(TSX: LABS)

MEDIPHARM LABS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025

AUGUST 13, 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 three and six months ended June 30, 2025, was prepared by management of the Company as of August 13, 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 condensed interim consolidated financial statements for the three and six months ended June 30, 2025 and 2024 (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 https://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 IFRS® Accounting Standards 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. All dollar amounts are expressed in thousands of Canadian dollars (C$'000s), other than share and per share amounts, unless otherwise noted.

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 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, including assumptions and expectations related to international shipments of the Company's products;
- 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 and cultivation 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) 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.

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

On June 5, 2025, the Company completed the sale of its Hope, British Columbia facility (the "**Hope Facility**") to Rubicon Organics Inc. ("**Rubicon**") for $4.5 million in cash (the "**Hope Facility Sale**"). The Hope Facility was acquired as part of the VIVO acquisition, following which the Company ceased all Hope Facility commercial activities in 2024, consolidating key operations at its other facilities and cancelled the licence in respect of the Hope Facility.

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 licence 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 Licence) ("**DEL**"), the Australian Therapeutic Goods Association, 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 subsidiary, ABcann, holds a licence 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 licence 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 licence after a successful LAVG audit and licence renewal in July 2024.

Canna Farms, formerly a wholly owned subsidiary of MediPharm, had a licence in respect of the Hope Facility. 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. On June 5, 2025, the Company completed the Hope Facility Sale, Canna Farms was subsequently amalgamated with MediPharm Labs and MediPharm cancelled the licence in respect of the Hope Facility.

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**").

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

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 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 and Germany. 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. Also included in this stream are contract manufacturing activities where we produce finished goods and various manufacturing steps for other international licenced producers.

- 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 domestic licensed 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 disposed of and ceased operations at 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 Licence 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.

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.

On June 5, 2025, the Company completed the Hope Facility Sale and subsequently cancelled the licence in respect of the Hope Facility.

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 Licence issued to ABcann as licence 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
- 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 Licence 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 its research Licence 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 June 4, 2025, the NHP Site Licence was renewed for a further one-year term.

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.

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 licence 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 Licence, 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 granted pursuant to the Cannabis Act include:

- 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.

The Company also holds an excise tax sales licence issued by the Canada Revenue Agency (the "**CRA**") in respect of each 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[2]. 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.[3] 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.

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

[2] 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".

[3] 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.

Medicine. These business operations are further described in the "Canadian Medical Cannabis" portion of this MD&A's Business Overview section (page 7).

Corporate Highlights

On May 22, 2025, the Company announced the removal of all conditions precedent, related to its previously announced agreement for the sale of the Hope Facility to Rubicon for $4.5 million in cash.

On May 26, 2025, the Company announced that it had begun production on novel cannabis metered dose inhalers for the European Union and the United Kingdom, made to global pharmaceutical standards and distributed by Blackpoint Limited, the Company's exclusive sales and distribution partner in those territories.

On June 5, 2025, the Company announced the closing of the Hope Facility Sale. In parallel, the Company announced the planned expansion of annual international cultivation capacity at its EU GMP-certified Napanee Facility by approximately 30% in 2025[4]. The Company is planning a launch of white label and branded metered dose inhalers in a variety of formulations later this year in the Australian medicinal cannabis market[5].

On July 24, 2025, the Company announced the launch of its new Shake & Puff CBN THC Nighttime Inhaler in Canada. The new metered dose inhaler delivers a precise formulation of minor cannabinoid CBN and THC in a consistent, smoke-free format.

Proxy Contest

On May 1, 2025, a notice pursuant to Section 4.4 of the Company's by-laws was submitted to the Company from Apollo Technology Capital Corporation ("**Apollo**"), a shareholder of the Company, of its intention to nominate six (6) directors (the "**Dissident Nominees**") at the annual and special shareholders meeting held on June 16, 2025 (the "**ASM**").

On May 5, 2025, Apollo, Nobul Technologies Inc. and Regan McGee (collectively, the "**Plaintiffs**") filed a statement of claim in the Ontario Superior Court of Justice against Tyr LLP ("**Tyr**") and a partner of Tyr, David Pidduck, Chief Executive Officer and a director of MediPharm, and Chris Taves, Chairman of the Board of MediPharm, which made a number of allegations including that Tyr acted for MediPharm despite a conflict of interest, breach of fiduciary duties and confidence, damages for such breach of fiduciary duties and/or confidence, an interim, interlocutory and/or permanent order that Tyr be removed and restrained from continuing to act as counsel for MediPharm, and damages in the amount of $50,000,000 as against the defendants, jointly and severally, for the tort of defamation (the "**Apollo Claim**"). On May 23, 2025, the Plaintiffs agreed to dismiss the Apollo Claim as against Tyr and a partner of Tyr with prejudice and declared that neither Tyr nor the partner misused confidential information and were not in a conflict of interest by acting for MediPharm. The Apollo Claim against Messrs. Pidduck and Taves remains outstanding as of the date of this MD&A.

