MediPharm Labs

(TSX: LABS)

MEDIPHARM LABS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

MARCH 30, 2025

This Management's Discussion and Analysis ("**MD&A**") of the financial condition and performance of MediPharm Labs Corp. (the "**Company**", "**MediPharm**", "**we**", "**us**" or "**our**") for the year ended December 31, 2024, was prepared by management of the Company as of March 30, 2025. Throughout this MD&A, unless the context indicates or requires otherwise, the terms the "Company", "MediPharm", "we", "us" and "our" refer to MediPharm Labs Corp. together with its subsidiaries. This MD&A should be read in conjunction with our consolidated financial statements for the years ended December 31, 2024 and 2023 (the "**Financial Statements**"), including the accompanying notes thereto.

This MD&A has been prepared with reference to the MD&A disclosure requirements established under National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators and Staff Notice 51-352 (Revised) *Issuers with US Marijuana Related Activities* (the "**Staff Notice**").

Additional information regarding the Company, including in the Financial Statements and our most recent annual information form dated March 30, 2025 for the year ended December 31, 2024 (the "**Annual Information Form**"), is available on the Company's website at www.medipharmlabs.com and under the Company's SEDAR+ profile at http://www.sedarplus.ca/.

This MD&A contains commentary from the Company's management regarding the Company's strategy, operating results, financial position, and outlook. Our management is responsible for the accuracy, integrity and objectivity of the disclosure contained in this MD&A and develops, maintains, and supports the necessary systems and controls to provide reasonable assurance as to the accuracy of the comments contained herein.

Our board of directors (the "**Board of Directors**") and audit committee (the "**Audit Committee**") provide an oversight role with respect to all Company 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.

The Financial Statements and accompanying notes were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and include the accounts of the Company and its subsidiaries and the Company's interests in affiliated companies. All intercompany balances and transactions have been eliminated on consolidation. <u>All dollar amounts are expressed in thousands of Canadian dollars (C$'000s), other than share and per share amounts, unless otherwise noted</u>.

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 Canadian securities legislation ("**forward-looking statements**") including but not limited to:

- assumptions and expectations related to the Hope Facility (as defined herein), including the anticipated sale of the Hope Facility and the impact of the Company's reduction in operations and relocation of direct-to-patient medical sales logistics from the Hope Facility to the Barrie Facility (as defined herein);
- assumptions and expectations related to the Arrangement (as defined herein), including the revenue and cost synergies that may be realizable as a result thereof;
- assumptions and expectations described in the Company's critical accounting policies and estimates;
- the Company's expectations regarding legislation, regulations and licensing related to the import, export, processing, and sale of cannabis products by the Company, along with the market demand and pricing for such products;
- the ability to enter and participate in international market opportunities;
- assumptions and expectations related to the Company's expansion into the United States pharmaceutical market;
- statements regarding intended expansions, exports, distributions, GMP (as defined herein) certifications and DMF (as defined herein) filing;
- product diversification and future corporate development;
- anticipated results of research and 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;
- statements about expected use of proceeds from fund raising activities; and
- the Company's expectations regarding the adoption and impact of certain accounting pronouncements.

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 "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" and any other factors and uncertainties disclosed from time-to-time in the Company's filings with the Canadian Securities Administrators. 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. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

USE OF NON-IFRS FINANCIAL MEASURES

This MD&A contains references to "EBITDA" and "Adjusted EBITDA", which are non-IFRS financial measures. Management believes that these supplementary non-IFRS financial measures provide useful additional information related to the operating results of the Company. These non-IFRS financial measures are not recognized under IFRS and, accordingly, readers are cautioned that these measures should not be construed as alternatives to net income (loss) and gross profit determined in accordance with IFRS as measures of profitability or as alternatives to the Company's IFRS-based Financial Statements. The non-IFRS measures presented may not be comparable to similar measures presented by other issuers.

EBITDA and Adjusted EBITDA do not have any standardized meanings and the Company's method of calculating such non-IFRS measures may not be comparable to calculations used by other companies bearing the same description.

See "Reconciliation of Non-IFRS Measures".

EBITDA

EBITDA refers to earnings before interest, taxes, depreciation, and amortization and is used as an indicator of the Company's overall profitability.

Adjusted EBITDA

Adjusted EBITDA is a measure of the Company's overall financial performance and is used as an alternative to earnings or income in some circumstances. Adjusted EBITDA is essentially net income (loss) with interest, taxes, depreciation and amortization, non-cash adjustments and other unusual or non-recurring items added back. Adjusted EBITDA has limitations as an analytical tool as it does not include depreciation and amortization expense, restructuring related severance expense, government grants including rent and wage subsidies, transaction fees, unusual write down of inventory, impairment of fixed assets and intangibles, impairment loss on assets held for sale, impairment of receivables, share-based compensation, fair value adjustments to biological assets and inventory. Because of these limitations, Adjusted EBITDA should not be considered as the sole measure of the Company's performance and should not be considered in isolation from, or as a substitute for, analysis of the Company's results as reported under IFRS. Adjusted EBITDA, as used within this MD&A and the Company's disclosure, may not be directly comparable to Adjusted EBITDA used by other reporting issuers.

COMPANY OVERVIEW

Background

MediPharm is a pharmaceutical company specializing in precision-based cannabinoids. Through its wholesale and other platforms, MediPharm formulates, develops, processes, packages and distributes cannabis active ingredients and advanced cannabinoid-based products to domestic and international markets.

On January 23, 2017, the Company was incorporated under the *Business Corporations Act* (Ontario) (the "**OBCA**") as "POCML 4 Inc.", under the policies of the TSX Venture Exchange (the "**TSXV**"). On October 1, 2018, MediPharm Labs Inc. ("**MediPharm Labs**") amalgamated with 2645354 Ontario Inc., a wholly owned subsidiary of the Company, which resulted in the reverse take-over of the Company by MediPharm Labs, following which the resulting Company continued as "MediPharm Labs Corp".

On October 4, 2018, the common shares in the capital of the Company (the "**Common Shares**") commenced trading on a post-consolidation basis on the TSXV under the symbol "LABS", and on July 29, 2019, the Company graduated from the TSXV to the Toronto Stock Exchange (the "TSX"). The Common Shares also trade on the OTCQB in the US under the ticker symbol "MEDIF" and on the Frankfurt Stock Exchange under the ticker symbol "MLZ".

On October 6, 2022, the Company completed the sale of its formerly wholly-owned subsidiary MediPharm Labs Australia Pty Ltd., which held a manufacturing licence under the Australian Narcotics Drug Act 1967 authorizing the manufacture and supply of certain limited cannabis products, to OneLife Botanicals Pty., a local operator (the "**MPLA Divestment**").

On April 1, 2023, the Company acquired VIVO Cannabis Inc. ("**VIVO**") pursuant to an all-equity business combination transaction, completed by way of a plan of arrangement under section 192 of the *Business Corporations Act* (Canada) (the "**Arrangement**"). As a result of the Arrangement, the Company acquired Canna Farms Limited ("**Canna Farms**") and ABcann Medicinal Inc. ("**ABcann**") Beacon Medical Australia PTY Ltd. ("**Beacon Medical Australia**"), Beacon Medical Germany GmbH ("**Beacon Medical Germany**") and, Harvest Medicine Inc. ("**Harvest Medicine**" or "**HMED**"), all wholly-owned subsidiaries of VIVO. For further information see "General Development of the Business – Significant Acquisitions and Dispositions" below. On November 1, 2024, MediPharm completed an internal reorganization whereby, among other things, certain subsidiaries of the Company were wound up and amalgamated.

Business Overview

The Company specializes in the production of purified, pharmaceutical-quality cannabis concentrates, active pharmaceutical ingredients ("**API**") and advanced derivative products utilizing Good Manufacturing Practice ("**GMP**") certified facilities and ISO standard-built clean rooms. The Company has invested in an expert, research driven team, state-of-the-art technology, downstream purification methodologies and purpose-built facilities with primary extraction lines and finished formulated products capabilities used to deliver pure, trusted and precisely doseable cannabis products for our customers. The Company formulates, processes, packages and distributes cannabis active ingredients and advanced cannabinoid-based products for domestic and international markets.

The Company cultivates and processes cannabis to sell as dried flower, pre-roll and other cannabis products for the adult use, medical, and international markets. The Company also provides GMP flower sourcing, packaging, and distribution services for select international clients. The Company's mission is to become a global leader leveraging our GMP quality standards to provide specialized pharmaceutical quality derivative cannabis products and to drive future cannabis product innovation.

MediPharm Labs holds several licences under the *Cannabis Act* (Canada) (the "**Cannabis Act**"), including a standard processing licence, and a sale of cannabis for medical purposes license which permits the production and sale of cannabis extracts, cannabis edibles, and cannabis topicals, as well as the sale, distribution and delivery of dried and fresh cannabis. MediPharm Labs' facility in Barrie, Ontario (the "**Barrie Facility**") holds GMP certifications from Health Canada (Drug Establishment License) ("**DEL**"), the Australian Therapeutic Goods Association ("**TGA**"), ANVISA (Brazil), and LAVG (EU-GMP). The Barrie Facility obtained EU-GMP certification from the LAVG in July 2024. These GMP certifications have been accepted in other international markets such as the UK, Brazil, and the European Union.[1] MediPharm Labs has filed a Drug Master File ("**DMF**") for cannabidiol ("**CBD**") with the United States Food and Drug Administration ("**FDA**") and is the only commercial cannabis company in Canada registered as an active FDA establishment registration.

