(TSX: LABS)

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2025

MARCH 29, 2026

TABLE OF CONTENTS

Page

ANNUAL INFORMATION FORM

In this annual information form (this "**AIF**") unless otherwise noted or the context indicates otherwise, the terms "the Company", "we", "us" and "our" mean MediPharm Labs Corp. and its subsidiaries. All financial information in this AIF is prepared in Canadian dollars and using International Financial Reporting Standards. The information contained herein is dated as of March 29, 2026, unless otherwise stated.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This AIF, and certain documents incorporated by reference in this AIF, contain forward-looking information and forward-looking statements within the meaning of Canadian securities legislation ("forward-looking statements"). All statements other than statements of historical fact contained in this AIF and in documents incorporated by reference in this AIF, including, without limitation, those regarding the future financial position and results of operations, strategy, plans, objectives, goals, targets and future developments of the Company in the markets where the Company participates or is seeking to participate, and any statements preceded by, followed by or that include the words "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, are forward-looking statements.

Forward-looking statements and information include, without limitation, the information concerning possible or assumed future results of operations of the Company set out under "General Development of the Business" and "Description of the Business", including statements regarding:

- assumptions and expectations described in the Company's critical accounting policies and estimates;
- the Company's expectations regarding legislation, regulations, licensing and certifications related to the import, export, processing, sale and distribution of cannabis products by the Company's subsidiaries, along with the market demand and pricing for such products;
- the Company's expectations regarding the market for cannabis concentrates;
- the ability to secure dried cannabis inventory through long-term supply contracts or otherwise;
- 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;
- 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, cost savings 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 statements are not historical facts but instead represent only the Company's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors" in this AIF and in documents incorporated by reference in this AIF. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this AIF and in documents incorporated by reference in this AIF are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this AIF and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

The forward-looking statements in this AIF and in documents incorporated by reference in this AIF are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future, including assumptions regarding business and operating strategies, and the Company's ability to operate on a profitable basis. The Company does not undertake any obligation to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this report, except as may be required by law.

Risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include, among others disclosed from time-to-time in the Company's filings with the Canadian Securities Administrators:

- negative operating cash flow;
- limited operating history;
- regulatory compliance risks;
- change of cannabis laws, regulations and guidelines;
- change in medical cannabis benefits provided by the government;
- permit approvals;
- 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;
- 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;
- 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.

In addition to the factors set out above, and those identified in this AIF under "Risk Factors", other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements. Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated or intended. Accordingly, readers should not place any undue reliance on forward-looking statements.

CORPORATE STRUCTURE

The Company was incorporated on January 23, 2017 as "POCML 4 Inc." pursuant to articles of incorporation filed under the *Business Corporations Act* (Ontario) (the "**OBCA**"). On October 1, 2018, 2645354 Ontario Inc., a wholly owned subsidiary of the Company, amalgamated with MediPharm Labs Inc. ("**MediPharm Labs**"), which resulted in the reverse take-over of the Company by MediPharm Labs. At that time, the Company concurrently filed articles of amendment to consolidate its common shares (the "**Common Shares**") by a ratio of 2:1 and change its name to "MediPharm Labs Corp."

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 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**"), ABcann Medicinal Inc. ("**ABcann**"), Beacon Medical Australia PTY Ltd. ("**Beacon Medical Australia**") and 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 or Dispositions" below.

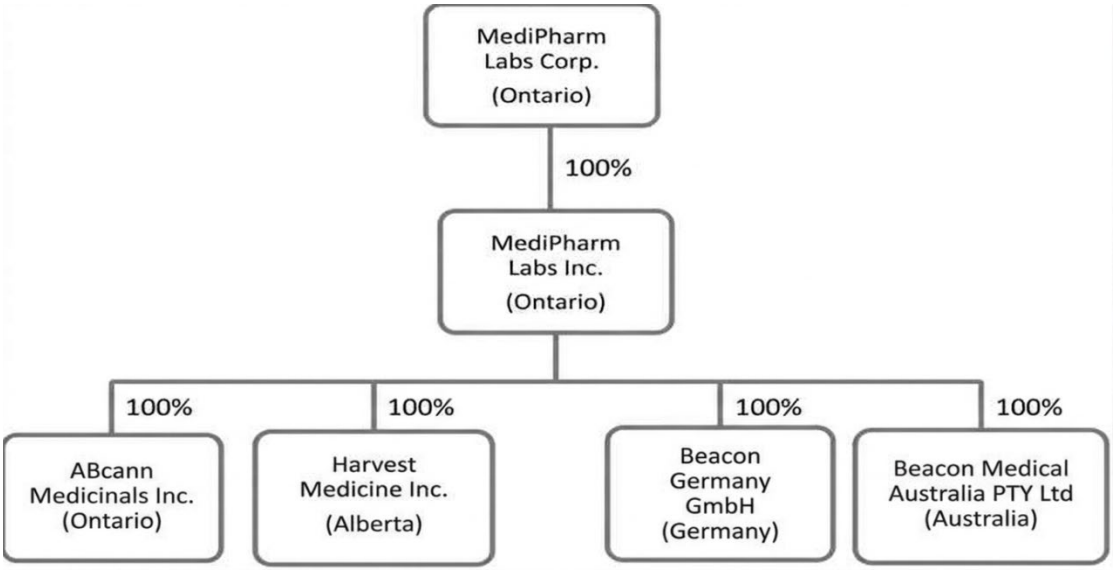
On November 1, 2024 and June 3, 2025, MediPharm completed internal reorganizations whereby, among other things, certain subsidiaries of the Company were wound up and amalgamated.

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. The Company ceased all

Hope Facility commercial activities in 2024, consolidating key operations at its other facilities and cancelled the licence held by Canna Farms in respect of the Hope Facility.

The registered and head office of the Company is 151 John Street, Barrie, Ontario, Canada L4N 2L1. The Company is currently a reporting issuer in all of the provinces of Canada, excluding Québec, and its Common Shares are publicly traded on the Toronto Stock Exchange (the "**TSX**") under the symbol "LABS", on the OTCQX in the US under the ticker symbol "MEDIF", and on the Frankfurt Stock Exchange ("**FSE**") trading under the ticker symbol "MLZ".

The following diagram sets out all the Company's material subsidiaries, their jurisdictions of formation and the Company's direct and indirect voting interest in each subsidiary as at December 31, 2025 and the date hereof.



GENERAL DEVELOPMENT OF THE BUSINESS

Overview

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

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.

The Company's operations are currently conducted through MediPharm Labs, Harvest Medicine, ABcann and the Beacon Medical Brand. Further, the Company's wholly owned subsidiary, Harvest Medicine, provides medical cannabis patients across Canada with convenient virtual care services, including physician consultations, medical cannabis education, and prescriptions. For further information see "General Development of the Business – Significant Acquisitions and Dispositions".

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**")[1], Agencia Nacional de Vigilancia Sanitaria ("**ANVISA**") (Brazil), and Landesamt für Arbeitsschutz, Verbraucherschutz und Gesundheit ("**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.[2] 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 Labs has also filed a Drug Master File ("**DMF**") for cannabidiol ("**CBD**") with Health Canada.

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;

[1] The Australian Therapeutic Goods Administration recognizes Health Canada's DEL and no longer requires a separate foreign inspection for the Company's GMP certification.
[2] As a member of Pharmaceutical Inspection Co-operation Scheme.

- 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 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 (as defined herein) surrounding non-therapeutic research on cannabis licences. See "*Regulatory Overview - Canada*" and "*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. For additional details, please see "Three-Year History – Licensing History" below.

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 15, 2030 (the "**ABcann Licence**"). ABcann also holds an EU-GMP licence after a successful LAVG audit and licence renewal in July 2024. ABcann's operations focus on European Union Good Manufacturing Practices ("**EU GMP**") related cultivation, processing 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**").

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.

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.[3] See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".

The following is the history of material developments of the Company's business during the three-year period prior to December 31, 2025 and up to the date of this AIF.

[3] 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".

Three-Year History

Licensing History

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 dried 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 License, ANVISA GMP, product-specific GMP validation and various long-term stability studies.

On July 1, 2024, the Barrie Facility obtained an EU-GMP certification from Germany's Brandenburg Health Authority LAVG.

On May 3, 2024, MediPharm Labs received a sale of cannabis for medical purposes license from Health Canada that authorizes the possession of cannabis. MediPharm Labs follows the relevant requirements under the Cannabis Act to report monthly to the Minister with specific information about the Company's authorized activities with cannabis.

On June 4, 2025, MediPharm Labs' Natural Health Product (NHP) Site Licence was renewed for an additional one-year term.

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".

Production and Operational History

On April 1, 2023, the Company completed the Arrangement. See "General Development of the Business – Significant Acquisitions and Dispositions" below.

Effective April 1, 2023, in connection with the Arrangement, Dr. Michael Bumby was appointed to the Board of Directors. Mr. Bumby served as the Chief Financial Officer of VIVO for over 5 years prior to the Arrangement. Mr. Bumby has over 20 years of experience in pharmaceuticals with more than 10 years spent internationally with Eli Lilly. He has held previous Chief Financial Officer roles with multiple, NASDAQ and TSX listed public Canadian biotech companies.

On June 22, 2023, the Company announced that, at the request of the Board of Directors and following the recommendation of the audit committee, the Board of Directors accepted the resignation of KPMG LLP as the auditor of the Company effective June 5, 2023 and approved the appointment of MNP LLP as successor auditor effective June 5, 2023.

On June 26, 2023, Avicanna and MediPharm Labs expanded its strategic manufacturing agreement (the "**Strategic Manufacturing Agreement**") for Avicanna's proprietary self-emulsifying drug delivery systems ("**SEDDS**") technology capsules for Canadian and international markets. Under the expanded Strategic Manufacturing Agreement, Avicanna intends to commercialize its proprietary SEDDS technology capsules, under the RHO Phyto brand, across domestic nation-wide medical channels.

In July 2023, the Company entered into a supply agreement with a top tier generic pharmaceutical company in Brazil. Under the agreement, the customer will apply to the Brazil Health Authority, ANVISA, for a number of cannabis product approvals. This new partner received the requisite sanitary authorizations in January 2025. The Company has received similar approvals in Brazil with other customers.

On August 1, 2023, the Company announced its first delivery of cannabis clinical trial material to a United States research partner and provided an update on FDA status. The delivery of pharmaceutical cannabis product was for a NIH funded clinical trial, following import permit from the US Drug Enforcement Agency (DEA) and Health Canada export permit.

On August 31, 2023, the Company announced that Harvest Medicine's study entitled, "*Self-Reported Effects of Illness Severity, Depression and Anxiety in Fibromyalgia Patients: A Large Retrospective Case Series*" had been published in the peer-reviewed American Journal of Endocannabinoid Medicine. The retrospective study was led by Harvest Medicine and reviewed data from 805 patients who indicated fibromyalgia as a primary reason for seeking medical cannabis and had a minimum of one follow-up assessment. The majority of patients (76.1%) reported using CBD oil, which aligns with the current practice guidelines for authorizing medical cannabis as an adjuvant therapy for managing chronic pain. The primary findings from the present study include a significant reduction in all three scores measuring depression, anxiety, and illness severity between baseline and first follow-up.

On September 5, 2023, the Company announced it had completed the sale of vacant land located at 291 Kimmett's Side Road, Napanee, Ontario, for net proceeds of $1.9 million, adding non-dilutive capital to the Company. This land was previously used by VIVO for outdoor cannabis growing but had not been utilized since 2021.

On September 20, 2023, the Company announced it had executed a supplementary agreement (the "**Supplementary Agreement**") to its asset purchase agreement from March 2022 (the "**Asset Purchase Agreement**") with 1193269 B.C. Ltd. (o/a Shelter Cannabis) ("**Shelter Cannabis**") for the Shelter Cannabis brands intellectual property ("**IP**") portfolio, ending any ongoing royalty payments after August 31, 2023. Pursuant to the Asset Purchase Agreement the Company purchased the IP of Shelter Cannabis. This IP has been focused in market on Wildlife Cannabis domestic dried flower and pre-roll products that are manufactured and distributed via the Company's sites. The

Supplementary Agreement allows for a significant improvement in the Shelter Brands' product line gross margins.

On September 27, 2023, the Company announced that GMP produced Beacon Medical Brand cannabis oil and inhalation cartridges had been launched in the Australian medical market.

On October 2, 2023, the Company announced that it had entered into a settlement agreement on September 29, 2023 (the "**Settlement Agreement**") to resolve a claim in connection with a commercial agreement dispute, for a total consideration value of $9 million. On January 24, 2020, MediPharm Labs filed a statement of claim (the "**Claim**") in the Ontario Superior Court of Justice against one of its long-term customers, HEXO Corp. ("**HEXO**"), regarding a long-term supply agreement for cannabis concentrates. The Claim related to the payment of outstanding amounts due to the Company for products shipped to and received by the customer and deposits owed to the Company for committed amounts not yet shipped. The Company was awarded a favourable summary judgment in the Ontario Court of Justice in July of 2022. The summary judgment was appealed by HEXO and a hearing at the Court of Appeal was scheduled for October 12, 2023. In connection with the Settlement Agreement, HEXO abandoned its appeal as against the Company. Upon the acquisition of HEXO by Tilray Brands, Inc. ("**Tilray**"), the Company and Tilray sought a resolution that was favorable to each party and establish a long-term supply relationship in connection with the Settlement Agreement. Under the Settlement Agreement, the Company will receive a total value consideration of $9 million including: $3 million immediate cash payment; $4.5 million in common shares of Tilray (the "**Tilray Shares**"); $1 million in Tilray cannabis products, including high-quality flower and extractable bio-mass; and $500,000 supply agreement to provide Tilray with the Company's products and services over four-years. The Settlement Agreement settled a current aged receivable of $8.5 million on the Company's balance sheet. Since the Settlement Agreement, the Company has received the $3 million cash payment, 1,573,152 Tilray Shares which the Company disposed for net cash proceeds of $4.27 million, $556,000 in Tilray cannabis products under the $1 million commitment, and $250,000 under the $500,000 supply agreement.

Effective as of November 30, 2023, Miriam McDonald resigned as a director of the Company.

On February 7, 2024, the Company announced that it had received GMP certification for its Barrie Facility from ANVISA, the governing body of Brazil's pharmaceutical industry. The Company currently manufactures two medical cannabis products with full ANVISA product authorization under Brazil's Resolution 327/19, which governs high-value prescription cannabis products in Brazil.

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.

On June 20, 2024, the Company entered into a licensing agreement with Remidose Aerosols Inc. 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. The Company completed further formulation work and stability studies for the Remidose product line in the latter half of 2024.

In July 2024, the Company started delivery of new high potency medical cannabis flower, branded Beacon Medical GMBH, to its distribution partners in Germany.

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

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 announced that it had entered into a share purchase agreement (as amended, the "**ABcann Purchase Agreement**") for the sale of the Napanee Facility through a disposition of all of the Company's indirect equity interests in ABcann for $5.5 million in cash.

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

Effective as of January 1, 2025, Keith Strachan, co-founder and former President of the Company, was appointed to the Board of Directors. At the ASM, Michael Bumby did not seek re-election, and two new directors, John Medland and Emily Jameson, were elected. Effective December 31, 2025, Shelley Potts resigned as a director, and Michael Bumby was subsequently appointed to the Board of Directors to fill the resulting vacancy, effective January 1, 2026.

As at January 1, 2026, the Company's seven-member Board of Directors consisted of David Pidduck, Keith Strachan, Michael Bumby, Chris Taves, Chris Halyk, John Medland and Emily Jameson.

On January 8, 2025, the Company announced publicly 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 ABcann, as the buyer had not met certain agreed upon terms and conditions within the agreed upon timelines. The Company provided notice of termination to the buyer as required under the ABcann Purchase Agreement. The Company's agreements and operations at the Napanee Facility

have continued without disruption. The termination resulted in the retention by the Company of certain non-refundable deposits.

On March 3, 2025, the Company announced that it had entered into an agreement for the sale of the land, building and certain equipment associated with the Hope Facility to Rubicon Organics Inc. for $4.5 million in cash (the "**Rubicon Agreement**").

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. The sale was completed in Q3 2025.

On May 26, 2025, the Company announced that it had begun production of novel cannabis MDIs 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. The Company and its partner are preparing to submit a dossier for MDIs to a notified body regarding its acceptance as a device in Europe and the United Kingdom.

On June 3, 2025, the Company 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. The Company ceased all Hope Facility commercial activities in 2024, consolidating key operations at its other facilities and cancelled the licence held by Canna Farms in respect of the Hope Facility.

In October 2025, the Company completed the filing of Canadian DMF with Health Canada, pending the partner's submission of drug products.

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.

On December 4, 2025, the Company completed its first shipment to France under a production agreement with an international medicinal cannabis organization, further expanding its international medical cannabis distribution footprint.

Proxy Contest

On May 1, 2025, Apollo Technology Capital Corporation ("Apollo"), a shareholder of the Company, submitted a notice pursuant to section 4.4 of the Company's by-laws 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. ("Nobul") and Regan McGee (collectively, the "Plaintiffs") filed a statement of claim in the Superior Court of Justice – Ontario (Commercial List) (the "Court") against Tyr LLP ("Tyr"), a partner of Tyr, David Pidduck, who was at the time the 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 an alleged 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 acknowledged that neither Tyr nor the partner misused confidential information nor acted in a conflict of interest by representing MediPharm. Messrs. Pidduck and Taves subsequently brought a motion under section 137.1 of the *Courts of Justice Act*, seeking to have the Apollo Claim against them dismissed as a Strategic Lawsuit Against Public Participation (SLAPP). The motion was heard on October 31, 2025, and, at the time, the Court reserved its decision. On November 12, 2025, the Court granted Messrs. Pidduck and Taves' motion and dismissed the Apollo Claim against Messrs. Pidduck and Taves. Subsequently, on January 30, 2026, the Plaintiffs filed an appeal with the Court of Appeal for Ontario (the "Appeal"). A hearing date of October 14, 2026 has been set for the Appeal.

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"). 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 sought an order from the Court, seeking, amongst other remedies, the appointment of a third-party independent chair and no fewer than five scrutineers for the ASM (the "Apollo Application"). On June 11, 2025, the Court dismissed the Apollo 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 MediPharm $85,000 in costs, which was subsequently received.

On May 27, 2025, MediPharm filed an application with the Court concerning the conduct of Apollo and certain other parties (the "Respondents") in connection with the Proxy Contest (the "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 of Directors 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.

