



Irwin Naturals, Inc.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2023

This Management's Discussion and Analysis ("MD&A") of the financial condition and performance of Irwin Naturals, Inc. and its subsidiaries (collectively the "Company" or "Irwin") for the three and nine months ended September 30, 2023 and 2022 was prepared by management as of November 22, 2023. Throughout this MD&A, unless the context indicates or requires otherwise, the terms the "Company", "we", "us" and "our" means Irwin Naturals, Inc. and its subsidiaries. This MD&A should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2022 and our unaudited consolidated interim financial statements for the three and nine months ended September 30, 2023 (collectively, the "Financial Statements"), including the accompanying notes thereto.

This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102"). The Financial Statements and MD&A are presented in U.S. dollars, unless otherwise noted, and have been prepared in accordance with International Financial Reporting Standards ("IFRS") and include the accounts of the Company and the Company's interests in affiliated companies. All intercompany balances and transactions have been eliminated in consolidation. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the three and nine months ended September 30, 2023 are not necessarily indicative of the results that may be expected for any future period.

Our board of directors (the "Board of Directors") and audit committee (the "Audit Committee") provide an oversight role with respect to all of the Company's public financial disclosures. The Board of Directors approved the Financial Statements and MD&A after the completion of its review and recommendation for approval from the Audit Committee, which meets periodically to review all financial reports, prior to filing.

In addition to historical information, the discussion in this MD&A contains forward-looking statements. The discussion is qualified in its entirety by the "Cautionary Note Regarding Forward-Looking Statements" that follows.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information and forward-looking statements within the meaning of applicable Canadian securities legislation (collectively herein referred to as “forward-looking statements”). In particular, this MD&A may contain forward-looking information pertaining to the following:

- changing consumer preferences and demands and evolving industry standards and the competitive nature of our business and industry;
- our ability to adequately source ingredients, packaging materials, and other raw materials and to manufacture and distribute our products;
- the Company’s continued plans to open and operate clinics across the United States offering ketamine-assisted psychedelic treatments;
- the Company’s expectations regarding the legalization of psilocybin and other psychedelic drugs;
- the Company’s plans to enter the North American cannabis industry by licensing its household brand name and selling non-cannabis raw materials to licensed third parties that manufacture products containing tetrahydrocannabinol (“THC”);
- the Company’s ability to enter and participate in international market opportunities;
- volatility in the stock market, currency exchange, and interest rates, including as a result of general economic, market or business conditions;
- product diversification and future corporate development;
- production capacity expectations including discussions of plans or potential for expansion of capacity at existing or new facilities;
- expectations with respect to future expenditures and capital activities; and
- statements about the expected use of proceeds from fund raising activities.

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 Company management’s expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as “considers”, “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “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”, “will”, “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.

Risks related to forward-looking statements include, among other things, those outlined in “Risk Factors” within this MD&A and any other factors and uncertainties disclosed from time-to-time in the Company’s filings with the Canadian Securities Administrators, including in the listing statement dated August 13, 2021 (the “Listing Statement”). Although the Company has attempted to identify important factors that could cause actions, events, or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated, or intended. Management believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking information included in this MD&A should not be unduly relied upon as the plans, assumptions, intentions, or expectations upon which it is based may not occur. Actual results or events may vary from the forward-looking information.

Overview

In 2021, Irwin Naturals, Inc. (formerly Datinvest International Ltd.) completed a share-based payment transaction (the “Transaction”) of Irwin Naturals, a Nevada Corporation (“IN Nevada”), and filed Articles of Amendment to effect: (i) a consolidation of its share capital on a one (new) for 8.31617 (old) basis; (ii) a name change from “Datinvest International Ltd.” to “Irwin Naturals Inc.”; (iii) add special rights and restrictions to the common shares and change the identifying name of the common shares to “Subordinate Voting Shares”; and (iv) the creation of proportionate voting shares of the Company (“Proportionate Voting Shares”) and multiple voting shares of the Company (“Multiple Voting Shares”), all as more particularly described in the Listing Statement.

On August 17, 2021, the Company commenced trading of its subordinate voting shares (the “Subordinate Voting Shares”) on the Canadian Securities Exchange (“CSE”) under the ticker “IWIN”. On November 26, 2021, the Company began trading on the OTCQB Venture Market under the ticker “IWINF”. Additionally, on October 11, 2021, the Company’s shares became listed for trading on the Börse-Frankfurt Exchange under the securities identification code “WKN:A3CVJR” under the stock symbol “97X”.

IN Nevada, a wholly-owned subsidiary of the Company, was incorporated in Nevada on January 23, 2002, and is based in Los Angeles, California. IN Nevada develops vitamins and other health supplements and distributes these products primarily in the United States and Canada through two main channels; health food stores and mass-market retailers.

The Company has a strong presence in health food stores nationwide with its Irwin Naturals and Nature’s Secret brands, as well as strong presences within the largest mass-market retail chains and e-commerce retailers. Additionally, IN Nevada has a line of products containing full-spectrum hemp extract (“FSHE”) with cannabidiol (“CBD”). Since the initial launch of Irwin Naturals CBD soft-gels in 2018, Irwin has expanded into CBD topicals. IN Nevada currently distributes to more than 100,000 doors.

Irwin Naturals Emergence, Inc. (hereinafter “IN Emergence”), a wholly owned subsidiary of the Company, was formed on September 17, 2021, in preparation for Irwin’s entry into the mental health industry. The Company, through IN Emergence, intends to expand treatment options at its clinics by offering a broad portfolio of powerful next generation therapies. IN Emergence clinics will be offering breakthrough treatments to battle America’s mental health crisis including ketamine, stellate ganglion block, transcranial magnetic stimulation, and holotropic breathwork as well as med management integration to magnify the overall effectiveness of the treatments. In February 2022, the Company announced its

intention to become the world's largest chain of mental health clinics, offering ketamine-assisted psychedelic treatments.

Irwin Naturals Cannabis, Inc. (hereinafter "IN Cannabis"), a wholly owned subsidiary of the Company, was formed on October 19, 2021. Irwin intends to enter the North American cannabis industry by licensing its household brand name and selling non-cannabis raw materials to licensed third parties that manufacture products containing THC. The third-party manufacturers launched the first products from IN Cannabis to the continental cannabis market in the first quarter of 2023.

2022 and 2023 Acquisitions

2022 Acquisitions

The following entities were acquired through business combinations during the year ended December 31, 2022:

- *Midwest Ketafusion LLC ("MWK")*: On March 14, 2022, the Company completed the acquisition of MWK, a privately held limited liability company that offers ketamine treatments and behavioral and mental health therapy. On September 22, 2023, IN Emergence ceased operations of its MWK clinic located in Iowa City, IA.
- *KHC Capital Group, LLC dba Ketamine Health Centers ("KHC")*: On May 20, 2022, the Company completed the acquisition of KHC (and its related entities), a privately held limited liability company that offers ketamine treatments and behavioral and mental health therapy.
- *New England Ketamine ("NEK")*: On July 27, 2022, the Company completed the acquisition of the assets of, and finalized a management service agreement with NEK, a privately held, professional limited liability company that offers ketamine treatments and behavioral and mental health therapy. See below "2023 Treasury APAs" section on the subsequent sale of NEK.
- *Invictus Clinic, LLC ("ICG")*: On August 5, 2022, the Company completed the acquisition of the assets of, and finalized a management service agreement with ICG, a limited liability company that offers ketamine assisted therapy, hydration via IV infusion, NAD+ therapy, and behavioral and mental health therapy. See below "2023 Treasury APAs" section on the subsequent sale of ICG.
- *Hobie Fuerstman D O PLC dba Preventive Medicine ("PMV")*: On August 11, 2022, the Company completed the acquisition of the assets of, and finalized a management service agreement with PMV, a privately held professional limited liability company that offers ketamine treatments and behavioral and mental health therapy. See below "2023 Treasury APAs" section on the subsequent sale of PMV.
- *Care Clinic, Inc. dba Florida Mind Health Center ("FMH")*: On December 8, 2022, the Company completed the acquisition of the assets of, and took over the operations of FMH, a privately held corporation that offers ketamine treatments and behavioral and mental health therapy. On June 22, 2023, IN Emergence ceased operations of the FMH clinic located in Gainesville, FL. On July 10, 2023 IN Emergence ceased operations of FMH's remaining two clinics located in Panama City, FL and Tallahassee, FL.