MediPharm's wholly-owned subsidiaries, Canna Farms and ABcann, each hold licenses under the Cannabis Act for the standard cultivation of cannabis, the standard processing of cannabis and the sale of cannabis for medical purposes. ABcann holds a license in respect of its facility in Napanee, Ontario (the "**Napanee Facility**") which is valid until October 30, 2025 (the "**ABcann Licence**"). ABcann also holds an EU-GMP license after a successful LAVG audit and license renewal in July 2024. In addition, Canna Farms holds a licence in respect of its facility in Hope, British Columbia (the "**Hope Facility**"), which is valid until December 14, 2027 (the "**Canna Farms Licence**"). Canna Farms' operations, which focused on packaging, concentrate production, and supporting patients through its medical e-commerce platform, have been transferred from the Hope Facility to the Barrie Facility as operations at the Hope Facility have ceased and the facility is listed for sale. ABcann's operations focus on European Union Good Manufacturing Practices ("**EU GMP**") related cultivation and packaging for international markets. The Company has expanded its reach to medical patients in Australia and Germany through its wholly-owned subsidiaries Beacon Medical Australia and Beacon Medical Germany (together, the "**Beacon Medical Brand**").

MediPharm's wholly-owned subsidiary Harvest Medicine operates medical clinics in Canada that provide medical cannabis patients with physician consultations for medical cannabis education and prescriptions.

Operations and Facilities

As of the date of this MD&A, the Company's core business generates revenue through four primary streams:

- Canadian Adult Use and Wellness: This stream includes the production and sale of finished consumer packaged cannabis concentrate based products such as cannabis oil, vapes, soft chews, and capsules and other non-smokeable formats as well as dry flower and pre-rolls. These products are sold primarily to the provincial distributors.

- Canadian Medical Cannabis: This stream includes products that are sold to patients through the domestic medical channels such as the Canna Farms medical platform, and through other licensed producers' medical channels. It also includes the Company's medical clinic business, Harvest

[1] As a member of Pharmaceutical Inspection Co-operation Scheme.

Medicine. HMED consists of education-focused, patient-centric, cannabis discovery clinics, which conduct registered patient visits through its clinics, and via its telemedicine platform.

- International Medical Cannabis: This stream includes the production and sale of GMP tinctures, GMP dry flower, GMP vapes, GMP dronabinol, GMP manufacturing services, and active pharmaceutical ingredients to international customers outside of Canada. To date, MediPharm has sold into 10 international markets and has significant business in Australia, Germany, and Brazil. Key partners such as STADA Arzneimittel AG, Europe's fourth largest generic drug company, continue to support this business segment in Germany. In addition, the Company's Beacon Medical Brand has also further strengthened its presence in the Australian market. Beacon Medical Australia is currently in the top 5 brands of medical flower sales in Australia. The Company also recently launched Canadian produced GMP Beacon Medical Brand cannabis oil and inhalation cartridges in the Australian medical market.

- Pharmaceutical and Business to Business ("**B2B**"): This stream includes the production and sale of bulk cannabis based products such as concentrate, distillate and isolate to domestic and international customers. Bulk isolates include pharmaceutical grade cannabinoids in bulk and finished good forms, produced according to Canadian DEL standards and sold to pharmaceutical customers. For our pharma and academic partners, we also provide a range of clinical and research and development ("**R&D**") capabilities including Clinical Trial Materials (CTM) for Phase 2-3 Drug Trials. Also included in this stream are contract manufacturing activities where we produce finished goods and various manufacturing steps for other licenced producers.

MediPharm Labs operates out of two GMP manufacturing facilities in Ontario, the Barrie Facility and the Napanee Facility. As of the date of this MD&A, the Company has reduced operations at the Hope Facility to bare maintenance as the Company looks to sell the Hope Facility. See "*Hope Facility*" below.

Barrie Facility

This 70,000 sq. ft. facility has specialized and pharmaceutically validated equipment to produce high quality cannabis concentrate derivative bulk and finished good products. This includes automated filling and labeling equipment to meet the needs of the Canadian Adult Use and Wellness market. The Barrie Facility was built to GMP standards and received a DEL in the third quarter of 2021. The Barrie Facility is a registered foreign drug manufacturing site with the FDA and completed an onsite FDA inspection in 2022. In December 2023, the Barrie Facility was inspected by Agencia Nacional de Vigilancia Sanitaria ("**ANVISA**"), the governing body of Brazil's pharmaceutical industry, for GMP manufacturing of API and finished goods. On February 7, 2024, ANVISA confirmed compliance and issued a GMP certificate for the facility. In April 2024, the health department of the Landesamt für Arbeitsschutz, Verbraucherschutz und Gesundheit ("**LAVG**") - the competent state and the German Federal State of Brandenburg – inspected the facility and provided the Company with a verbal compliant rating. In July 2024 the Company received written confirmation from the LAVG of the issuance of the Barrie Facility's EU-GMP certification for cannabis oil (extract) products.

Hope Facility

This 47,000 sq. ft. production facility was originally a VIVO facility and was the first licensed site in British Columbia for commercial cannabis production in 2013, through the Canna Farms License issued to Canna Farms as licence holder. The Canna Farms direct-to-patient medical sales e-commerce platform was managed and distributed via the Hope Facility until May 31, 2024. Since June 1, 2024, while Canna Farms maintains the Canna Farms License, the operations at the Hope Facility have been reduced to bare maintenance as we look to sell the building, land, and equipment.

On June 1, 2024, the Company successfully relocated its direct-to-patient medical sales logistics from the Hope Facility to the Barrie Facility. The Company has streamlined operations and delivered savings to both cost of goods sold and operating expenses while providing the same great service level our patients are accustomed to.[2]

On March 3, 2025, the Company announced that it had entered into an agreement for the sale of the Hope Facility to Rubicon Organics Inc. for $4.5 million in cash. The anticipated sale is expected to include the land, building, existing equipment and, subject to regulatory approval, the Canna Farms Licence. Given the current cannabis infrastructure in Canada, management expects the sale to be completed within Q2 2025, subject to customary closing conditions and receipt of all necessary approvals, as applicable.[3] As of the date of this MD&A, the Hope Facility is being held for sale.

Napanee Facility

This 29,000 sq. ft. EU GMP facility was originally a VIVO facility, and is focused on production and supply for the international medical markets, operating through the ABcann License issued to ABcann as license holder. On March 11, 2021, the Napanee Facility received EU-GMP certification from LAVG, the health authority of Brandenburg, Germany.

In April 2024, LAVG inspected the Napanee Facility and provided the Company with a verbal compliant rating. Management received written confirmation from LAVG of the renewal of the Napanee Facility's EU-GMP certification in July 2024.

Company Regulatory History

On March 29, 2018, MediPharm Labs received its oil production licence (the "**Licence**") pursuant to the Access to Cannabis for Medical Purposes Regulations ("**ACMPR**") and became the first company in Canada to receive a production licence for cannabis oil production under the ACMPR without first receiving a cannabis cultivation licence. On October 17, 2018, the Cannabis Act came into force, and MediPharm Labs' Licence was transitioned from a producer's licence under the ACMPR to a standard processing licence under the Cannabis Act and Cannabis Regulations. On November 9, 2018, the Licence was amended to permit the sale and distribution of cannabis oil and derivatives to the following authorized classes of purchasers:

- a holder of a licence for processing under the Cannabis Act;
- a holder of a licence for analytical testing under the Cannabis Act;
- a holder of a cannabis drug licence under the Cannabis Act;
- the Minister of Health;
- a person to which an exemption has been granted under section 140 of the Cannabis Act in relation to the cannabis or a class of cannabis that is sold or distributed; or

[2] This forward-looking statement is based on the following material factors and assumptions: (a) cost savings estimate depends on eliminating duplicated expenses and redundant infrastructure, and (b) assumes the estimated revenue and cost synergies may be achieved in the near term.
[3] This forward-looking statement is based on the material assumption that all closing conditions will be fulfilled or waived and the Company will receive all necessary regulatory approvals, including for the transfer of the Canna Farms Licence.

- certain individuals who are involved in testing cannabis at laboratories operated by the Government of Canada or accredited laboratories under the *Seeds Act*.

On September 7, 2019, the Licence was further amended to permit the sale of cannabis products to the following authorized classes of purchasers:

- a holder of a licence for sale of medicinal cannabis products under the Cannabis Act; and
- a person authorized to sell cannabis under a provincial Act, such as a provincially authorized retailer or distributor.

On October 21, 2019, the Licence was amended to permit the activity of production and sale of additional cannabis products included in the Cannabis Act, including cannabis extracts, cannabis edibles and cannabis topicals. On December 30, 2019, the authorizations under the Licence were expanded to include various cannabis-related activities in an expanded footprint, totalling approximately 25,000 square feet, which included new manufacturing rooms, a quality control laboratory, additional secure storage and various infrastructural updates. On September 28, 2021, the Licence was renewed for a further term of five years and was further amended on April 25, 2022 to allow for the sale, distribution, and delivery of dried cannabis and fresh cannabis. On May 1, 2024, the License was amended to allow for the possession and sale of cannabis for medical purposes.

On October 25, 2019, MediPharm Labs received its research licence under the Cannabis Act. This licence permits MediPharm Labs to conduct controlled human administration trials for sensory testing of cannabis extracts and derivative products at its Barrie Facility. Cannabis companies without this licence cannot use sensory experiments with taste, thus limiting their understanding of the taste profile of the raw material, in process material, and consumer products. On January 31, 2025, the Company provided Health Canada with a notice to cancel the Research License in accordance with the new amendments to the Cannabis Regulations surrounding non-therapeutic research on cannabis licences. See "*Risk Factors*".