On May 7, 2025, Apollo filed a dissident information circular on SEDAR+, which was subsequently amended and restated on May 15, 2025 and further amended on May 20, 2025 (the "**Dissident Circular**").

[4] This forward-looking statement is based on the following material factors and assumptions: (a) work on the new grow room will be completed as planned; and (b) yield from the new grow room will meet expectations.
[5] 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 for import and export from the relevant authorities.

The Dissident Circular, among other things, disclosed Apollo's intention to nominate the Dissident Nominees at the ASM and recommended that shareholders of the Company vote for the Dissident Nominees and against management's director nominees (the "**Proxy Contest**").

On May 12, 2025, Apollo and Nobul Technologies Inc. sought an order from the Superior Court of Justice – Ontario (Commercial List) (the "**Court**"), amongst other things, appointing a third-party independent chair to preside over the ASM, and appointing no less than five scrutineers for the ASM (the "**Apollo Application**"). On June 11, 2025, the Court dismissed the Application in full. In doing so, the Court found that a third-party independent chair was not required in the circumstances as there was no evidence or indication that the Company's proposed meeting chair would act unfairly at the ASM. The Court also found that there was no justification to support the request for five scrutineers. On July 28, 2025, the Court awarded $85,000 in costs to MediPharm which are payable by Apollo and Nobul Technologies Inc. within 30 days of July 28, 2025.

On May 27, 2025, the Company issued an application to the Court to address its concerns regarding the conduct of the dissidents and certain other parties (the "**Respondents**") in connection with the Proxy Contest ("**MediPharm Application**"). The MediPharm Application, among other things, requested an order from the Court requiring the Respondents to produce and disclose certain documentation and information relevant to the Proxy Contest and, if necessary and only in the circumstances that any of the Dissident Nominees were elected to the Board at the ASM, an order invalidating proxies, voting support agreements or votes cast at the ASM if obtained by the Respondents in breach of securities or corporate law.

On June 16, 2025, at the ASM, management's director nominees were elected to the Board of Directors, being Chris Halyk, Emily Jameson, John Medland, David Pidduck, Shelley Potts, Keith Strachan and Chris Taves. As none of the Dissident Nominees were elected at the ASM, the MediPharm Application has not to date been pursued further by the Company.

The Company incurred certain non-recurring expenses in connection with the Proxy Contest, the Apollo Claim, the Apollo Application and the MediPharm Application during Q2 2025 including legal and professional fees and disbursements, mailing costs, and fees payable to the Company's proxy solicitor and communications advisor. Management believes that the allegations set forth in the Apollo Claim are without merit and does not expect that the outcome of such proceedings will have a material effect on the Company's financial position, results of operations or cash flows. The Company is working closely with its director and officer insurance provider in connection with the Apollo Claim to ensure that, to the extent coverage is available, the Company maximizes such coverage. See "Risk Factors".

Subsequent Events

There are no events after the reporting date which could have material effects on this MD&A.

Financial Overview: During the six months ended June 30, 2025 ("**Q2 2025**"), the Company's revenue of $11.8M increased $1.5M or 14% versus the six months ended June 30, 2024 ("**Q2 2024**") largely driven by the International Medical business. Revenue also increased by $1.0M or 9% sequentially from the three months ended March 31, 2025 ("**Q1 2025**") driven by the International Medical business.

International Medical revenue increased 50% from $4.5M in Q2 2024 to $6.7M in Q2 2025 driven largely by increased international flower sales in both Australia and Germany. Revenue also increased 13% sequentially from $5.9M in Q1 2025 driven by increased flower sales in Australia. Management anticipates that international markets will continue to fluctuate as the market develops and matures.

Canadian Adult Use and Wellness revenue of $1.6M in Q2 2025 increased by 6% versus Q2 2024. Revenue also increased 19% sequentially from $1.3M in Q1 2025. Management will be focusing on ways in which it can improve performance in this segment in the coming quarters.

Canadian Medical Cannabis revenue decreased from $3.5M in Q2 2024 to $3.1M in Q2 2025. Revenue decreased $0.1M sequentially versus Q1 2025.