2023 Acquisitions

To further the Company's investment in mental health clinics, the following entities were acquired through business combinations during the nine months ended September 30, 2023:

- *Serenity Health, LLC, ("SHK")*: On February 16, 2023, the Company completed the acquisition of the membership interest of SHK, a privately held limited liability company that offers ketamine treatments.
- *Keta Media, LLC, dba Ketamine Media ("KM")*: On March 17, 2023, the Company completed the acquisition of the membership interest in KM, an advertising platform that specializes in raising awareness about the clinical use of ketamine.

2023 Treasury Transactions

2023 Treasury APAs

The following entities were sold through business combinations during the three and nine months ended September 30, 2023:

- *New England Ketamine ("NEK")*: Effective July 31, 2023, the Company completed the asset sale of all assets previously purchased from NEK in exchange for share consideration of the Company's own stock.
- *Invictus Clinic, LLC ("ICG")*: Effective September 1, 2023, the Company completed the asset sale of all assets previously purchased from ICG in exchange for share consideration of the Company's own stock.
- *Hobie Fuerstman D O PLC dba Preventive Medicine ("PMV")*: Effective July 27, 2023, the Company completed the asset sale of all assets previously purchased from PMV in exchange for share consideration of the Company's own stock.

2023 Treasury Settlement

- *Midwest Ketafusion LLC ("MWK")*: On September 1, 2023, the Company executed an agreement to settle an outstanding promissory note receivable owed to the Company by the pre-acquisition owner of MWK in exchange for share consideration of the Company's own stock.

Principal Products and Services

The principal products of Irwin stem from the core brand of over 100+ all-liquid soft-gel products that were the bedrock of Irwin from its beginning. Irwin also features other brands such as Applied Nutrition and Nature's Secret. Applied Nutrition products have high visibility in the mass-market in the U.S., including Green Tea Fat Burner, Libido-Max, 14-Day Acai Berry Cleanse, and Liquid Collagen. Nature's Secret is a line of digestive care and cleansing products.

As a result of the 2022 and 2023 Acquisitions, the Company is growing a national chain of mental health clinics called “Irwin Naturals Emergence” or “IN Emergence”. As a result of the 2023 Treasury APAs, the Company sold three of its mental health groups, consisting of four clinics. As of September 30, 2023, the Company operates five clinics and one advertising company specializing in ketamine treatment for mental health disorders.

Advertising and Marketing

Irwin has a robust salesforce including a national network of brokers providing the Company with distribution coverage throughout the U.S. that allows new products to reach market quickly. Irwin has maintained its grass-roots relationships with ‘mom and pop’ health food and specialty stores throughout the U.S. and has expanded its distribution into mass-market retailers. Irwin has also grown internationally, gaining distribution throughout Canada. Irwin also focuses on growing its business through e-commerce, selling its products on IrwinNaturals.com and other online platforms.

Through its acquisition of Ketamine Media (“KM”), an advertising company dedicated to raising awareness about the clinical use of ketamine, the Company will further develop new advisory services using a unique patient-centered approach to communication. KM will drive patient acquisition at the Company’s acquired clinics.

Product Development

Irwin prides itself in creating multi-pronged solution-oriented products that address a multitude of health needs for men and women across all age categories and demographics. Irwin develops novel formulations that fill the white space in the health and wellness industry. Irwin applies cutting edge and industry-leading scientific research to each of its formulations, seeking to advance the standard within the industry. Over the years Irwin has employed experienced professionals with backgrounds in botanical science, naturopathic medicine, and biology to formulate its products. These individuals are able to take the input from the marketing and sales team in terms of what consumers and the trade are demanding and use it to choose the right mixture of vitamins, minerals, and botanicals to appeal to a broad demographic. This formulation is backed by an experienced team of legal, quality, and compliance professionals to ensure each product’s manufacturing and advertising techniques are compliant with current Food and Drug Administration (“FDA”), Federal Trade Commission (“FTC”), and state regulations. From there, Irwin utilizes its supply chain working in tandem with contract manufacturers to produce and package the products. Irwin has rigorous testing protocols in place, with all of its products being tested for both purity and potency by third-party accredited labs.

Production

Irwin has formulated almost all of its complex formulas in-house with an experienced team composed of naturopathic doctors, experts in the field of botanicals and biology, and experts in the technical aspects of dietary supplement manufacturing. Irwin uses high-caliber contract manufacturers that are all compliant with federal and state cGMP regulations, to produce all of its products. Irwin does not produce its products itself. Once the initial formulas are complete, Irwin works hand in hand with its experienced contract manufacturers to make samples and ensure that the specific product will be functional for its intended purpose. When formulating these products, Irwin stays on the cutting edge of consumer interests and combines either trending ingredients or classic botanicals with other complimentary ingredients, to make the product as efficacious or enticing as possible. Irwin is known for packing its formulas with a complex blend of minerals, vitamins, and botanicals.

During the formulation stage, Irwin uses its extensive relationships with ingredient suppliers to source top-quality ingredients for its featured products. Irwin's formulation experts generally pair ingredients that are complimentary to each other and can be combined without negative effects to the individual ingredients. If there are critical questions about the interaction of certain ingredients or how the ingredients act in conjunction to each other, Irwin works with its contract manufacturer to prepare an R&D lab batch so it can be tested to ensure quality. Before production starts, Irwin works closely with its contract manufacturers who are able to order the various ingredients and primary packaging directly in order to take advantage of a more seamless supply chain, and to take advantage of bulk discounts when offered. For the FSHE used by Irwin for its products, Irwin has taken a more active role in sourcing, testing, and ordering those ingredients directly to ensure quality and potency meet established raw material specifications.

The actual method of producing Irwin's soft-gel, tablet, and liquid products is all carried out locally in Southern California. All contract manufacturers used by Irwin are audited by Irwin before production can begin, and they are all compliant with federal and state cGMP regulations. Irwin's products are made by contract manufacturers who are knowledgeable and experienced in their craft using proprietary processes owned and controlled by the individual manufacturers. The processes used to create these food and dietary supplement products are all consistent with the industry standards to create such products.

Throughout the production process, Irwin is updated on the status of all productions. Once production is completed, our contract manufacturers perform quality inspections and testing on the manufactured products. Once the inspection is completed at the manufacturer, the products are delivered to Irwin's warehouse in Los Angeles, California. Upon delivery of these products, Irwin's Quality team performs additional inspections and testing on the products to ensure the products meet Irwin's specifications and are compliant with cGMP regulations. The products are then shipped out, either directly or indirectly, to customers throughout the U.S.

Quality System

Irwin has instituted a comprehensive quality system that begins with Product Development and continues through the manufacturing and production process. Each contract manufacturer is audited by a member of the Irwin Quality Department to ensure the manufacturer's production processes are compliant with the cGMPs. Before a new formula is manufactured, each new contract manufacturer formula is reviewed to confirm the accuracy of raw materials and ingredient label claims compared to Irwin formula specifications. After production, each product is inspected by the Irwin Quality Department to confirm the finished product meets all finished good specifications. As an additional level of quality, Irwin takes a selection of finished goods each year and performs expanded testing which includes label claim and contaminant analysis. This additional compliance testing goes beyond the industry quality standard and provides further validation our products meet specifications. Collectively, these quality steps are used to ensure our products meet all established quality standards, which ultimately reduces product quality risk.

Intellectual Property and Branding

As a consumer product company, Irwin's brands, product names, and trade dress are a cornerstone of the brand. Our packaging is unique to our brand and lets our loyal customers know where to find our products on the shelves. We take the protection of these trademarks very seriously and routinely search the market for potential infringers. Irwin's trademarks are valid until such trademark is no longer used in commerce.