On December 21, 2020, MediPharm Labs received a GMP licence under the Natural Health Products Regulations (the "**NHP Site Licence**"). The NHP Site Licence gives MediPharm Labs the authorization to manufacture, package and label natural health products in Canada. MediPharm Labs' Barrie site follows GMP requirements outlined in Part 3 of the Natural Health Products Regulations. On December 21, 2022, the NHP Site Licence was renewed for a further one-year term. As of the date of this MD&A, the Company is in the process of renewing this NHP Site License again for 2025.[4]

On February 17, 2021, MediPharm Labs received a Cannabis Drug Licence ("**CD Licence**") from Health Canada. The CD Licence allows the Company to manufacture and supply drugs that contain cannabis. These products include pharmaceutical prescription drugs that have been classified as drugs with a drug identification number. The Company is positioned to supply cannabis based pharmaceutical drugs and API's to other CD Licence holders and clinical research trials for novel drug discovery. On October 8, 2021, MediPharm Labs' CD Licence was amended to allow for the sale of drugs that contain cannabis. The amended CD Licence is valid until January 26, 2029.

[4] This forward-looking statement is based on the following material factors and assumptions: (a) the Company assumes that it will receive a compliant rating from Health Canada and that Health Canada will renew the License; and (b) the Company assumes that it will continue to be in compliance with the relevant regulatory frameworks, guidelines, and requirements of Health Canada. The Company clarifies that as of the date hereof, it has received compliant ratings from Health Canada but cannot guarantee that there will not be issues with compliance inspections that may arise in the future. Such statements are informed by, among other things, regulatory guidelines for receiving and maintaining the Licence. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".

On July 14, 2021, MediPharm Labs received a GMP DEL issued by Health Canada in accordance with the *Food and Drugs Act* (Canada) and associated Regulations. The DEL serves to confirm compliance to GMP standards. The DEL can be used for manufacturing, testing and sale of any non-sterile APIs and pharmaceuticals, including drug products containing cannabis. This includes drugs that have marketing authorizations as either novel or generic pharmaceutical drug products containing cannabis. MediPharm Labs is the only facility with large scale natural cannabinoid extraction capabilities that holds a GMP licence from a domestic health authority in North America.

On February 23, 2022, the Company announced that it had entered the United States pharmaceutical market with the completion of an FDA Drug Master File process for pure natural CBD APIs. The DMF allows for the registration of APIs with the FDA for commercial opportunities in pharmaceutical development, novel drugs, and generic drugs. This is a first for CBD by a Canadian company and the second natural CBD DMF at commercial scale in North America. The DMF enables MediPharm to supply approved APIs to pharmaceutical companies conducting late-stage research. The FDA has conducted an active review of the DMF filing. Full acceptance of the DMF filing by the FDA will be gained if a pharmaceutical customer completes a successful filing with the FDA for a New Drug Application ("**NDA**") or Abbreviated New Drug Application ("**ANDA**").

MediPharm has international pharmaceutical partners who have referenced the DMF and finished goods in either a drug product filing or FDA investigational NDA. If any of our pharmaceutical partners are successful in their United States ("**U.S.**") filings, any resulting drugs containing cannabis would gain marketing authorization (through an NDA or ANDA). The drugs would be distributed across the U.S. as FDA approved pharmaceutical products, and therefore outside of any U.S. cannabis regime regulated at the state level. Seeking FDA approvals for both branded (NDAs) and generic (ANDAs) drugs and participating in Phase 2 and 3 clinical trials are long term investments and success is not guaranteed. See "Cautionary Note Regarding Forward-Looking Statements", "Disclosure for Issuers with U.S. Marijuana-Related Activities" and "Risk Factors".

On April 1, 2023, the Company acquired two Canadian licensed producers through the Arrangement: (i) Canna Farms, based in Hope, British Columbia, and (ii) ABcann, based in Napanee, Ontario. The ABcann business holds an EU-GMP certification, and a subsidiary in Germany is EU-GMP/GDP licensed and able to import cannabis products. The Napanee Facility received EU-GMP certification from Germany's Brandenburg health authority, LAVG, in March 2021, allowing the Company, through its subsidiaries, to export dry flower for sale into European and other markets requiring products to be manufactured under EU-GMP standards. Beacon Medical Germany received an import licence to import medical cannabis flower from the Napanee Facility to Germany and the European Union in March 2021.

On February 6, 2024, the Company was the first purpose-built pharmaceutical cannabis company in North America to receive a GMP certificate from the Brazilian Health Regulatory Agency (ANVISA). The license was initiated in relation to MediPharm's current medical cannabis product authorizations through its Brazilian customer base. A product authorization was only possible based on the Company's Health Canada pharmaceutical Drug Establishment License, product-specific GMP validation and various long-term stability studies.

All statements regarding the Company's intended expansions, exports, distributions, GMP certifications and the DMF filing are forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".

The Company's cannabis licences as at December 31, 2024 included:

- Licence – Health Canada Standard Processing Licence and Medical Sales issued to MediPharm Labs in respect of the Barrie Facility, which expires September 28, 2026.

- ABcann Licence – Health Canada Cultivation and Processing Licence issued to ABcann in respect of the Napanee Facility, which expires October 30, 2025.

- Canna Farms Licence – Health Canada Cultivation and Medical Sales issued to Canna Farms in respect of the Hope Facility, which expires December 14, 2027.

The Company also holds an excise tax sales licence issued by the Canada Revenue Agency (the "**CRA**") in respect of each of its three of its cannabis facilities. The CRA licences are in good standing and subject to regular renewal cadences. In cases where other Canadian cannabis companies are in arrears on excise tax payment, the CRA has been only granting short term excise licence renewals.

It is anticipated by management that Health Canada and the CRA will extend or renew all of its licences at the end of or prior to the end of their terms[5]. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".

Product Manufacturing and Sales

The Company processes its inventory of dried cannabis and sells both the resulting bulk cannabis concentrates and finished formulated products. Finished formulated products are sold under the MediPharm family of brands and under customer brands through contract manufacturing arrangements. Customers that do not hold a requisite Cannabis Act or other licence rely on the Company for the complete manufacturing and distribution of the branded product. Customers that hold their own licence may directly purchase the finished or partially finished products from the Company to manage the remaining portion of the manufacturing and/or supply chain themselves and the Company would typically receive a fee per unit shipped under that arrangement. The Company has increased the breadth (product formats) and depth (stock keeping units ("**SKUs**") per product format) of finished formulated product capabilities and expects to continue this expansion going forward.[6] In addition to the core competencies listed above, the Company is also engaged in the sale of GMP finished good cannabis flower to international partners in branded (Beacon Medical Brand) and white label formats.

The Company commenced shipping initial cannabis oil and vape products in December 2019, and as at the date of this MD&A are currently shipping several product formats (being formulated cannabis oil bottles, topicals, gels disposable vaporizer pens, vaporizer cartridges, soft chews, capsules, concentrates, dried flower, and pre-roll products) and SKUs direct to authorized distributors, provincial governments, our B2B customers and internationally.

[5] This forward-looking statement is based on the following material factors and assumptions: (a) the Company assumes that it will receive a compliant rating from Health Canada and that Health Canada will renew the Licence; and (b) the Company assumes that it will continue to be in compliance with the relevant regulatory frameworks, guidelines, and requirements of Health Canada. The Company clarifies that as of the date hereof, it has received compliant ratings from Health Canada, but cannot guarantee that there will not be issues with compliance inspections that may arise in the future. Such statements are informed by, among other things, regulatory guidelines for receiving and maintaining the Licence. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".
[6] This forward-looking statement is based on the following material factors and assumptions: (a) the Company would have sufficient demand for the new product formats and SKUs.; and (b) the Company receives required permits to list new products with provincial distributors.

As a result of the acquisition of VIVO Cannabis in April 2023, MediPharm Labs started business in direct to patient medical cannabis sales, via Canna Farms, as well as medical cannabis clinic services via Harvest Medicine. These business operations are further described in the "Canadian Medical Cannabis" portion of this MD&As Business Overview section (page 4).

Corporate Highlights

In April 2024, MediPharm Labs entered into a GMP flower and extract supply agreement with Pharmadrug Production GmbH ("**Pharmadrug**") for supply of goods to Germany, where Pharmadrug already has existing brands and a patient base.

In April 2024, LAVG completed on-site inspections of both the Napanee Facility and Barrie Facility. This LAVG inspection was related to EU GMP activities primarily in Germany. Both inspections resulted in a verbal compliant rating from LAVG. Management received written confirmation from LAVG of EU-GMP certification in July 2024.

In April 2024, the Company submitted a DMF for CBD API to Health Canada. This allows current and future pharmaceutical partners to reference MediPharm CBD API in new and generic drug applications.

On May 31, 2024, the Company reduced the scale of its operations at the Hope Facility to bare maintenance. On June 1, 2024, the Company successfully completed relocating its direct-to-patient medical sales logistics to the Barrie Facility. The Company anticipates that this move will streamline operations and deliver savings to both cost of goods sold and operating expenses. [7]

On June 20, 2024, the Company entered into a licensing agreement with Remidose Aerosols Inc. ("**Remidose**") to acquire the exclusive global rights for advanced cannabis products. The technology being licensed from Remidose is expected to have applications in our Adult Use and Wellness, Domestic Medical Cannabis, and International Medical Cannabis Markets, further expanding our array of products.

In July 2024, the Company started delivery of new high potency medical cannabis flower, branded Beacon Medical GMBH, to its distribution partners in Germany. As of December 2024, the Company held the second largest market share of high THC flower in Germany. [8] This renewed portfolio compliments existing German medical cannabis sales as that market continues to grow in Germany as a result of regulatory changes in Germany that removed cannabis from the list of scheduled narcotics.

As of December 2024, the Company held the fifth largest market share of GMP vapes in Australia in both units and patient revenue.[9] This was achieved just 9 months after the launch of these products.