Pharmaceutical and B2B revenue in Q2 2025 of $0.4M decreased from $0.8M in Q2 2024, largely due to decreased B2B customer sales. Sequentially from Q1 2025, revenue increased by $0.1M.

Year to date the Company's revenue increased to $22.6M representing a 12% increase versus the corresponding period in 2024 largely driven by significant growth in the international flower and dronabinol business. International Medical year to date revenue of $12.7M increased $7.7M or 66% versus the corresponding prior year period driven by increased dronabinol and flower sales in Germany and Australia. Canadian Adult Use and Wellness year to date revenue of $3.0M declined 19% versus the corresponding prior year period as the Company saw increased pressure from competition on multiple product categories. Canadian Medical Cannabis year to date revenue of $6.4M decreased $0.6M or 9% versus the corresponding prior year period driven by decreased sales to the Company's internal medical channel and other third-party medical channels. Pharmaceutical and B2B year to date revenue was $0.6M and decreased $1.2M or 66% versus the corresponding prior year period largely driven by decreased B2B customer sales.

The Company's Q2 2025 gross profit was $3.3M or 28%, a decrease from Q2 2024 of $3.4M or 33% driven by increased sales volume but a less profitable product mix. Q2 2025 gross profit also decreased versus Q1 2025 as a result of a lower margin product mix. Management continues to focus on efficiencies to drive gross profit.

Year to date gross profit was $7.5M or 33% which increased significantly versus the corresponding prior year period gross profit of $6.1M or 30%. Management continues to focus on efficiencies to drive gross profit.

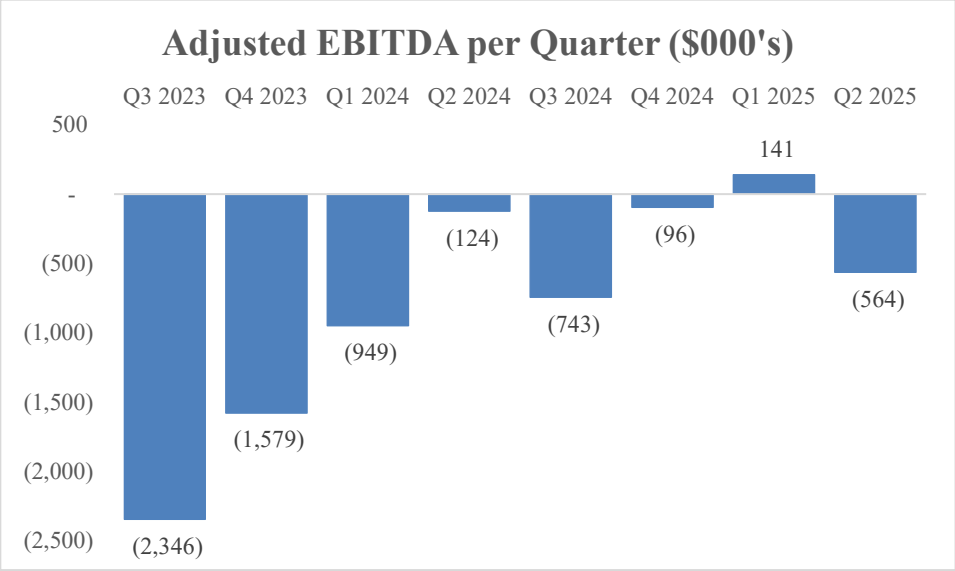
Operating expenses (general administrative expenses, marketing and selling expenses, and R&D expenses) for Q2 2025 was $6.7M and has increased by $1.3M versus Q2 2024, primarily due to costs related to our response to the Proxy Contest in connection with the ASM held on June 16, 2025. In addition, Q2 2025 operating expenses increased $2.3M versus Q1 2025 driven by costs related to our response to the Proxy Contest. When adjusting for severance for restructuring, Proxy Contest costs and other discrete items, Q2 2025 operating expenses were $4.3M and declined $0.6M or 13% versus prior year and declined $0.1M

versus Q1 2025. During Q2 2025 the Company incurred $2.2M in costs related to the Proxy Contest. Management continues to focus on expense reduction opportunities.

The Company's year to date operating expenses of $11.1M were largely in line with prior year. When adjusting for severance for restructuring, costs related to the Proxy Contest, and other discrete items, year to date operating expenses were $8.7M which decreased $1.4M or 14% versus the corresponding prior year period due to cost reduction initiatives.

For Q2 2025, the Company's Adjusted EBITDA[6] was negative $0.6M and decreased $0.4M versus Q2 2024 driven largely by reduced gross profit as a result of a less profitable product mix. Q2 2025 Adjusted EBITDA[7] decreased $0.7M versus Q1 2025 driven by product mix.