Selected Consolidated Financial Information

The following is a summary of the Company's operating results for the three and nine months ended September 30, 2023 and 2022.

	Three Months Ended September 30, (in thousands)				Nine Months Ended September 30, (in thousands)			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
Statements of Profit								
Operating revenue, products	\$ 16,983	\$ 21,233	\$ (4,250)	% (20.0)	\$ 56,139	\$ 65,243	\$ (9,104)	% (14.0)
Operating revenue, clinics	2,086	791	1,295	100.0+	7,565	1,184	6,381	100.0+
Total operating revenue	19,069	22,024	(2,955)	(13.4)	63,704	66,427	(2,723)	(4.1)
Gross profit, products	6,267	9,876	(3,609)	(36.5)	22,692	30,129	(7,437)	(24.7)
Gross profit, clinics	1,532	726	806	100.0+	6,100	1,078	5,022	100.0+
Total gross profit	7,799	10,602	(2,803)	(26.4)	28,792	31,207	(2,415)	(7.7)
(Loss) income from operations	(2,285)	622	(2,907)	(100.0+)	(5,601)	3,653	(9,254)	(100.0+)
Net (loss) income	(1,964)	(583)	(1,381)	100.0+	(15,064)	1,109	(16,173)	(100.0+)

	September 30, 2023	December 31, 2022	\$ Change	% Change
Statement of Financial Position				
Total assets	\$ 70,855	\$ 78,801	\$ (7,946)	% (10.1)
Total liabilities	56,973	48,498	8,475	17.5

Operating Revenue

Operating revenue decreased by \$3.0 million, or 13.4%, and \$2.7 million, or 4.1%, for the three and nine months ended September 30, 2023, respectively, compared to 2022 due to an increase in Clinic operations, partially offset by a decline in Product sales. Operating revenues from Products decreased by \$4.3 million, or 20.0%, and \$9.1 million, or 14.0%, for the three and nine months ended September 30, 2023, respectively, compared to the prior year periods. The decrease was primarily due to the loss of SKUs driving a reduction in sales for mass-market customers, partially offset by increased e-commerce revenue in the current year periods. Operating revenues from Clinics increased by \$1.3 million and \$6.4 million for the three and nine months ended September 30, 2023, respectively, compared to 2022, due to the Company's initiative to grow IN Emergence through the 2022 and 2023 Acquisitions. See discussion of the 2022 and 2023 Acquisitions above.

Gross Profit

Gross profit as a percentage of operating revenue increased to 40.9% and 45.2% for the three and nine months ended September 30, 2023, respectively, compared to 48.1% and 47.0% for the three and nine months ended September 30, 2022, respectively. Gross profit from Products as a percentage of operating revenue declined to 36.9% and 40.4% for the three and nine months ended September 30, 2023, respectively, compared to 46.5% and 46.2% in 2022, primarily due to the decline in Product sales and an increase in product returns by its customer. Gross profit from Clinics as a percentage of operating revenue declined to 73.4% and 80.6% for the three and nine months ended September 30, 2023, respectively, compared to 91.8% and 91.0% in 2022 due to increased costs from expanding Clinic operations. See discussion of the 2022 and 2023 Acquisitions above.

(Loss) Income from Operations

Loss from operations were \$2.3 million and \$5.6 million for the three and nine months ended September 30, 2023, respectively, compared to income from operations of \$0.6 million and \$3.7 million during the three and nine months ended September 30, 2022, respectively, primarily due to increased operating costs for salaries and consulting fees resulting from the Company's investment in growing IN Emergence through the 2022 and 2023 Acquisitions, combined with a decline in operating revenue and gross margins from Products, discussed above.

Net (Loss) Income

Net loss was \$2.0 million and \$15.1 million for the three and nine months ended September 30, 2023, respectively, compared to net loss of \$0.6 million and net income of \$1.1 million during the three and nine months ended September 30, 2022, respectively. The net swing from net income to loss in the year-to-date periods was primarily due to impairment charges to goodwill and intangible assets related to the 2022 and 2023 Acquisitions of \$17.5 million, partially offset by gains on contingent consideration of \$6.2 million for the nine months ended September 30, 2023. Results were additionally driven by losses from operations in the current year periods, discussed above, partially offset by tax benefits of \$1.1 million and \$4.2 million for the three and nine months ended September 30, 2023, respectively.

Total Assets

Total assets decreased to \$70.9 million from \$78.8 million as of September 30, 2023 and December 2022, respectively, primarily due to an \$8.7 million decline in net trade receivables due to the timing of payments from our mass-market customers, a \$5.1 million reduction in inventory, and a \$4.1 million decline in net intangible assets, resulting from impairments related to the 2022 Acquisition. The increase was partially offset by a \$4.7 million of cash inflows (see "Liquidity and Capital Resources" section), a \$4.3 million increase in deferred tax assets resulting from tax benefits, and a \$1.1 million increase in notes receivable from shareholders in the current year period.

Total Liabilities

Total liabilities increased to \$57.0 million from \$48.5 million as of September 30, 2023 and December 31, 2022, respectively, primarily due to \$11.0 million in notes payable due to the acquirees of SHK as part of the 2023 Acquisitions and a \$9.2 million in increases to the Company's lines of credit as the Company continues to invest in IN Emergence. The increase was partially offset by a revaluation of contingent consideration from \$6.2 million to zero, a \$3.4 decline in trade payables, and a \$1.4 reduction to return reserves.

EBITDA and Adjusted EBITDA

The Company defines EBITDA and Adjusted EBITDA as per the table below. It should be noted that these performance measures are not defined under IFRS and may not be comparable to similar measures used by other entities. The Company believes that these measures are useful financial metrics as they assist in determining its ability to generate cash from operations. Investors should be cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net earnings or cash flows as determined under IFRS. The reconciling items between net earnings, EBITDA and Adjusted EBITDA are as follows:

	Three Months Ended September 30, (in thousands)				Nine Months Ended September 30, (in thousands)			
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
Statement of Profit								
Net (loss) income	\$ (1,964)	\$ (583)	\$ (1,381)	% 100.0+	\$ (15,064)	\$ 1,109	\$ (16,173)	%(100.0+)
Interest expense, net	685	181	504	100.0+	1,982	541	1,441	100.0+
Income tax (recovery) expense	(1,059)	1,024	(2,083)	(100.0+)	(4,249)	2,003	(6,252)	(100.0+)
Depreciation and amortization	687	467	220	47.1	2,202	1,298	904	69.6
EBITDA	(1,651)	1,089	(2,740)	(100.0+)	(15,129)	4,951	(20,080)	(100.0+)
Foreign currency translation adjustments	—	1	(1)	(100.0+)	3	1	2	100.0+
Gain on contingent consideration	—	(42)	42	(100.0+)	(6,154)	(305)	(5,849)	100.0+
Intangible assets impairment	—	—	—	—	5,587	—	5,587	100.0+
Goodwill impairment	—	—	—	—	11,922	—	11,922	100.0+
Adjusted EBITDA	\$ (1,651)	\$ 1,048	\$ (2,699)	% (100.0+)	\$ (3,771)	\$ 4,647	\$ (8,418)	%(100.0+)

Adjusted EBITDA decreased by \$2.7 million to \$(1.7) million and decreased by \$8.4 million to \$(3.8) million for the three and nine months ended September 30, 2023, respectively, compared to adjusted EBITDA of \$1.0 million and \$4.6 million for the three and nine months ended September 30, 2022, respectively. The decrease was primarily due to increased operating costs for salaries and consulting fees resulting from the Company's investment in growing IN Emergence through the 2022 and 2023 Acquisitions, as discussed above.