On September 17, 2024, the Company announced that it had fully repaid the entire amount outstanding under the Debentures (as defined below) prior to their maturity date of September 15, 2024.

[7] This forward-looking statement is based on the following material factors and assumptions: (a) cost savings estimate depends on eliminating duplicated expenses and redundant infrastructure, and (b) assumes the estimated revenue and cost synergies may be achieved in the near term.
[8] As reported by NostraData, available online.
[9] As reported by NostraData, available online.

On October 17, 2024, the Company announced that its President and co-founder Keith Strachan would be stepping down from his management position effective December 31, 2024, and would continue to provide strategic support and guidance to the Company by joining the Board of Directors effective January 1, 2025.

On November 1, 2024, the Company completed an internal reorganization whereby, among other things, certain subsidiaries of the Company were wound-up and amalgamated.

On December 17, 2024, the Company entered into a share purchase agreement for the purchase and sale of the Napanee Facility through a disposition of all of the Company's equity interests in ABcann to Kensana Health Inc. for $5.5 million in cash.

Effective as of December 31, 2024, Keith Strachan resigned as President of the Company.

Subsequent Events

Effective as of January 1, 2025, Keith Strachan joined the Board of Directors of the Company.

On January 8, 2025, the Company announced that it had entered into a commercial agreement with Laboratório Teuto, a pharmaceutical manufacturer and marketer in Brazil.

On February 10, 2025, the Company announced that it had terminated the previously announced sale of its wholly owned subsidiary ABcann, as the buyer did not meet certain terms of the share purchase agreement entered into with the buyer. The Company provided notice of termination to the buyer as required under the purchase agreement. The Company's current commercial agreements and operations at the Napanee Facility are expected to continue without disruption.

On March 3, 2025, the Company announced that it had entered into an agreement for the sale of the Hope Facility to Rubicon Organics Inc. for $4.5 million in cash.

Operational Highlights

In the three months ended December 31, 2024 ("**Q4, 2024**"), Revenue, Gross Profit and Adjusted EBITDA[10] improved significantly versus the three months ended December 31, 2023 ("**Q4 2023**") driven by the focus on higher margin products and markets, improvement in gross profit, and ongoing cost reductions.

For Q4 2024, the Company's Adjusted EBITDA[11] was negative $0.1M and improved $1.5M or 94% versus Q4 2023. This improvement in Adjusted EBITDA[12]was driven by revenue growth, the improvement in gross profit and the reduction of expenses.

The following is a summary of the financial highlights for the three and twelve months ended December 31, 2024 and the period subsequent to the end of the quarter.

Financial Overview: During Q4 2024, the Company's net revenue of $12.0M increased $2.9M or 32% versus Q4 2023 largely driven by the international business with flower and dronabinol. Revenue also

[10] Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for a reconciliation to IFRS measures.
[11] Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for a reconciliation to IFRS measures.
[12] Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for a reconciliation to IFRS measures.

increased $2.2M or 23% sequentially from the three months ended September 30, 2024 ("**Q3 2024**") driven by increases in dronabinol and flower sales.

Canadian Adult Use and Wellness revenue of $1.7M in Q4 2024 declined versus Q4 2023 driven by increased pressure from competition on multiple product categories. Sequentially, revenue was consistent with Q3 2024. Management will be focusing on improving performance in this segment in the coming quarters.

Canadian Medical Cannabis revenue decreased from $3.8M in Q4 2023 to $3.1M in Q4 2024 driven by decreased sales to third party medical channels and the Company's internal medical channel. Revenue also declined sequentially from $3.7M in Q3 2024 largely driven by third party medical channel sales.

International Medical revenue increased from $2.3M in Q4 2023 to $6.5M in Q4 2024 driven largely by increased international flower and dronabinol sales. Revenue also increased sequentially from $3.5M in Q3 2024 driven by increased dronabinol and flower sales. In addition, international sales accounted for over 50% of revenue in Q4, showing continued growth in this segment.

Pharmaceutical and B2B revenue in Q4 2024 of $0.7M increased from $0.4M in Q4 2023, largely due to increased B2B customer sales. Sequentially from Q3 2024, revenue remained relatively consistent.

Year to date the Company's revenue increased to $42M representing a 27% increase versus prior period largely driven by the integration of VIVO, significant growth in the international flower, international vapes, dronabinol and the Canadian B2B business. Canadian Adult Use and Wellness year to date revenue of $7.0M declined 31% versus prior period as the Company saw increased pressure from competition on multiple product categories. Canadian Medical Cannabis year to date revenue of $13.9M increased $2.1M or 18% versus prior period driven by the integration of the VIVO medical channel and increased sales to third party medical channels. International Medical Cannabis year to date revenue of $17.7M increased $8.0M or 83% versus prior period driven by the integration of VIVO's Australian business, launching oil and vapes products in Australia, and increased dronabinol and flower sales in Germany. Pharmaceutical and B2B year to date revenue was $3.4M and increased $2.0M or 143% versus prior period largely driven by new customer B2B contracts.

The Company's Q4 2024 gross profit was $3.6M, which represents a gross margin of 30%, improved versus Q4 2023 of 24%. Q4 2024 gross profit increased versus Q3 2024 driven by increased sales volume. Q4 2024 gross margin also decreased sequentially from 35% to 32% as a result of a lower margin product mix. Q4 2024 gross profit margin was 32% when adjusting for several discrete items such as biological asset fair value adjustments. Management continues to focus on efficiencies to drive gross profit.

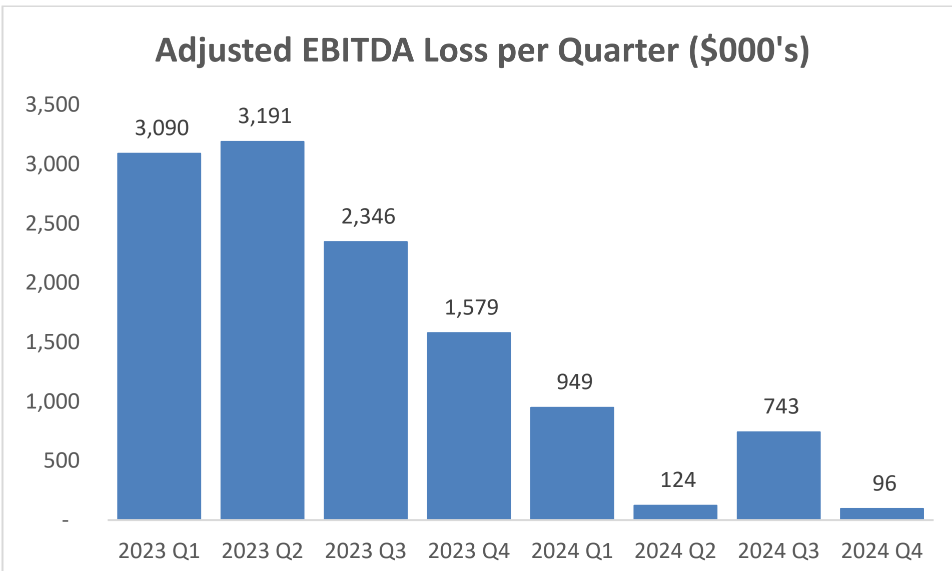
Year to date gross profit was $12.8M or 31% which improved significantly versus 2023 gross profit of $5.8M or 18%. Q4 2024 year to date Gross Profit was $14.5M or 34% when adjusting for several discrete items such as biological asset fair value adjustments, inventory provisions and severance for restructuring. Gross profit continues to improve, driven by product mix, production efficiencies, and cost reductions. Management continues to focus on efficiencies to drive gross profit.

Operating expenses (general administrative expenses, marketing and selling expenses, and R&D expenses) for Q4 2024 were $5.1M and remained consistent versus Q4 2023. Although synergies and general cost reductions have been achieved, this has been offset by discrete one-time costs such as the sale process for the Napanee Facility. In addition, Q4 2024 operating expenses decreased sequentially from Q3 2024. When adjusting for severance, one-time transaction expenses, and other discrete items, Q4 2024 operating expense is $4.5M. Management continues to focus on expense reduction opportunities.

The Company's year to date operating expenses of $21.6M were in line with the prior period despite the integration of VIVO at the beginning of Q2 2023.When adjusting for severance, transaction fees, and other discrete items, 2024 operating expenses were $19.5M which decreased $1.8M or 9% versus 2023, despite growing revenue 27% year over year. This is largely due to cost reduction initiatives.

For Q4 2024, the Company's Adjusted EBITDA[13] was negative $0.1 and improved $1.5M or 94% versus Q4 2023. This improvement in Adjusted EBITDA[14] is driven by revenue growth, the improvement in gross profit and the reduction of operating expenses adjusted for discrete items mentioned previously. Q4 2024 Adjusted EBITDA[15] increased $0.6M versus Q3 2024 driven by higher revenue.

Year to date, the Company's Adjusted EBITDA[16] was negative $1.9 million which improved $8.3M or 81% versus 2023. This improvement is driven by the integration of VIVO, revenue growth, an improvement in product mix and cost reduction initiatives.



Cost Reduction Initiatives: During Q2 2024 the Company relocated its Hope Facility medical channel fulfillment operations to its Barrie Facility. This relocation streamlined processes and made use of existing resources at the Barrie Facility to reduce overall Company expenses. It is estimated that this relocation will further reduce expenses by approximately $1M on an annualized basis.[17]

Strong Balance Sheet: The Company's cash balance at the end of Q4 2024 was $11.7M. The Company paid the remaining convertible debt of $2.2M in Q3 2024 and is thus virtually debt free with the remaining $0.4M of debt substantially comprised of insurance premium financing and leases. Contrary to many other cannabis companies, MediPharm is also up to date on Cannabis excise duties and accounts payable. In

[13] Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for a reconciliation to IFRS measures.
[14] Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for a reconciliation to IFRS measures.
[15] Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for a reconciliation to IFRS measures.
[16] Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for a reconciliation to IFRS measures.
[17] This forward-looking statement is based on the following material factors and assumptions: (a) cost savings estimate depends on eliminating duplicated expenses and redundant infrastructure, and (b) assumes the estimated revenue and cost synergies may be achieved in the near term.

addition, the Company has assets held for sale that could generate an additional $4M-$5M of cash largely from the sale of the Hope Facility.