Year to date, the Company's Adjusted EBITDA was negative $0.4 million which improved $0.6M or 60% versus the corresponding prior year period. This improvement is driven by increased revenue and cost reduction initiatives.



Strong Balance Sheet: The Company's cash balance at the end of Q2 2025 was $10.4M. During Q2 2025. The Company completed the Hope Facility Sale for $4.5M which helped strengthen its cash position. The Company is virtually debt free with the remaining $0.5M 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 and owns its two production facilities.

This cash 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 strategic 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 payable.

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

Corporate Governance: Aside from the Chief Executive Officer, David Pidduck, and Keith Strachan, a former executive officer of the Company, the Company's Board of Directors of seven members consists of independent directors. Effective January 1, 2025, Keith Strachan, co-founder and previous President of the Company, was appointed to the Board of Directors. Michael Bumby did not seek re-election at the ASM and two new directors, John Medland and Emily Jameson, were elected to the Board of Directors such that the Board of Directors consists of David Pidduck, Keith Strachan, Shelley Potts, Chris Taves, Chris Halyk, John Medland and Emily Jameson as of the date of this MD&A.

Domestic Presence: MediPharm Labs continues to focus on the premium oils category and ranks second in the Adult Use & Wellness Channel cannabis oil category[8]. The Company continues to strategically expand its product portfolio across our family of brands, introducing new products in the Adult Wellness Channel quarterly. The Company continues to focus on securing new listings through provincial boards, expanding its market reach and introducing new margin-enhancing products across categories to meet evolving consumer demand.

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. In Q1 2025, the Company launched the new Shake & Puff Rapid THC Inhalers in Canada leveraging this technology and in Q2 2025 the product was ranked first within the sprays category for adult use retail sales nationally[9]. Building on the success of its top ranking CBN THC Nighttime Oil[10], the Company announced the launch of its new Shake & Puff CBN THC Nighttime Inhaler on July 24, 2025.

Our inhalable vape products offer consumers and patients rapid onset wellness solutions, complementing our longer-lasting oils. MediPharm Labs had two vapes ranked in the top 5 for CBD vape retail sales in Q2 2025[11]. These inhalable innovations enhance our ability to cater to diverse consumer needs.

MediPharm Labs is a leader in medical cannabis in Canada through our Canna Farms Medical platform, Harvest Medicine medical clinics and medical B2B product partnerships. MediPharm supports patients through their full journey, assisting thousands with direct access to physician consultations and an eCommerce platform for their medications. MediPharm products are also available via partner eCommerce platforms.

International Presence: In Q2 2025, the Company's international business unit contributed 59% percent of total revenue, resulting in a growth of 14% quarter-over-quarter versus Q1 2025 and 35% versus the corresponding prior year period. MediPharm Labs international sales consisted of white label, branded and bulk active pharmaceutical ingredients, which contributed to greater market penetration, in keeping with the Company's nimble sales strategy. Germany and Australia remain the largest markets for the Company, with combined revenues of over $6M in the second quarter. The Company also offered GMP products and services in the United Kingdom in 2025.

MediPharm Labs continued to ship dronabinol to Germany in Q2 2025 at comparable quantities to the same period in 2024. However, overall revenue for this product category declined due to downward pricing pressure and the emergence of new, low-cost competitive entrants. The Company's GMP metered dose

[8] As reported in HiFyre Retail Analytics -April - June 2025, available online.
[9] As reported in HiFyre Retail Analytics -April - June 2025, available online
[10] As reported in HiFyre Retail Analytics -April - June 2025, available online
[11] As reported in HiFyre Retail Analytics -April - June 2025, available online

inhalers are now expected to ship internationally in Q3 2025[12], updated from the previously anticipated timing of Q2 205, due to delays in receiving import and export permits.

Beacon Medical Australia

Beacon Medical Australia launched a portfolio of pastilles (edibles, cannabis soft chews) in Q2 2025, with initial sales meeting forecasted demand. A new Beacon CBD oral inhalation cartridge is expected to launch in Q3 2025 to expand the brand's smokeless product offering[13]. Additionally, Beacon Medical Australia expects to launch a range of branded metered-dose inhalers in Q3 2025 with opportunities for further product line extensions in the future[14].

Beacon Medical Germany

Beacon Medical Germany continued to sell through branded flower during Q2 2025 and expects to launch new high THC strains in Q3 2025[15] through existing distribution channels. MediPharm Labs expanded its EU-GMP flower cultivation capacity which the Company anticipates will bolster sales in Q3 2025[16].