Summary of Quarterly Performance by Reportable Segment

The following is a summary of selected financial information for the past eight quarters by reportable segment:

	Three Months Ended (in thousands)							
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Statement of Profit								
Operating revenue, products	\$ 16,983	\$ 19,279	\$ 19,877	\$ 22,258	\$ 21,233	\$ 21,461	\$ 22,549	\$ 25,941
Operating revenue, clinics	2,086	2,850	2,629	785	791	348	45	—
Total operating revenue	19,069	22,129	22,506	23,043	22,024	21,809	22,594	25,941
Gross profit, products	6,267	7,766	8,659	8,822	9,876	9,249	11,004	10,724
Gross profit, clinics	1,532	2,120	2,448	714	727	310	42	—
Total gross profit	7,799	9,886	11,107	9,536	10,603	9,559	11,046	10,724
(Loss) Income from operations	(2,285)	(1,851)	(1,465)	(1,813)	622	505	2,526	2,400
Net (loss) income	(1,964)	(5,402)	(7,698)	(3,629)	(583)	111	1,581	4,888

Fluctuations in operating revenue is not inherently cyclical or seasonal, although there may be times in the year where certain products or services seem to be more popular. For example, weight management products generally increase in popularity around the new year. Gross profit in the Products segment typically remains consistent throughout the year but can fluctuate based on changes in product mix and changes in the cost of raw materials, production, and transportation. Gross profit in the Clinics segment remains consistent throughout the first two quarters of 2023, showing substantial growth from prior quarters. Gross profits for Clinics show a decline in the third quarter of 2023 due to the 2023 Treasury APAs and winding down the operations of several clinics (see discussion above). Loss from operations in the last four quarters primarily relates to increased payroll and operating costs due to the Company's investment in IN Emergence through the 2022 and 2023 Acquisitions. Net losses over the last three quarters are primarily driven by substantial impairments to goodwill and intangible assets from the 2022 and 2023 Acquisitions in addition to the operating losses discussed above.

Liquidity and Capital Resources

The following is a summary of the Company's sources and uses of cash for the nine months ended September 30, 2023 and 2022:

	Nine Months Ended September 30, (in thousands)		\$ Change	% Change
	2023	2022		
Cash, beginning of period	\$ 800	\$ 625	\$ 175	% 28.0
Cash flows (used in) provided by				
Operating activities	3,615	(1,442)	\$ 5,057	% (100.0+)
Investing activities	(6,305)	217	(6,522)	(100.0+)
Financing activities	7,389	1,833	5,556	100.0+
Effect of foreign exchange	(15)	(28)	13	(46.4)
Net change in cash	4,684	580	4,104	(100.0+)
Cash, end of period	\$ 5,484	\$ 1,205	\$ 4,279	% 100.0+

Cash Flows from Operating Activities

Cash provided by operating activities was \$3.6 million for the nine months ended September 30, 2023 and cash used in operating activities was \$1.4 million for the nine months ended September 30, 2022. The net increase in cash from operations was primarily driven by collection of trade receivables and reductions in inventory, partially offset by losses from operations and reductions in trade accounts payable and the reserve for returns.

Cash Flows from Investing Activities

Cash used in investing activities was \$6.3 million for the nine months ended September 30, 2023 primarily due to the 2023 Acquisitions of SHK and KM. Total consideration for SHK included \$3.0 million paid in cash at closing and \$11.0 million payable over three years. Total consideration for KM included \$2.9 million paid in cash, of which \$1.5 million was paid at closing in March 2023 and \$1.4 million was paid in June 2023. Cash provided by investing activities was \$0.2 million for the nine months ended September 30, 2022. While the 2023 Acquisitions involved cash payments, the 2022 Acquisitions were purchased primarily through debt financing and share-based payments of the Company's own equity.

Cash Flows from Financing Activities

Cash provided by financing activities was \$7.4 million for the nine months ended September 30, 2023, primarily related to the 2023 Acquisitions of SHK and KM. As discussed above, total consideration for SHK included \$11.0 million in notes payable over three years. As of September 30, 2023, the Company maintained \$4.0 million in its money market account related to the notes. The Company primarily finances its acquisitions through its credit facility (discussed below), which contributed net proceeds of \$9.8 million in the current year period. Cash provided by financing activities was partially offset by \$1.4 million in operating lease payments. Cash provided by financing activities was \$1.8 million for the nine months ended September 30, 2022 due to \$4.0 million of net proceeds on the Company's line of credit, partially offset by \$1.1 million in repayments on debt related to the 2022 Acquisitions and \$1.1 million in operating lease payments.

On February 1, 2023, the Company secured a credit facility for \$40.0 million in two equal parts, a \$20.0 million revolver, and a \$20.0 million delayed-draw term loan facility (the "Credit Facility"). The Credit Facility is secured by all the Company's assets. The rate shall be variable based on the margins of the credit facilities. The delayed-draw term loan facility is in place until August 2024, with a maturity date of February 2028, while the revolver is designed to support day-to-day operations and is in place until February 2028.

On May 11, 2023 and June 2, 2023, we received notices of default from our lender resulting from a failure to meet certain covenants. The lender is currently forbearing its rights related to its notice of default and its rights to accelerate payments or implement the relevant penalty rate, and we are continuing to cooperate with the lender. If such demand for repayment were to occur, we would not have the financial resources to repay such obligations. We are also dependent upon our Credit Facility to fund our operations and satisfy obligations. Accordingly, we have taken several actions to continue to support our operations and meet obligations, including renegotiating payment terms with our customers and suppliers and exploring options to amend or refinance our debt and reduce operating costs and expenditures. Although we believe that the actions discussed herein may result in sufficient availability to meet the current covenant requirements, we cannot predict that such actions will be successful. Based on these factors, we believe there is substantial doubt about our ability to continue as a going concern. See further discussion herein and in our consolidated financial statements.

Summary of Significant Accounting Policies, Estimates and Judgements

The consolidated interim financial statements were prepared using the same accounting policies as described in Note 4 of the audited combined consolidated financial statements for the year ended December 31, 2022, and in Note 2 of the unaudited consolidated interim financial statements for the three and nine months ended September 30, 2023.

Outstanding Share Data

As of November 22, 2023, the Company had 320,000,000 Subordinate Voting Shares reserved for issuance pursuant to the conversion rights attached to the IN Nevada Class B Non-Voting Shares, 18,240 Subordinate Voting Shares reserved for issuance pursuant to the conversion rights attached to the Multiple Voting Shares, 3,369,368 Subordinate Voting Shares, and 340,300 Subordinate Voting Shares reserved for issuance pursuant to the conversion rights attached to the Proportionate Voting Shares issued and outstanding. The Company also had 20,000 warrants issued for the right to receive Subordinate Voting Shares.

Risk Factors

Many factors could cause the Company's actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking statements and forward-looking information, including without limitation, the following summary of key risk factors, which should be read in conjunction with the risk factors set forth under the section entitled "Risk Factors" in the Company's Listing Statement available at www.sedar.com. Capitalized terms used but not defined herein have the meaning ascribed thereto in the Company's Listing Statement.

Risks Related to Our Products

- The business premises of the Company's operating locations may be targets for theft. While the Company has implemented security measures at each location and continues to monitor and improve its security measures, its facilities could be subject to break-ins, robberies and other breaches in security which would adversely affect the Company.
- The Company relies on a complex supply chain which includes raw materials (botanical ingredients, packaging, etc.) and the manufacturers thereof, electricity, water, other utilities, contract manufacturers, and other external factors. As such, any disruption in this supply chain, including as a result of the COVID-19 pandemic, would cause a material adverse effect to the Company.
- A large concentration of the Company's products are produced at the same contract manufacturer. The Company's financial performance depends in large part on its ability to produce its products in a timely manner at the contract manufacturer. If the manufacturer was ever unable to perform its obligations to the Company, or the Company ever needed to replace its contract manufacturer, there can be no assurance that an alternative contract manufacturer will be available when required on acceptable terms, or at all, or that a new contract manufacturer would allocate sufficient capacity to the Company in order to meet its requirements, fill its orders in a timely manner or meet its strict quality standards. If the Company is unable to manage its supply chain effectively and ensure that its products are available to meet consumer demand, its operating costs could increase, and its profit margins could decrease. Accordingly, a disruption at the Company's main contract manufacturer or in the relationship between the Company and its main contract manufacturer could result in an adverse financial event for the Company.
- Despite the Company's quality control procedures, cultivators, manufacturers and distributors of products are sometimes subject to the recall or return of its products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety, and inadequate or inaccurate labeling disclosure. A product recall would have an adverse effect on the Company. This applies to naturally occurring adulterants as well as THC which needs to stay at levels under 0.3% for hemp to be classified as such, as well as other naturally occurring contaminants found in botanicals.
- There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to CBD, dietary supplements, ketamine treatments or any particular products or treatments sold by the Company. Any factors that lead to a negative reputational outcome for the Company may have an adverse effect on the Company.
- A number of other companies engage in, and could engage in, a business similar to the business of the Company, and operate businesses in competition with the Company. This could lead to an

increase in prices for the Company's product or other effects that lead to adverse consequences for the Company.