At the ASM held on June 16, 2025, management's director nominees – Chris Halyk, Emily Jameson, John Medland, David Pidduck, Shelley Potts, Keith Strachan and Chris Taves – were

elected to the Board of Directors. As none of the Dissident Nominees were elected at the ASM, the Company has not, as at the date hereof, pursued the MediPharm Application further.

The Company incurred certain expenses in connection with the Proxy Contest, the Apollo Claim, the Apollo Application and the MediPharm Application during the period 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 to Year-End

Effective January 1, 2026, Michael Bumby was appointed to the Board of Directors of the Company to fill a resulting vacancy following the resignation of Shelley Potts as a director on December 31, 2025.

On January 13, 2026, the Company announced that it had entered into a definitive supply agreement with Remidose Aerosols Inc. for the shipment of GMP-certified medicinal cannabis products to Costa Rica. Under the agreement, the Company will supply a range of GMP-certified cannabis products including oils, tinctures, metered dose inhalers and dried flower to Remidose's affiliated entity, Remidose LATAM SRL ("**Remidose LATAM**"). Remidose LATAM has already advanced its regulatory process, and the Company expects that shipment of product will begin once the remaining requirements are completed.

Effective January 23, 2026, David Pidduck stepped down from his role as Chief Executive Officer while continuing to serve as a director of the Company. On the same date, Greg Hunter, the Company's Chief Financial Officer, was appointed Interim Chief Executive Officer, in addition to his role as Chief Financial Officer.

On January 30, 2026, the Plaintiffs filed a notice of appeal with the Court of Appeal for Ontario regarding the Court's November 12, 2025 decision dismissing the Apollo Claim against certain directors of the Company. A hearing date of October 14, 2026 has been set for the Appeal. As at the date of this AIF, no amounts have been ordered payable by the Company or its officers or directors in connection with this matter.

Significant Acquisitions or Dispositions

On December 21, 2022, the Company entered into a definitive arrangement agreement (the "**Arrangement Agreement**") with VIVO pursuant to which the Company agreed to acquire all of the issued and outstanding shares of VIVO (the "**VIVO Shares**") in an all-equity business combination transaction to be completed by way of a plan of arrangement under section 192 of the *Canada Business Corporations Act*. VIVO operated two wholly owned licence holders under the Cannabis Act, being ABCann and Canna Farms, both of which hold licences to produce and sell

dried cannabis and cannabis oils, and to cultivate and produce cannabis products for direct sale to medical patients across Canada, as well as for retail adult-use sales. A copy of the Arrangement Agreement can be found under the Company's profile on SEDAR+ at www.sedarplus.ca.

On February 6, 2023, VIVO was granted an interim order by the Court regarding the Arrangement which authorized VIVO to proceed with various matters relating to the Arrangement, including the holding of a special meeting of VIVO shareholders to consider and vote on the proposed Arrangement. VIVO was granted a final order by the Court at a hearing which took place on March 23, 2023.

On March 21, 2023, shareholders of the Company passed an ordinary resolution approving the issuance by the Company of up to such number of Common Shares as may be required to be issued pursuant to the Arrangement in accordance with the terms of the Arrangement Agreement.

On April 1, 2023, the Company completed the Arrangement. As a result of the Arrangement, VIVO shareholders received 0.2910 of a Common Share in exchange for each VIVO Share held immediately prior to closing ("**Closing**") of the Arrangement (the "**Exchange Ratio**"). In aggregate, the Company issued approximately 107,930,964 Common Shares pursuant to the Arrangement to former VIVO shareholders as consideration for their VIVO Shares. The combined company following Closing (the "**Combined Company**") was owned by approximately 73.1% by former shareholders of the Company and approximately 26.9% by former VIVO shareholders. In addition, upon closing of the Arrangement: (i) each of VIVO's outstanding RSUs were deemed to be vested and were settled and cancelled in exchange for a cash payment equal to $0.025 per RSU, less applicable amounts withheld; (ii) each of VIVO's outstanding deferred share units ("**DSUs**") were deemed to be vested and were settled and cancelled in exchange for a cash payment equal to $0.025 per DSU, less applicable amounts withheld; and (iii) all of VIVO's outstanding stock options, whether vested or unvested, were cancelled effective as of Closing without any payment in respect thereof.

In addition, warrants exercisable into VIVO Shares (the "**Warrants**") and debentures convertible into VIVO Shares (the "**Debentures**"), other than those exercised or converted prior to Closing, continue to remain outstanding as securities of the Company. Such Warrants and Debentures entitle the holders thereof to receive, in lieu of the number of VIVO Shares to which such holder was entitled, the consideration payable in Common Shares under the Arrangement that such holder would have been entitled to receive if, immediately prior to Closing, such holder had been the registered holder of the number of VIVO Shares underlying the Warrants and Debentures. All other terms governing the Warrants and Debentures were the same as the terms that were in effect immediately prior to Closing of the Arrangement.

Following Closing of the Arrangement, the Warrants listed on the TSX under the trading symbol "VIVO.WT" continued trading on the TSX under the symbol "LABS.WT.B". The Company also entered into a supplemental warrant indenture dated as of April 1, 2023 in respect of the Warrants providing for amendments to the exercise price of the Warrants and number of Common Shares issuable on exercise of the Warrants to account for the Exchange Ratio. The Warrants expired on February 26, 2024.

The Company also entered into a fourth supplemental debenture indenture dated as of April 1, 2023, relating to the Debentures (the "**Supplemental Debenture Indenture**") which provided for, among other things: (i) the assumption by the Company of the covenants and conditions associated with the terms of the Debentures; and (ii) amendments to the conversion price of the Debentures to account for the Exchange Ratio. In connection with the entering into of the Supplemental Debenture Indenture, the Company and VIVO agreed to prepay on a pro rata basis to holders of the Debentures, an aggregate of $500,000 of the outstanding principal amount of the Debentures, less any tax required to be deducted and withheld by the Combined Company

Following Closing of the Arrangement, VIVO became a wholly owned subsidiary of the Company, and the VIVO Shares were delisted from the TSX on April 4, 2023.

The Company filed a Form 51-102F4 *Business Acquisition Report* in respect of the Arrangement.

The Company has not completed any significant acquisitions or dispositions during the financial year ended December 31, 2025, for which disclosure is required under Part 8 of National Instrument 51-102 *Continuous Disclosure Obligations.*

DESCRIPTION OF THE BUSINESS

Summary

The Company specializes in the production of purified, pharmaceutical-quality cannabis concentrates, API and advanced derivative products utilizing 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, pharmaceutical, 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.

As of the date of this AIF, 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, metered dose inhalers ("**MDIs**"), soft chews, and capsules and other non-smokeable formats as well as dried 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 dried 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. 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 in which we produce finished goods and undertake 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 develop new products, produce finished goods and perform various manufacturing steps for other domestic licensed producers.

MediPharm Labs operates two GMP manufacturing facilities in Ontario: the Barrie Facility and the Napanee Facility. As of the date of this AIF, 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, packaging, and labeling capabilities that support all the Company's revenue streams by enabling the production of a wide range of formulated products for domestic and global markets. 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 the Agência Nacional de Vigilância Sanitária ("ANVISA"), the governing body of Brazil's pharmaceutical industry, for GMP manufacturing of APIs 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.

Napanee Facility

This 29,000 sq. ft. EU GMP facility is focused on production and supply of flower for the international medical markets. The Napanee Facility operates through the ABcann Licence and on March 11, 2021, the Napanee Facility received EU GMP certification from LAVG, the health authority of Brandenburg, Germany. The Napanee Facility has supplied flower to the UK, EU, Australia and other markets.

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.

In 2025, the Company expanded the cultivation capacity of its Napanee Facility by approximately 30% to allow for further exports of EU GMP flower.

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 a 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 issued to Canna Farms in respect of the Hope Facility.

On September 17, 2025, the Company completed the sale of its vacant land at Hope, British Columbia for $0.45M.

Industry and Market Overview

Products that are based on cannabis extracts can have multiple benefits as compared to dried flower, including: more precise dosing for a more consistent consumer experience; micro-dosing which gives trust and assurance to new consumers interested in low-effect product trial; a wide range of formulations including oil-soluble, water-soluble, dry-powdered and odourless-flavourless which opens up a broad range of potential infused-product categories, which in turn provides approachability for new consumers uncomfortable with the traditional methods of consumption.

Extraction of cannabinoids can be broken down into primary extraction, which results in the production of (i) cannabis resin or oil suitable for formulated oil bottles and soft gels (or gel

capsules), (ii) distillates suitable for use in vapes, edibles and topicals and (iii) isolates suitable for APIs.

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 both under the MediPharm family of brands, and 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. 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) and white label formats. The Company also markets a range of pre-roll products for the adult use and wellness markets. The Company operates a direct to patient Canadian medical sales e-commerce site with the Company's manufactured and qualified third-party cannabis products in all cannabis formats. The Company also operates cannabis medical clinics, through Harvest Medicine.

The Company commenced shipping initial cannabis oil and vape products in December 2019, and as of the date of this AIF, is currently shipping several product formats (being formulated cannabis oil bottles, topicals, gels disposable vaporizer pens, vaporizer cartridges, metered dose Inhalers, soft chews, dried flower, and pre-roll products) and SKUs direct to authorized distributors, Provincial governments, its B2B customers and internationally.

International Agreements

The Company has entered into supply contracts with companies in several South American and European markets, increasing its global reach and furthering its strategy to develop multi-jurisdictional production capabilities, certified under GMP standards to service worldwide medicinal cannabis clients.

As of the date of this AIF, these are the Company's most significant international customers:

Customer	Jurisdiction	Original Agreement Date
Cansativa GmbH	Germany	September 20, 2023
Avextra Pharma GmbH	Germany	March 2, 2023
Burleigh Heads Cannabis	Australia	April 1, 2021
STADA Arzneimittel AG	Germany	October 5, 2020
Laboratorio Teuto Brasileiro S/A	Brazil	July 14, 2023
ADREXpharma GmbH	Germany	September 20, 2019
Montu Group Pty Ltd	Australia and UK	September 13, 2024

Cantourage GmbH	Germany	March 2, 2023
Pharmadrug GmbH	Germany	March 27, 2024

MediPharm Provincial Agreements

MediPharm Labs has arrangements in place to supply the medical, health and wellness markets in key provinces with a wide variety of premium and pure pharmaceutical quality cannabis concentrate based products.

MediPharm Labs has agreements in place with the provincial bodies in Alberta, British Columbia, Manitoba, Saskatchewan, Nova Scotia, New Brunswick and Ontario. While these agreements are for varying terms, the Company expects the agreements and arrangements to continue on an ongoing basis. See "*Regulatory Overview — Provincial Regulatory Framework*", "*Cautionary Note Regarding Forward-Looking Statements*" and "*Risk Factors*".

Clinical Research with Cannabinoids

The Company 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 CTM is provided for a fee and any contributions made in-kind are in relation to intangible future benefit 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. Shipment of additional CTM for trial and open label extension shipped in late Q2 2025.
McMaster University	Treatment of post-surgical pain	Phase 2	CTM delivered and enrollment commenced in Q1 2023 Patient dosing commenced in Q2 2023. Additional CTM delivered in Q1 2024. Enrollment completed in Q4 2024. Last patient visit in February 2025 and data analysis ongoing.

Researcher	Indication	Phase	Recent Milestone
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. Manufacturing of CTM in Q4 2025 with prospection of shipment in Q1 2026[4].
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. Data analysis began in Q1 2025 and is currently in progress.
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	Health Canada approval in December 2022. CTM shipment completed in Q1 2023, with an additional CTM delivery in Q1 2024. The study utilized the same CTM produced by the Company as in the preceding University of Manitoba trial to maintain product continuity. The Company was contacted in Q4 2025 for product shelf-life extension.
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. The study utilized the same CTM produced by the Company as in the preceding University of Manitoba trial to maintain product continuity. The Company was contacted in Q4 2025 for product shelf-life extension
University Health Network – Toronto	Restless Legs Syndrome	Phase 2	Principal Investigator received approval in Q1 2025. Material shipped in Q3 2025. CTM shelf-life extension proposal to be performed in Q1 2026[5] for protocol continuity.

[4] This forward-looking statement is based on the following material factors and assumptions: (a) the CTM shelf-life extension study will commence and be completed as planned without unexpected delays; and (b) the Company will obtain and maintain all required regulatory approvals and permits.

[5] This forward-looking statement is based on the following material factors and assumptions: (a) the CTM shelf-life extension study will commence and be completed as planned without unexpected delays; and (b) the Company will obtain and maintain all required regulatory approvals and permits.

Researcher	Indication	Phase	Recent Milestone
University of Manitoba	Drug Resistant Epilepsy	Phase 2	Regulatory package in preparation with submission Q4 2024. Study approval received initial approval in Q1 2025. No Objection Letter received in July 2025. Pending receipt of the product order from the researcher.
BC Cancer Agency	Symptom Management in Cancer Patients	Phase 2	CTM shipments in Q1, Q2, Q3, and Q4 2024, with an additional shipment in Q1 2025. 80 of 90 patients recruited by end of Q1 2025. Patient recruitment completed late Q2 2025. The trial was completed in Q3 2025 and now pending compilation of results from the researcher for publication.
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. The Company will provide CTM to support protocol commencement in Q2 2026[6].

Products Not Yet Fully Developed

The Company is pursuing the development of several cannabis based pharmaceutical grade products, both API and finished goods, both directly and in conjunction with pharmaceutical partners. The Company is undertaking steps to register its API and products as pharmaceutical products in various jurisdictions. For countries where medical cannabis is governed by a special access or sanitary authorization program, such as Brazil, the authorization includes a regulatory dossier including end-product stability data. The Company uses external in-country consultants and its own internal international regulatory affairs team to complete these activities.

For pharmaceutical drugs that contain cannabis as an API, the Company is required to register a DMF for each API the Company plans to sell. DMFs are provided to regulatory bodies such as the FDA and include detailed information about facilities, GMP manufacturing processes, packaging, and storing of human drug products and ingredients. The Company completed a DMF for CBD API for the FDA in Q1 2022. 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

[6] This forward-looking statement is based on the following material factors and assumptions: (a) the Company will supply CTM as planned without unexpected delays; and (b) the Company will maintain all required regulatory approvals necessary to commence the protocol in the applicable jurisdiction.

Application ("**ANDA**"). As of the date hereof, the Company has additional requirements for the DMF primarily in relation to further product characterization.

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 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*".

Non-Revenue Generating Projects

The Company currently has two projects, which have not yet generated revenue:

a. Natural Health Products; and

b. Unique Cannabinoid Purification;

All quarter references in this section are based on fiscal year-end.

Natural Health Products

The Company is assessing the feasibility of formulating, manufacturing and distributing CBD natural health products, subject to jurisdictional regulations. Any future launch in Canada remains dependent on federal legislative and regulatory changes permitting cannabis-based NHPs. Health Canada previously appointed a Science Advisory Committee and conducted a public consultation from March to June 2025 on a potential pathway for CBD-containing health products, in which the Company participated. Feedback indicated that significant scientific and regulatory work would be required to develop such a framework. Subsequently, in December 2025, Health Canada removed the proposed CBD-NHP initiative from its Forward Regulatory Plan and confirmed it is not proceeding at this time. As a result, there is currently no regulatory pathway or timeline for CBD-containing natural health products in Canada, and CBD continues to be regulated solely under the Cannabis Act.

Unique Cannabinoid Purification

The Company currently purifies unique cannabinoids from natural sources. These activities require the purchase of unique cannabis biomass containing targeted cannabinoids. The Company completed the commercialization of cannabinol and began production of CBG in Q3 2022, updated from the estimated production start date of Q2 2022 due to certain changes in the timing of commercial agreements. Further activities with minor cannabinoids are ongoing and the Company looks to extend commercial market activities in international markets.

In 2023, the Company completed development on a pure THC isolate, commonly know as dronabinol. This process was commercially scaled in Q4 2023 along with initial customer deliveries

to Germany for use in compounded pharmacies. The Company believed this natural THC production process is unique and provides a competitive quality and cost advantage over other producers.

Distribution

The Company historically arranges sales from its Barrie Facility and Napanee Facility. For many of its agreements, risk of loss for all shipped products typically transfers at the Company's shipping dock, and the purchaser is responsible for arranging all shipping and transportation. From time-to-time we may also provide secure and licensed storage space for our customers, given the regulatory requirements and restraints with respect to storage and transportation. In the case of provincial customers, the risk of loss is transferred on delivery however, the provincial distributors maintains a right of return on product not sold to retailers.

The Company's Barrie Facility delivers direct to patients via courier service. Orders are placed by patients both online and over the phone.

The Company's Napanee Facility distributes only to international customers, in markets including Australia, Germany and the United Kingdom. The facility holds an EU- GMP licence granted by a competent German authority which is recognized and accepted by other European and non-European health authorities.

Specialized Skills and Knowledge

The Company has historically strategically focused its efforts on the highly specialized processes required for efficient extraction and refinement of cannabis derivatives and utilizes third-party cultivators for its raw material inputs. On closing of the Arrangement, VIVO's addition to the Company's portfolio combined two highly complementary businesses, creating a unique business and ability to differentiate itself in the cannabis market.

The Company has assembled a high caliber leadership, scientific research and operational team with proven experience in bio-pharmaceutical extraction, chromatography, quality systems, research and development, regulatory affairs, legal, packaging, project management, supply chain management, as well as sales and marketing from consumer-packaged goods (CPG) and pharmaceutical industries. The Company has successfully recruited many professionals and technicians with deep cannabis and complementary secondary industry experience. The Company's combined experience in cannabis as well as complementary secondary industries is a key differentiator. See "Risk Factors - Retention and Acquisition of Skilled Personnel".

Competitive Conditions

The Company has several types of competition: (i) existing licensed cultivators with the ability to conduct extraction in-house; (ii) other cannabis concentrate processors; (iii) other cannabis brands; (iv) other Canadian direct-to-patient medical cannabis businesses; and (v) other GMP International suppliers of flower and related cannabis products.

The Company believes that navigating the various regulatory regimes in Canada and globally will continue to serve as the primary barrier on new operators entering the GMP portion of the cannabis

industry. The Company also believes that the decreased access to capital and over saturation of cannabis companies will lead to further companies exiting the Canadian cannabis market, while the cannabis consumer market continues to expand. This creates an opportunity for the Company's B2B services and own brands to grow in the market share.