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 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.[17]

The Company's Napanee Facility holds a Part I and Part II 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

[12] This forward-looking statement is based on the following material factors and assumptions: (a) production will commence as planned and there will not be unexpected delays; and (b) the Company receives required permits to sell and launch new products in the respective jurisdictions.
[13] This forward-looking statement is based on the following material factors and assumptions: (a) production will commence as planned and there will not be unexpected delays; and (b) the Company receives required permits to sell and launch new products in the respective jurisdictions.
[14] This forward-looking statement is based on the following material factors and assumptions: (a) production will commence as planned and there will not be unexpected delays; and (b) the Company receives required permits to sell and launch new products in the respective jurisdictions.
[15] This forward-looking statement is based on the following material factors and assumptions: (a) production will commence as planned and there will not be unexpected delays; and (b) the Company receives required permits to sell and launch new products in the respective jurisdictions.
[16] This forward-looking statement is based on the assumption that the Company would have sufficient demand for additional output as a result of increased cultivation capacity.
[17] According to the FDA Drug Master File List last updated in Q1 2025, available online.

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

Facility holds a Part II EU GMP licence 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 drugs, placebos, and other services and assistance as may be required during the course of the studies. This Clinical Trial Material (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	Shipment of additional CTM for the trial and open label extension shipped in late Q2 2025.
McMaster University	Treatment of post-surgical pain	Phase 2	Enrollment completed in Q4 2024 with last patient visit in February and data analysis currently underway.
University Health Network – Toronto	Improving Pain Disability with The Use Of Oral Cannabinoids	Pilot	Additional CTM delivered in Q1 2024 to support ongoing trial.
McMaster University	Insomnia in depressive disorder	Phase 2	Enrollment completed in Q4 2024. Data analysis began in Q1 2025 and is currently underway.
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 currently underway.
University of Manitoba	Chronic Headaches in Adolescents	Phase 2	Additional CTM delivered in Q1 2024. Patient dosing underway.
University of Manitoba	Tolerability Study of Cannabinoids for symptom management in pediatric oncology	Phase 2	Material shipped in Q3 2024. One site open, with patient screening underway.
University Health Network – Toronto	Restless Legs Syndrome	Phase 2	PI received approval in Q1 2025 with CTM shipping planned in Q3 2025[18].

[18] This forward-looking statement is based on the following material factors and assumptions: (a) production will commence as planned and there will not be unexpected delays; and (b) the Company receives required permits to sell and launch new products in the respective jurisdictions.

Researcher	Indication	Phase	Recent Milestone
University of Manitoba	Drug Resistant Epilepsy	Phase 2	Initial Study approval received in Q1 2025. Updated study protocol submitted for Health Canada approval late Q2 2025.
BC Cancer Agency	Symptom Management in Cancer Patients	Phase 2	Patient recruitment completed late Q2 2025.
University of Calgary	The differential effects of THC vs. CBD on cognition in persons with MS	Pilot Phase 2	Received HC approval in late Q2 2025

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.

SUMMARY OF QUARTERLY RESULTS

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

	Three months ended			
	June 30, 2025 $'000s	**March 31, 2025 $'000s**	**December 31, 2024 $'000s**	**September 30, 2024 $'000s**
Net revenue	11,808	10,806	12,042	9,798
Gross profit before change in fair value of biological assets	3,237	4,136	3,563	3,639
Gross profit	3,330	4,182	3,616	3,120
General administrative expenses	(5,291)	(3,043)	(3,741)	(3,919)
Marketing and selling expenses	(1,369)	(1,249)	(1,333)	(1,397)
R&D expenses	(46)	(78)	(35)	(126)
Share based compensation expense	(502)	(437)	(227)	(160)
Other operating income/(expense), net	78	184	(83)	(226)
Operating loss	(3,800)	(441)	(1,803)	(2,708)
Net loss	(3,770)	(387)	(1,726)	(2,774)
Loss per share – basic and diluted	(0.009)	(0.001)	(0.010)	(0.010)
Adjusted EBITDA [(1)]	(564)	141	(96)	(743)