- The prior investment and operational performance of the Company is not indicative of the future operating results of the Company.
- Failure of the Company to adequately maintain and enhance protection over its proprietary techniques and processes, and intellectual property, including the policies and procedures and training manuals, could have a material adverse effect on the businesses, financial condition or results of operations of the Company.
- The Company may not be able to register United States federal trademarks for certain of its CBD. The use of its trademarks outside the states in which it operates by one or more other persons could have a material adverse effect on the value of such trademarks.
- The Company may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labor disputes; catastrophic accidents; fires; blockades or other acts of social activism; equipment defects, malfunction and failures, changes in the regulatory environment; impact of non-compliance with laws and regulations; outbreak of a global pandemic (including COVID-19) that can cause interruption of operations, shortage of staff, disruption of supply chain and market volatility; and natural phenomena, such as inclement weather conditions, floods, earthquakes, ground movements, accidents and explosions that can cause personal injury, loss of life, suspension of operations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's properties, personal injury or death, environmental damage, or have an adverse impact on the Company's operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have a material adverse effect on the businesses, financial condition or results of operations of the Company.
- Although the Company will maintain insurance coverage that they believe to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover the liabilities. In addition, there can be no assurance that the Company will be able to maintain adequate insurance in the future at rates they considers reasonable and commercially justifiable. The Company may elect not to insure against certain risks due to cost of or ease of procuring such insurance. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits then maintained by the Company, or a claim at a time when they are not able to obtain liability insurance, could have a material adverse effect on the businesses, financial condition or results of operations of the Company. This risk includes the possibility of medical clinics specializing in IV Ketamine that are acquired by the Company or enter into a management service agreement with the Company having a lack of insurance coverage, of which risk the Company may take on. This lack of insurance coverage could have a material adverse effect on the anticipated businesses, financial condition or results of operations of the Company. Moreover, there can be no guarantee that the Company will be able to obtain adequate insurance coverage in the future or obtain or maintain liability insurance on acceptable terms or with adequate coverage against all potential liabilities.
- The relatively new development of Hemp nationally presents numerous and material risks. Many of these risks are not inherent in other developing or mature industries. Many of the risks are unknown, as are its potential consequences.

- Based on its use of technology, the Company is expected to be susceptible to operational, financial and information security risks resulting from cyber-attacks and / or technological malfunctions. Successful cyber-attacks and / or technological malfunctions affecting the Company or its service providers can result in, among other things, financial losses, the inability to process transactions, the unauthorized release of customer information or confidential information and litigation arising therefrom, and reputational risk.
- The Company has conducted sales in various international jurisdictions and intends to expand internationally. Failure by the Company to comply with the current or evolving regulatory framework in any jurisdiction could have a material adverse effect on the Company's businesses, financial condition and results of operations.
- The Company's revenues and expenses are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations in regards to its international activities.
- Risks inherent to international expansion include logistical expenditures and unknown regulatory risk due to the lack of experience in most international markets for the Company.
- As Company expands into different countries and states regulations surrounding labors law will vary, and there is an increased risk for Company to be out of compliance with such regulations. Moreover, as Company increases acquisitions there may be inherited risk from such acquisition targets regarding compliance with applicable labor regulations. These increased risk of labor law violations may have a material adverse effect on the business, financial condition or results of operations of the Company.

Risks Related to our Mental Health Clinics

- Under the Controlled Substances Act (21 U.S.C. § 811) (the "CSA"), ketamine is currently a Schedule III drug as well as being listed under the associated Narcotic Control Regulations, and psilocybin is currently a Schedule 1 drug. Most U.S. States have enacted Controlled Substances Acts ("State CSAs") which regulate the possession, use, sale, distribution, and manufacture of specified drugs or categories of drugs and establish penalties for State CSA violations and form the basis for much state and local drug laws enforcement activity. State CSAs have either adopted drug schedules identical or similar to the federal CSA schedules or, in some instances, have incorporated the federal scheduling mechanism. Among other requirements, some U.S. States have established a prescription drug monitoring or review programs to collect information about prescription and dispensing of controlled substances for the purposes of monitoring, analysis and education.
- In the United States, facilities holding or administering controlled substances must be registered with the DEA to perform this activity. As such, medical professionals and / or the clinics in which they operate, as applicable, are also required to have a DEA license to obtain and administer ketamine. While ketamine is a controlled substance in the United States, it is approved for general anesthetic induction under the U.S. Food, Drug, and Cosmetic Act. Once a drug is approved for use, physicians may prescribe that drug for uses that are not described in the product's labelling or that differ from those tested by the manufacturer and approved by the FDA. Licensed medical practitioners may prescribe ketamine legally in Canada or the United States where they believe it will be an effective treatment in their professional judgment.

- The continued entrance by the Company into the ketamine assisted psychedelic therapy business segment is in its preliminary stage and any further acquisitions by Irwin are subject to approval from the Board of Directors of the Company as well as any regulatory approval, including that of the Canadian Securities Exchange. These statements are based on numerous assumptions regarding this new revenue stream that are believed by management to be reasonable in the circumstances, and are subject to a number of risks and uncertainties, including without limitation: Board of Director and regulatory approvals, including the approval of the Canadian Securities Exchange, Irwin being able to compliantly acquire and continue to enter into a business relationships to enter into this new market, the Company obtaining the required licenses and changes to regulations and laws regarding psychedelics, a lucrative opportunity for entry into the industry presenting itself, decisions of management regarding the profitability of entry into the industry, and the entering into of negotiations and, ultimately, definitive agreements with ketamine assisted psychedelic therapy clinics. Even though the Company has entered the industry, the Company may discontinue its operations for a variety of reasons as listed herein and others. In addition, even if the Company continues into the ketamine assisted psychedelic therapy clinic industry, it may not be on the terms currently expected.
- Medical clinics in the U.S., including the ketamine infusion centric Company will and is operating, are subject to corporate practice of medicine and fee-splitting prohibitions which vary widely from state to state. The corporate practice of medicine prohibition exists in some form, by statute, regulation, board of medicine or attorney general guidance, or case law, in various states that it operates. These laws generally prohibit the practice of medicine by lay persons or entities and are intended to prevent unlicensed persons or entities from interfering with or inappropriately influencing providers' professional judgment. Due to the prevalence of the corporate practice of medicine doctrine, in the subject states Company contracts with clinics that are structured as professional corporations, or similar entities, who in turn employ or retain physicians and other medical providers to deliver professional clinical services in the Clinics located in the U.S. The medical clinics are wholly owned by providers licensed in their respective states. A violation or perceived violation of such regulations could have a material adverse effect on the anticipated businesses, financial condition or results of operations of the Company.
- Where applicable, under Company's master services agreements (the "MSAs"), when the medical clinics, provide professional clinical services to patients, Company, as administrator, performs services on behalf of the clinics and the clinics receive the fees for the services provided. In return for these administrative services, Company receives fees from the clinics that represent fair value. As a result, Company's ability to receive fees from clinics may be limited to the fair market value of the services provided under the MSAs or other regulatory limitations enacted by various states. To the extent that Company's ability to receive fees from the clinics is limited, Company's ability to use that cash for growth, debt service or other uses may be impaired and, as a result, Company's results of operations and financial condition may be adversely affected.
- Company's ability to perform medical services in a particular U.S. state is directly dependent upon the applicable laws governing the practice of medicine, healthcare delivery and fee splitting in such locations, which are subject to changing political, regulatory and other influences. The extent to which a U.S. state considers particular actions or relationships to constitute the practice of medicine is subject to change and to evolving interpretations by medical boards and state attorneys general, among others, each of which has broad discretion. There is a risk that U.S. state