However, as current and additional Cannabis Act licence holders produce cannabis concentrates, and as the market for finished goods requiring cannabis concentrates continues to roll out slowly, the market for bulk extracts has become characterized by structural oversupply. These supply and demand imbalances need to correct and sell through into consumer channels before pricing for concentrates improves. We expect that the principal aspects of competition between the Company and its competitors will continue to be price and quality of extracted and refined products. As some competitors face financial challenges or even exit the market, prospects for the concentrate market could improve.

The direct-to-patient market has seen fewer new entrants and the Company's platform, Canna Farms, has one of the longest histories servicing Canadian patients, since 2013. This history and strong long-term customer/patient relationships may result in a competitive advantage as the market consolidates further.

However, increased retail access has and will continue to impact the number of new patients entering the medical cannabis sector. This may be offset by the introduction of further medical cannabis product coverage by private insurers, something not yet materially adopted by private insurance plans. There is no definitive outlook on when or if this will be adopted in the future.

See *"*Risk Factors - Competition*"* for further details.

Components

As part of its wholesale cannabis program, the Company has historically procured dried cannabis inventory from various licenced cultivators throughout Canada. Following its acquisition of VIVO in 2023, the Company also sources its dried cannabis from its Napanee Facility. See "Description of the Business - Operations and Facilities" for additional details.

In addition, the Company's business is also dependent on a number of non-cannabis related key inputs, including skilled labour, equipment, parts, solvents, non-cannabis consumables forming part of the finished products (for e.g., bottles, packaging and cartons) and other supplies, as well as electricity, water and other local utilities. See "Risk Factors - Dependence on Supply of Cannabis and Other Key Inputs" for additional details.

Intellectual Property

The proprietary nature of, and protection for, the Company's products, technologies, processes, and know-how are a key aspect to our business. We rely on a combination of trademarks and contractual restrictions to establish and protect our intellectual property.

The Company has filed for registration of various domestic and international trademarks with respect to, among other things, the words "MediPharm Labs" and the "falling leaf" image from its logo. In late 2020, the Company filed Canadian trademark applications related to its LABS

Cannabis brand. In early 2021, the Company expanded its core trademark filings with applications for additional classes in key jurisdictions, including Canada, the EU, the UK, Australia, and New Zealand. In 2022, the Company filed additional trademark applications related to the words "MediPharm Labs", the "falling leaf" image from its logo and its Shelter trademarks. Also, in 2022 and 2023 the Company filed patent applications related to its cannabinoid production technology.

The "falling Leaf" image

Cycles

With respect to the supply of inputs, the Company sources its dried cannabis from its Napanee Facility, as well as greenhouse, indoor and outdoor cultivators throughout Canada due to certain growth, storage and sale limits under the terms of its licences for these facilities. Although Company's greenhouse and outdoor suppliers' yields may vary seasonally, the Company does not expect the availability or price of its inputs to materially fluctuate on a seasonal or cyclical basis.

The demand for cannabis and its derivatives is not seasonal or cyclical.

Economic Dependence

The Company does not believe there is any single contract upon which its business as a whole is substantially dependent.

Changes to Contracts

The Company does not expect any aspect of its business as a whole to be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

Environmental Protection

The Company primarily uses supercritical CO2 and ethanol as co-solvents in its extraction processes. The Company also uses ethanol and pentane in various production processes. While supercritical CO2 is non-flammable and non-toxic, ethanol and pentane are subject to various environmental protection requirements. Regardless, the Company does not expect any environmental protection requirements to have a material effect on the Company's expected capital expenditures, profit or loss or competitive position.

Employees

As at December 31, 2025, the Company had 127 employees in Canada. The Company engages contractors and consultants to work on specific projects and for administrative, engineering, legal and other services as required.

Social and Environmental Policies

The Company has a training program for all new employees that includes health and safety. The facilities team also performs internal audits and identifies areas where improvement is needed.

Regulatory Overview

Canada

The production, distribution and sale of cannabis is tightly controlled by the Canadian federal and provincial governments. On October 17, 2018, the Cannabis Act came into force in Canada as law with the effect of legalizing the non-medical use of cannabis by adults across Canada. The Cannabis Act, among other things, replaced the ACMPR and the *Industrial Hemp Regulations* ("**IHR**"), both of which came into force under the *Controlled Drug and Substances Act* (Canada) ("**CDSA**"), which previously permitted access to cannabis for medical purposes for only those Canadians who had been authorized to use cannabis by their health care practitioner. In 2013, Health Canada introduced the commercial cannabis licenced producer program under the *Marihuana for Medical Purposes Regulations* ("**NIMPR**") program. In August 2016, the MMPR was replaced by the ACMPR. The ACMPR program as it related to commercial production was very similar to the MMPR. However, the major change that benefited MediPharm Labs was the streamlined approach to identifying and being approved for various cannabis-related activities. This allowed MediPharm Labs to refine its application to become a licenced producer focused solely on cannabis oil production.

The Cannabis Act permits the non-medical use of cannabis by adults and regulates, among other things, the production, distribution and sale of cannabis and related products in Canada, for both non-medical and medical purposes. Pursuant to the Cannabis Act, subject to provincial and territorial regulations and medical allowances, individuals over the age of 18 are able to purchase fresh cannabis, dried cannabis, cannabis oil, cannabis extracts, cannabis edibles, cannabis topicals and cannabis plants or seeds and are able to legally possess up to 30 grams of dried cannabis (or the prescribed equivalent amount) in public. The Cannabis Act also permits households to grow a maximum of four cannabis plants, which has been restricted by certain provinces. This limit applies regardless of the number of adults that reside in the household. In addition, the Cannabis Act provides provincial and territorial governments the authority to prescribe regulations regarding retail sales and distribution, as well as the ability to regulate certain matters, such as increasing the minimum age for purchase and consumption. The minimum age for purchase and possession of cannabis in each Canadian jurisdiction is 19 years old, except for Quebec and Alberta where it is 21 and 18, respectively.

In connection with the new framework for regulating cannabis in Canada, the Federal Government of Canada introduced new penalties under the *Criminal Code* (Canada), including penalties for the illegal sale of cannabis, possession of cannabis over the prescribed limit, production of cannabis

beyond personal cultivation limits, taking cannabis across the Canadian border, giving or selling cannabis to a youth and involving a youth to commit a cannabis-related offence.

In addition to the Cannabis Act, the Federal Government of Canada published regulations, including the *Cannabis Regulations* (as amended from time to time, the "**Cannabis Regulations**") and the new IHR (together with the Cannabis Regulations, collectively, the "**Regulations**"), along with amendments to the *Narcotic Control Regulations* and certain regulations under the *Food and Drugs Act* (Canada). The Regulations, among other things, outline additional rules for the cultivation, processing, research, analytical testing, distribution, sale, importation and exportation of cannabis and hemp in Canada, including the various classes of licences that can be granted. The Regulations set standards for these cannabis and hemp products and include strict specifications for the plain packaging and labelling and analytical testing of all cannabis products as well as stringent physical and personnel security requirements for federally licenced sites. The Regulations also maintain a distinct system for access to cannabis.

On March 12, 2025, the *Regulations amending certain regulations concerning cannabis (streamlining of requirements)* and the *Order Amending Schedule 2 to the Cannabis Act* (the "**2025 Amending Regulations**") came into force, imposing fewer regulatory burdens on cannabis licence holders and applicants.

Licences, Permits and Authorizations

The Cannabis Regulations establish the following different classes of licences that are required depending on the nature of the activity being undertaken:

- cultivation licences - standard cultivation, micro-cultivation and nursery cultivation;
- processing licences - standard processing (such as the Licence) and micro-processing;
- sale, and sale for medical purposes;
- analytical testing;
- research - possession of more than 30g of dried cannabis or its equivalent for non-human and non-animal research; and
- cannabis drug licence.

Pursuant to the Cannabis Regulations, any licence issued will be valid for no more than five years. Each class and subclass of licence carries different rules and requirements. The licence, once issued, identifies the specific activities that the licensee is authorized to conduct. The activities permitted under each class or subclass of licence are set out in the Cannabis Regulations.

Security Clearances

The ACMPR and other related regulations governing the licensed production of cannabis for medical purposes previously required that certain key individuals associated with a licensee, such as directors, officers, large shareholders and individuals identified by the Minister, obtain security clearances with Health Canada. The Cannabis Act and Regulations no longer require that a security-cleared individual be present on-site when conducting activities with cannabis or to accompany cannabis during off-site antimicrobial treatments. In these instances, only the presence of, and attestation by, one individual who is an employee of the license holder will be required.

Cannabis Tracking System

Under the Act, the Minister is authorized to establish and maintain a national cannabis tracking system. The cannabis tracking system (together with the licensing portal, collectively known as the "**Cannabis Tracking and Licensing System**") was established by ministerial order, and came into effect on October 17, 2018. The purpose of this system is to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the legal market. Pursuant to the Cannabis Tracking and Licensing System, a holder of a federal licence for cultivation, a licence for processing or a licence for sale for medical purposes that authorizes the possession of cannabis must report monthly to the Minister with specific information about their authorized activities with cannabis (e.g. cannabis inventory quantities), in the form and manner specified by the Minister. The ministerial order also provides for monthly reporting by provincial bodies and provincially authorized private retailers of certain information in the form and manner specified by the Minister.

A new ministerial order, the Cannabis Tracking System Order, was published in the Canada Gazette, Part II on June 26, 2019 and in force on October 17, 2019 in order to address the unique public health and public safety risks associated with edible cannabis, cannabis extracts and topicals (the "**New Classes of Cannabis**") authorized by the Regulations Amending the Cannabis Regulations (New Classes of Cannabis) (the "**2019 Amending Regulations**") on October 17, 2019.

The purpose of this system is to enable the submission of licence applications, amendments and renewals through an online portal and track the flow of cannabis throughout the supply chain as a means of preventing the illegal inversion and diversion of cannabis into and out of the regulated system. Under the Cannabis Tracking and Licensing System, a holder of a licence for cultivation, licence for processing, or a licence for sale for medical purposes is required to submit monthly reports to Health Canada.

Cannabis Products

The Cannabis Regulations set out the product categories that are permitted for sale. Currently, the Cannabis Regulations permit the sale of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds, including in such forms as "pre-rolled" and capsule products. The THC content and serving size of cannabis products is limited by the Cannabis Regulations.

Prior to the passage of the 2019 Amending Regulations, the Cannabis Act only permitted the sale of dried cannabis, cannabis oil, fresh cannabis, cannabis plants and cannabis plant seeds. The Amending Regulations permit the production and sale of the New Classes of Cannabis. As is the case for dried or fresh cannabis and cannabis oil, a processing licence is required in order to produce the New Classes of Cannabis, and to package and label these types of cannabis products for sale to consumers. Holders of processing licences issued prior to October 17, 2019 were required to amend their processing licence before they could begin manufacturing products belonging to New Classes of Cannabis. The Cannabis Regulations require the filing of a notice with Health Canada at least 60 days before releasing a new product to the market. As a result, December 16, 2019 was the earliest date that products in the New Classes of Cannabis could be made available for sale.

In addition, if a processing licence holder processes edible cannabis and non-cannabis food products on the same site, then the production, packaging, labelling, and storage of cannabis and the

production, packaging, and labelling of non-cannabis food products will need to be conducted in separate buildings. All cannabis production is required to occur in a separate building from any non-cannabis food production to minimize contamination risks.

For medical cannabis patients, Health Canada requires that medical documents be written to include the amount of dried cannabis in grams per day a patient may consume. This requirement applies equally to oils. To assist patients with determining how much oil they should be consuming per day, licensed producers are required to provide an equivalency factor outlining how much oil is equivalent to one gram of dried cannabis.

Packaging and Labelling

The Cannabis Regulations set out requirements pertaining to the packaging and labelling of cannabis products. The purpose of the packaging and labeling rules is to promote informed consumer choice, allow for the safe handling and transportation of cannabis, and to reduce the appeal of the products to youth. Vendors must package cannabis in a way that is tamper-proof, child-resistant, prevents contamination and ensures dryness. The Cannabis Regulations also require plain packaging, with strict requirements for logos, colours and branding. The packaging must also contain the following product information:

- product source information, including the name, phone number and email of the cultivator;
- information about the product including class of cannabis, amount, brand name, lot number, storage conditions, packaging date, expiry date;
- a mandatory health warning, rotating between Health Canada's list of standard health warnings;
- the Health Canada standardized cannabis symbol; and
- information specifying THC and CBD content.

Following the enactment of the 2025 Amending Regulations, the packaging and labelling requirements of cannabis products are slightly less stringent. For example, the requirements now allow transparent packaging for dried cannabis and fresh cannabis, co-packing of dried cannabis, fresh cannabis, cannabis extracts, cannabis topicals and edible cannabis, and potency information need only disclose total THC and total CBD content.

Advertising

The Cannabis Act and Regulations outline several prohibitions regarding the promotion of cannabis products. Subject to a few exceptions, including promotion to other licence holders, all promotions of cannabis products are prohibited unless authorized by the Cannabis Act. The restriction on promotion includes promoting cannabis or a cannabis accessory, or any service related to cannabis, including: (i) by communicating information about price or distribution, (ii) by doing so in a manner in that there are reasonable grounds to believe could be appealing to young persons, (iii) by means of a testimonial or endorsement, or (iv) by evoking positive or negative emotions about a way of life such as one that includes glamour, recreation, excitement, vitality, or risk.

Cannabis products may be promoted at their point of sale if the promotion indicates only its availability and/or price. Further, brand preference and informational promotion is permitted if such promotion is:

- in a communication that is addressed and sent to an individual who is 18 years of age or older and is identified by name;

- in a place where young persons are not permitted; or

- communicated by means of a telecommunication, where the person responsible for the content of the promotion has taken reasonable steps to ensure that the promotion cannot be accessed by a young person.

While the above restrictions also apply to the New Classes of Cannabis, the 2019 Amending Regulations also prohibit certain representations and associations on products, their packages and labels and associated promotional activity, including: certain flavours in cannabis extracts (e.g. confectionary, dessert, soft drink, and energy drink); health or cosmetic benefits unless registered as a health product; energy value and nutrient content representations that go beyond those permitted in the list of ingredients and in the cannabis specific nutrition facts table; statements reasonably likely to create the impression the edible cannabis or accessory is intended to meet particular dietary requirements; and promotion that could reasonably associate the cannabis, the cannabis accessory or the service related to cannabis with an alcoholic beverage, a tobacco product or a vaping product.

Product Composition

The Cannabis Regulations place restrictions on product composition specific to each type of cannabis product including specific THC limits. Examples of product-specific restrictions include:

- **Edible cannabis:** must be shelf stable; only food and food additives will be allowed to be used as ingredients in edible cannabis and the use of food additives will need to be in accordance with the limits and purposes that are prescribed for foods; must not have caffeine added, however the use of ingredients containing naturally occurring caffeine will be permitted in edible cannabis products provided that the total amount of caffeine in each immediate container does not exceed 30 milligrams; must not contain alcohol in excess of 0.5% w/w; must not contain anything that would cause the sale of the edible cannabis, if it was a food regulated under the *Food and Drugs Act* (Canada) ("**Canada FDA**"), to be prohibited and must not be fortified with vitamins or mineral nutrients.

- **Cannabis extracts:** must not contain ingredients that are sugars, sweeteners or sweetening agents, nor any ingredient listed on Column 1 of Schedule 2 to the Tobacco and Vaping Products Act (which is a list of ingredients that are prohibited in vaping products) except if those ingredients and their levels are naturally occurring in an ingredient used to produce the extract.

- **Cannabis topicals:** must not contain anything that may cause injury to the health of the consumer when the product is used as intended or in a reasonably foreseeable way.

Health Products and Cosmetics Containing Cannabis

Under the current regulatory framework, health products are subject to the Canada FDA and its regulations, and the Natural Health Products Regulations (the "**NHPR**"). The Canada FDA and NHPR govern the manufacturing, formulation, packaging, labelling, advertisement and sale of natural health products ("**NHPs**") in Canada. In addition, drugs and NHPs may be additionally regulated by the Cannabis Act and Regulations. For many of these products, pre-market approval from Health Canada is required.

Currently, cannabis is not permitted for use in a natural health product or a non-prescription drug product, as phytocannabinoids are included as prescription drugs on the Human and Veterinary Prescription Drug List ("**PDL**"). Although, Health Canada has previously authorized prescription drug products containing cannabis, the agency maintains that there remains significant scientific uncertainty regarding the pharmacological actions, therapeutic effectiveness and safety of the majority of phytocannabinoids. The cannabis-based prescription drug products that have been authorized by Health Canada have been studied, authorized and used in specific conditions. While these authorized products have contributed to the global body of knowledge concerning the safety and efficacy of cannabis-based therapies, Health Canada has stated that the presence of scientific uncertainty and limited market experience gives rise to the need for a precautionary approach. Listing all phytocannabinoids on the PDL addresses this uncertainty by allowing healthcare practitioners to monitor and manage any unanticipated effects. Health Canada has launched a consultation on a potential market for cannabis health products that would not require practitioner oversight and is considering the development of a regulatory pathway for cannabis health products. Health Canada also recently opened a consultation on a pathway for health products containing CBD in particular to be accessed without a prescription, which would include amending the existing regulatory framework for NHPs to include CBD as a medicinal ingredient. In the meantime, all phytocannabinoids remain listed on the PDL until there is sufficient scientific evidence (e.g., as demonstrated through a submission to Health Canada) to change the prescription status of a particular phytocannabinoid when used in specific conditions.

Under the Cannabis Regulations, the use of cannabis-derived ingredients (other than certain hemp seed derivatives containing no more than 10 parts per million THC) in cosmetics is permitted and will be subject to provisions of the Cannabis Act.

Import /Export Permits for Medical or Scientific Purposes

Part 10 of the Cannabis Regulations sets out the process by which a license holder may apply for an import or export permit for medical or scientific purposes. A permit must be obtained for each shipment of cannabis. An application for an import or export permit must contain specific information including the name and address of the holder, license number and specifics of the particular shipment including intended use of the cannabis and specific shipment details. The Cannabis Regulations also contain reporting requirements in respect of the import / export of cannabis.

Provincial Regulatory Framework

The Cannabis Act provides that the provinces and territories of Canada have authority to regulate certain aspects of recreational cannabis (similar to the current regime for liquor and tobacco products), such as sale and distribution, minimum age requirements, places where cannabis can be consumed, and a range of other matters.

All Canadian provinces and territories have enacted regulatory regimes for the distribution and sale of cannabis for recreational purposes within those jurisdictions. There are three general frameworks that the provinces and territories have followed: (i) private cannabis retailers licensed by the province; (ii) government run retail stores; or (iii) a combination of both frameworks (e.g., privately licensed retail stores, while online retailers are operated by the applicable provincial government).