This financial position is expected to provide MediPharm with stability to execute on its short-term sales plans and provides the balance sheet strength to support the Company's long-term growth strategy including selective mergers and acquisitions. This balance sheet strength puts MediPharm in a strong position relative to many of our peer group who are largely burdened with excessive debt, unpaid excise duties, and significantly stretched accounts payables.

Corporate Governance: Aside from the Chief Executive Officer, David Pidduck, the Company's Board of Directors consists solely of experienced independent directors. Effective April 1, 2023, in connection with the Arrangement, Dr. Michael Bumby was appointed to the Board of Directors. Effective November 30, 2023, Miriam McDonald resigned from her position on the Board of Directors. Effective January 1, 2025, Keith Strachan, co-founder and previously President of the Company, was appointed to the Board of Directors.

Domestic Presence: MediPharm Labs continues to lead Canada's CBD cannabis oil market, holding the highest market share, and ranks second overall in the cannabis oil category.[18] In 2024, the Company strategically expanded its product portfolio across our family of brands, introducing several new products in the Adult Wellness Channel. By securing new listings through provincial boards, we expanded our market reach, while also launching margin-enhancing products across the extract, edible, and vape categories to meet evolving consumer demand.

Our newer inhalable CBD and minor cannabinoid products offer consumers and patients rapid onset wellness solutions, complementing our longer-lasting top-performing oils. These innovations enhance our ability to cater to diverse consumer needs.

In June 2024, the Company entered into a licensing agreement with Remidose Aerosols Inc. to acquire the exclusive global rights for advanced cannabis products including aerosol oral mist sprays and metered dose inhalers. This format will have applications in our Adult Use and wellness, Domestic Medical Cannabis, and international medical markets. In 2024, MediPharm secured listings with provincial boards for the Q1 2025 launch of MediPharm's new Rapid THC Shake & Puff Inhalers leveraging this technology.

MediPharm's medical sales license has enabled the Company to provide patients in Canada with improved service and product selection via our direct to patient medical shop, introducing several new products in 2024 to the Canna Farms platform in Canada.

International Presence: In 2024, MediPharm Labs continued to strengthen its position as a leading global cannabis company, focusing on innovation, market penetration, and new product launches. The Company's international subsidiaries, including Beacon Medical Australia Pty. Ltd. and Beacon Medical Germany GmbH, played a significant role in driving growth and achieving key corporate objectives. International Medical Cannabis sales made significant contributions to MediPharm's overall revenue expansion with 83% year-over-year growth. MediPharm's dronabinol products saw impressive growth, contributing $3.4M in sales for the year. MediPharm developed new formulations of a metered dose inhaler ("**MDI**") after completing an exclusive, global licencing agreement with Remidose Aerosols Inc. It expects to launch GMP versions of its MDIs under MediPharm brands in 2025 to several international markets.[19]

[18] As reported by HiFyre Retail Analytics on June 30, 2024, available online.
[19] This forward-looking statement is based on the following material factors and assumptions: (a) product development will proceed according to plan, and (b) assumes the Company will receive the necessary regulatory approvals in the respective jurisdictions.

MediPharm Labs achieved several regulatory milestones in 2024. The Company received a European Good Manufacturing Practices (EU-GMP) license from the Brandenburg State Authority (LAVG) in Germany, confirming its compliance with stringent cannabis and pharmaceutical manufacturing standards. This certification enables MediPharm Labs to service customers globally and reinforces its reputation as a trusted supplier of high-quality cannabis products. MediPharm also received an ANVISA GMP in January 2024, making it one of very few pharmaceutical cannabis companies in Canada to do so since Brazil launched its medicinal cannabis program in 2019.[20]

Beacon Medical Australia
Beacon Medical Australia made significant strides in 2024 with the launch of five new products and a brand extension called Beacon Select. This premium line offers curated medicinal cannabis flower and inhalation cartridges, including GMP live resin formats. The introduction of Beacon Select has been well-received in the market,[21] enhancing the Company's product portfolio and catering to the growing demand for high-quality, craft inspired medicinal cannabis products.

Beacon Medical Germany
Beacon Medical Germany continued to expand its market presence in 2024. The Company launched four new flower strains in Germany through a partnership with one of Germany's premier medical cannabis distributors. A refreshed strain offering is expected to help the brand appeal to new patients since legislative changes came into force in April 2024, expanding patient availability in Germany.[22]

Unique Suite of Licences and Authorizations: The Company has built on an industry-leading and expanding portfolio of licences receiving a DEL from Health Canada, which is required to produce pharmaceutical prescription drugs with marketing authorization. This allows for the participation in clinical trials and partnerships with other pharmaceutical companies that could result in potentially patentable intellectual property. The Company leveraged its collection of licences to enter into a research master agreement with McMaster University for participation in various cannabis based clinical trials and to enter into a research support agreement with the Keck School of Medicine of University of Southern California to conduct a Phase 2 trial on the efficacy of THC and CBD to treat hospice-eligible patients diagnosed with dementia and experiencing agitation. During the 2022 fiscal year, the Company leveraged the DEL to register CBD API with the FDA for commercial opportunities in pharmaceutical development, novel drugs, and generic drugs. This makes the Company the first Canadian company to register a CBD API DMF with the US FDA.[23]

The Company's Napanee Facility holds a Part 1 and Part 2 EU GMP licence issued by the German Federal Institute for Drugs and Medical Devices. This allows the flower production and packaging of EU GMP products destined for Australia, Germany and the United Kingdom. With the possibility of additional European Union countries in the future as medical cannabis regulations evolve. The Company's Barrie Facility holds a Part 2 EU GMP license issued by the German Federal Institute for Drugs and Medical Devices in addition to its Health Canada DEL described above.

Clinical Research with Cannabinoids: MediPharm remains focused on supporting clinical research and supporting the development of future cannabis derived pharmaceutical drugs. Consistent with this commitment, the Company will supply the sponsor and principal investigators with cannabis-derived study

[20] According to the ANVISA Data Dashboard of Inspection – Drugs and API last updated in Q4 2024, available online, MediPharm is one of six companies in Canada classified as No Action Indicated.
[21] Based on direct feedback from the Company's customers.
[22] This forward-looking statement is based on the assumption that the legislative changes will drive increased cannabis consumption, and the Company will obtain the necessary regulatory approvals to launch new products.
[23] According to the FDA Drug Master File List last updated in Q4 2024, available online.

(All amounts disclosed are expressed in Canadian dollars (C$'000s) unless otherwise stated.)

drugs, placebos, and other services and assistance as may be required during the course of the studies. This CTM is provided for a fee and any contributions made in-kind are in relation to intangible future benefits to the Company.

The following update provides current milestone achievements of notable projects.

Researcher	Indication	Phase	Recent Milestone
USC (University of Southern California) Keck School of Medicine	Treatment of Alzheimer's Agitation Disorder	Phase 2	FDA approval of Investigational New Drug (IND) Clinical trial material ("CTM") delivered, and enrollment commenced in Q3 2023 Second CTM delivery occurred in Q4 2023.
McMaster University	Treatment of post-surgical pain	Phase 2	CTM delivered and enrollment commenced in Q1 2023 Patient dosing commenced in Q2 2023 with last patient dosing expected early Q1 25. [24] Additional CTM delivered in Q1 2024. Enrollment completed in Q4 2024.
University Health Network – Toronto	Improving Pain Disability with The Use Of Oral Cannabinoids	Pilot	CTM Delivered and enrollment clinic in Q1 2023. Additional CTM delivered in Q1 2024.
McMaster University	Insomnia in depressive disorder	Phase 2	CTM Shipment in Q1 2023 Patient dosing commenced in Q2 2023 with 2/3 of patients enrolled. Additional CTM delivered in Q1 2024. Enrollment completed in Q4 2024.
Centre for Medical Cannabis Research	PK of single dose THC/CBD in healthy adult controls and kidney disease	Phase 1	Patient dosing completed and data analysis by PI underway.
University of Manitoba	Chronic Headaches in Adolescents	Phase 2	Health Canada approval Dec 2022. CTM shipment in Q1 2023.

[24] This forward-looking statement is based on the following material factors and assumptions: (a) the study continues on schedule and there are no unexpected delays.

Researcher	Indication	Phase	Recent Milestone
			Additional CTM delivered in Q1 2024.
University of Manitoba	Tolerability Study of Cannabinoids for symptom management in pediatric oncology	Phase 2	Health Canada approval obtained (No Objection Letter). Material shipped in Q3 2024.
University Health Network – Toronto	Restless Legs Syndrome	Phase 2	PI has submitted application to HC and awaiting approval.
University of Manitoba	Drug Resistant Epilepsy	Phase 2	Regulatory package in preparation with submission Q4 24. [25]
BC Cancer Agency	Symptom Management in Cancer Patients	Phase 2	CTM shipments in Q1, Q2, Q3, and Q4 2024.

In addition to these institutionally led studies, the Company is also providing API and clinical trial material to various pharmaceutical companies for commercial projects involving cannabis-derived drugs. The timelines for both institutional and industry research are long by nature with positive outcomes uncertain.