authorities in some jurisdictions may find that Company's contractual relationships with clinics, which govern the provision of medical services and the payment of administrative and operations support fees, violate laws prohibiting the corporate practice of medicine and fee splitting. The extent to which each state may consider particular actions or contractual relationships to constitute improper influence of professional judgment varies across the states and is subject to change and to evolving interpretations by state boards of medicine and state attorneys general, among others. Accordingly, Company must monitor its compliance with laws in every jurisdiction in which Company operates on an ongoing basis, and Company cannot provide assurance that its activities and arrangements, if challenged, will be found to be in compliance with law. Additionally, it is possible that the laws and rules governing the practice of medicine and fee splitting in one or more jurisdictions may change in a manner adverse to Company's business. While the MSAs prohibit Company from controlling, influencing or otherwise interfering with the practice of medicine at each clinic in applicable states, and provide that providers retain exclusive control and responsibility for all aspects of the practice of medicine and the delivery of medical services, there can be no assurance that Company's contractual arrangements and activities with the clinics will be free from scrutiny from U.S. state authorities, and Company cannot guarantee that subsequent interpretation of the corporate practice of medicine and fee splitting laws will not circumscribe Company's business operations. State corporate practice of medicine doctrines also often impose penalties on physicians themselves for aiding the corporate practice of medicine, which could discourage providers from participating in Company's network of physicians. If a successful legal challenge or an adverse change in relevant laws were to occur, and Company was unable to adapt its business model accordingly, Company's operations in affected jurisdictions would be disrupted, which could harm its business. While Company expects that its relationships with the clinics will continue, a material change in Company's relationship with these entities whether resulting from a dispute among the entities, a challenge from a governmental regulator, a change in government regulation, or the loss of these relationships or contracts with the clinics, could impair Company's ability to provide services to Company's patients and could harm Company's business.

- Inherent in operating costs related to the healthcare industry (including costs for maintenance and insurance), inability to obtain permits required to conduct Company's business, changes in health care laws and governmental regulations, and various other factors may significantly impact the ability of Company to generate revenues. Certain significant expenditures, including legal fees, borrowing costs, maintenance costs, insurance costs and related charges, must be made to operate the clinics, which will be exacerbated by any scenario where Company cannot obtain such licenses or permits, or employees and Company are not able to keep such licenses and permits up to date. Moreover, if any permits are required for Company's operations and activities in the future that it currently does not require, there can be no assurance that such permits will be obtainable on reasonable terms or on a timely basis, or that applicable laws and regulations will not have an adverse effect on Company's business.
- The federal regulations promulgated under the authority of the United States Health Insurance Portability and Accountability Act of 1996 ("HIPAA") require the healthcare clinics to provide certain protections to patients and their health information. The HIPAA privacy and security regulations extensively regulate the use and disclosure of "protected health information" ("PHI") and require covered entities, which include healthcare providers and their business associates, to

implement and maintain administrative, physical and technical safeguards to protect the security of such information. Additional security requirements apply to electronic PHI. These regulations also provide patients with substantive rights with respect to their health information. The HIPAA privacy and security regulations also require the healthcare clinics to enter into written agreements with certain contractors, known as business associates, to whom the Ketamine Clinics disclose PHI. Covered entities may be subject to penalties for, among other activities, failing to enter into a business associate agreement where required by law or as a result of a business associate violating HIPAA, if the business associate is found to be an agent of the covered entity and acting within the scope of the agency. Through the provision of management services to certain clinics, upon completion of their asset purchase, it is contemplated that the Company will be a business associate of each clinic. Business associates are also directly subject to liability under certain HIPAA privacy and security regulations. In instances where the Company acts as a business associate to a covered entity, there is the potential for additional liability beyond the Company's anticipated status as a covered entity upon acquisition of the clinics. Covered entities must notify affected individuals of breaches of unsecured PHI without unreasonable delay but no later than 60 days after discovery of the breach by a covered entity or its agents. Reporting must also be made to the HHS Office for Civil Rights and, for breaches of unsecured PHI involving more than 500 residents of a state or jurisdiction, to the media. All impermissible uses or disclosures of unsecured PHI are presumed to be breaches unless the covered entity or business associate establishes that there is a low probability the PHI has been compromised. Various state laws and regulations may also require the Company to notify affected individuals in the event of a data breach involving personal information without regard to the probability of the information being compromised. Violations of HIPAA, including, but not limited to, failing to implement appropriate administrative, physical and technical safeguards, have resulted in enforcement actions and in some cases triggered settlement payments or civil monetary penalties. Penalties for impermissible use or disclosure of PHI were increased by the United States Health Information Technology for Economic and Clinical Health Act ("HITECH") by imposing tiered penalties of more than US \$0.05 million per violation and up to US \$1.5 million per year for identical violations. In addition, HIPAA provides for criminal penalties of up to US \$0.25 million and ten years in prison, with the severest penalties for obtaining and disclosing PHI with the intent to sell, transfer or use such information for commercial advantage, personal gain or malicious harm. Further, state attorney generals may bring civil actions seeking either injunction or damages in response to violations of the HIPAA privacy and security regulations that threaten the privacy of state residents. While the Company is not aware of any HIPAA breaches by the Company or the associated clinics, there can be no assurance that the clinics will not be the subject of an investigation (arising out of a reportable breach incident, audit or otherwise) alleging non-compliance with HIPAA regulations in their maintenance of PHI.

- Company's success will depend, in part, on its ability to attract and retain patients. There are many factors which could impact Company's ability to attract and retain patients, including the successful implementation of Company's patient-acquisition plans and the continued growth in the aggregate number of patients selecting psychedelic therapy as a treatment option. Company's failure to acquire and retain patients as clients would have a material adverse effect on Company's business, operating results and financial condition.

- A portion of the business strategy of Company depends on the legality of the use of psychedelics for the treatment of mental health conditions and the acceptance of such use in the medical community. The political environment surrounding the psychedelics industry in general can be volatile. As of the date of this filing the U.S. permits the use of ketamine or a derivative thereof as a treatment for certain mental health conditions; however, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the use of psychedelics as a whole, adversely impacting Company's ability to successfully operate or grow this side of its business.

Risks Related to our Brand Licensing Business to Third Party Cannabis Manufacturers

- Company is non-plant touching and does not sell or distribute marijuana, and only licenses its brand to third parties who may distribute marijuana. Notwithstanding, certain risks related to companies in the marijuana industry may impact Company, and regulation of Company's connected to the industry is unpredictable.
- Marijuana is currently illegal under United States federal law. The federal government of the United States regulates drugs through the CSA, which places controlled substances on one of five schedules. Currently, marijuana is classified as a Schedule I controlled substance. However, recent reports indicate that DEA has been advised to re-schedule Cannabis as a Schedule III controlled substance, the timing and likelihood of this happening is uncertain.
- Company is subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime. In February 2014, the FCEN Memo was issued. The FCEN Memo states that in some circumstances, it may not be appropriate to prosecute banks that provide services to marijuana-related businesses for violations of federal money laundering laws. It refers to supplementary guidance that former Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on marijuana-related violations of the CSA.
- The relatively new development of the Cannabis industry nationally presents numerous and material risks. Many of these risks are not inherent in other developing or mature industries. Many of the risks are unknown, as are its potential consequences. The risks range from the potential collapse of the Cannabis industry that might result from changes in laws or the enforcement of existing laws to the failure of individual businesses that might result from volatile market conditions that sometimes accompany the development of new markets and industries. Additionally, the Cannabis industry is currently characterized by ever-shifting legal landscapes with multiple frameworks (from state to state), rapidly shifting public opinion, and a scarcity of capital. Realization of any of these risks could have a material adverse effect on the anticipated businesses, financial condition or results of operations of the Company.
- Pursuant to Section 280E of the Code, the ability of any business involved in any trade or business consisting of the trafficking in controlled substances within the meaning of Schedule I and II of the CSA which is prohibited by federal law to take certain deductions for U.S. federal income tax purposes is severely limited. Marijuana is currently a controlled substance within the meaning of Schedule I of the CSA. As a result, should the Company pursue business opportunities in the marijuana industry, the application of 280e would have a material adverse impact on Company.
- Because the use of marijuana is illegal under federal law, many courts have denied marijuana businesses bankruptcy protections, thus making it very difficult for lenders to recoup their

investments in the marijuana industry in the event of a bankruptcy. If the Company were deemed to participate in the marijuana industry in the U.S. and were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available, which would have a material adverse effect on any restructuring transaction.