Regardless of the framework, the recreational cannabis market is supplied by federal licence holders. In many cases, provinces that follow the licensed private retailer model will still have a government-run wholesale distributor. Such licensed private retail stores are or will be required to obtain their cannabis products from the wholesalers, and the wholesalers in turn, are or will be required to obtain the cannabis products from the federal licence holders. The minimum age for purchase and possession of cannabis in each Canadian jurisdiction is 19 years old, except for Quebec and Alberta, where it is 18.

There is no assurance the Company will be able to efficiently navigate applicable regulatory frameworks and distribution models or conduct its intended business thereunder. *See "Risk Factors".*

Ontario: Pursuant to the *Cannabis Control Act, 2017* (Ontario), the distribution and retail sale of recreational cannabis is managed through the Ontario Cannabis Retail Corporation ("**OCRC**"), under the oversight of the Alcohol and Gaming Commission of Ontario. Recreational cannabis has been sold on-line through the OCRC operated OCS platform as of October 17, 2018.

On October 17, 2018, the *Cannabis License Act, 2018* (Ontario) became law and other legislation, including the *Cannabis Control Act, 2017*, the *Ontario Cannabis Retail Corporation Act, 2017* and the *Liquor Control Act* were amended to create a private retail framework for the sale of recreational cannabis in Ontario. As of April 1, 2019, recreational cannabis has been available for sale by private retailers that operate brick-and-mortar stores licensed by the AGCO.

The recreational cannabis retail regulatory regime in Ontario has the following requirements and features:

- Private retailers are required to obtain both a retail operator licence and a retail store authorization. Retail store authorizations are only to be issued to persons holding a retail operator licence. Separate retail store authorizations are to be required for each cannabis retail store, but a licensed retail operator may hold more than one retail store authorization and operate multiple stores. Private retailers may sell cannabis in person, or online, with in-store pick up and/or home delivery, where available.

- The AGCO is the government entity responsible for issuing retail store authorizations for privately run recreational cannabis stores. Until December 13, 2019, a temporary cap of 25

retail store authorizations was imposed while cannabis supply stabilizes. On July 3, 2019, the Government of Ontario announced its plans for a second allocation of 50 additional cannabis retail store authorizations. The AGCO held a lottery draw for the allocation of 42 retail store authorizations. A separate process governed the allocation of eight retail store authorizations for those who wish to operate a store on a First Nations reserve. On March 2, 2020, the restrictions on the total number of store authorizations permitted in Ontario, and their regional distribution, was revoked. The AGCO has begun accepting applications for retail store authorizations from all interested applicants. There are currently 1,516 stores in Ontario.

- Retail store operators are only permitted to purchase cannabis from the OCRC, which may set a minimum price for cannabis or classes of cannabis.

- Every authorized cannabis retail store in Ontario must have a licensed retail manager. Anyone who supervises employees, oversees cannabis sales, manages compliance or has signing authority to purchase cannabis, enters into contracts or hires employees is required to have a cannabis retail manager licence.

- Federally licensed producers (and their affiliates) are limited to operating one retail cannabis store in the province, which must be located at the site listed on such producer's federal licence. A broad definition of affiliate is included in the Regulations. An affiliate relationship exists if a corporation beneficially owns or controls voting shares, or securities that may be converted to voting shares, constituting more than 25% of voting rights. If a person, or group acting together, holds 50% voting control for the election of directors or market share of the corporation, they are considered affiliates. Additionally, an affiliate relationship may be established through involvement in a trust, partnership or joint venture, among others. The definition of affiliate may have the effect of restricting the ability of federally licensed producers from effectively entering into the consumer retail market in Ontario.

- Federally licensed producers are prohibited from providing any material inducement to cannabis retailers for the purpose of increasing the sale of a particular type of cannabis.

- Municipalities and reserve band councils were permitted to opt out of the retail cannabis market by resolution. Municipalities had until January 22, 2019 to pass such by-laws, and several municipalities have formally opted-out of the retail market. Municipalities that opted out can later lift the prohibition on retail cannabis stores by subsequent resolution, which cannot be reversed at a later date.

- Municipalities may not pass bylaws providing for a further system of licensing over the retail sale of cannabis.

Québec: In Québec, the sale of all recreational cannabis is managed and conducted through the stores of the Société québécoise du cannabis, a subsidiary of the Société des alcools du Québec, and its online site.

British Columbia: In British Columbia, recreational cannabis is sold through both public and privately operated stores, with the provincial Liquor and Cannabis Regulation Branch handling wholesale distribution.

Alberta: In Alberta, cannabis products are sold by private retailers that receive their products from a government-regulated distributor, the Alberta Gaming & Liquor Commission (the "**AGLC**"), similar to the distribution system currently in place for alcohol in the province. Only licensed retail outlets are permitted to sell cannabis. As of March 8, 2022, online sales will no longer be run by the AGLC. Individual retail stores are responsible for their own online sales platforms.

Saskatchewan: The Government of Saskatchewan implemented a framework in which both wholesale and retail recreational cannabis are conducted by the private sector and regulated by the Saskatchewan Liquor and Gaming Authority ("**SLGA**"). A number of retail permits have been issued to private stores. SLGA is currently accepting applications for retail permits, wholesale cannabis permits and federally licensed producer registrations. Permitted wholesalers can sell to permitted retailers and other permitted wholesalers but not to the general public. Wholesale operations must be physically located within Saskatchewan and product can only be sold and distributed within Saskatchewan. Further, only federally licensed producers registered with SLGA will be allowed to sell into the Saskatchewan market.

Manitoba: In Manitoba, a private retail model is in place whereby the Manitoba Liquor and Lotteries Corporation manages the supply and distribution of cannabis to licensed private retailers, and the private sector operates the retail locations.

New Brunswick: In New Brunswick, all recreational cannabis is managed and sold through a network of tightly-controlled, stand-alone Cannabis NB stores managed by the Cannabis Management Corporation, a subsidiary of the New Brunswick Liquor Corporation (the "**NBLC**"), and is available for sale online through the Cannabis NB platform. The NBLC also controls the distribution and wholesale of cannabis in the province. The crown corporation Cannabis Management Corporation is responsible for the oversight, organization, conduct, management and control of the retail sales of cannabis.

Nova Scotia: In Nova Scotia, the Nova Scotia Liquor Corporation is responsible for the regulation of cannabis in the province, and recreational cannabis is only to be sold publicly through government-operated storefronts and online sales. There is no private licensing of retail. The Nova Scotia Liquor Corporation also controls the distribution and wholesale of cannabis in the province.

Prince Edward Island: In Prince Edward Island, similar to New Brunswick and Nova Scotia, retail is controlled and operated by the government, and cannabis is sold through government stores and online, overseen by the Prince Edward Island Cannabis Management Corporation, who is also responsible for the distribution and wholesale of cannabis in the province. There is no private retail licensing in the province.

Newfoundland and Labrador: In Newfoundland and Labrador, cannabis is sold through licensed private retailers, with the crown-owned liquor corporation, the Newfoundland and Labrador Liquor Corp. ("**NLC**"), issuing private retailer licences and overseeing the distribution to private sellers who may sell to consumers. The NLC also controls the possession, sale and delivery of cannabis,

and sets prices. NLC is also the online retailer, although licences may later be issued to private interests.

Yukon: Yukon had initially limited the distribution and sale of recreational cannabis to government outlets and government-run online stores, but has since opened up its retail market to permit licensed private retailers in the territory. Cannabis retail licenses are issued by the Cannabis Licensing Board. Authorized retailers must purchase cannabis from the Yukon Liquor Corporation, acting as the wholesaler and distributor in the territory.

Northwest Territories: The Northwest Territories relies on the N.W.T. Liquor and Cannabis Commission ("**NTLCC**") to control the importation and distribution of cannabis, whether through NTLCC-approved retail outlets or online through the NTLCC. Communities in the Northwest Territories will be able to hold a plebiscite to prohibit cannabis sales in their communities, similar to options currently available to restrict alcohol in the Northwest Territories.

Nunavut: In Nunavut, the Nunavut Liquor and Cannabis Commission ("**NULC**") controls the distribution and sale of cannabis, which it conducts online and in physical stores. However, Nunavut also allows for the sale of cannabis through private retailers. In Nunavut, a person can submit an application with the NULC for a licence to operate a cannabis store, remote sales store, or cannabis lounge. The NULC also has the authority to contract with agents for the sale of cannabis.

Australia:

The cultivation, manufacturing, importation and exportation of medicinal cannabis is tightly controlled by the Office of Drug Control ("**ODC**"), the Therapeutic Goods Administration ("**TGA**") and other local state and territories laws.

Medicinal cannabis and products are only available for specific patient groups under medical supervision. Medical practitioners will only be authorised to prescribe medicinal cannabis products for conditions where there is satisfactory scientific evidence supporting such use.

Importing Medical Cannabis for Australian Patients

The ODC regulates the import of controlled substances, such as cannabis for medicinal purposes under the Customs (Prohibited Imports) Regulations 1956 (PI Regulations).

Medicinal cannabis and products (such as cannabis oil, extracts and tinctures) are regulated as medicines in Australia and are prescription only substances. Medicinal cannabis requires import permission (a licence and permit) from the ODC, before importation can occur. The licence is valid for up to 12 months and a permit is required for each shipment entering Australia and for each substance and/or preparation type. Imports are restricted to medical or scientific use. The quantities imported and supply routes are strictly controlled under the international drug control conventions. Importers must declare the form of cannabis being imported to the ODC when completing import permits.

An application may be made to import medicinal cannabis products for the following purposes:

- Authorised Prescriber (AP) Scheme

- Special Access Scheme (SAS)
- Clinical Trials
- Animal Studies
- Laboratory or analytical testing
- Cultivation under an ODC Medicinal Cannabis Permit.

Application & Manufacturing Requirements for Imported Medicinal Cannabis:

The importer must provide information with their licence application on the products that they intend to import and the quantities of each product.

Imported medicinal cannabis products may be subject to the following manufacturing requirements:

- A medicinal cannabis licence from the ODC.
- Good Manufacturing Practice (GMP) licence requirements.

Local State and Territory Laws

Australian local state and/or territory laws may have different requirements for importation and possession of medicinal cannabis. Companies must ensure they comply with all relevant legal requirements.

Germany

Germany revised its legal framework regarding cannabis by passing the Cannabis Act (*Cannabisgesetz* – CanG), which introduced the law on handling cannabis for consumption (*Konsumcannabisgesetz* – KCanG), the Medical Cannabis Act (*Medizinal-Cannabisgesetz* – MedCanG) and amended other related laws, *inter alia* the German Federal Law on Narcotic Drugs (*Betäubungsmittelgesetz* – BtMG) in 2024. As a result, Cannabis is no longer a narcotic drug within the meaning of Section 1 of the BtMG.

In Germany, Cannabis may be prescribed by doctors for medical purposes. The system for prescribing medical cannabis introduced in Germany in 2017 is now articulated in the MedCanG. The MedCanG aims to facilitate the access of patients to medicinal cannabis and prevent its misuse. In principle, a license is required by anyone wishing to cultivate, produce, trade, import, export, dispense, sell, otherwise place on the market, obtain or acquire cannabis for medical purposes or for medical-scientific purposes. The license is issued by the Cannabis Agency as part of the *Bundesinstitut für Arzneimittel und Medizinprodukte* and is subject to numerous conditions, including that the cannabis must be cultivated in accordance with the guidelines on Good Agricultural and Collection Practices). The previous procedure of issuing licenses by tender for the cultivation of cannabis for medical purposes has been abolished. An extensive tendering procedure after which the Cannabis Agency concludes supply and services contacts under civil law with the successful bidders, then buys the cannabis produced and subsequently sells it to pharmacies,

wholesalers, etc., is no longer applicable. Rather, the distribution of domestically harvested cannabis for medical purposes will be carried out under the market economy, legal responsibility and decisions of the economic operators holding a cultivation license or marketing authorization.

The most fundamental change is that Germany has created legal access to cannabis for recreational use. While still in its early stages, the approach is based on two pillars: The first pillar allows for private cultivation by adults for their own use, and for shared, non-commercial cultivation of cannabis in cultivation associations through the new regulatory framework set out in the KCanG. The second pillar provides for regional model projects with commercial supply chains. To date, the second pillar has not yet been implemented.

For private cultivation for personal use, it is now permitted for adults aged 18 and older to possess up to 25 grams of dried cannabis in public and up to 50 grams in private. The cultivation of up to three female flowering cannabis plants per person is permitted. Additionally, non-commercial cultivation associations, referred to as cannabis social clubs, with up to 500 members can be founded. These associations are allowed to cultivate cannabis collectively and distribute it among their members. A license is required, which is subject to numerous conditions, including prohibitions to consumer cannabis in certain areas (e.g. near schools, in the premises of cultivation associations, and in pedestrian zones between 7:00 am and 8:00 pm).

Among other things, the KCanG does not consider CBD to be ‘cannabis’, meaning that it is not subject to the prohibition regulations under Section 1, paragraph 1 of KCanG. The extraction of CBD from the cannabis plant is also not prohibited.

Moreover, dealing of cannabis seeds is permitted as long as the cannabis seeds are not intended for unauthorized cultivation. However, the import of cannabis seeds for the purpose of private home cultivation of cannabis or the communal home cultivation of cannabis in cultivation associations is only permitted from Member States of the European Union. The import and export of recreational cannabis and cannabis produce remains prohibited.

The second pillar envisages the implementation of a scientifically designed, monitored and evaluated pilot project in selected regions for five years. This will allow companies to produce, sell and distribute recreational cannabis within a licensed and state-controlled framework to adults in specialized shops. The effects of a commercial supply chain on the protection of health and minors as well as the black market will be analyzed. However, no legal provisions have yet been created for the establishment of model regions, so that the second pillar is so far only a concept. In light of the current political landscape in Germany and the complex deliberations required for the adoption of the legal regulations, it is uncertain whether such regulations will come to fruition.

Despite the legislative reforms, challenges remain. There remains significant bureaucratic hurdles faced by cultivation associations when established and some political parties have announced their intention to reverse the legislation. In response to these developments.

In 2025, the German Federal Ministry of Health introduced a draft amendment to the MedCanG, citing concerns regarding prescribing practices, telemedicine utilisation, and the growth of private prescriptions. The draft legislation was approved by the Federal Cabinet in October 2025 and is

currently progressing through the parliamentary legislative process. Key elements of the proposed amendments include:

- A requirement that initial medical cannabis prescriptions be issued following an in-person consultation between physician and patient.
- A requirement for periodic in-person consultations for continued treatment, with telemedicine prescriptions permitted only between such consultations.
- A prohibition on mail-order dispensing of medical cannabis flowers by pharmacies, while maintaining in-person pharmacy dispensing options.

As of the date of this disclosure, the proposed amendments have not been enacted. Second and third readings in the German Bundestag are anticipated in 2026; however, the final content, timing, and implementation measures remain subject to change through the legislative process.

United States:

"Marihuana" is a Schedule I controlled substance under the United States Controlled Substances Act of 1970 (the "**Controlled Substances Act**"). On December 20, 2018, hemp (defined as the plant cannabis sativa L. and its derivatives, extracts and cannabinoids with THC content of not more than 0.3% on a dry weight basis) was removed from Schedule 1 of the list of controlled substances under United States federal law in accordance with the United States Agriculture Improvement Act of 2018, commonly known as the "2018 Farm Bill". The 2018 Farm Bill does not affect any other cannabis product and therefore cannabis and cannabis derivatives that do not meet the definition of hemp, and activities involving them, remain illegal under United States federal law. On October 31, 2019, the United States Department of Agriculture (the "**USDA**") released an interim final rule for regulations governing hemp production in the United States which was superseded by a final rule that was published January 19, 2021, and became effective March 22, 2021. The Farm Bill also authorizes individual states and Indian Tribes to regulate hemp in their jurisdiction by developing and seeking USDA approval of a regulatory plan. Notwithstanding the 2018 Farm Bill, the U.S. FDA prohibits cannabis (including hemp) and its derivatives, including cannabidiol (CBD), for use as an ingredient in food and drink. The U.S. FDA held a public hearing on May 31, 2019, to obtain input from stakeholders regarding the regulation of products containing cannabis and cannabis derivatives. On March 11, 2020, the U.S. FDA extended indefinitely the comment period for that hearing. In addition, any ingredient derived from hemp in food is subject to the premarket approval requirements applicable to food additives, unless that use is "generally recognized as safe" ("**GRAS**"). The U.S. FDA has issued letters of no objection to at least three GRAS notices for ingredients derived from hemp seed that contain trace amounts of THC and CBD but has not to date addressed whether hemp-derived THC, CBD or other cannabinoids in non-trace levels are GRAS.

The U.S. federal budget, as currently in effect, includes the Rohrabacher-Farr Amendment, which prohibits the funding of federal prosecutions with respect to medical cannabis activities that are legal under state law. There can be no assurances that the Rohrabacher-Farr Amendment will be included in future appropriations bills or budget resolutions. At this time, there is still very little clarity as to how President Donald Trump, or Attorney General Pam Bondi, will enforce federal law or how they will deal with states that have legalized medical or recreational marijuana. While President Donald Trump he voiced his support for Amendment 3 to Florida's constitution in

September 2024, which endorsed a state adult-use cannabis campaign, Trump nominated Terrance C. Cole, who has expressed opposition to cannabis reform, for United States Drug Enforcement Administrator. There are uncertainties as to how the new Presidential administration will deal with federal and state laws surrounding medical or recreation marijuana as the administration has not clearly advised on its priorities pertaining to cannabis enforcement. Unless and until U.S. Congress amends the United States Controlled Substances Act of 1970 with respect to medical or adult-use cannabis (and there can be no assurances as to the timing or scope of any such potential amendments, if any), there is significant risk that federal authorities may enforce current U.S. Federal Law. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, any such occurrence would have a material effect on the industry. There is no guarantee that the current Presidential administration, or any future administration, will not change its stated policy regarding the low-priority enforcement of U.S. federal laws that conflict with State laws. There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed, amended or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions.

On December 18, 2025, the President signed an executive order directing the Attorney General to initiate and expedite the formal rulemaking process to reclassify cannabis from Schedule I to Schedule III under the U.S. Controlled Substances Act ("CSA"). This direction signals a potential shift in federal drug policy; however, the rulemaking is ongoing and cannabis remains a Schedule I controlled substance under federal law unless and until the DEA completes the required procedures and issues a final rule.

