

**FORM 51-102F3
MATERIAL CHANGE REPORT**

ITEM 1. Name and Address of Company

MediPharm Labs Corp. (“**MediPharm**” or the “**Company**”)
151 John Street
Barrie, Ontario
L4N 2L1

ITEM 2. Date of Material Change

April 1, 2023.

ITEM 3. News Release

A news release with respect to the material change was disseminated by the Company on April 3, 2023 through Cision (the “**News Release**”).

ITEM 4. Summary of Material Change

On April 1, 2023, the Company completed its previously announced all-equity business combination (the “**Transaction**”) with VIVO Cannabis Inc. (“**VIVO**”) through a court-approved plan of arrangement under the *Canada Business Corporations Act*. As a result of the Transaction, existing MediPharm shareholders now own approximately 73.1% of the combined company resulting from the Transaction (the “**Combined Company**”) and former VIVO shareholders now own approximately 26.9% of the Combined Company.

ITEM 5. Full Description of Material Change

See the full text of the News Release attached hereto as Schedule “A”.

ITEM 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

ITEM 7. Omitted Information

Not applicable.

ITEM 8. Executive Officer

Keith Strachan
President
Telephone: 416-913-7425
Email: investors@medipharmlabs.com

ITEM 9. Date of Report

April 6, 2023.

Schedule “A”

MediPharm Labs Corp. Completes Acquisition of VIVO Cannabis Inc. and Confirms Final Ownership Ratio

BARRIE, Ontario, April 3rd, 2023 (CISION NEWSWIRE) -- **MediPharm Labs Corp.** (TSX: LABS) (OTCQX: MEDIF) (FSE: MLZ) (“MediPharm”, or “MediPharm Labs”) and **VIVO Cannabis Inc.** (TSX: VIVO) (OTCQX: VVCIF) (“VIVO”) are pleased to announce the completion of the previously announced plan of arrangement under section 192 of the *Canada Business Corporations Act* (the “Arrangement”), pursuant to which MediPharm has acquired all of the issued and outstanding common shares of VIVO (the “VIVO Shares”) in an all-equity business combination transaction effective April 1, 2023 (the “Effective Time”). The Arrangement combines two highly complementary businesses, creating a unique and market differentiating international medical cannabis leader.

Key Transaction Highlights⁽¹⁾

- **Leading Pharmaceutical Cannabis Company:** The acquisition of VIVO will add: established Australian and German medical cannabis brand Beacon Medical; an industry-leading medical cannabis clinic business Harvest Medicine; and a longstanding Canadian medical sales platform Canna Farms Medical.
- **Direct to Patient Sales:**⁽¹⁾⁽³⁾ Canna Farms was the first Licensed Producer in British Columbia, and its medical sales channel, Canna Farms Medical, has supported over 60,000 patients since 2014.⁽⁶⁾ Following the Arrangement, it is anticipated that this platform will provide patients with a more diverse product portfolio that includes existing MediPharm products. Direct to patient sales generally result in a better gross margin with the ability to bypass provincial distributors. VIVO’s clinic business Harvest Medicine will allow real-time product feedback and clinical insights on MediPharm products.
- **Diversified Revenue Profile with Strong Canadian Base:**⁽¹⁾⁽³⁾ The pro-forma combined company resulting from the Arrangement (the “Combined Company”) is expected to provide fulsome Canadian market coverage with cultivation and manufacturing expertise, and a full suite of dried flower & derivative products with both established medical and adult-use wellness distribution channels.
- **Expanding International Medical Cannabis Opportunity:**⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ The pro-forma Combined Company’s international distribution will cover European and Asia-Pacific markets through established, revenue-generating agreements. The VIVO Napanee Ontario facility is EU-GMP certified for cultivating and packaging flower and the MediPharm Barrie Ontario facility is GMP certified for non-flower alternative format medical products. With two distinct international platforms, the pro-forma Combined Company is expected to open many new product offerings for existing distribution channels and geographies. The pro-forma Combined Company would have annualized international revenue of over \$20M, representing approximately 40% of total revenues.⁽⁵⁾
- **Revenue and Cost Synergies Realizable in the Near-Term:**⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Using forecasts derived collaboratively by both management teams, along with revenue and cost synergy estimates, the pro-forma Combined Company aims to find positive EBITDA⁽⁶⁾ synergies to the magnitude of between \$7M to \$9M on an annualized basis, and could reach positive EBITDA and cash flow in the first half of 2024.