SELECTED ANNUAL INFORMATION

The following table sets out the Company's selected quarterly and annual consolidated financial information:

	Three months ended			Twelve months ended		
	December 31, 2024 $'000s	**December 31, 2023 $'000s**	**December 31, 2022 $'000s**	**December 31, 2024 $'000s**	**December 31, 2023 $'000s**	**December 31, 2022 $'000s**
Net revenue	12,042	9,131	5,616	41,961	33,062	22,117
Gross profit	3,616	2,196	211	12,805	5,855	(1,914)
Net profit (loss)	(1,726)	(2,787)	(5,609)	(10,694)	(13,083)	(29,983)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.02)	(0.03)	(0.04)	(0.11)
Adjusted EBITDA (1)	(96)	(1,579)	(3,634)	(1,912)	(10,224)	(20,566)
Total assets	53,730	63,937	65,495	53,730	63,937	65,495
Total non-current liabilities	51	69	34	51	69	34

(1) Adjusted EBITDA is a non-IFRS measures. See "Reconciliation of non-IFRS Measures" for reconciliation to IFRS measures.

[25] This forward-looking statement is based on the following material factors and assumptions: (a) the study continues on schedule and there are no unexpected delays.

SUMMARY OF QUARTERLY RESULTS

The following tables set out the Company's selected quarterly consolidated financial information:

	Three months ended			
	December 31, 2024 $'000s	**September 30, 2024 $'000s**	**June 30, 2024 $'000s**	**March 31, 2024 $'000s**
Net revenue	12,042	9,798	10,350	9,771
Gross profit before realized fair value adjustment on sale of cannabis inventory acquired in a business combination	3,814	3,749	3,750	3,026
Gross profit before change in fair value of biological assets	3,563	3,639	3,588	2,699
Gross profit	3,616	3,120	3,418	2,651
General administrative expenses	(3,741)	(3,919)	(3,899)	(4,272)
Marketing and selling expenses	(1,333)	(1,397)	(1,456)	(1,329)
R&D expenses	(35)	(126)	(27)	(47)
Share based compensation expense	(227)	(160)	(576)	(895)
Other operating income/(expense), net	(83)	(226)	(33)	167
Operating loss	(1,803)	(2,708)	(2,573)	(3,725)
Net loss	(1,726)	(2,774)	(2,583)	(3,611)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
Adjusted EBITDA [1]	(96)	(743)	(124)	(949)

	Three months ended			
	December 31, 2023 $'000s	**September 30, 2023 $'000s**	**June 30, 2023 $'000s**	**March 31, 2023 $'000s**
Net revenue	9,131	8,505	9,583	5,843
Gross profit before realized fair value adjustment on sale of cannabis inventory acquired in a business combination	2,345	2,919	1,443	387
Gross profit before change in fair value of biological assets	1,973	864	1,443	387
Gross profit	2,196	2,417	855	387
General administrative expenses	(3,467)	(4,314)	(5,796)	(1,518)

	Three months ended			
	December 31, 2023 $'000s	**September 30, 2023 $'000s**	**June 30, 2023 $'000s**	**March 31, 2023 $'000s**
Marketing and selling expenses	(1,494)	(1,675)	(1,667)	(1,369)
R&D expenses	(59)	(61)	(53)	(36)
Share based compensation expense	(306)	(386)	(588)	(747)
Other operating income/(expense), net	195	(336)	(380)	(50)
Operating loss	(2,935)	(4,355)	(7,629)	(3,333)
Net loss	(2,787)	(4,327)	(2,881)	(3,088)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
Adjusted EBITDA [1]	(1,579)	(2,346)	(3,191)	(3,090)

(1) Adjusted EBITDA is a non-IFRS measures. See "Reconciliation of non-IFRS Measures" for reconciliation to IFRS measures.

REVENUE

The revenue from contracts with customers is disaggregated by geographical market, revenue streams and timing of revenue recognition as follows:

	31-Dec-24 $'000s	**30-Sep-24 $'000s**	**30-Jun-24 $'000s**	**31-Mar-24 $'000s**	**31-Dec-23 $'000s**	**30-Sep-23 $'000s**	**30-Jun-23 $'000s**	**31-Mar-23 $'000s**
Canada	5,548	6,219	5,837	6,542	6,704	5,944	6,443	3,994
International sales								
Australia	2,386	2,493	2,126	1,828	1,114	2,236	1,988	51
Germany	3,837	1,024	2,350	1,364	1,000	319	1,040	1,223
Other	271	62	37	37	314	5	112	575
	12,042	**9,798**	**10,350**	**9,771**	**9,131**	**8,505**	**9,583**	**5,843**
Canadian Adult Use and Wellness	1,732	1,690	1,512	2,115	2,653	2,247	2,443	2,917
Canadian Medical Cannabis								
Clinics	523	532	585	566	646	583	629	0
Other Canadian Medical Cannabis	2,614	3,214	2,943	2,896	3,163	2,960	3,151	614
	3,137	**3,746**	**3,528**	**3,462**	**3,809**	**3,543**	**3,780**	**614**
International Medical Cannabis	6,469	3,517	4,477	3,174	2,262	2,560	3,023	1,815
Pharmaceutical and B2B	704	845	833	1,020	408	154	337	497
	12,042	**9,798**	**10,350**	**9,771**	**9,131**	**8,505**	**9,583**	**5,843**
Products transferred at a point in time	11,551	8,959	9,647	8,809	8,912	8,342	9,305	5,596
Products and services transferred over time	491	839	703	962	219	163	278	247
	12,042	**9,798**	**10,350**	**9,771**	**9,131**	**8,505**	**9,583**	**5,843**

DISCUSSION OF OPERATIONS

Revenue

As of the date of this MD&A, our core business generates revenue through four primary streams, being Canadian Adult Use and Wellness, Canadian Medical Cannabis, International Medical Cannabis and Pharmaceutical and B2B, as described previously.

Cost of goods sold

Cost of sales reflects the cost to extract and process the cannabis concentrates as well as the management of product throughput and inventory levels. Cost of sales includes the purchase of material and services such as the purchase of dried cannabis, inbound freight expenses, a portion of insurance expenses, employee wages and benefit costs, and other operating expenses such as repairs and maintenance, plant overhead, fair value adjustments of as well as depreciation and any write-downs of inventory and manufacturing equipment.

Biological Assets

Biological assets consist of cannabis plants at various stages of growth (pre-harvest) being cultivated by the Company. The value of these plants is recorded on the balance sheet as biological assets at their anticipated fair value less costs to harvest, package and sell. At harvest, the cumulative biological asset value of these plants is transferred from biological assets to inventory. This biological asset value is thereby 'embedded' in the value of the Company's inventory. Further post-harvest processing expenses are capitalized to inventory. When sold, the value of the capitalized post-harvest processing expenses within the sold inventory are expensed to 'cost of inventory sold', and the biological asset value embedded in the inventory is booked to 'realized gain on biological transformation' on the statement of losses.

All pre-harvest expenses attributable to the cultivation of plants, including both direct and indirect expenses, are expensed as production costs in the period in which they are incurred. They are not capitalized to biological assets and therefore are never included in inventory.

Gross Profit

Gross profit is calculated by deducting the cost of sales and fair value adjustments of biological assets from revenue. The Company continues to refine its production processes and methodologies, and sell through historically acquired higher priced raw materials, and expects to increase production efficiency and gross profit.

General administrative expenses

General administrative expenses include personnel expenses, consulting and professional fees, depreciation and amortization, travel and entertainment expenses, bad debt expenses, insurance expenses, occupancy cost, filing fees and other expenses related to the infrastructure required to support our business.

Marketing and selling expenses

Marketing and selling expenses include investor relations expenses, advertising and promotion expenses, personnel expenses, travel and entertainment expenses, freight to customer and other expenses incurred to win new business and retain existing clients.

R&D expenses

R&D expenses currently include expenses related to working on new product lines, a portion of depreciation expense and wages and benefits cost.

Share-based compensation expense

Share-based compensation expense represents fair value of stock options and restricted share units ("**RSU**s") granted to employees and recognised over the vesting period.

Other operating expenses

Other operating expenses include foreign exchange loss, impairment of property, plant and equipment and intangibles, wage and rent subsidies and bank and financial institution service fees, which are costs that do not depend on sales or production quantities.

Finance income

Finance income comprises interest income earned on cash balance and short-term investments.

Finance expense

Finance expense comprises finance fees and interest expenses that were incurred on the loans and convertible notes.

Gain on bargain purchase

Gain on bargain purchase represents gain on business combination.

Taxation expense

Taxation expense reflects the Company's income tax expense and deferred tax expense or recovery.

Other Comprehensive Income and Loss

Other comprehensive income and loss includes exchange gains and losses on translation of foreign operations.

Discussion and Analysis of the Results for the Three-Month Period Ended December 31, 2024

Results of operations for the three months ended December 31, 2024, as compared to the three months ended December 31, 2023 are discussed below:

	Three months ended December 31			
	2024 $'000s	2023 $'000s	$ Variance	Management Commentary
Net revenue	12,042	9,131	2,911	During Q4 2024, the Company's net revenue of $12.0M increased $2.9M or 32% versus Q4 2023 largely driven by the international business with flower and dronabinol. See operational highlights section for more details.