- There is no guarantee that the Company will be able to effectively enforce any interests it may have in such marijuana businesses. Should a marijuana-related entity in which the Company holds an interest have insufficient assets to pay its liabilities, it is possible that other liabilities will be satisfied prior to the liabilities or equity owed to the Company.

Risks Related to Regulatory and Legal Matters

- Negative changes to state laws pertaining to hemp or current negative laws, regulations, or guidance pertaining to hemp could slow or halt use of Hemp or Hemp derived cannabinoids such as CBD, which would negatively impact the Company's business or growth, including possibly causing the Company to discontinue hemp-related operations as a whole.
- The manufacture, labeling and distribution of the products that the Company distributes are regulated by various federal, state and local agencies, including but not limited to the FDA and FTC. These governmental authorities may commence regulatory or legal proceedings, which could restrict the permissible scope of the Company's product claims or the ability to sell its products in the future.
- Violation of the California Proposition 65 regulations by the Company may result in heavy fines and litigation costs enforced by the state of California, local district attorney, or private citizens. Despite best efforts the Company cannot guarantee compliance with such regulations.
- There is currently no uniform regulation applicable to natural health products worldwide. There can be no assurance that the Company is currently in compliance with all of these laws, regulations and other constraints. Moreover, changes to such laws, regulations and other constraints may have a material adverse effect on operations. Such non-compliance can hinder the Company's efforts to expand globally.
- As of July 16, 2021, the FDA responded to a New Dietary Ingredient Notification submitted by the Company for its FSHE where it filed the notification reserving the right to provide further comments on the notification. On July 23, 2021, the FDA responded further to the New Dietary Ingredient Notification. In that response the FDA disagreed with Company's assertion that the ingredient was a dietary supplement based on the preclusion language in the Dietary Supplement Health and Education Act, and stated the ingredient may not have a reasonable expectation of safety when used under the conditions of use included in the notification. Although, this is not an enforcement action, the Company may be adversely affected by the public perception of this response, or any potential enforcement actions or litigation that is caused by this response either by regulatory agencies or private parties.
- The FDA has stated that it could not conclude based on available data that CBD is "generally recognized as safe" for use in human or animal food. While this is broad and may not be applicable in all instances, it nevertheless could materially and adversely impact the Company's businesses and financial condition.
- The FDA and FTC, and other equivalent state agencies, issue warning letters and other more serious enforcement actions to companies in our industry. As of April 13, 2023 the FTC announced that it would send notices to companies in the health food and dietary supplement business

advising them of the rules and regulations governing their products. A subsidiary of the issuer received such a notice. Any actions against the Company by any governmental authorities (domestic or international) could have a material adverse effect on the Company's business, financial condition and results of operations. Although it is unclear the effect the prior notice may have in such proceedings, there is a risk that governmental authorities use such notice to attempt to provide an intentional element to such providing, which in turn would have an increased material adverse event on issuer.

- Whether based on statements or actions from regulatory agencies, or brought on their own accord, litigation from private citizens is a normal occurrence in the Company's industry, that range from false advertising class action suits, to personal injury to other types of legal actions. Any actions against the Company by any private litigant (domestic or international) could have a material adverse effect on the Company's business, financial condition and results of operations.
- Enforcement by the U.S. Drug Enforcement Agency ("DEA") based on a differing interpretation of the 2018 Farm Bill as it pertains to Hemp would disrupt the Company's operations and would have an adverse effect on the business, financial condition and results of operations.
- Regulatory uncertainty in respect of the laws, rules, regulations and directives facing banks which provide services to Hemp, if revised or resolved unfavorably to the Company's interest, may materially and adversely affect the business of the Company.
- The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies.
- Company's operations may be subject to governmental laws or regulations promulgated by various legislatures or governmental agencies from time to time. A breach of such legislation may result in the imposition of fines and penalties. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Company intends to fully comply with all governmental laws and regulations. The current and future operations of Company are and will be governed by laws and regulations governing the healthcare industry, labor standards, occupational health and safety, land use, environmental protection, and other matters. Amendments to current laws, regulations and permits governing operations and activities of health clinics, or more stringent implementation thereof, could have a material adverse impact on Company and cause increases in capital expenditures or costs, or reduction in levels of its medical services.
- Company may become party to litigation from time to time in the ordinary course of business, including a medical malpractice claim, or a claim based in related legal theories of negligence or vicarious liability among others if a physician who is employed by Company, is an independent contractor of company, or is in management service relationship with Company causes injury, which could adversely affect Company's business. Should any litigation in which Company becomes involved be determined against Company, such a decision could adversely affect Company's ability to continue operating and the market price for the Company's shares. Even if Company is involved in litigation and wins, litigation can redirect significant resources. Litigation may also create a negative perception of Company's business.
- The anti-kickback statute ("AKS") applies to Medicare and other U.S. state and federal programs. AKS prohibits the solicitation, offer, payment or receipt of remuneration in return for referrals or the purchase, or in return for recommending or arranging for the referral or purchase, of goods covered by the federal healthcare programs. The AKS is a criminal statute with criminal penalties,

as well as potential civil and administrative penalties. The AKS, however, provides a number of statutory exceptions and regulatory "safe harbors" for particular types of transactions. Many states within the U.S. have similar fraud and abuse laws and their own anti-kickback laws, some of which can apply to all payors, and not just governmental payors. While Company believes that it is in material compliance with both federal and state AKS laws, if it were determined that Company was not in compliance with the AKS, it could be subject to liability, and its operations could be curtailed, which could have a material adverse effect on its business, financial condition and results of operations. Moreover, if the activities of a clinic company owns or has a business relationship were found to constitute a violation of the AKS and Company were found to have knowingly participated in such activities, Company could be subject to sanctions or liability under such laws, including civil and / or criminal penalties, as well as exclusion from government health programs. As a result of exclusion from government health programs, neither products nor services could be provided to any beneficiaries of any federal healthcare program.