- **Balance Sheet Strength:**⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Anticipated combined cash position of approximately \$26 million (as reported December 31, 2022) and unencumbered ownership of all major assets. This strength is expected to provide confidence in the Combined Company's balance sheet to execute on its strategic growth roadmap, despite the macro backdrop of capital markets that continue to soften.
- **Ownership Ratio Finalized:** The Combined Company is owned approximately 73.1% by former MediPharm shareholders and approximately 26.9% by former VIVO shareholders.

"We are very excited to be starting a new chapter in the evolution of MediPharm Labs. VIVO is a strong cultural fit, and a great strategic fit. Together the two organizations have a much clearer path to profitability. I want to welcome all the VIVO employees and thank the teams on both sides that worked over many months to help bring us together," said David Pidduck, Chief Executive Officer of MediPharm.

"Our entire team has been working long and hard to achieve our goals of growth and profitability and this deal is a manifestation of that hard work. I cannot thank the team enough," said Ray Laflamme, Chief Executive Officer of VIVO. "Canna Farms and VIVO have been huge parts of my life and our team's lives for the past ten years. Personally, I am proud to be part of the cannabis industry, and I am proud that our company and our leadership are being recognized and validated by MediPharm's desire to merge with us. We are very proud of VIVO and the amazing new company that we will create with MediPharm."

As a result of the Arrangement, VIVO has become a wholly-owned subsidiary of MediPharm, and the VIVO Shares are anticipated to be de-listed from the Toronto Stock Exchange on or about April 4, 2023.

VIVO shareholders are entitled to receive 0.2910 of a common share of MediPharm (each whole share, a "MediPharm Share") in exchange for each VIVO Share held immediately prior to closing of the Arrangement (the "Exchange Ratio"). In aggregate, MediPharm issued approximately 107,930,964 MediPharm Shares pursuant to the Arrangement to former VIVO shareholders as consideration for their VIVO Shares. The Combined Company is owned approximately 73.1% by former MediPharm shareholders and approximately 26.9% by former VIVO shareholders.

In addition, upon closing of the Arrangement: (i) each of VIVO's outstanding restricted share units was deemed to be vested and was 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 was deemed to be vested and was 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 order to receive MediPharm Shares in exchange for VIVO Shares, registered shareholders of VIVO must complete, sign, date and return the letter of transmittal that was mailed to each VIVO shareholder prior to closing. The letter of transmittal is also available under VIVO's profile on SEDAR at www.sedar.com. For those shareholders of VIVO whose VIVO Shares are registered in the name of a broker, investment dealer, bank, trust company, trust or other intermediary or nominee, they should contact such nominee for assistance in depositing their VIVO Shares and should follow the instructions of such intermediary or nominee.

Warrants and Debentures

Warrants exercisable into VIVO Shares and debentures convertible into VIVO Shares (the "Debentures"), other than those exercised or converted prior to the Effective Time, will continue to remain outstanding as securities of MediPharm. Such warrants and Debentures will now entitle the holders thereof to receive, in

lieu of the number of VIVO Shares to which such holder was entitled, the consideration payable in MediPharm Shares under the Arrangement that such holder would have been entitled to receive if, immediately prior to the Effective Time, 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 will be the same as the terms that were in effect immediately prior to the Effective Time, and shall be governed by the terms of the applicable indenture, as amended and supplemented.