Restrictions on Business Activities Outside of Canada

On October 16, 2017, the TSX provided clarity regarding the application of Sections 306 (Minimum Listing Requirements) and 325 (Management) and Part VII (Halting of Trading, Suspension and Delisting of Securities) of the TSX Company Manual (collectively, the "**Requirements**") to applicants and TSX-listed issuers with business activities in the cannabis sector. In TSX Staff Notice 2017-0009, the TSX notes that issuers with ongoing business activities that violate U.S. federal law regarding cannabis are not in compliance with the Requirements. These business activities may include (i) direct or indirect ownership of, or investment in, entities engaging in activities related to the cultivation, distribution or possession of cannabis in the US, (ii) commercial interests or arrangements with such entities, (iii) providing services or products specifically targeted to such entities, or (iv) commercial interests or arrangements with entities engaging in providing services or products to US cannabis companies. The TSX reminded issuers that, among other things, should the TSX find that a listed issuer is engaging in activities contrary to the Requirements, the TSX has the discretion to initiate a delisting review.

The Company does not engage in or intend to engage in any U.S. "marijuana-related activities" as defined in Canadian Securities Administrators Staff Notice 51-352 (Revised) *Issuers with U.S. Marijuana-Related Activities* (the "**Staff Notice**"). The Company is currently only developing business opportunities in jurisdictions outside of Canada where such operations are legally permissible in accordance with all of the laws of the foreign jurisdiction, the laws of Canada and our regulatory obligations with the TSX.

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 AIF, 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 U.S. FDA DMF (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 AIF, 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.

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. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business. If any of the following or other risks occur, the Company's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks. Risk factors relating to the Company include, but are not limited to, the factors set out below.

Business Risks

Negative Operating Cash Flow

The Company has negative cash flow from operating activities and has historically incurred net losses. There is no assurance that sufficient revenues will be generated in the near future. To the extent that the Company has negative operating cash flows in future periods, it may need to deploy a portion of its existing working capital to fund such negative cash flows. The Company may be required to raise additional funds through the issuance of additional equity securities or through loan financing. There is no assurance that additional capital or other types of financing will be

available if needed or that these financings will be on terms at least as favourable to the Company as those previously obtained, or at all. The Company's ability to successfully raise additional capital and maintain liquidity may by impaired by factors outside of its control, such as a shift in consumer attitudes towards certain therapeutic methods or a downturn in the economy.

Any inclusion in the Company's financial statements of a going concern opinion may negatively impact the Company's ability to raise future financing and achieve future revenue. The Company's financial statements do not include any adjustments to the Company's recorded assets or liabilities that might be necessary if the Company becomes unable to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient revenues and positive cash flow from its operating activities and/or obtaining sufficient funding to meet its plans and obligations.

Limited Operating History

The Company is an early-stage company having been founded in 2015 and, as a result, it has a limited operating history upon which its business and future prospects may be evaluated. The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for the Company to meet future operating and debt service requirements, it will need to be successful in its expansion, marketing and sales efforts. Additionally, where the Company experiences increased sales, the Company's current operational infrastructure may require changes to scale the Company's business efficiently and effectively to keep pace with demand and achieve long-term profitability. If the Company's products and services are not accepted by new clients, the Company's operating results may be materially and adversely affected.

Regulatory Compliance Risks

Achievement of the Company's business objectives is contingent, in part, upon compliance with various laws governing the production and distribution of cannabis oil and products, taxes, labour standards and occupational health, toxic substances, land use, water use, and other matters.

Although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to produce cannabis oil and related products. Amendments to current laws and regulations governing the distribution, transportation and/or production of cannabis oil or related products, or more stringent implementation thereof, could have a substantial adverse impact on the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition,

changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Change of Cannabis Laws, Regulations and Compliance Policies

Cannabis laws, regulations and compliance policies, including applicable TSX rules and policies and internal financial institution policies related to cannabis issuers, are dynamic and subject to evolving interpretations, which could require the Company to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that laws, regulations or policies may be enacted in the future that will be directly applicable to certain aspects of the Company's businesses. Although the operations of the Company are currently carried out in accordance with all applicable rules and regulations, the Company cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Company's business. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of cannabis and cannabis-related products, or more stringent implementation thereof may have a material adverse effect on the Company's business, financial condition and results of operations.

Public opinion can also exert a significant influence over the regulation of the cannabis industry. A negative shift in the public's perception of the cannabis industry could affect future legislation or regulation in different jurisdictions.

Change in Medical Cannabis Benefits Provided by the Government

Government programs that provide coverage, reimbursement, or other financial support for medical cannabis are subject to change and may evolve in ways that negatively affect the Company. Adjustments to eligibility criteria, reimbursement rates, funding levels, or program availability could reduce patient access to medical cannabis products and, in turn, negatively impact demand for the Company's offerings. Effective April 1, 2026, Veterans Affairs Canada reduced its reimbursement rate for medical cannabis from $8.50 per gram to $6.00 per gram, which may lower the purchasing power of eligible veterans and reduce overall demand within this patient group. Future changes may also introduce additional administrative requirements or compliance obligations that could result in increased operational costs for the Company.

Although the Company currently participates in the medical cannabis market in accordance with all applicable rules, guidelines, and reimbursement frameworks, the Company cannot predict the nature, timing, or scope of any future modifications to government benefits programs. Amendments to current medical cannabis benefit structures, or more stringent implementation thereof, may have a material adverse effect on the Company's business, financial condition and results of operations.

Permit Approvals

The Company's operations depend on obtaining, maintaining, and renewing various permits, licenses, and regulatory approvals required under applicable cannabis legislation and related regulations. These permits and approvals are subject to evolving regulatory standards,

administrative practices, and political considerations, and delays or denials can occur. Any inability to secure required permits on a timely basis—or at all—could restrict the Company's ability to operate, expand its facilities, add new product lines, or enter new markets.

While the Company currently holds the permits necessary to conduct its operations, it cannot predict the nature or timing of future regulatory requirements or the interpretation or application of existing ones. Changes to permitting processes, increased scrutiny by regulators, or more stringent approval criteria may require the Company to incur significant compliance costs or modify elements of its business plan. Failure to obtain or renew key permits could have a material adverse effect on the Company's business, financial condition and results of operations.

Reliance on Licences and Authorizations

The operations of the Company require it to obtain licences for the production, packaging and distribution of cannabis related products, and in some cases, renewals of existing licences from, and the issuance of import, export and other permits by certain national authorities in Canada and other international jurisdictions. The Company believes that it currently holds all necessary licences and permits to carry on the activities that it is currently conducting under applicable laws and regulations and also believes that it is complying in all material respects with the terms of such licences and permits. In addition, the Company will apply for, as the need arises, all necessary licences and permits to carry on the activities it expects to conduct in the future. However, the ability of the Company to obtain, sustain or renew any such licences and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies. Any loss of interest in any such required licence or permit, or the failure of any governmental authority to issue or renew such licences or permits upon acceptable terms, would have a material adverse impact upon the Company.

The current term of the Licence ends on September 28, 2026. Although it is anticipated by management of the Company that Health Canada will extend or renew the Licence prior to the expiration of these licences, there can be no guarantee that such renewals will occur or, if renewed, that such renewals will be on the same or similar terms. Should Health Canada not renew either the Licence or should the Licence be renewed on different terms, the business, financial condition and results of the operation of the Company would be materially adversely affected.

The Company operates in a purpose-built facility designed and executed to a current GMP ("**cGMP**") standard, however, cGMP certification with respect to other jurisdictions is ongoing and there is an inherent risk that these certifications will not take place. For all cGMP certifications achieved, there are ongoing standards and thresholds that must be adhered to in order to maintain certification.

Risks Related to Pandemics and Other Potential Public Health Crises

Global or national health concerns, including the outbreak of pandemic or contagious diseases, such as the recent COVID-19 (coronavirus), may materially adversely affect the Company's business, operations and financial condition. Historically, the outbreaks of COVID-19 resulted in forced closures, mandated social distancing, isolation and/or quarantines and a general reduction in consumer activity in a number of countries. While most of these measures were temporary and have

since been rescinded, there is no guarantee that additional measures will not be reinstated in response to another pandemic or any other health crisis. Such public health crises can result in volatility and disruptions in supply and demand, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, inflation and, as a result, demand for our end customers' products and our operating results. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in the Company's facilities. A local, regional, national, or international outbreak of a contagious disease, apart from COVID-19, could also have similar adverse effects, or other adverse unknown effects, on local economies and potentially the global economy.

At this point, the extent to which a pandemic or any other health crises will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that a pandemic, such as COVID-19, or any other health crises may have a material adverse affect on the Company's business, financial condition and results of operations and thus may impact the ability of the Company to satisfy its obligations to its lenders and other parties, which may in turn adversely impact the Company's ability to access capital on acceptable terms or at all.

Disruption of Supply Chain

Conditions or events including, but not limited to, those listed below could disrupt the Company's, and other industry participant's, supply chains, interrupt operations, increase operating expenses, and thereby result in loss of sales, delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity (see also, "Risks Related to the COVID-19 Pandemic and Other Potential Public Health Crises"); (iii) political instability, social and labour unrest, war or terrorism, tariffs; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services including via air, sea, rail and road. The extent to which COVID-19 or any other contagious disease impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of this or any other outbreak and the actions to contain those outbreaks or treat its impact, among others.

Risks relating to Research and Development Milestones and the Company's Equipment

There is no assurance that the Company's anticipated milestones will be achieved, and a failure to achieve these milestones could negatively impact the Company's ability to raise additional funds required for operations and research and development activities, and could, in turn, impact the financial viability of the Company. There is also no assurance that the Company's research and development activities will continue to result in commercially viable products.

Rapidly changing markets, technology, emerging industry and regulatory standards and frequent introduction of new products characterize the Company's business environment. The introduction

of new products embodying new technologies and regulatory developments may render the Company's equipment obsolete and its products and services less competitive or less marketable. The process of developing the Company's products and services is complex and requires significant continuing costs, development efforts and third-party commitments. The Company's failure to develop new products and services could adversely affect the business, financial condition and operating results of the Company.

The Company may be unable to anticipate changes in its potential client requirements that could make the Company's existing products and services obsolete. The Company's success will depend, in part, on its ability to continue to enhance its product and service offerings so as to address the increasing sophistication and varied needs of the market and respond to technological and regulatory changes and emerging industry standards and practices on a timely and cost-effective basis.

In light of rapidly developing technologies, regulatory changes, emerging industry standards and the Company's competitive landscape, the Company has previously elected to not continue projects and has written down non-current deposits given to vendors for capital expenditures as a result.

Lack of Long-Term Client Commitment Risk

Sales of the Company's products are sometimes made pursuant to individual purchase orders or contracts and not under long-term commitments. The Company's clients at times do not provide any assurance of minimum or future sales and are at times not contractually prohibited from purchasing alternative products from the Company's competitors at any time. Accordingly, the Company can be exposed to competitive pricing pressures on each potential order. The Company's clients may also engage in the practice of purchasing products from more than one provider to avoid dependence on sole-source suppliers for certain of their needs. The existence of these practices may make it more difficult for the Company to increase prices, gain new clients and win repeat business from existing clients, and to maintain revenue during periods of declining demand.

Client and Receivables Risks

The Company is subject to the credit risk and willingness to pay of its clients, and its profitability and cash flow are dependent on receipt of timely payments from clients. Any delay in payment by the Company's clients may have an adverse effect on the Company's profitability, working capital and cash flow. There is no assurance that the Company will be able to collect all or any of its trade receivables in a timely matter. If any of the Company's clients face unexpected situations such as financial difficulties, or regulatory or other inquiries, the Company may not be able to receive full or any payment of the uncollected sums or enforce any judgment debts against such clients, and the Company's business, results of operations and financial condition could be materially and adversely affected. In connection with such risks, the Company may from time to time have to take accounts receivables provisions for bad debt.

The Company's success depends in part on its ability to anticipate and offer products and services that appeal to the changing needs and preferences of clients in the various markets the Company serves. Developing new products and services requires high levels of innovation, and the development process is often lengthy and costly. If management is not able to anticipate, identify,

develop and market products and services that respond to changes in client preferences, demand for products, and services could decline.

The Company may also be exposed to a reputational risk with respect to its business-to-business clients, in particular those for which the Company intends to directly sell products as part of its white labeling program. If the Company's clients are subject to negative publicity, the Company's goodwill, business and operations may be indirectly and negatively impacted.

Realization of Growth Targets Including Expansion of Facilities and Operations

The Company is currently in the early development stage. The Company's growth strategy contemplates, among other things, various research and operational activities at its current facilities located in Barrie, Ontario. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

(a) delays in obtaining, or conditions imposed by, regulatory approvals;

(b) environmental pollution;

(c) non-performance by third party contractors;

(d) increases in materials or labour costs;

(e) construction performance falling below expected levels of output or efficiency;

(f) breakdown, aging or failure of equipment or processes;

(g) contractor or operator errors;

(h) labour disputes, disruptions or declines in productivity;

(i) inability to attract sufficient numbers of qualified workers;

(j) disruption in the supply of energy and utilities;

(k) increased cost of inputs as a result of tariffs; and

(l) major incidents and/or catastrophic events such as pandemics, fires, floods, droughts, explosions, earthquakes or storms.

As a result, there is a risk that the Company may not have product or sufficient product available for shipment to meet the anticipated demand or to meet future demand when it arises.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand,

train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

History of Net Losses

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company may continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset potential increases in costs, and operating expenses or the Company is not able to reduce expenses in a timely manner, the Company will not be profitable.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast costs and sales as detailed forecasts are not generally obtainable from other sources at this early stage of the Canadian and global cannabis industries. A failure in the supply of its inventory or the demand for its products to materialize as a result of competition, supply/demand imbalances, regulatory or technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Competition

The cannabis production industry is competitive in all of its phases. The Company faces competition from other companies in connection with such matters. Many of these companies may have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain its operations or develop them as currently proposed, on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of the Company could be materially adversely affected.

The Company is facing additional competition from new entrants into the cannabis industry, which is still in a relatively early stage. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

If the number of users of medical marijuana in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer and increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

In addition, the legal landscape for medical and recreational marijuana is changing internationally. More countries have passed laws that allow for the production and distribution of medical and recreational marijuana in some form or another. Increased international competition might lower the demand for the Company's products on a global scale.

Competition from the Illicit Market

The Company also faces competition from unlicensed and unregulated market participants, including individuals or groups that process cannabis without a Licence under the Cannabis Act, including illicit medical and recreational dispensaries and other illicit participations selling cannabis in Canada. These competitors may be able to offer products with higher concentrations of active ingredients than the Company is authorized to produce and sell and use delivery methods which are currently prohibited from being produced or sold in Canada. The competition presented by these participants, and any unwillingness.

by consumers currently using these illicit distribution channels to begin purchasing from the regulated market for any reason, or any inability of law enforcement authorities to enforce existing laws prohibiting the unlicensed cultivation, processing, distribution and sale of cannabis and derivative cannabis products, could adversely affect the Company's market share, result in increased competition through the illicit market for cannabis or have an adverse impact on the public perception of cannabis use, and of Canadian licence holders.

Inability to Sustain Pricing and Inventory Models

Increasing supply of dried cannabis flower inputs may result in a decrease in price of such flowers available for extract, resulting in an increase in supply of and decrease in price for cannabis extracts. Even though on a regular basis, management reviews the amount of cannabis flower and extract inventory on hand, and its cost profile and marketability, and estimates the time required to manufacture and sell such inventory, write-down of inventory may still be required if the Company is unable to maintain sufficient inventory turnover in the face of falling market prices for dried flowers and cannabis extracts. Any such write-down of inventory could have a material adverse effect on the Company's business, financial condition, and results of operations.

Significant price fluctuations or shortages in the cost of materials may increase the Company's cost of goods sold and cause its results of operations and financial condition to suffer. If the Company is unable to secure materials at a reasonable price, it may have to alter or discontinue selling some of its products or attempt to pass along the cost to its clients, any of which could adversely affect its results of operations and financial condition.

Conflicts of Interest May Arise Between the Company and its Directors and Officers

The Company may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may potentially be engaged in a range of business activities. In addition, its executive officers and directors may potentially devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and officers who may from time-to-time deal with persons, firms, institutions or corporations with which the Company may be dealing, or which may be seeking investments similar to those the Company desires. The interests of these persons could conflict with the Company's interests. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the Company's directors are required to act honestly, in good faith and in the Company's best interests.

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.

Product Liability

As a producer and distributor of products designed to be ingested, inhaled (such as vaporizers) or otherwise consumed by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused damages, loss or injury. In addition, the sale of the Company's products and services involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of the Company's or its customer's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Unknown Health Impact of Use of Cannabis Products

There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether used for recreational or medicinal purposes. Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur which could have an adverse effect on the social acceptance of cannabis and the demand for the Company's products.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if the Company is subject to recall, the reputation of the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material

adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention, potential loss of applicable licences and potential legal fees and other expenses.

Insurance and Uninsured Risks

The Company has insurance to protect its assets, operations and employees. While the Company believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which it is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if it were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Environmental Regulation and Risks

The Company's operations are subject to environmental regulations that mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which could stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of cannabis oil and related products, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Climate Change Risks

Over the past several years, changing weather patterns and climactic conditions due to natural and man-made causes have added to the unpredictability and frequency of extreme weather events such as severe weather, heat waves, wildfires, flooding, hailstorms, snowstorms, and the spread of disease and insect infestations. These events could damage, destroy or hinder the operations at the Company's physical facilities, or the facilities of the Company's suppliers or customers, and

adversely affect the Company's financial results as a result of decreased production output, increased operating costs or reduced availability of transportation. Government action to address climate change, greenhouse gas (GHG) emissions, water and land use may result in the enactment of additional or more stringent laws and regulations that may require the Company to incur additional capital expenditures, pay higher taxes, increased transportation costs, or could otherwise adversely affect our financial conditions.

In addition, increasingly the Company's employees, customers and investors expect that the Company minimize the negative environmental impacts of its operations. Although the Company makes efforts to create positive impacts where possible and anticipate potential costs associated with climate change, failure to mitigate the risks of climate change and adequately respond to their changing expectations as well as those of governments on environmental matters, could result in missed opportunities, additional regulatory scrutiny, loss of team members, customers and investors and adverse impact on the Company brand and reputation.

Unfavourable Publicity or Consumer Perception

The Company believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of cannabis and related products distributed to such consumers (both through the legal and illegal channels). Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity.

The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's products, and the business, results of operations, financial condition and cash flows of the Company.