	Three months ended			
	June 30, 2024 $'000s	**March 31, 2024 $'000s**	**December 31, 2023 $'000s**	**September 30, 2023 $'000s**
Net revenue	10,350	9,771	9,131	8,505
Gross profit before change in fair value of biological assets	3,588	2,699	1,973	864
Gross profit	3,418	2,651	2,196	2,417
General administrative expenses	(3,899)	(4,272)	(3,467)	(4,314)
Marketing and selling expenses	(1,456)	(1,329)	(1,494)	(1,675)
R&D expenses	(27)	(47)	(59)	(61)
Share based compensation expense	(576)	(895)	(306)	(386)
Other operating (expense)/income, net	(33)	167	195	(336)
Operating loss	(2,573)	(3,725)	(2,935)	(4,355)
Net loss	(2,583)	(3,611)	(2,787)	(4,327)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
Adjusted EBITDA [(1)]	(124)	(949)	(1,579)	(2,346)

(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:

	30-June 2025 $'000s	**31-Mar 2025 $'000s**	**31-Dec 2024 $'000s**	**30-Sept 2024 $'000s**	**30-June 2024 $'000s**	**31-Mar 2024 $'000s**	**31-Dec 2023 $'000s**	**30-Sept 2023 $'000s**
Canada	4,897	4,885	5,548	6,219	5,837	6,542	6,704	5,944
International sales								
Australia	2,980	2,150	2,386	2,493	2,126	1,828	1,114	2,236
Germany	3,150	3,611	3,837	1,024	2,350	1,364	1,000	319
Other	781	190	271	62	37	37	314	5
	11,808	**10,806**	**12,042**	**9,798**	**10,350**	**9,771**	**9,131**	**8,505**
Canadian Adult Use and Wellness	1,607	1,349	1,732	1,690	1,512	2,115	2,653	2,247
Canadian Medical Cannabis								
Clinics	509	470	523	532	585	566	646	583
Other Canadian Medical Cannabis	2,610	2,778	2,604	3,214	2,943	2,896	3,163	2,960
	3,119	**3,248**	**3,127**	**3,746**	**3,528**	**3,462**	**3,809**	**3,543**

	30-June 2025 $'000s	31-Mar 2025 $'000s	31-Dec 2024 $'000s	30-Sept 2024 $'000s	30-June 2024 $'000s	31-Mar 2024 $'000s	31-Dec 2023 $'000s	30-Sept 2023 $'000s
International Medical Cannabis	6,721	5,929	6,515	3,517	4,477	3,174	2,262	2,560
Pharmaceutical and B2B	361	280	668	845	833	1,020	408	154
	11,808	**10,806**	**12,042**	**9,798**	**10,350**	**9,771**	**9,131**	**8,505**
Products transferred at a point in time	11,478	10,384	11,551	8,959	9,647	8,809	8,912	8,342
Products and services transferred over time	330	422	491	839	703	962	219	163
	11,808	**10,806**	**12,042**	**9,798**	**10,350**	**9,771**	**9,131**	**8,505**

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.

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 June 30, 2025

Results of operations for the three months ended June 30, 2025, as compared to the three months ended June 30, 2024 are discussed below:

	Three months ended 30-Jun			
	2025 $'000s	2024 $'000s	$ Variance	Management Commentary
Net revenue	11,808	10,350	1,458	Net revenue increased by $1.5M or 14% versus prior year largely driven by growth in the international flower and dronabinol business. See operational highlights section for more details.
Cost of sales	(8,571)	(6,762)	(1,809)	The increase is due to an increase in sales. See "Corporate Highlights – Financial Overview" for more details.
Gross profit before change in fair value of biological assets	3,237	3,588	(351)	Gross profit before change in fair value of biological assets decreased versus Q2 2024 driven by increased sales of lower margin products. See "Corporate Highlights – Financial Overview" for more details.
Gross profit	3,330	3,418	(88)	Q2 2025 gross profit was $3.3M/28% decreased versus Q2 2024 of $3.4M/33% driven by increased sales of lower margin products. See "Corporate Highlights – Financial Overview" for more details.
General administrative expenses	(5,291)	(3,899)	(1,392)	The increase is largely due to costs incurred in connection with the Proxy Contest related to the ASM in June 2025, increased severance costs and transaction costs related to the Hope Facility Sale, offset by general cost reductions. See "Corporate Highlights – Financial Overview" for more details.
Marketing and selling expenses	(1,369)	(1,456)	87	Expenses decreased from the comparative period due to more efficient management of marketing costs and headcount reductions.
R&D expenses	(46)	(27)	(19)	Expenses consistent with prior period.
Share-based compensation expenses	(502)	(576)	74	The decrease is due to a lower value of unvested grants compared to the prior period.