Prior to the completion of the Arrangement, VIVO had one outstanding class of warrants to purchase VIVO Shares listed on the TSX under the trading symbol “VIVO.WT” (the “Listed VIVO Warrants”). The Listed VIVO Warrants will continue trading on the TSX under the symbol “LABS.WT.B”, with commencement of trading under this symbol expected to take place as of market open on April 5, 2023. MediPharm has entered into a supplemental indenture in respect of the Listed VIVO Warrants, a copy of which will be available on VIVO’s and MediPharm’s respective profiles on SEDAR at www.sedar.com.

MediPharm has also entered into a fourth supplemental debenture indenture (the “Supplemental Debenture Indenture”) dated as of April 1, 2023, relating to the Debentures, in connection with the completion of the Arrangement. The Supplemental Debenture Indenture provides for, among other things: (i) the assumption by MediPharm 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, MediPharm and VIVO have 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.

Full details of the Arrangement are set out in the joint management information circular of MediPharm and VIVO dated February 6, 2023 (the “Circular”), a copy of which can be found under MediPharm and VIVO’s profiles on SEDAR at www.sedar.com. A copy of the early warning report of MediPharm in connection with the acquisition of the VIVO Shares will be filed under VIVO’s profile on SEDAR and can be obtained by contacting MediPharm at the number shown below.

Advisors and Counsel

Hyperion Capital Inc. acted as financial advisor to MediPharm and provided a fairness opinion to MediPharm’s board of directors. Aird & Berlis LLP acted as legal counsel to MediPharm.

Stoic Advisory Inc. acted as financial advisor to VIVO. ATB Capital Markets Inc. acted as financial advisor for the restructuring of VIVO’s convertible debentures and provided a fairness opinion to VIVO’s board of directors. Bennett Jones LLP acted as legal counsel to VIVO.

Notes:

- (1) This is forward-looking information and based on a number of assumptions. See “Cautionary Note Regarding Forward-Looking Information” and “Assumptions”.
- (2) Based on both costs and revenue opportunities identified by MediPharm and VIVO management. Revenue opportunity assumed that both existing products may be sold into the existing sales channels of both VIVO and MediPharm. Costs savings estimated depends on the eliminating duplicated public company expenses and redundant corporate infrastructure.
- (3) This target, and the related assumptions, involve known and unknown risks and uncertainties that may cause actual results to differ materially. While MediPharm and VIVO believe there is a reasonable basis for this target, such target may not be met. Actual results may vary and differ materially from the targets. See “Assumptions”.

- (4) Certain financial information included in this press release is neither audited nor reviewed. Where possible, the information has been constructed by management from available audited or audit reviewed financial statements. Where no audited or audit reviewed information has been available, additional management accounting information has been utilized to construct financial information. Readers are cautioned not to place undue reliance on such information.
- (5) Based on revenues of MediPharm as at December 31, 2022.
- (6) This is a non-IFRS reporting measure. For a reconciliation of this to the nearest IFRS measure, see “Non- IFRS Measures” below.
- (7) Based on patient count details collected and provided by licence holder CannaFarms, a wholly owned subsidiary of VIVO.

About MediPharm Labs

Founded in 2015, MediPharm Labs specializes in the development and manufacture of purified, pharmaceutical-quality cannabis concentrates, active pharmaceutical ingredients (API) and advanced derivative products utilizing a Good Manufacturing Practices certified facility with ISO standard-built clean rooms. MediPharm Labs has invested in an expert, research driven team, state-of-the-art technology, downstream purification methodologies and purpose-built facilities with five primary extraction lines for delivery of pure, trusted and precision-dosed cannabis products for its customers. Through its wholesale and white label platforms, MediPharm Labs formulates, develops (including through sensory testing), processes, packages and distributes cannabis extracts and advanced cannabinoid-based products to domestic and international markets.