Catastrophic Events

Natural disasters, such as earthquakes, tsunami, floods or wildfires, public health crises, such as epidemics and pandemics, political instability, acts of terrorism, war or other conflicts and other events outside of the Company's control, may adversely impact the Company's business and operating results. In addition to the direct impact that such events could have on the Company's facilities and workforce, these types of events could negatively impact the Company's strategic partners and in turn impact on demand for the Company's products and services.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis and related products in general, or the Company's products specifically, or associating the consumption of cannabis or related products with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed. The increased usage of social media

and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regard to the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputational loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Reliance on Production Facilities

Disruption of operations at the Company's facility located in Barrie, Ontario could adversely affect inventory supplies and the Company's ability to meet delivery deadlines. The Company's revenue is dependent on the uninterrupted operation of its production facilities. The Company's production is subject to operational risks beyond its control including fire, breakdown, failure or substandard performance of its equipment and machinery, power shortage, labour disruption, natural disasters and any interruption in its operations as a result of any failure to comply with all applicable laws and regulations in the jurisdictions where our production facilities are located. Frequent or prolonged occurrence of any of the aforesaid events may have a material adverse effect on the Company's business, financial condition and results of operation. If there is any damage to the Company's production facilities, it may not be able to alleviate the impact of such damage in a timely and proper manner or at all. Any breakdown or malfunction of any of the Company's information technology systems and equipment could cause a material disruption of its operations. Adverse changes or developments affecting either of the Company's facilities could have a material and adverse effect on the Company's business, financial condition and prospects.

Information Technology System Risks and Cyber Attacks

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology services in connection with our operations. The operations depend, in part, on how well the Company and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems, depending on the nature of any such failure, could adversely impact the Company's business, financial condition and operations.

Cyberattacks could result in important remediation costs, increased cybersecurity costs, lost revenues due to a disruption of activities, litigation, and reputational harm affecting customer and investor confidence, which ultimately could materially adversely affect the Company's business, financial condition and operations. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result,

cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Globally, cybersecurity incidents have increased in number and severity and it is expected that these external trends will continue. In response to this incident, or any potential future incident, the Company may incur substantial costs which may include: (a) remediation costs, such as liability for stolen information, repairs to system or data damage, or implementation of new security; (b) measures in response to the evolving security landscape; and (c) legal expenses, including costs related to litigation, regulatory actions or penalties.

Dependence on Supply of Cannabis and Other Key Inputs

Relative to third party inputs, only a small amount of the Company's inputs of cannabis leaves, flowers and trim comes from the Company's own cultivation and supply. Currently, the Company acquires cannabis from third parties in amounts sufficient to operate its business. The Company's business is also dependent on a number of non-cannabis related key inputs, including skilled labour, equipment, parts, solvents, non-cannabis consumables (such as bottles, cartons and packaging) and other supplies, as well as electricity, water and other local utilities.

However, there can be no assurance that there will continue to be a supply of cannabis or other inputs available for the Company to purchase in order to operate or expand its cannabis extraction business. Additionally, the price of cannabis and other inputs may rise which would increase the Company's cost of goods. If the Company were unable to acquire the cannabis or other inputs required to operate, it could have a material adverse impact on the Company's business, financial condition and results of operations.

If any of the Company's key suppliers fails to provide inputs meeting the Company's quality standards, it may need to source cannabis, equipment or other inputs from other suppliers, which may result in additional costs and delay in the delivery of its products and services to its clients. There is no assurance that the Company's suppliers will be able to supply and deliver the required materials to the Company in a timely manner or that the materials they supply to the Company will not be defective or substandard. Any delay in the delivery of materials, or any defect in the materials, supplied to the Company may materially and adversely affect or delay its production schedule and affect its product quality. If the Company cannot secure materials of similar quality and at reasonable prices from alternative suppliers in a timely manner, or at all, the Company may not be able to deliver its products to its clients on time with required quality. The Company's suppliers, service providers and distributors may elect, at any time, to breach or otherwise cease to participate in supply, service or distribution agreements, or other relationships, upon which the Company's operations rely. Loss of its suppliers, service providers or distributors would have a material adverse effect on the Company's business and operational results.

Maintenance of Effective Quality Control Systems

There is a risk that Company might not be able to maintain effective quality control systems. The Company ascribes its success to its commitment to quality control and effective quality control systems. Quality in terms reliability and stability of the Company's equipment are especially important and the performance failure of any part of the Company's production facility would affect the entire production line of its equipment and lead to severe economic losses. The effectiveness of the Company's quality control systems and its ability to obtain or maintain cGMP certification with respect to its facilities depends on a number of factors, including the design of its quality control procedures, training programs, and its ability to ensure that its employees adhere to the Company's quality control policies and guidelines. Any failure or deterioration of the Company's quality control systems may have a material adverse effect on the Company's business, results of operations and financial condition.

Retention and Acquisition of Skilled Personnel

The loss of any member of the Company's management team could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Company's business and operating results. At present and for the near future, the Company will depend upon a relatively small number of employees to develop, market, sell and support its products and services. The expansion of marketing and sales of its products will require the Company to find, hire and retain additional capable employees who can understand, explain, market and sell its products and services. There is intense competition for capable personnel in all of these areas and the Company may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Company may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Company moves into new jurisdictions, it will need to attract and recruit skilled employees in those areas.

In addition, certain people associated with cannabis licences, including individuals who have direct or indirect control over the licence holder such as directors, officers, large shareholders and key personnel including the quality assurance person, responsible person and head of security, and any other individuals identified by the Minister, must hold a valid security clearance issued by the Minister. There is no assurance that any existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by an individual in a key operational position to maintain or renew their security clearance could result in a reduction or complete suspension of certain operations. In addition, if an individual in a key operational position leaves and the Company is unable to find a suitable replacement who is able to obtain a security clearance in a timely manner, or at all, the Company may not be able to conduct its operations, which could result in a material adverse effect on the Company's business, financial condition and results of operations.

The Publication of Negative Results of Clinical Trials

From time to time, studies or clinical trials on various aspects of cannabinoid-based products, are conducted by academic researchers, government agencies and others. The publication of negative results of studies or clinical trials related to cannabinoid-based products could adversely affect the Company's sales and the reputation of its products. In the event of the publication of negative results of studies or clinical trials, related to the Company's products, an active ingredient in its products, or the therapeutic areas in which its products compete, this could have a materially adverse effect on our business, financial condition and results of operations.

Failure to Comply with Laws in all Jurisdictions

The laws, regulations and guidelines generally applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen. The Company's operations are subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage, sale, health and safety and disposal of cannabis, including the Cannabis Act. Health Canada inspectors routinely assess the Company's facilities against Cannabis Act regulations and provide the Company with follow-up reports noting observed deficiencies. The Company is continuously reviewing and enhancing its operational procedures and facilities, both proactively, and in response to, routine inspections. The Company follows all regulatory requirements in response to inspections in a timely manner. The Company currently incurs, and will continue to incur, ongoing costs and obligations related to regulatory compliance. A failure on the Company's part to comply with regulations may result in additional costs for corrective measures, and/or penalties, or in restrictions on the Company's operations. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events, could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the Company's business, results of operations and financial condition.

United States of America Entry Restrictions

A foreign visitor who is involved either directly or indirectly in the cannabis industry may be subject to increased border scrutiny when attempting to enter the United States of America. Multiple states have legalized aspects of cannabis production, sale and consumption; however, cannabis remains illegal federally in the United States of America. The U.S. Customs and Border Protection previously advised that border agents may deem a foreign visitor who is involved, either directly or indirectly, in a state-legal cannabis industry as inadmissible. Unassociated trips to the United States of America may result in problems entering the United States of America. While the Company does not currently have operations in the United States of America, the unlikely event that employees or counterparties of the Company will be unable to enter the United States of America could harm the Company's ability to expand its business into that market, if it so chooses.

Perceived Reputational Risk for Third Parties

The parties with which the Company does business, including various financial institutions, may perceive that they are exposed to reputational risk as a result of the Company's lawful cannabis business activities. Failure to establish or maintain business relationships due to reputational risk

arising in connection with the Company's business could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Related to Intellectual Property

Currently, the Company relies on technical know-how and proprietary information to protect its intellectual property. The Company also attempts to protect its intellectual property by entering into confidentiality agreements with parties that have access to it, such as business partners, collaborators, employees and consultants. Any of these parties may breach these agreements and the Company may not have adequate remedies for any specific breach. In addition, the Company's trade secrets and technical know-how, which are not protected by patents, may otherwise become known to or be independently developed by competitors, in which event the Company's business, financial condition and results of operations could be materially adversely affected.

Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products, trade secrets, technical know-how and proprietary information that are not protected by patents. Policing the unauthorized use of the Company's current or future intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as the Company may be unable to effectively monitor and evaluate the products being distributed by its competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of the Company's current or future trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for the benefit of the Company, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of the Company's current or future trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the business, financial condition and results of operations of the Company.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licences from third parties who allege that the Company has infringed on their lawful rights. However, such licences may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favourable to it, or at all, licences or other rights with respect to intellectual property that it does not own.

Anti-Money Laundering Laws and Regulation Risks

The Company is subject to a variety of laws and regulations pertaining to money laundering, financial recordkeeping and proceeds of crime, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities internationally.

In the event that any of the Company's operations or investments, any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations or investments were found to be in violation of money laundering legislation, such transactions may be viewed as proceeds of crime under one or more of the statues noted above or any other applicable legislation. This could restrict or otherwise jeopardize the Company's ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

Anti-Bribery Law Violations

The Company's business is subject to Canadian laws which generally prohibit companies and employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. In addition, the Company is or will be subject to the anti-bribery laws of any other countries in which it conducts business now or in the future. The Company's employees or other agents may, without its knowledge and despite its efforts, engage in prohibited conduct under the Company's policies and procedures and anti-bribery laws for which the Company may be held responsible. The Company's policies mandate compliance with these anticorruption and anti-bribery laws. However, there can be no assurance that the Company's internal control policies and procedures will always protect it from recklessness, fraudulent behaviour, dishonesty or other inappropriate acts committed by its affiliates, employees, contractors or agents. If the Company's employees or other agents are found to have engaged in such practices, the Company could suffer severe penalties and other consequences that may have a material adverse effect on its business, financial condition and results of operations.

Marketing Constraints

The development of the Company and its client's businesses may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada and applicable regulatory authorities in other jurisdictions in which it may operate. The regulatory environment in Canada limits the Company and its client's ability to compete for market share in a manner similar to other industries. If the Company or its clients are unable to effectively market their products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

The Cannabis Act strictly regulates the way cannabis is packaged, labelled and displayed. The associated provisions are quire broad and are subject to change. It is currently prohibited to use testimonials and endorsements, depict people, characters and animals and produce any packaging that may be appealing to young people. The restrictions on packaging, labelling and the display of the Company's cannabis products may adversely impact our ability to establish brand presence, acquire new customers, retain existing customers and maintain a loyal customer base. This may ultimately have a material adverse effect on the Company's business, financial conditions and operations.

Research & Development

Rapidly changing markets, technology, emerging industry and regulatory standards and frequent introduction of new products characterize the Company's business environment. The introduction

of new products embodying new technologies and regulatory developments may render the Company's equipment obsolete and its products and services less competitive or less marketable. The process of developing the Company's products and services is complex and requires significant continuing costs, development efforts and third-party commitments. The Company's failure to develop new products and services could adversely affect the business, financial condition and operating results of the Company. The Company may be unable to anticipate changes in its potential client requirements that could make the Company's existing products and services obsolete. The Company's success will depend, in part, on its ability to continue to enhance its product and service offerings so as to address the increasing sophistication and varied needs of the market, and respond to technological and regulatory changes and emerging industry standards and practices on a timely and cost-effective basis.

Shelf Life of Inventory

The Company holds finished goods in inventory, which require shelf-life testing. The Company is currently completing shelf-life stability tests for various products as they are developed. The Company's inventory may reach its expiration and not be sold. Even though on a regular basis, management reviews the amount of inventory on hand, reviews the remaining shelf life and estimates the time required to manufacture and sell such inventory, write-down of inventory may still be required. The Company might also suffer actual loss of inventory upon such inventory reaching its expiration, thereby reducing the amount of product available for sale. Any such write-down or loss of inventory could have a material adverse effect on the Company's business, financial condition, and results of operations.

Scheduled Maintenance, Unplanned Repairs, Equipment Outages and Logistical Disruptions

The Company's manufacturing processes are dependent upon certain critical pieces of equipment, which, on occasion, will be out of service due to routine scheduled maintenance or as a result of equipment failures. If replacement of certain critical parts is needed to address the equipment maintenance or failure, such critical parts may not be on hand and could take months to receive. The Company currently has a plan in place to address certain of these issues, however, no assurance can be given that all critical spare parts will be readily available. Such interruptions in the Company's production capabilities could result in fluctuations in its sales and income. No assurance can be given that other significant shutdowns will not occur in the future or that such a shutdown will not have a material adverse effect on the Company's business, financial condition, or results of operations or cash flows.

It is also possible that operations may be disrupted due to other unforeseen circumstances such as power outages, explosions, fires, floods, accidents and severe weather conditions. To the extent that lost production could not be compensated for at unaffected facilities and depending on the length of the outage, the Company's sales and unit production costs could be adversely affected. The Company is also exposed to similar risks involving major clients and suppliers such as force majeure events of raw materials suppliers that can occur. Delivery of products to clients could be affected by logistical disruptions, such as shortages of barges, ocean vessels, rail cars or trucks, or unavailability of rail lines, highways or bodies of water.

Risks as a Result of International Expansions

The Company may in the future expand into other geographic areas, which could increase its operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of its operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The Company may not be able to successfully identify suitable acquisition, joint venture and expansion opportunities or integrate such operations successfully with its existing operations.

In addition, the Company may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations, and the effects of competition. These factors may limit the Company's ability to successfully expand its operations into other jurisdictions and may have a material adverse effect on its business, financial condition and results of operations.

Operations in Foreign Jurisdictions

Certain of the Company's operations are located in foreign jurisdictions, namely Australia and Germany, and may have operations in additional foreign jurisdictions in the future. As such, the Company's operations at various times may be exposed to political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties include, but are not limited to:

(a) renegotiation, nullification, termination or rescission of existing concessions, licences, permits and contracts;

(b) high rates of inflation;

(c) repatriation restrictions;

(d) changing political conditions;

(e) currency exchange rate fluctuations;

(f) taxation policies;

(g) changing government policies and legislation, including those that favour or require the Company to awards contracts in, employ citizens of, or purchase supplies from, the jurisdiction;

(h) import and export regulations;

(i) infrastructure development policy; and

(j) environmental legislation.

Changes, if any, in policies or shifts in political attitude may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, environmental legislation, and land use. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations and profitability.

In addition, in the event of a dispute arising from operations in a foreign jurisdiction, the Company may be subject to the exclusive jurisdiction of foreign courts.

Reliance Upon International Advisors and Consultants

The legal and regulatory requirements and local business culture and practices in the foreign countries in which the Company may expand are different from those in which it currently operates. The Company's officers and directors will be required to rely, to a great extent, on local legal counsel and consultants in order to keep abreast of material legal, regulatory and governmental developments as they pertain to, and affect the Company's business operations, and to assist with governmental relations. The Company must rely, to some extent, on those members of management and the board of directors who have previous experience working and conducting business in these countries, if any, in order to enhance the Company's understanding of, and appreciation for, the local business culture and practices. The Company will be required to also rely on the advice of local experts and professionals in connection with current and new regulations that develop in respect of the cultivation and sale of cannabis as well as in respect of banking, financing, labour, litigation and tax matters in these jurisdictions. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the Company's control. The impact of any such changes may adversely affect the Company's business.

Foreign Currency Risk

The Company is commencing operations in foreign jurisdictions and periodically sources products and services from international jurisdictions. As a result, the Company is exposed to foreign currency risk related to cash and cash equivalents, accounts receivable and accounts payable that are denominated in a foreign currency.

International Conflict

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes and international responses thereto have historically led to, and may in the future lead to, uncertainty and volatility in financial markets and both the national and global economies. In February 2022, Russian military forces invaded Ukraine. In response, Ukrainian military personnel and civilians are actively resisting the invasion. Many countries throughout the world have provided aid to Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in their resistance to the Russian invasion. In addition, certain countries, including Canada and the United States, have imposed strict financial and trade sanctions against Russia, which sanctions may have far reaching effects on the global economy. In October 2023, Hamas initiated an invasion of Israel from the Gaza Strip, resulting in numerous casualties. In response, Israel formally declared war on Hamas and initiated several military operations in the

area. This has resulted in a significant increase in tension in the region and may have far reaching effects on the global economy. The outcome of these conflicts is uncertain and is likely to have wide-ranging consequences on the peace and stability in the relevant regions and the world economy. In early February 2025, the United States announced a 25 percent broad-based tariff on goods exported out of Canada and Mexico, a 10 percent tariff on goods imported from China and a 25 percent tariff on steel and aluminum products from all other countries into the United States. The steps taken by governments to implement additional or new tariffs have the potential to disrupt existing supply chains, impose additional costs on businesses, and could lead to additional retaliatory tariffs being imposed by other countries. The long-term impacts of these conflicts remain uncertain.

Acquisition and Integration Risk

The Company may in the future make acquisitions and investments that could divert management's attention, result in operating difficulties and dilution to our shareholders and otherwise disrupt our operations. The Company may have difficulty integrating any such acquisitions successfully or realizing the anticipated benefits therefrom, any of which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Pursuing potential strategic acquisitions or investment opportunities is one possible growth strategy. Any transactions that the Company enter into could be material to its business, financial condition, results of operations, cash flows and prospects. The process of acquiring and integrating another company or technology could create unforeseen operating difficulties and expenditures. Acquisitions and investments involve a number of risks, including:

- diversion of management time and focus from operating the Company's business;
- use of resources that are needed in other areas of the Company's business;
- integration of the acquired company;
- implementation or remediation of controls, procedures and policies of the acquired company;
- difficulty integrating the accounting systems and operations of the acquired company;
- coordination of product, engineering and selling and marketing functions, including difficulties and additional expenses associated with supporting legacy services and products and hosting infrastructure of the acquired company and difficulty converting the customers of the acquired company onto its platform, including disparities in the revenue, licensing, support or professional services model of the acquired company;
- difficulty integrating, supporting or enhancing acquired products or services, including difficulty in transitioning acquired products or services;
- retention and integration of employees from the acquired company, and preservation of its corporate culture;
- the potential loss of key employees;
- unforeseen costs or liabilities, including the use of substantial portions of its available cash to consummate the acquisition;
- adverse effects to its existing business relationships with customers as a result of the acquisition or investment;
- the possibility of adverse tax consequences;

- litigation or other claims arising in connection with the acquired company or investment; and
- the need to integrate potential operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries.

