be able to effectively prevent fraudulent or illegal activities by our employees, contractors or consultants;
- we may not be able to effectively prevent security breaches at our facilities;
- management may not be able to effectively manage our growth;
- outside factors may harm our reputation;
- we may become subject to legal proceedings from time to time;
- management has limited experience managing public companies;
- we may be unable to effectively protect our trade secrets;
- securities analysts may publish negative coverage;
- our financial statements have been prepared on a going concern basis;
- we may be dependent on the performance of our subsidiaries;
- certain of our operating subsidiaries are not wholly-owned;
- there may be future sales of the Common Shares by directors, officers and principal shareholders; and
- interruptions or changes in the availability or economics of our supply chain.

For a discussion of the risks faced by the Company, please refer to the Company's Annual Information Form for the year ended December 31, 2021 and other public filings of the Company, each of which is available under the Company's profile on SEDAR, at *www.sedar.com.*

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

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

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 - Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

The CEO and CFO of the Company are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of the Company to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52- 109 in the first financial period following the Company becoming a non-venture issuer in the circumstances described in s. 5.5 of NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

For the quarter ended March 31, 2022, there were no changes made in the Company's design of internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Investors should be aware that inherent limitations on the ability of certifying officers of the Company to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52- 109 in the first financial period following the Company becoming a non-venture issuer in the circumstances described in s. 5.5 of NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.