- Company may be subject to federal, state and provincial data protection laws and regulations in the jurisdictions in which it operates, such as laws and regulations that address privacy and data security. Company may obtain health information from third parties, which are subject to privacy and security requirements under applicable laws. Depending on the facts and circumstances, Company could be subject to significant civil, criminal, and administrative penalties if it obtains, uses, or discloses individually identifiable health information maintained by entities covered by applicable health and data protection laws in a manner that is not authorized or permitted by such laws. Compliance with privacy and data protection laws and regulations could require Company to contractually restrict its ability to collect, use and disclose data, or in some cases, impact its ability to operate in certain jurisdictions. Failure to comply with these laws and regulations could result in civil, criminal and administrative penalties, private litigation, or adverse publicity and could negatively affect Company's operating results and business. Claims that Company has violated privacy rights, failed to comply with data protection laws, or otherwise breached obligations, could be expensive and time-consuming to defend and could result in adverse publicity that could harm Company's business.
- The Company's Canadian operations are subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. On June 30, 2016, the Canadian Federal Government established the Task Force on Cannabis Legalization and Regulation to seek input on the design of a new system to legalize, strictly regulate and restrict access to marijuana. On November 30, 2016, the Task Force on Cannabis Legalization and Regulation completed its review and published a report outlining its recommendations. On April 13, 2017, the Canadian Federal Government released Bill C-45, which proposed the enactment of the Cannabis Act, to regulate the production, distribution and sale of cannabis for unqualified adult use. On October 17, 2018, the Cannabis Act, as well as laws to address drug-impaired driving, protect public health and safety and prevent youth access to cannabis, came into force. The Cannabis Act prohibits testimonials and branding and packaging that is appealing to youth. The restrictions on advertising, marketing and the use of logos and brand names could have a material adverse impact on the Company's business, financial condition and results of operation. The legislative framework pertaining to the Canadian adult-use cannabis

market is developing and subject to change. In addition, the governments of every Canadian province and territory have, to varying degrees, announced proposed, and in some cases enacted, regulatory regimes for the distribution and sale of cannabis for adult-use purposes within those jurisdictions. The Company has limited active operations with respect to the U.S. and Canadian THC market at this time. The continued entrance by the Company into this new business segment is in its preliminary stage and any licensing partnerships or agreements that Irwin has or will enter into are subject to approval from the Board of Directors of the Company or management depending on the materiality of the transaction, as well as any regulatory approval, including that of the Canadian Securities Exchange. These statements are based on numerous assumptions regarding the entering into of this business segment that are believed by management to be reasonable in the circumstances, and are subject to a number of risks and uncertainties, including without limitation: Board of Director and regulatory approvals, including the approval of the Canadian Securities Exchange, Irwin entering into licensing partnerships, that Irwin may not enter into the U.S. or Canadian THC market at all and changes to regulations and laws regarding THC. Please see Irwin's Listing Statement on its SEDAR profile for more information on the regulatory environment and regulations surrounding the U.S. THC industry.

Risks Related to Our Indebtedness

- The Company may incur debt. As funds are borrowed, such financing will increase the risk of an investment in the Company shares because debt service increases the expense of operation of the Company and may also come with restrictive covenants that could adversely affect the Company.
- The Company will likely need additional capital to sustain its operations and will likely need to seek further financing, which the Company may not be able to obtain on acceptable terms or at all.
- The Company may require additional capital to finance its acquisitions, which may not be available to the Company on acceptable terms, or at all. As a result, the Company may suffer a negative impact on its clinic roll-up.
- On February 1, 2023 the Issuer entered into an updated credit facility to fund its daily operations, as well as its merger and acquisition activity. The line of credit is secured by all the Company's assets and is guaranteed by the Company and all of its subsidiaries. Any event of default declared by the lender would have material adverse effect on the company. On May 11, 2023 and June 2, 2023, the Company received notices of default from its lender resulting from a failure to meet certain covenants. See further discussion herein and also in our consolidated financial statements.
- Recently, concerns have arisen with respect to the financial condition of a number of banking organizations in the United States, in particular those with exposure to certain types of depositors and large portfolios of investment securities. On March 10, 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation, and the Federal Deposit Insurance Corporation (the "FDIC") was appointed receiver of SVB. On March 12, 2023, the FDIC was appointed receiver of Signature Bank. While we do not have any exposure to SVB or Signature Bank, we do maintain our cash at financial institutions, often in balances that exceed the current FDIC insurance limits. If other banks and financial institutions enter receivership or become insolvent in the future due to financial conditions affecting the banking system and financial markets, our ability to access our cash, cash equivalents and investments, including

transferring funds, making payments or receiving funds, may be threatened and could have a material adverse effect on our business and financial condition.

Risks Related to Our Common Shares

- The share-based payment transaction was structured so that the Company is a Foreign Private Issuer following the closing of the transaction as that concept is defined in Rule 405 under the U.S. Securities Act and Rule 3b-4 of the U.S. Exchange Act. Although the Company is currently treated as a “Foreign Private Issuer,” should the SEC’s guidance and interpretation change, or should the amount of shares owned by foreign based borrowers increase, the Company may lose its Foreign Private Issuer status. Loss of Foreign Private Issuer status may have adverse consequences on the Company’s ability to raise capital in private placements or Canadian prospectus offerings. In addition, loss of the Company’s Foreign Private Issuer status would likely result in increased reporting requirements and increased audit, legal and administration costs. Further, should the Company seek to list on a securities exchange in the United States, loss of Foreign Private Issuer status may increase the cost and time required for such a listing. These increased costs may have a material adverse effect on the business, financial condition or results of operations of the Company.
- Klee Irwin, the Company founder and CEO, exercises a significant majority of the voting power in respect of the Company. This concentrated control could allow Klee to take actions even if they are disagreed with by other shareholders and investors.
- Additional issuance of Subordinate Voting Shares and / or Proportionate Voting Shares will result in dilution for current or future shareholders of the Company. The issuance is allowed under the Company’s Articles of Incorporation, and such issuances have already been committed to by the Company in relation to certain merger and acquisition activity that has taken place over the current financial year. Sales of substantial amounts of Subordinate Voting Shares may have an adverse effect on the market price of the Subordinate Voting Shares for the Company.
- The market price for the Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company’s control.
- The Company cannot predict at what prices the Subordinate Voting Shares will trade and there can be no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Company.
- With the exception of the limited rights of shareholders under applicable laws, the day-to-day decisions regarding the management of the Company’s affairs will be made exclusively by the officers and Board of Directors of the Company.
- Holders of the company shares will not have a right to dividends on such shares unless declared by the Board of Directors of the Company. It is not anticipated that the Company will pay any dividends in the foreseeable future.
- Dividends on the Company shares may be subject to Canadian and / or United States withholding tax.
- Transfers of Company shares may be subject to United States gift, estate and transfer taxes.
- The Company’s shares may not be qualified investments for registered plans if the Subordinate Voting Shares are not listed on a designated stock exchange.

General Risks

- Any material delay or inability to receive required permits or licenses is likely to delay and / or inhibit the Company's ability to conduct business, and would have an adverse effect on its businesses, financial condition and results of operations.
- The Company is subject to the following business and operational risks surrounding its business: difficulty to forecast trends, statistics and regulatory decisions; pricing of raw materials; the ability to scale consistently with its growth plans.
- The Company is inherently subject to the risk of its customers, clients or counterparties failing to discharge its contractual obligations, which would adversely affect the Company.
- The global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the military conflict between Russia and Ukraine. On February 24, 2022, Russia began a full-scale military invasion of Ukraine. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets and interest rates. These factors could negatively impact the Company's ability to access liquidity needed for the Company's business in the longer term. These factors may impact the Company's future ability to obtain equity, debt or bank financing on terms favorable to the Company, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. In addition, certain of the Company's customers could be unable to pay the Company in the event that they are unable to access the capital markets to fund their business operations.
- The interest rate benchmarks, LIBOR and the Wall Street Journal Prime Rate, are used as reference rates on the Company's line of credit. Any changes to the transparency of these rates, or the phase out of the rates themselves, could adversely affect the Company.
- Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent and detect fraud. Although the Company undertakes a number of procedures and implements a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations.
- Indemnification obligations to the officers and directors of the Company and the resulting costs may discourage it from bringing a lawsuit against directors and officers for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by its stockholders against its directors and officers even though such actions, if successful, might otherwise benefit it and its stockholders. Any costs associated with these obligations may have an adverse effect on the Company.
- COVID-19 was declared a pandemic by the WHO on March 11, 2020, and has caused significant economic uncertainty and consequently it is difficult to reliably measure the potential impact of this uncertainty on the Company's future financial results. While global vaccination rates are on the rise, significant uncertainty remains with respect to the future impact of COVID-19 on the

Company's business, particularly as the efficacy of vaccines against variants of COVID-19 are determined. As a result, the Company cannot accurately estimate the severity of any such impact.

- As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies. Therefore, there will be greater costs to maintain corporate governance than there had been in the past.
- The company may take on additional tax liability due to Foreign Affiliate Dumping regulations as promulgated by the Canadian tax regime.