Acquisitions are accompanied by the risk that the obligations and liabilities of an acquired company or asset may not be adequately reflected in the historical financial statements of or other financial information relating to such company or asset and the risk that such historical financial statements may be based on assumptions, which are incorrect or inconsistent with the Company's assumptions or approach to accounting policies. In addition, such future acquisitions could involve tangential businesses which could alter the strategy and direction of the Company. Furthermore, a significant portion of the purchase price of companies the Company has acquired may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if the Company's acquisitions do not yield expected returns, the Company may be required to take charges to its operating results based on this impairment assessment process, which could adversely affect its results of operations.

Although the Company has conducted and will conduct due diligence in connection with potential strategic acquisitions or investment opportunities and potential vendors have, may or will provide a number of representations and warranties in favour of the Company in connection with these acquisitions, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of or issues concerning the acquired entities. Following the closing of any potential strategic acquisitions or investment opportunities, the Company may discover that it has acquired substantial undisclosed liabilities or that certain of the representations made by the vendors are untrue. There can be no assurance of recovery by the Company from potential insurers or potential vendors for any breach of the representations, warranties or covenants to be provided by such potential vendors under the applicable acquisition agreements because there can be no assurance that the amount and length of such potential insurance coverage or of the potential indemnification obligations will be sufficient to satisfy such potential obligations, or that such potential vendors will has any assets or continue to exist. The Company's eventual inability to claim for full indemnification from potential vendors could have a material and adverse effect on the Company.

Acquisitions and investments may also result in dilutive issuances of equity securities, which could adversely affect its share price, or result in the incurrence of debt with restrictive covenants that limit the Company's future uses of capital in pursuit of business opportunities. Additionally, the Company, and any potential target for a strategic acquisition or investment as a combined entity, is subject to numerous risks that could adversely affect the Company's growth and profitability, including: (i) the risk that the Company may not be able to successfully manage a potential target for a strategic acquisition or investment's operations, (ii) the risk that its operational, financial and management systems may be incompatible with, or inadequate to effectively integrate and manage systems acquired from potential target for a strategic acquisition or investment, (iii) the risk that a potential strategic acquisition or investment may require financial resources that could otherwise be used in the development of other aspects of its business, (iv) the risk that the Company may not obtain the consents required under agreements entered into with third parties, (v) the risk that the integration process may result in operational problems, costs, expenses, liabilities, including loss of contracts and customers, and (vi) the risk that the Company's key management or employees and

of a potential target for a strategic acquisition or investment may not be retained or may leave following the strategic acquisition or investment, which could have a significant impact on the combined entity's operations, specifically if such departures were to occur in positions or roles which require significant technical and operational knowledge and for which qualified replacement personnel is scarce.

The successful integration of recent and potential strategic acquisitions or investments will also require cooperation between the Company's employees and the acquired companies or investees and is subject to the risk that personnel from the Company and the acquired companies or investees may not be able to work together successfully, which could adversely impact the Company's business, financial condition and results of operations. The Company may not be able to identify acquisition or investment opportunities that meet its strategic objectives, or to the extent such opportunities are identified, the Company may not be able to negotiate terms with respect to the acquisition or investment that are acceptable to the Company.

Financial and Accounting Risks

Access to Capital

In executing its business plan, the Company makes, and will continue to make, investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, the Company has historically financed these expenditures using proceeds from offerings of its equity securities, debt financing and asset sales. The Company will have further capital requirements and other expenditures as it continues operations or decides to take advantage of opportunities for strategic acquisitions or other business opportunities that may be presented to it. The Company may incur major unanticipated liabilities or expenses. The Company can provide no assurance that it will be able to generate sufficient free cash flow or obtain financing to meet its growth needs.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with International Financial Reporting Standards, or IFRS, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes accompanying its financial statements, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. The Company's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause the Company's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Company. Significant assumptions and estimates used in preparing the financial statements include those related to the expected credit loss for trade receivables, share-based warrants and stock options, impairment assessment and estimated useful lives of property, plant and equipment, valuation of inventories, fair value of derivative liabilities, and right of return products.

Tax Risks

The Company will operate and will be subject to income tax and other forms of taxation (which are not based upon income) in multiple tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Company's earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. The Company may have exposure to greater than anticipated tax liabilities or expenses. The Company will be subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by both domestic and foreign taxation authorities and the determination of the Company's provision for income taxes and other tax liabilities will require significant judgment.

Inflation Risk

Numerous government programs and their associated funding have resulted in large government deficits in every jurisdiction and increases to money supply in some instances, which have in turn resulted in significant inflationary pressures, including, in particular, on wages. Increased inflation may reduce the Company's purchasing power and negatively impact its ability to obtain goods and services required for the operation of its business or its ability to pass on rising costs to customers. To the extent that the Company is unable to offset such cost inflation through increased offering prices or other cost savings, there may be a negative impact on the Company's business, sales and margin performance, net income, cash flows and the trading price of its Common Shares.

Risks Related to the Common Shares

Market for the Common Shares

There can be no assurance that an active trading market for the Common Shares will be sustained. The Company cannot predict the prices at which the Common Shares will trade. Fluctuations in the market price of the Common Shares could cause an investor to lose all or part of its investment in Common Shares. Factors that could cause fluctuations in the trading price of the Common Shares include: (i) announcements of new offerings, products, services or technologies; commercial relationships, acquisitions or other events by the Company or its competitors; (ii) price and volume fluctuations in the overall stock market from time to time; (iii) significant volatility in the market price and trading volume of agriculture companies; (iv) fluctuations in the trading volume of the Common Shares or the size of the Company's public float; (v) actual or anticipated changes or fluctuations in the Company's results of operations; (vi) whether the Company's results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in the expectations of investors or securities analysts; (viii) litigation involving the Company, its industry, or both; (ix) regulatory developments in Canada and foreign countries; (x) general economic conditions and trends; (xi) major catastrophic events; (xii) escrow releases, sales of large blocks of the Common Shares; (xiii) departures of key employees or members of management; or (xiv) an adverse impact on the Company from any of the other risks cited herein or not yet known to the Company.

Significant Fluctuations in Market Price of the Common Shares

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following: (i) actual or anticipated fluctuations in its quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Company; (iv) the addition or departure of the Company's executive officers and other key personnel; (v) the release or expiration of lock-up or other transfer restrictions on the Common Shares; (vi) sales or perceived sales, or expectation of future sales, of the Common Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations which have affected the market prices of equity securities of public entities. In many cases, these fluctuations, and the effect that they have on market prices, have been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Common Shares may decline even if the Company's operating results or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed not to be temporary, which may result in impairment losses to the Company. Furthermore, certain investors may base their investment decisions on considerations of the Company's environmental, governance and social practices or the Company's industry as a whole, and its performance in these areas against such institutions' respective investment guidelines and criteria. The failure to satisfy such criteria may result in limited or no investment in the Common Shares by those institutions, which could materially adversely affect the trading price of the Common Shares.

There can be no assurance that continuing fluctuations in the price and volume of equity securities will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, there could be a material adverse effect on the trading price of the Common Shares.

Investment in the Cannabis Sector

Cannabis-related financial transactions are subject to a variety of laws that vary by jurisdiction, many of which are unsettled and still developing. While the interpretation of these laws is unclear, in some jurisdictions, financial benefit directly or indirectly arising from conduct that would be considered unlawful in such jurisdiction may be viewed to be within the purview of these laws and regulations, and persons receiving any such benefit, including shareholders in an applicable jurisdiction, may be subject to liability.

No History of Payment of Cash Dividends

The Company has never declared or paid cash dividends on the Common Shares. The Company intends to retain future earnings to finance the operation, development and expansion of the business. The Company does not anticipate paying cash dividends on the Common Shares in the

foreseeable future. Payment of future cash dividends, if any, will be at the discretion of its board of directors and will depend on the Company's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the board of directors of the Company considers relevant.

Reporting Issuer Status

As a reporting issuer, the Company is subject to reporting requirements under applicable securities law and TSX policies. Compliance with these requirements results in legal and financial compliance costs, makes some activities more difficult, time consuming or costly and increases demand on existing systems and resources. Among other things, the Company is required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight is required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses. Management of the Company believes that being a reporting issuer makes it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

Analyst Coverage

The trading market for the Common Shares will, to some extent, depend on the research and reports that securities or industry analysts publish about the Company or its business. The Company will not have any control over these analysts. If one or more of the analysts who covers the Company should downgrade the Common Shares or change their opinion of the Company's business prospects, or if the Company fails to achieve the earnings estimates posted by such analysts, the Company's share price would likely decline. If one or more of these analysts ceases coverage of the Company or fails to regularly publish reports on the Company, the Company could lose visibility in the financial markets, which could cause the Company's share price or trading volume to decline.

Tax Issues

There may be income tax consequences in relation to the Common Shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

Risks Related to Future Offerings

Future Sales Affecting Market Price

In order to finance future operations, we may determine to raise funds through the issuance of additional Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. We cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the dilutive effect, if any,

that future issuances and sales of our securities will have on the market price of our Common Shares. These sales may have an adverse impact on the market price of our Common Shares.

Management Discretion Concerning Use of Proceeds

Our management will have substantial discretion concerning the use of proceeds of an offering as well as the timing of the expenditure of the proceeds thereof. As a result, investors will be relying on the judgment of management as to the specific application of the proceeds of any offering of securities. Management may use the net proceeds of any offering of securities in ways that an investor may not consider desirable. The results and effectiveness of the application of the net proceeds are uncertain.

DIVIDEND RECORD AND POLICY

The Company has never declared nor paid dividends on the Common Shares. Currently, the Company intends to retain its future earnings, if any, to fund the development and growth of its business, and the Company does not anticipate declaring or paying any dividends on the Common Shares in the near future, although it reserves the right to pay dividends if and when it is determined to be advisable by the Company's board of directors. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on investment in the Common Shares in the foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of special shares, of which 424,864,269 Common Shares were issued and outstanding as at December 31, 2025, and 424,864,269 Common Shares issued and outstanding as of the date of this AIF. No special shares were issued and outstanding as at December 31, 2025, or as of the date of this AIF.

The holders of Common Shares are entitled to dividends as and when declared by the board of directors of the Company, to receive notice of and one vote per Common Share at meetings of the shareholders of the Company and, upon liquidation, to share equally in such assets of the Company as are distributable to the holders of Common Shares. There are no pre-emptive, redemption, retraction, purchase or conversion rights attaching to the Common Shares.

Special shares may be issued from time to time in one or more series, each series consisting of the number of shares and having the designation, rights, privileges, restrictions and conditions which the board of directors determines in accordance with the articles of Company prior to the issue thereof.

The Company's rolling long-term omnibus equity incentive plan (the "**Equity Incentive Plan**") is intended to attract and retain employees, directors and consultants, and to ensure that interests of key persons are aligned with the success of the Company and its affiliates. The aggregate maximum number of Common Shares that may be issued upon the exercise or settlement of Awards granted thereunder shall not exceed 15% of the Company's issued and outstanding Common Shares from

time to time. Common Shares in respect of awards that have been exercised, cancelled, surrendered, or terminated or that expire without being exercised shall again be available for issuance under the Equity Incentive Plan.

Awards of options ("**Options**"), RSUs, preferred shared units ("**PSUs**") and deferred share units may be made under Equity Incentive Plan. An Option entitles a holder thereof to purchase a prescribed number of treasury Common Shares at an exercise price set at the time of the grant. The plan administrator will establish the exercise price at the time each Option is granted, which exercise price must in all cases be not less than the five-day volume weighted average closing price of the Common Shares on the TSX for the five trading days immediately preceding the date of grant. A RSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Common Share (or the value thereof) for each RSU after a specified vesting period. A PSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Common Share (or the value thereof) for each PSU after specific performance-based vesting criteria determined by the plan administrator, in its sole discretion, have been satisfied. A DSU is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Common Share (or, at the election of the holder and subject to the approval of the plan administrator, the cash value thereof) for each DSU on a future date.

Stock Options, RSUs and PSUs

As at December 31, 2025, and as of the date of this AIF, options to purchase up to 38,366,324 Common Shares were issued and outstanding During the year ended December 31, 2025, 2,678,457 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 1,262,667 Common Shares were forfeited, cancelled and/or expired.

As at December 31, 2025, and as of the date of this AIF, RSUs representing the right to acquire up to 6,268,707 Common Shares were issued and outstanding. During the year ended December 31, 2025, 7,540,678 RSUs were granted, 16,943,057 RSUs were settled through issuance of 9,800,809 Common Shares with the unissued shares being withheld for taxes, resulting in an increase to Common Shares on the consolidated statement of financial position of $693, 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.

As at December 31, 2025, there were no PSUs issued and outstanding. Further, no PSUs were granted during the twelve months ended December 31, 2025 or subsequent thereto.

MARKET FOR SECURITIES

Common Shares

The Common Shares are listed for trading on the TSX under the stock symbol "LABS". The Common Shares also trade on the OTCQX in the US under the ticker symbol "MEDIF" and on the Frankfurt Stock Exchange under the ticker symbol "MLZ". The following table sets forth, for the

periods indicated, the reported high and low prices and the trading volume of the Common Shares on the TSX:

Month (2025)	High ($)	Low ($)	Volume
January	0.075	0.060	6,029,428
February	0.080	0.060	9,865,822
March	0.120	0.070	10,434,256
April	0.100	0.080	3,332,912
May	0.110	0.070	6,796,231
June	0.085	0.065	4,669,453
July	0.070	0.065	2,251,855
August	0.090	0.065	7,340,110
September	0.085	0.070	4,596,886
October	0.085	0.070	7,561,147
November	0.075	0.060	10,232,097
December	0.075	0.060	6,807,801

Prior Sales

During the year ended December 31, 2025, the following securities of the Company, which are not listed or quoted on a marketplace, were issued:

Date of Issuance	Type of Security Issued	Issuance / Exercise Price per Security ($)	Number of Securities Issued
January 3, 2025	Common Shares [(1)]	N/A	75,513
March 24, 2025	Common Shares [(2)]	0.0615	14,815
June 20, 2025	RSUs [(3)]	N/A	1,271,971
June 20, 2025	Options [(4)]	0.0801	1,964,636
June 24, 2025	Common Shares [(1)]	N/A	2,814,836
June 24, 2025	Common Shares [(1)]	N/A	2,801,203
December 9, 2025	RSUs [(5)]	N/A	6,268,707
December 9, 2025	Options [(6)]	0.07	713,821
December 11, 2025	Common Shares [(1)]	N/A	4,109,257

Notes:
(1) Common Shares issued on settlement of existing RSUs.
(2) Common Shares issued on exercise of Options.
(3) RSUs granted pursuant to the Equity Incentive Plan on June 20, 2025.
(4) Options granted pursuant to the Equity Incentive Plan on June 20, 2025
(5) RSUs granted pursuant to the Equity Incentive Plan on December 9, 2025
(6) Options granted pursuant to the Equity Incentive Plan on December 9, 2025

ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTION ON TRANSFER

There are no securities of the Company held in escrow or subject to restriction on transfer as of December 31, 2025.

DIRECTORS AND EXECUTIVE OFFICERS

The table presented below provides the names of the Company's current directors and executive officers, the offices held by them and the date of their first appointment, as of December 31, 2025 and as of the date hereof:

Name, Place of Residence and Position with the Company	Present Principal Occupation and Positions Held During the Last Five Years	Director Since	Number of Voting Securities Beneficially Owned, Controlled or Directed
Greg Hunter Toronto, Ontario Interim Chief Executive Officer (CEO); Chief Financial Officer	Current - Interim CEO (appointed January 23, 2026) Chief Financial Officer (February 2021 - Present) Previous - Chief Financial Officer, Medical Pharmacies Group Limited (November 2018 - January 2021); Chief Financial Officer, Alliance Corporation (January 2016 - November 2018)	-	2,909,794 Common Shares [(1)]
David Pidduck Toronto, Ontario Director, Former CEO	Current – Director, MediPharm Labs (served continuously; remained on the Board after stepping down as CEO on January 23, 2026) Previous – CEO, MediPharm Labs (April 2022 –January 23, 2026) President and CEO, Purdue Pharma Canada (August 2017-December 2021)	April 20, 2022	22,492,428 Common Shares [(2)]
Christopher Halyk [(10)] [(11)] Oakville, Ontario Director	Current - Retired Previous - President, Janssen-Ortho (2006 - 2019)	August 4, 2020	430,692 Common Shares [(3)]
Keith Strachan Barrie, Ontario Director	Current – CEO, BioFlight Fuels Inc. (January 2025 – Present) Previous – President, MediPharm Labs (January 2018 – December 2024); Interim CEO, MediPharm Labs (December 2020 - November 2021); VP Business Development,	January 1,2025	5,819,134 Common Shares [(4)]

Name, Place of Residence and Position with the Company	Present Principal Occupation and Positions Held During the Last Five Years	Director Since	Number of Voting Securities Beneficially Owned, Controlled or Directed
	MediPharm Labs (October 2018 - February 2019); Self-Employed (May 2014 - February 2018)		
Chris Taves [9] [11] Tsim Sha Tsui, Kowloon, Hong Kong Director, Chairman	Current – Head of Asia, BMO Capital Markets (February 2024 – Present) Previous - Special Advisor, BMO Capital Markets (September 2020 – February 2024); Chief Operating Officer, BMO Capital Markets (January 2018 – September 2020)	July 13, 2020	2,631,868 Common Shares [5]
Michael Bumby Toronto, Ontario Director	Current – Chief Financial Officer, Xortx Therapeutics Inc. (December 2024 – Present) Previous – Consultant (April 2023 – November 2024); Chief Financial Officer, VIVO (December 2017 – April 2023)	January 1, 2026	461,092 Common Shares [6]
Emily Jameson [9] [10] [11] Toronto, Ontario Director	Current – Director, Corporate Development, Banking and Strategy, Independent Trading Group Previous Private Equity, Novacap (Technology, Media & Telecommunications Group) Vice President, Investment Banking, Canaccord Genuity (public & private financings; Fintech Fund; cannabis sector transactions)	June 16, 2025	65,266 Common Shares [7]
John Medland [9] [10] Toronto, Ontario Director	Current – Head of Advisory, Paradigm Capital Inc. (Advises clients on M&A, restructuring, governance, and capital markets strategy) Previous –Led Scotiabank's Canadian Technology business Partner, Blair Franklin Capital Partners Mergers & Acquisitions Group, RBC Capital Markets	June 16, 2025	165,266 Common Shares [8]

Notes:

(1) Mr. Hunter also holds 5,230,389 Options directly and 732,857 RSUs directly

(2) Mr. Pidduck also holds 10,398,583 Options directly and 1,208,571 RSUs directly.