	Three months ended 30-Jun			
	2025 $'000s	2024 $'000s	$ Variance	Management Commentary
Other operating income, net	78	(33)	111	The increase is largely driven by the recognition of gain on disposal of the Hope facility, offset by effects of exchange differences.
Operating loss	(3,800)	(2,573)	(1,227)	See comments above.
Adjusted EBITDA [(2)]	(564)	(124)	(440)	Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for reconciliation to IFRS measures.
Finance income	42	200	(158)	Decrease due to lower cash balance and decreases in interest earned on cash in bank.
Finance expense	(12)	(210)	198	Decrease due to repayment of the convertible debenture in Q3 2024.
Loss before taxation	(3,770)	(2,583)	(1,187)	See comments above.
Net loss for the period	(3,770)	(2,583)	(1,187)	See comments above.

(1) 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 loss (as reported) and Adjusted EBITDA for the past eight quarters:

	Three months ended			
	June 30, 2025 $'000s	**March 31, 2025 $'000s**	**December 31, 2024 $'000s**	**September 30, 2024 $'000s**
Net operating loss	(3,800)	(441)	(1,803)	(2,708)
Adjusted for:				
Share-based compensation expense	502	437	227	160
Depreciation and amortization	419	425	563	518
Restructuring related severance expenses	229	-	80	87
Impairment loss on remeasurement of assets held for sale	81	-	-	113
Gain on disposition of assets	(271)	-	-	-
Early lease termination cost	-	-	70	-
Incremental cost of cannabis inventory acquired in a business combination [(1)]	42	20	251	110
Write down of inventories [(2)]	-	-	10	27
Fair value adjustments in gross profit	(93)	(46)	(53)	519
Indirect tax reassessments [(3)]	-	524	-	153
Miscellaneous	57	(28)	150	-
ASM related Proxy Contest fees [(4)]	2,170	-	-	-
Transaction costs [(5)]	100	(750)	409	278
Adjusted EBITDA	**(564)**	**141**	**(96)**	**(743)**

(1) This represents the fair value realized on sale of cannabis inventory acquired in a business combination.
(2) This adjustment is for unusual inventory write-downs only and not the total value of inventory written down.
(3) This relates to liabilities recognized in connection with notices of reassessment related to prior periods issued by the tax authorities.
(4) This relates to non-recurring fees and expenses associated with the Proxy Contest in connection with the ASM held June 16, 2025.
(5) This includes non-recurring fees, expenses associated with the evaluation of potential mergers and acquisitions, fees related to reorganization of legal entities. This also includes fees and non-refundable deposits related to the proposed sale of the Napanee Facility, which was terminated in January 2025.

	Three months ended			
	30-Jun-24 $'000s	**31-Mar-24 $'000s**	**31-Dec-23 $'000s**	**30-Sep-23 $'000s**
Net operating loss	(2,573)	(3,725)	(2,935)	(4,355)
Adjusted for:				
Share-based compensation expense	576	895	306	386

	Three months ended			
	30-Jun-24 $'000s	**31-Mar-24 $'000s**	**31-Dec-23 $'000s**	**30-Sep-23 $'000s**
Depreciation and amortization	731	790	717	617
Restructuring related severance expenses	305	755	335	273
Impairment loss on remeasurement of assets held for sale	77	-	23	17
Transaction fees for mergers and acquisitions	-	-	-	46
Gain on disposition of assets	(20)	(276)	(174)	-
Early lease termination cost	-	44	-	-
Incremental cost of cannabis inventory acquired in a business combination (1)	162	327	372	2,055
Terminal costs for closed facility (2)	95	323	-	-
One-off derecognition of liabilities	-	(130)	-	-
Write down of inventories (3)	60	-	-	168
Fair value adjustments in gross profit	170	48	(223)	(1,553)
HST reassessment (4)	240	-	-	-
Payroll tax assessment	42	-	-	-
Miscellaneous	11	-	-	-
Adjusted EBITDA	**(124)**	**(949)**	**(1,579)**	**(2,346)**

(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) 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 a liability recognized in connection with a notice of reassessment issued by the tax authorities.

CAPITAL STRUCTURE

Common Shares

The Company's authorized capital consists of an unlimited number of Common Shares. As at June 30, 2025, and as at the date of this MD&A, the Company had 420,755,012 Common Shares issued and outstanding.

Stock Options and RSUs

As at June 30, 2025, and as of the date of this MD&A, options to purchase up to 38,252,503 Common Shares were issued and outstanding. During the six months ended June 30, 2025, 1,964,636 options to purchase Common Shares were granted, 50,000 options to purchase Common Shares were exercised

through the issuance of 14,815 Common Shares for proceeds of nil, and options to purchase 662,667 Common Shares were forfeited, cancelled and/or expired.