	Three months ended December 31			
	2024 $'000s	**2023 $'000s**	**$ Variance**	**Management Commentary**
Cost of sales	(8,228)	(6,786)	(1,442)	The increase is due to increased sales, offset by the ongoing realization of efficiencies and cost reduction initiatives, as well as focus on higher margin products and markets.
Gross profit before realized fair value adjustment on sale of cannabis inventory acquired in a business combination	3,814	2,345	1,469	Gross profit continues to improve driven by increased sales, and enhanced by product mix, production efficiencies and cost reductions. See operational highlights section for more details.
Incremental cost of cannabis inventory acquired in a business combination (1)	(251)	(372)	121	The decrease is due to the diminishing stock of inventory acquired with the acquisition of the VIVO business.
Gross profit before change in fair value of biological assets	3,563	1,973	1,590	Gross profit continues to improve driven by increased sales, and enhanced by product mix, production efficiencies and cost reductions, as well as lower impact of realized fair value adjustment on sale of cannabis inventory acquired in a business combination. See operational highlights section for more details.
Gross profit	3,616	2,196	1,420	Gross profit continues to improve driven by increased sales, enhanced by product mix, production efficiencies and cost reductions, offset by impact of fair value changes in biological assets. See operational highlights section for more details.
General administrative expenses	(3,741)	(3,467)	(274)	The increase is largely due to transaction costs related to the sale process of the Napanee Facility, offset by general cost reductions.
Marketing and selling expenses	(1,333)	(1,494)	161	Expenses decreased from the comparative period due to more efficient management of marketing costs and headcount reductions.
R&D expenses	(35)	(59)	24	Consistent with prior period.
Share-based compensation expenses	(227)	(306)	79	The decrease is due to a lower value of unvested grants compared to the prior period.
Other operating expense, net	(83)	195	(278)	The decrease is driven by improved management of foreign currency exchange.
Operating loss	(1,803)	(2,935)	1,132	See comments above.
Adjusted EBITDA (2)	(96)	(1,579)	1,483	Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for reconciliation to IFRS measures.
Loss on sale of subsidiary	-	(251)	251	2023 expense was due to the sale of a subsidiary while no such sale occurred in 2024.
Finance income	98	227	(129)	Decrease due to lower cash balance and decreases in interest earned on cash in bank.

	Three months ended December 31 2024 $'000s	2023 $'000s	$ Variance	Management Commentary
Finance expense	(21)	(101)	80	Decrease due to repayment of the convertible debenture in Q3 2024.
Loss before taxation	(1,726)	(3,238)	1,512	See comments above.
Taxation recovery	-	276	(276)	Decrease due to income tax reassessments for the year ended December 31, 2019 completed during the three months ended December 31, 2023.
Net loss for the period	(1,726)	(2,965)	1,239	See comments above.

(1) Incremental cost of cannabis inventory acquired in a business combination represents the fair value realized on sale of cannabis inventory acquired in a business combination.
(2) Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for reconciliation to IFRS measures.

Discussion and Analysis of the Results for the Twelve-Month Period Ended December 31, 2024

Results of operations for the twelve months ended December 31, 2024, as compared to the twelve months ended December 31, 2023 are discussed below:

	Twelve months ended 31-Dec 2024 $'000s	2023 $'000s	$ Variance	Management Commentary
Net revenue	41,961	33,062	8,899	Net revenue increased $8.9M or 27% versus prior year largely driven by the integration of VIVO, significant growth in the international flower, international vapes and dronabinol business and the Canadian B2B business. See operational highlights section for more details.
Cost of sales	(27,622)	(25,968)	(1,654)	The increase was driven by the increased volume of sales, offset by ongoing realization of efficiencies and synergies resulting from the integration of the VIVO business.
Gross profit before realized fair value adjustment on sale of cannabis inventory acquired in a business combination	15,189	7,094	8,095	Gross profit continues to improve driven by increased sales, product mix, production efficiencies, and cost reductions. See operational highlights section for more details.
Incremental cost of cannabis inventory acquired in a business combination (1)	(850)	(2,427)	1,577	The decrease is due to the diminishing stock of inventory acquired with the acquisition of the VIVO business.

	Twelve months ended 31-Dec 2024 $'000s	2023 $'000s	$ Variance	Management Commentary
Gross profit before change in fair value of biological assets	14,339	4,667	9,672	Gross profit continues to improve driven by sales volume, product mix, production efficiencies, and cost reductions. See operational highlights section for more details.
Gross profit	12,805	5,855	6,950	Gross profit continues to improve driven by sales volume, product mix, production efficiencies, and cost reductions, offset by impact of fair value changes in biological assets. See operational highlights section for more details.
General administrative expenses	(15,831)	(15,095)	(736)	Expense increase is largely due to $1.9M bad debt recovery in 2023, offset by realized synergies and cost reductions.
Marketing and selling expenses	(5,515)	(6,205)	690	Expenses have decreased compared to the prior period as a result of VIVO integration synergies, cost reductions, and more efficient spending in marketing and selling expenses.
R&D expenses	(235)	(209)	(26)	Expenses are largely consistent with the prior period.
Share-based compensation expenses	(1,858)	(2,027)	169	Expense decreased due to lower valuation driven by lower share price and lower number of Options and RSUs issued during the period.
Other operating (expense)/income, net	(175)	(571)	396	Expenses decreased largely due to improved management of foreign currency exchange.
Operating loss	(10,809)	(18,252)	7,443	See comments above.
Adjusted EBITDA (2)	(1,912)	(10,224)	8,312	Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for reconciliation to IFRS measures.
Gain on bargain purchase	-	4,669	(4,669)	Decrease due to VIVO acquisition in 2023 versus no acquisitions in 2024.
Loss on sale of subsidiary	-	(251)	251	Decrease due to sale of subsidiary in 2023 versus no sales of subsidiaries in 2024.
Finance income	691	840	(149)	Decrease largely due to lower cash held in bank earning interest.
Finance expense	(576)	(365)	(211)	Increased due to costs on the convertible debenture that was repaid in 2024, and increased usage of financing arrangements.
Loss before taxation	(10,694)	(13,359)	2,665	See comments above.
Taxation recovery	-	276	(276)	Decrease due to income tax reassessments for the year ended December 31, 2019 completed during 2023.
Net loss for the period	(10,694)	(13,083)	2,389	See comments above.

(1) Incremental cost of cannabis inventory acquired in a business combination represents the fair value realized on sale of cannabis inventory acquired in a business combination.

(2) Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for reconciliation to IFRS measures.

RECONCILIATION OF NON-IFRS MEASURES

The following section provides reconciliations of the supplemental non-IFRS financial measures used in this MD&A, compared to the most directly comparable financial measures calculated and presented in accordance with IFRS. The Company has provided the non-IFRS financial measures, which are not calculated or presented in accordance with IFRS, as supplemental information.

These supplemental non-IFRS financial measures are presented because management has evaluated the financial results of the Company, both including and excluding adjusted items, and believes that the supplemental non-IFRS financial measures presented provide additional perspective and insight when analyzing operating performance. These supplemental non-IFRS measures should not be considered superior to, a substitute for, or as an alternative to and should be read in conjunction with the IFRS financial measures presented.

Adjusted EBITDA

Adjusted EBITDA is a metric used by management which is net operating loss adjusted for interest, provisions for income taxes, other non-cash items including depreciation and amortization, share-based compensation, derivative liabilities, and extraordinary and non-recurring items.

The following tables reconcile the Company's net operating income (loss) (as reported) and Adjusted EBITDA for the past eight quarters:

	Three months ended			
	December 31, 2024 $'000s	**September 30, 2024 $'000s**	**June 30, 2024 $'000s**	**March 31, 2024 $'000s**
Net operating loss	(1,803)	(2,708)	(2,573)	(3,725)
Adjusted for:				
Share-based compensation expense	227	160	576	895
Depreciation and amortization	563	518	731	790
Restructuring related severance expenses	80	87	305	755
Impairment loss on remeasurement of assets held for sale	-	113	77	-
Gain on disposition of assets	-	-	(20)	(276)
Early lease termination cost	70	-	-	44
Incremental cost of cannabis inventory acquired in a business combination (1)	251	110	162	327
Terminal costs for closed facility (2)	-	-	95	323
One-off derecognition of liabilities	-	-	-	(130)
Write down of inventories (3)	10	27	60	-
Fair value adjustments in gross profit	(53)	519	170	48
Indirect tax reassessments (4)	-	153	240	-
Payroll tax assessment	-	-	42	-
Miscellaneous	150	-	11	-
Transaction costs (5)	409	278	-	-
Adjusted EBITDA	**(96)**	**(743)**	**(124)**	**(949)**

(1) This represents the fair value realized on sale of cannabis inventory acquired in a business combination.
(2) This relates to employee compensation for terminated employees and write downs of the carrying value of inventory at the Hope Facility.
(3) This adjustment is for unusual inventory write-downs only and not the total value of inventory written down.
(4) This relates to liabilities recognized in connection with notices of reassessment related to prior periods issued by the tax authorities.
(5) This includes non-recurring fees, expenses associated with the evaluation of potential mergers and acquisitions, fees related to reorganization of legal entities, and fees related to the proposed sale of the Napanee Facility, which was terminated in January 2025.

	Three months ended			
	December 31, 2023 $'000s	**September 30, 2023 $'000s**	**June 30, 2023 $'000s**	**March 31, 2023 $'000s**
Net operating loss	(2,935)	(4,355)	(7,629)	(3,333)
Adjusted for:				
Share-based compensation expense	306	386	588	747
Depreciation and amortization	717	617	692	490
Restructuring related severance expenses	335	273	1,695	-
Impairment loss on remeasurement of assets held for sale	23	17	-	-
Gain on disposition of assets	(174)	-	-	-
Transaction costs (4)	-	46	304	533
Recovery of impaired receivables (1)	-	-	(464)	(1,546)
Write down of inventories (2)		168	1,036	-
Incremental cost of cannabis inventory acquired in a business combination (3)	372	2,055	-	-
Fair value adjustments in gross profit	(223)	(1,553)	588	-
Other tax recovery		-	(1)	-
Miscellaneous	-	-	-	19
Adjusted EBITDA	**(1,579)**	**(2,346)**	**(3,191)**	**(3,090)**

(1) This relates to the reversal of a former impairment of a long outstanding receivable.
(2) This adjustment is for unusual inventory write-downs only and not the total value of inventory written down.
(3) This represents the fair value realized on sale of cannabis inventory acquired in a business combination.
(4) This includes non-recurring fees and expenses associated with the evaluation of potential mergers and acquisitions.