(3) Mr. Halyk also holds 178,571 RSUs directly.

(4) Mr. Strachan also holds 3,819,555 Options directly and 321,429 RSUs directly.

(5) Mr. Taves also holds 392,857 RSUs directly.
(6) Mr. Bumby also holds 642,857 RSUs directly.
(7) Ms. Jameson also holds 982,318 Options directly and 357,143 RSUs directly.
(8) Mr. Medland also holds 982,318 Options directly and 321,429 RSUs directly.
(9) Member of Audit Committee.
(10) Member of Corporate Governance and Nominating Committee.
(11) Member of Compensation Committee.

Shareholdings

As of the date of this AIF, the Company's directors and executive officers as a group beneficially owned, or controlled or directed, directly or indirectly 34,975,540 Common Shares, representing approximately 8.23% of the issued and outstanding Common Shares.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of the Company, no director or executive officer of the Company is, as at the date of this AIF, or has been within the last ten years, a director, chief executive officer or chief financial officer of any company (including the Company) that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an "**Order**"), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or

(b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company.

To the knowledge of the Company, no director or executive officer of the Company or any shareholder holding a sufficient number of Common Shares to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within the last ten years, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(b) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets;

(c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(d) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision regarding the Company.

The foregoing information, not being within the knowledge of the Company, has been furnished by the respective directors and executive officers.

CONFLICTS OF INTEREST

To the best of the Company's knowledge, other than as disclosed herein, there are no known existing or potential material conflicts of interest between the Company and any directors or officers of the Company, except that certain of the directors and officers serve as directors, officers, promoters and members of management of other public companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the OBCA and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

On May 5, 2025, Apollo, Nobul Technologies Inc. ("Nobul") and Regan McGee (collectively, the "Plaintiffs") filed a Statement of Claim in the Superior Court of Justice – Ontario (Commercial List) (the "Court") against Tyr LLP ("Tyr"), a partner of Tyr, David Pidduck, who was at the time the Chief Executive Officer and a director of the Company, and Chris Taves, Chairman of the Board of the Company (the "Apollo Claim").

The Apollo Claim made a number of allegations including that Tyr acted for the Company despite an alleged conflict of interest, breach of fiduciary duties and duties of confidence, and sought damages, including $50,000,000 for defamation, as well as an interim, interlocutory and/or permanent order restraining Tyr from continuing to act as counsel for the Company.

On May 23, 2025, the Plaintiffs agreed to dismiss the Apollo Claim as against Tyr and a partner of Tyr with prejudice and acknowledged that neither Tyr nor the partner misused confidential information nor acted in a conflict of interest by representing MediPharm. Messrs. Pidduck and

Taves subsequently brought a motion under section 137.1 of the *Courts of Justice Act*, seeking to have the Apollo Claim against them dismissed as a Strategic Lawsuit Against Public Participation (SLAPP). The motion was heard on October 31, 2025, and, at the time, the Court reserved its decision. On November 12, 2025, the Court granted Messrs. Pidduck and Taves' motion and dismissed the Apollo Claim against Messrs. Pidduck and Taves. Subsequently, on January 30, 2026, the Plaintiffs filed an appeal with the Court of Appeal for Ontario (the "Appeal"). A hearing date of October 14, 2026 has been set for the Appeal.

Separately, on May 1, 2025, Apollo submitted a notice pursuant to section 4.4 of the Company's by-laws 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 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"). 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 sought an order from the Court, seeking, amongst other remedies, the appointment of a third-party independent chair and no fewer than five scrutineers for the ASM (the "Apollo Application"). On June 11, 2025, the Court dismissed the Apollo Application in full and, on July 28, 2025, awarded the Company $85,000 in costs, which the Company subsequently received.

On May 27, 2025, the Company filed an application with the Court concerning the conduct of Apollo and certain other parties (the "Respondents") in connection with the Proxy Contest (the "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 of Directors 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.

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

Except as disclosed above, to the knowledge of the directors and officers of the Company, there are no legal proceedings material to the Company to which the Company or its subsidiaries, are or were a party to, or of which any of their respective property is or was the subject matter of, during the financial year ended December 31, 2025, nor are any such proceedings known to be contemplated.

Except as disclosed above, to the knowledge of the directors and officers of the Company, no penalties or sanctions have been imposed against the Company or its subsidiaries by a court or by a regulatory authority during the financial year ended December 31, 2025, no penalties or sanctions have been imposed against the Company by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision in respect of the Company, and no settlement agreements have been entered into by the Company before a court

relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2025.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, none of the directors or executive officers of the Company, or persons or companies that beneficially own, or control or direct, directly or indirectly, more than 10% of the outstanding Common Shares, or any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transactions in which the Company has participated within the three most recently completed financial years, which has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is TSX Trust Company at its principal offices in the city of Toronto, Ontario, Canada.

MATERIAL CONTRACTS

The following are the contracts that are material to the Company that were entered into during the year ended December 31, 2025 or that are still in effect, other than contracts entered into in the ordinary course of business.

(a) the Licence;

(b) the ABcann Licence; and

(c) the Rubicon Agreement.

Particulars of certain of the above-listed contracts are disclosed under the heading "General Development of the Business" above.

INTERESTS OF EXPERTS

The Company's financial statements for the year ended December 31, 2025, have been audited by MNP LLP, Chartered Professional Accountants. The Company has been advised that MNP LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

AUDIT COMMITTEE

Audit Committee's Charter

The charter (the "**Charter**") of the Company's Audit Committee is reproduced as Exhibit A.

Composition of Audit Committee

As at the date of this AIF, the Audit Committee is composed of Chris Taves, Emily Jameson and John Medland, each of whom is a director of the Company.

All of the members of the Audit Committee are "independent" as such term is defined in National Instrument 52-110 *Audit Committees* ("**NI 52-110")**. The Company is of the opinion that all three members of the Audit Committee are "financially literate" as such term is defined in NI 52-110.

Relevant Education and Experience

All the members of the Audit Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

Chris Taves – As Head of Asia at BMO Capital Markets ("**BMOCM**"), a leading full-service financial services provider and member of BMO Financial Group, one of the largest banks in North America, Mr. Taves is responsible for the strategic oversight, leadership, and governance for BMOCM's business interests in Asia. Since joining BMOCM in 2009, Mr. Taves made impactful contributions in various senior leadership roles including as Chief Operating Officer and Head of Global Markets. As part of his responsibilities at BMOCM, Mr. Taves serves as a Board Member of BMO China Co. Mr. Taves began his career at KPMG in 1989 and joined Citigroup in 1997 where he became Head of Corporate Canada Team, Derivatives & Structured Products before moving to BMOCM. He has an MBA from the Ivey Business School at Western University, and a Bachelor of Mathematics from the University of Waterloo. He is a CA and CPA. Mr. Taves is also a board member of First Mortgage LP, a Canadian mortgage fund.

Emily Jameson- Ms. Jameson Emily is a finance executive with over a decade of experience in investment banking, private equity, and corporate development. She currently serves as Director, Corporate Development, Banking and Strategy at Independent Trading Group, where she is responsible for capital raising, mergers and acquisitions, and long-term strategic planning for small and mid-capitalization companies. Previously, she worked in private equity at Novacap in the Technology, Media and Telecommunications group, where she focused on transaction sourcing, due diligence, and execution, and served as a board observer for an industrial technology portfolio company. Prior to that, she was Vice President, Investment Banking at Canaccord Genuity, where she sourced and executed investments for the firm's Fintech Fund and led a range of public and private financings, including several notable transactions in the cannabis sector. Ms. Jameson holds a Bachelor of Business Administration from Memorial University and a Master of Business Administration from Saint Mary's University. Ms. Jameson is passionate about fostering innovation and driving sustainable growth.

John Medland – Mr. Medland is the Head of Advisory at Paradigm Capital Inc. advising public and private clients on M&A, restructuring and governance matters. John has over 20 years of experience advising on capital markets strategy. Throughout his career, he has led a broad range of corporate advisory engagements, including divestitures, acquisitions, valuations, restructurings, and unsolicited bid mandates. His expertise also extends to public and private capital raising

transactions, including initial public offerings, bought deals, convertible securities, and debt financings.His client base spans a diverse range of industry sectors including mining, Technology, Media and Telecommunications (TMT), financial services and healthcare. Before joining Paradigm, John led Scotiabank's Canadian Technology business, providing strategic financial guidance to clients across the sector. John started his career in the Mergers and Acquisitions group at RBC Capital Markets and was a partner at Blair Franklin Capital Partners. He holds a Bachelor of Commerce degree from Queen's University (First Class Honours) and is a Chartered Financial Analyst (CFA). He serves as a Board Member and Chair of the Finance Committee for Amici Children's Camp Charity. He is also a past Board Member of Canadian Club Toronto and the Upper Canada College Association Council.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year have any recommendations by the Audit Committee respecting the nomination and/or compensation of the Company's external auditors not been adopted by the board of directors.

Reliance on Certain Exemptions

The Company has not relied on any of the exemptions set out in NI 52-110 during the most recently completed financial year.

Pre-Approval Policies and Procedures

Pursuant to the terms of the Audit Committee Charter, the Audit Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor.

External Auditor Service Fees (By Category)

Audit Fees - The Company's external auditors billed the Company $749,000 and $749,000 in the financial years ended December 31, 2025 and 2024, respectively, for audit services.

Audit-Related Fees - The Company's external auditors billed the Company $10,700 and $10,700 in the financial years ended December 31, 2025 and 2024, respectively, for assurance and related services.

Tax Fees - The Company's external auditors billed the Company $5,221 and $54,910 in the financial years ended December 31, 2025 and 2024, respectively, for services related to tax compliance, tax advice and tax planning.

All Other Fees - The Company's external auditors billed the Company nil and nil during the financial years ended December 31, 2025 and 2024, respectively, for services related to all other fees.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.ca.

Additional information relating to the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's management information circular for the most recent annual meeting of shareholders.

Additional financial information is provided in the Company's consolidated financial statements and MD&A for the most recently completed year ended December 31, 2025.

EXHIBIT A
AUDIT COMMITTEE CHARTER

MEDIPHARM LABS CORP.

(the "Corporation")

AUDIT COMMITTEE CHARTER

(Implemented pursuant to National Instrument 52-110 *Audit Committees)*

National Instrument 52-110 *Audit Committees* (the "**Instrument**") relating to the composition and function of audit committees was implemented for reporting issuers and, accordingly, applies to every Toronto Stock Exchange ("**TSX**") listed company, including the Corporation. The Instrument requires all affected issuers to have a written audit committee charter which must be disclosed, as stipulated by Form 52-110F1 - *Audit Committee Information Required in an AIF,* in the management information circular of the Corporation wherein management solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors.

This Charter has been adopted by the board of directors of the Corporation (the **"Board")** in order to comply with the Instrument, and the applicable laws, the rules and regulations of all exchanges on which the securities of the Corporation are listed for trading and to more properly define the role of the Committee in the oversight of the accounting and financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or the Committee to alter or vary procedures in order to comply more fully with the Instrument or any other such requirement of the TSX, or any exchange the corporation is traded on, as applicable from time to time.

PART 1

Purpose:

1.1 The purpose of the Committee is to:

(a) oversee the accounting and financial reporting processes of the Corporation and the audits of the financial statements of the Corporation;

(b) improve the quality of the Corporation's financial reporting;

(c) assist the Board to properly and fully discharge its responsibilities;

(d) provide an avenue of enhanced communication between the directors and external auditors;

(e) enhance the external auditor's independence;

(f) ensure the credibility and objectivity of financial reports; and

(g) strengthen the role of the directors by facilitating in depth discussions between directors, management and external auditors.

1.2 Definitions

"**Accounting principles**" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency;*

"**Affiliate**" means a Corporation that is a subsidiary of another Corporation or companies that are controlled by the same entity;

"**Audit services**" means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

"**Charter**" means this audit committee charter;

"**Committee**" means the Audit Committee established by and among certain members of the Board for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

"**Control Person**" means any individual or company that holds or is one of a combination of individuals or companies that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation;

"**Financially literate**" has the meaning set forth in Section 1.3;

"**Immediate family member**" means a person's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person's immediate family member) who shares the individual's home;

"**Instrument**" means National Instrument 52-110 *Audit Committees;*

"**MD&A**" has the meaning ascribed to it in National Instrument 51-102;

"**Member**" means a member of the Committee;

"**National Instrument 51-102**" means National Instrument 51-102 *Continuous Disclosure Obligations;* and

"**Non-audit services**" means services other than audit services.

1.3 Meaning of Financially Literate

For the purposes of this Charter, an individual is financially literate if he or she (i) has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements and (ii) meets the definition of "financially literate", or similar term, as defined under applicable laws and the rules and regulations of all exchanges on which the securities of the Corporation are listed for trading.

PART 2

2.1 Audit Committee

The Board has hereby established the Committee for, among other purposes, compliance with the Instrument and the rules and regulations of all exchanges on which the securities of the Corporation are listed for trading.

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities.

2.2 Relationship with External Auditors and Other Parties

The Corporation will require its external auditor to report directly to the Committee and its Members shall ensure that such is the case.

Each Member shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Corporation from whom he or she receives information, and the accuracy of the information provided to the Corporation by such other persons or organizations.

2.3 Committee Responsibilities

1. The Committee shall be responsible for:

   (a) the selection of the external auditor; and

   (b) the compensation of the external auditor.

2. The Committee shall be directly responsible for appointing, terminating, compensating, retaining and overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:

   (a) ensuring receipt from the external auditors of a formal written statement delineating all relationships between the external auditors and the Corporation and actively engaging in a dialogue with the external auditors with respect to any disclosed

relationships or services that may impact the objectivity and independence of the external auditors;

(b) reviewing the audit plan with management and the external auditor;

(c) making appropriate inquires of management and the head of internal audit, if applicable, whether there is inappropriate scope or resource limitations;

(d) reviewing with management and the external auditor before the filing of financial statements, all critical accounting policies and any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates, alternative treatments and judgements of management that may be material to financial reporting;

(e) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;

(f) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;

(g) reviewing audited financial statements, in conjunction with the report of the external auditor, and obtaining and reviewing an explanation from management of all significant variances between comparative reporting periods;

(h) reviewing the differences that were noted or proposed by the auditors but were passed as immaterial or otherwise and any management or internal control letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;

(i) reviewing interim unaudited financial statements before release to the public;

(j) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report and management's discussion and analysis;

(k) reviewing the evaluation of internal controls by the external auditor, together with management's response;

(l) reviewing the terms of reference of the internal auditor, if any;

(m) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses;

(n) reviewing the appointments of the chief financial officer, the Corporation's head of internal audit, if any, and any key financial executives involved in the financial reporting process, as applicable;

(o) reviewing and reassessing annually the Charter and annually obtain approval from the Board; and

(p) if an internal auditor is appointed, reviewing and annually approving the internal audit charter and the risk based internal audit plan.

3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.

4. The Committee shall review the Corporation's financial statements, MD&A, and annual and interim earnings press releases before the Corporation publicly discloses this information.

5. The Committee shall review and discuss the quality of the Corporation's accounting principles, internal controls, and financial statements.

6. The Committee shall review and assess the adequacy of risk management policies, procedures, and processes and review updates on risks.

7. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and shall periodically assess the adequacy of those procedures.

8. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102 and all applicable laws, and the planned steps for an orderly transition.

9. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102 and as such terms or similar terms are defined under all applicable laws, on a routine basis, whether or not there is to be a change of auditor.

10. The Committee shall, as applicable, establish procedures for:

(a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

11. The Committee shall review and oversee potential conflict of interest of situations on an ongoing basis.

12. The Committee shall review and oversee all related party transactions, as such term or similar term is defined under all applicable laws, for potential conflict of interest situations on an ongoing basis.

13. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

14. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations, each of which is the responsibility of management and the Corporation's external auditors.

2.4 *De Minimis* Non-Audit Services

The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

(a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent (5%) of the total amount of fees paid by the issuer and its subsidiary entities to the issuer's external auditor during the financial year in which the services are provided;

(b) the Corporation or the subsidiary of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and

(c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 Delegation of Pre-Approval Function

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).

2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 2.5(1) must be presented to the Committee at its first scheduled meeting following such pre-approval.

PART 3

3.1 Composition

1. The Committee shall be composed of a minimum of three Members.

2. Every Member shall be a director of the issuer.

3. All Members shall not be employees, Control Persons or executive officers of the Corporation or any affiliate of the Corporation.

4. No Member can have participated in the preparation of the Corporation's or any of its subsidiaries' financial statements at any time during the past three years.

5. Every Member shall be financially literate.

6. At least one member of the Committee must have accounting or related financial management expertise, and, if applicable, meet any elevated financial expert criteria in the rules and regulations of all exchanges on which the securities of the Corporation are listed for trading.

7. Every Member shall be "independent" (as such term is defined under applicable laws and in the rules and regulations of all exchanges on which the securities of the Corporation are listed for trading).

8. The Board shall appoint or re-appoint the Members after each annual meeting of shareholders of the Corporation.

9. The composition of the Committee shall, at all times, comply with applicable laws and the rules and regulations of all exchanges on which the securities of the Corporation are listed for trading.

PART 4

4.1 Authority

Until the replacement of this Charter, the Committee shall have the authority, and resources necessary, to:

(a) engage independent legal counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for any advisors employed by the Committee;

(c) communicate directly with the internal and external auditors; and

(d) recommend the amendment or approval of audited and interim financial statements to the Board.

PART 5

5.1 Disclosure in Information Circular

If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the Board, the Corporation shall include in its management information circular the disclosure required by Form 52-110F1 (Audit Committee Information Required in an AIF).

PART 6

6.1 Meetings

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.

2. Opportunities shall be afforded periodically to the external auditor, the internal auditor and to members of senior management to meet separately with the Members.

3. Minutes shall be kept of all meetings of the Committee.

4. The quorum for meetings shall be a majority of the Members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to and to hear each other. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present.

Currency of this Charter

This Charter was last approved by the Board on August 11, 2019.

63568379.14