As at June 30, 2025, and as of the date of this MD&A, RSUs representing the right to acquire up to 8,390,276 Common Shares were issued and outstanding. During the six months ended June 30, 2025, 1,271,971 RSUs were granted, 8,552,781 RSUs were settled through issuance of 5,691,552 Common Shares with the unissued shares being withheld for taxes, resulting in an increase to Common Shares on the condensed interim consolidated statement of financial position of $426, and nil RSUs were forfeited, cancelled and/or expired. The unissued shares are withheld for tax obligations, which are settled in cash by the Company.

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:

	Three months ended 30-Jun			
	2025 $'000s	2024 $'000s	Change	Management Commentary
Cash and cash equivalents, beginning of period	11,690	17,981	(6,291)	**[Refer to comments below.]**
Net cash used in operating activities	(5,781)	(3,132)	(2,649)	Negative cashflow from operating activities is mainly due to operating loss and costs incurred in connection with the Proxy Contest related to the ASM in June 2025.
Net cash from investing activities	4,161	490	3,671	Net cash inflow in Q2 2025 is largely due to net proceeds of $4,245 from the Hope Facility Sale that was previously held for sale, offset by cash spent on acquisition of property, plant and equipment.

	Three months ended 30-Jun			
	2025 $'000s	2024 $'000s	Change	Management Commentary
Net cash from financing activities	238	619	(381)	The 2025 inflow is largely from the financing of insurance premiums. The change versus 2024 is mostly due to decreases in interest earned on cash balances and reduced amount of loan amount from financing of insurance premiums.
Effect of exchange rate change on cash and cash equivalents	55	33	22	
Cash and cash equivalents, end of period	10,362	15,991	(5,629)	Refer to comments above.

Contractual Obligations

The Company's contractual obligations as at June 30, 2025, decreased by $2.8M as compared to June 30, 2024, 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	8,181	8,131	50	-	-
Employee benefit obligations	768	768	-	-	-
Lease liability	94	42	42	10	-
Loans and borrowings	450	300	150	-	-
Total contractual obligations	**9,493**	**9,241**	**242**	**10**	**-**

Capital Resources

As of June 30, 2025, 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 18 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. In addition to, but not limited to, the risks described herein, reference is made to the following risk factors discussed in greater detail under the heading "Risk Factors" in the 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 and ability to continue as a going concern;
- limited operating history;
- regulatory compliance risks;
- change of cannabis laws, regulations and guidelines;
- reliance on licences and authorizations;
- lack of long-term client commitments;
- COVID-19 pandemic and other potential public health crises;
- disruption of supply chain;
- risks relating to R&D milestones and the Company's equipment;
- 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;
- shareholder activism;
- 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;
- negative operating cash flow;
- inflation risk;
- market for the Common Shares;
- 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;
- significant sales of Common Shares;
- 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.

Shareholder Activism

The Company has been subject to shareholder activism and may be subject to such activism in the future, which may include proxy solicitations, shareholder proposals or other actions by activists to effect changes to the Company or to assert influence on our Board of Directors and management. For example, in May 2025, Apollo launched the Proxy Contest against management of the Company to propose a slate of Dissident Nominees for election at the ASM held on June 16, 2025. On June 16, 2025, at the ASM, management's director nominees were elected/re-elected to the Board of Directors, being Chris Halyk, Emily Jameson, John Medland, David Pidduck, Shelley Potts, Keith Strachan and Chris Taves. None of the Dissident Nominees were elected.

Shareholder activism pursued against the Company has in the past, and may in the future, give rise to or result in, among other things: (a) increased costs, including expenses of third-party advisors, insurance, administrative expenses and other associated costs; (b) perceived uncertainties as to our future direction, which could result in reputational harm and the loss of potential business opportunities and could make it more difficult to attract, retain, or motivate qualified personnel, and strain relationships with investors, customers, suppliers, business partners, and regulators; (c) reduction or delay in our ability to effectively and timely execute our current business strategy and to implement new strategies; (d) diversion of the attention of our Board of Directors and management team; (e) potential litigation as a result of proposals by activist shareholders or proxy contests or matters relating thereto; and (f) fluctuations in the Company's share price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business. Any such shareholder activism could have an adverse effect on our business, financial condition, and results of operations.

Legal Proceedings

From time to time, the Company may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. The Company will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in or establishment of reserves, could have an adverse impact on the Company's financial results. In addition, one long-term contract is subject to ongoing litigation, as the counterparty has not fulfilled its contractual obligations for committed amounts.

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 three months ended June 30, 2025.

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 three and six months ended June 30, 2025, 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**.**