CAPITAL STRUCTURE

Common Shares

The Company's authorized capital consists of an unlimited number of Common Shares. As at December 31, 2024, the Company had 415,048,645 Common Shares issued and outstanding, and as at the date of this MD&A, the Company has 415,138,973 Common Shares issued and outstanding.

Warrants

On April 1, 2023, upon closing of the Arrangement, warrants ("VIVO Warrants") to purchase up to an aggregate of 19,166,667 common shares in the capital of VIVO were assumed by the Company, with each VIVO Warrant becoming exercisable to acquire 0.2910 of a Common Share at an exercise price equal to $0.26 per 0.2910 of a Common Share. The VIVO Warrants expired on February 26, 2024.

As at December 31, 2024, and the date of this MD&A, the Company had nil warrants issued and outstanding exercisable to Common Shares.

Stock Options and RSUs

As at December 31, 2024, options to purchase up to 37,000,534 Common Shares were issued and outstanding. During the year ended December 31, 2024, 3,861,505 options to purchase Common Shares were granted, 196,571 options to purchase Common Shares were exercised into Common Shares for proceeds of $15, and options to purchase 7,602,902 Common Shares were forfeited, cancelled and/or expired.

As at December 31, 2024, RSUs representing the right to acquire up to 15,671,086 Common Shares were issued and outstanding. During the year ended December 31, 2024, 15,508,586 RSUs were granted, 24,008,225 RSUs were settled through the issuance of 13,454,634 Common Shares with the unissued shares being withheld for taxes, and 499,523 RSUs were forfeited, cancelled and/or expired.

Subsequent to December 31, 2024, nil options were issued, 196,667 options were forfeited, cancelled and/or expired, and 50,000 options were exercised through the issuance of 14,815 Common Shares resulting in 36,753,867 options remaining outstanding as of the date of this MD&A.

Subsequent to December 31, 2024, nil RSUs were issued, nil RSUs were forfeited/cancelled and 162,500 RSUs were settled through the issuance of 75,513 Common Shares resulting in 15,508,586 RSUs remaining outstanding as of the date of this MD&A.

Debentures

Following closing of the Arrangement, the Company assumed the covenants and conditions associated with the debentures (the "**Debentures**") convertible into common shares in the capital of VIVO, pursuant to a fourth supplemental debenture indenture dated as of April 1, 2023, relating to the Debentures. The Debentures were fully repaid in cash prior to their maturity date of September 15, 2024.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Management's objectives when managing the Company's liquidity and capital structure are to generate sufficient cash to fund the Company's operating and growth strategy. The Company constantly monitors and manages its capital resources to assess the liquidity necessary to fund operations and capacity expansion.

Management of the Company believes the Company's current resources are sufficient to settle its current liabilities, when considering inventory, trade receivables and cash and cash equivalents.

The following table presents the net cash flows for each of the periods presented:

	Twelve months ended December 31			Management Commentary
	2024 $'000s	2023 $'000s	Change	
Cash and cash equivalents, beginning of period	17,981	24,145	(6,164)	
Net cash used in operating activities	(4,861)	(12,339)	7,478	Negative cashflow from operating activities mainly due to operating loss. The decrease in operating loss is mainly due to synergies realized after the acquisition of VIVO, increased revenue, improvement in gross margins and expense reductions.
Net cash from investing activities	413	6,872	(6,459)	Net cash in 2024 is largely due to proceeds from the disposition of Assets held for sale and the disposition of Property, plant, and equipment. However, the net cash inflow in 2023 mainly represents proceeds of $4,249 from disposal of subsidiary, $1,013 acquired from the VIVO business combination and the sale of certain property acquired from the business combination.
Net cash used in financing activities	(1,861)	(368)	(1,493)	The 2024 outflow is largely from the repayment of the remaining convertible debenture.
Effect of exchange rate change on cash and cash equivalents	4	(329)	333	
Cash and cash equivalents, end of period	11,676	17,981	(6,305)	Refer to comments above.

Contractual Obligations

The Company's contractual obligations as at December 31, 2024, decreased by $650 as compared to December 31, 2023, mainly as a result of repayment of the convertible debt, offset by increases in trade payables.

Contractual Obligations	Payments due by Period $'000s				
	Total	Less than 6 months	6-12 months	12-36 months	36-60 months
Trade and other payables	7,858	7,708	150	-	-
Employee benefit obligations	2,300	2,300	-	-	-
Other loans and borrowings	258	258	-	-	-
Lease liability	135	42	42	51	-
Total contractual obligations	**10,551**	**10,308**	**192**	**51**	**-**

Capital Resources

As of December 31, 2024, the Company does not have any material commitments for capital expenditures. The Company is continually evaluating various debt and/or equity financing opportunities to lower its cost of capital and optimize its capital structure.

The Company is subject to risks including, but not limited to, its inability to raise additional funds through debt and/or equity financing to support its continued operations and to meet its liabilities and commitments as they come due. See "Risk Factors".

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

See Note 28 of the Financial Statements. Other than compensation of key management personnel, the Company had no transactions with related parties.

RISK FACTORS

There are a number of risk factors that could impact the Company's ability to successfully execute its key strategies and may materially affect future events, performance, or results, including without limitation the following risk factors discussed in greater detail under the heading "Risk Factors" in the Company's Annual Information Form available on www.sedarplus.ca, which risk factors are incorporated by reference into this document and should be reviewed in detail by all readers:

- negative operating cash flow;
- limited operating history;
- regulatory compliance risks;
- change of cannabis laws, regulations and guidelines;
- reliance on licences and authorizations;
- COVID-19 pandemic and other potential public health crises;
- disruption of supply chain;
- risks relating to research and development milestones and the Company's equipment;
- lack of long-term client commitments;
- client and receivables risks;
- realization of growth targets including expansion of facilities and operations;
- management of growth;
- history of net losses;
- difficulty to forecast;
- competition;
- competition from illicit market;
- inability to sustain pricing and inventory models;
- conflicts of interest;
- legal proceedings;
- product liability;
- unknown health impact with use of cannabis products;
- product recall;

- insurance and uninsured risks;
- environmental regulation and risks;
- climate change risks;
- unfavourable publicity or consumer perception;
- catastrophic events;
- reliance on production facilities;
- information technology system and cyber attack risks;
- dependence on supply of cannabis and other key inputs;
- maintenance of effective quality control systems;
- retention and acquisition of skilled personnel;
- publication of negative results of clinical trials;
- failure to comply with laws in all jurisdictions;
- United States of America entry restrictions;
- perceived reputational risk for third parties;
- risks related to intellectual property;
- anti-money laundering laws and regulation risks;
- anti-bribery law violations;
- marketing constraints;
- research and development;
- shelf life of inventory;
- scheduled maintenance, unplanned repairs, equipment outages and logistical disruptions;
- risks as a result of international expansions;
- operations in foreign jurisdictions;
- reliance upon international advisors and consultants;
- foreign currency risk;
- international conflict;
- acquisition and integration risk;
- access to capital;
- estimates or judgments relating to critical accounting policies;
- tax risks;
- inflation risk;
- market for the Common Shares (as defined below);
- significant fluctuations in the market price of the Common Shares;
- investment in the cannabis sector;
- no history of payment of cash dividends;
- reporting issuer status;
- analyst coverage;
- tax issues related to the Common Shares;
- market for future offerings of securities;
- future sales affecting market price; and
- management discretion concerning use of proceeds.

CRITICAL ACCOUNTING ESTIMATES

See Note 2.3 of the Financial Statements.

CHANGES IN ACCOUNTING POLICIES

There have been no material changes to our critical accounting estimates and policies during the year ended December 31, 2024.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

Management maintains appropriate information systems, procedures, and controls to provide reasonable assurance that information that is publicly disclosed is complete, reliable, and timely. The Chief Executive Officer (the "**CEO**") and Chief Financial Officer (the "**CFO**") of the Company, along with the assistance of senior management under their supervision, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to the CEO and CFO, and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

No changes were made in our design of internal controls over financial reporting during the year ended December 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance of control issues, including whether instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) that controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override.

DISCLOSURE FOR ISSUERS WITH U.S. MARIJUANA-RELATED ACTIVITIES

On February 8, 2018, the Canadian Securities Administrators published the Staff Notice which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the U.S. as permitted within a particular state's regulatory framework. All issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in required disclosure documents. Different disclosures are required to the extent a reporting issuer is deemed to be directly or indirectly engaged in the U.S. cannabis industry, or deemed to have "ancillary industry involvement", all as further described in the Staff Notice.

As of the date of this MD&A, the Company is not involved in activities that, according to the Staff Notice, would categorize the Company as an issuer with U.S. marijuana-related activities, specifically any cultivation, possession or distribution of marijuana that is illegal under U.S. federal law. The Company's current plans to supply approved CBD APIs to pharmaceutical companies conducting late-stage research, pursuant to its FDA DMF filing (the "**U.S. Activities**") will be completed in accordance with the appropriate U.S. federal laws under which the Company's activities are considered federally legal.

In accordance with the Staff Notice, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and intends to supplement and amend the same to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding cannabis regulation. As of the date of this MD&A, the Company has no direct or indirect cannabis-related activity outside of the U.S. Activities that would require additional disclosure pursuant to the Staff Notice**.**