In 2021, MediPharm Labs received a Pharmaceutical Drug Establishment Licence from Health Canada, becoming the only company in North America to hold a domestic Good Manufacturing Licence for the extraction of natural cannabinoids. MediPharm carries out its operations in compliance with all applicable laws in the countries in which it operates.

About VIVO Cannabis

VIVO Cannabis® is recognized for trusted, quality medical cannabis products and services. It holds production, sales and research licences from Health Canada and operates world-class indoor cultivation facilities. VIVO has a collection of brands, each targeting different customer segments, including Canna Farms™, Beacon Medical®, Fireside™, and Lumina™. Harvest Medicine™, VIVO's patient-centric network of medical cannabis clinics, has serviced over 200,000 patient visits. VIVO focuses its international efforts on Germany and Australia. For more information visit: www.vivocannabis.com.

Assumptions

In developing the financial guidance set forth above, MediPharm and VIVO made the following assumptions and relied on the following factors and considerations:

- The targets are based on MediPharm and VIVO's historical results including annualized revenue from its interim financial results for the period ended September 30, 2022, as adjusted for subsequent events including completion of the Arrangement.
- Revenue sustainability and growth depend on a variety of factors, including among other things, location, competition, legal and regulatory requirements. Prices are projected forward at recently realized wholesale and direct to patient prices.
- Cost of goods sold, before taking into account the impact of value changes in biological assets (which are non-cash in nature), and, accordingly, are excluded from calculations of EBITDA, have

been projected based on estimated costs of production and capacity available from a similar supply chain.

- The immediate reduction of public company professional and service fees, such as but not limited to, errors and omissions insurance, audit services, listing expenses and external legal fees.
- Implied redundancy of employee roles in the Combined Company, mainly in corporate functions. Impacted employee severance fees are calculated on current employment agreements and Employment Standards Act (Ontario).
- No changes to existing medical cannabis legislation and regulations in Canada, Germany, Australia and Brazil.
- All VIVO and MediPharm regulatory licenses remain in good standing with domestic and international regulators, particular Good Manufacturing Practices (GMP).

Non-IFRS Measures

This news release contains references to certain non-IFRS financial measures, including “EBITDA”, which means earnings before interest, taxes, depreciation, and amortization and is used as an indicator of the Company’s overall profitability. These measures do not have any standardized meaning according to International Financial Reporting Standards (“IFRS”) and therefore may not be comparable to similar measures presented by other companies. There are no comparable IFRS financial measures presented in MediPharm or VIVO’s unaudited condensed interim consolidated financial statements. The most directly comparable measure to EBITDA calculated in accordance with IFRS is operating income (loss). MediPharm and VIVO believe that the non-IFRS measure presented herein provides information useful to shareholders and investors in understanding our performance and may assist in the evaluation of the Combined Company’s business relative to that of its peers. For more information, please see the most recent MD&A of each of MediPharm and VIVO available on www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This news release contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate to, among other things, statements regarding: the Combined Company; the anticipated timing for the de-listing of the VIVO Shares; the anticipated timing for the listing of the Listed VIVO Warrants under the new “LABS.WT.B” symbol; the future financial and operational performance of the Combined Company; the Combined Company’s key business segments, product offerings, pro-forma and overall financial performance; future development of products of the Combined Company; potential future revenue and cost synergies resulting from the Arrangement; statements about the Combined Company’s profitability and ability to grow the business going forward following the Arrangement; the Combined Company establishing itself as an international pharmaceutical company; a leading position in the projected multibillion-dollar global cannabis pharmaceutical market; becoming the go-to partner for pharmaceutical companies around the globe; potential for material revenue growth for years to come; and the Combined Company’s transition towards pharmaceutical and medical markets reaching new heights. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking

statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; and other factors discussed in each of MediPharm's and VIVO's public filings, including the Circular, which are available on SEDAR at www.sedar.com. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, MediPharm assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.

For further information:

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