(TSX: LABS)

MEDIPHARM LABS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

MARCH 26, 2024

This Management's Discussion and Analysis ("**MD&A**") of the financial condition and performance of MediPharm Labs Corp. (the "**Company**", "**MediPharm**", "**we**", "**us**" or "**our**") for the three and twelve months ended December 31, 2023, was prepared by management of the Company as of March 26, 2024. Throughout this MD&A, unless the context indicates or requires otherwise, the terms the "Company", "MediPharm", "we", "us" and "our" refer to MediPharm Labs Corp. together with its subsidiaries. This MD&A should be read in conjunction with our consolidated annual financial statements for the years ended December 31, 2023 and 2022 (the "**Financial Statements**"), including the accompanying notes thereto.

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

Additional information regarding the Company, including in the Financial Statements and our most recent annual information form dated March 26, 2024 for the year ended December 31, 2023 (the "**Annual Information Form**"), is available on the Company's website at www.medipharmlabs.com and under the Company's SEDAR+ profile at http://www.sedarplus.ca/.

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

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

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

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information and forward-looking statements within the meaning of Canadian securities legislation ("**forward-looking statements**") including but not limited to:

- assumptions and expectations related to the Arrangement (as defined herein), including the revenue and cost synergies that may be realizable as a result thereof;
- assumptions and expectations described in the Company's critical accounting policies and estimates;
- the Company's expectations regarding legislation, regulations and licensing related to the import, export, processing, and sale of cannabis products by the Company, along with the market demand and pricing for such products;
- the ability to enter and participate in international market opportunities;
- assumptions and expectations related to the Company's expansion into the United States pharmaceutical market;
- product diversification and future corporate development;
- anticipated results of research and development;
- production capacity expectations including discussions of plans or potential for expansion of capacity at existing or new facilities;
- expectations with respect to future expenditures and capital activities;
- statements about expected use of proceeds from fund raising activities; and
- the Company's expectations regarding the adoption and impact of certain accounting pronouncements.

These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume, any obligation to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "considers", "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved", or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "will", "intends", and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Risks related to forward-looking statements include, among other things, those outlined in "Risk Factors" and any other factors and uncertainties disclosed from time-to-time in the Company's filings with the Canadian Securities Administrators. Although the Company has attempted to identify important factors that could cause actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events, or results to differ from those anticipated, estimated or intended. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

USE OF NON-IFRS FINANCIAL MEASURES

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

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

See "Reconciliation of Non-IFRS Measures".

EBITDA

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

Adjusted EBITDA

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

COMPANY OVERVIEW

Background

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

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

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

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

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

Business Overview

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

The Company also provides GMP flower sourcing, packaging, and distribution services for select international clients. In addition, the Company cultivates cannabis to sell as dried flower, pre-roll and other cannabis products for the adult use and medical markets. 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 and VIVO.

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

MediPharm Labs also holds a GMP license 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.

VIVO's Wholly-owned subsidiaries, Canna Farms and ABcann, each hold licenses under the Cannabis Act for the standard cultivation of cannabis, the standard processing of cannabis and the sale of cannabis for medical purposes. ABcann holds a license in respect of its facility in Napanee, Ontario (the "**Napanee Facility**") which is valid until October 30, 2025 (the "**ABcann Licence**"). In addition, Canna Farms holds a licence in respect of its facility in Hope, British Columbia (the "**Hope Facility**"), which is valid until July 14, 2027 (the "**Canna Farms Licence**"). Canna Farms' operations focus on indoor cannabis cultivation, packaging, solventless extraction and concentrate production, and supporting patients through its medical e-commerce platform. ABcann's operations focus on European Union GMP ("**EU GMP**") related cultivation and packaging for international markets. The Arrangement also expanded on the Company's reach to medical patients in Australia and Germany through VIVO's wholly-owned subsidiaries Beacon Medical Australia and Beacon Medical Germany (together, the "**Beacon Medical Brand**"). VIVO's wholly-owned subsidiary Harvest Medicine operates medical clinics in Canada that provide medical cannabis patients with physician consultations for medical cannabis education and prescriptions.

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

Operations and Facilities

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

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

- Canadian Medical Cannabis: This stream includes products that are sold to patients through the domestic medical channels such as the Canna Farms medical platform, and through other licensed producers' medical channels. It also includes the Company's medical clinic business, Harvest Medicine. HMED consists of education-focused, patient-centric, cannabis discovery clinics, which conduct registered patient visits through its clinics and clinic partnerships, and via its telemedicine platform. HMED also offers pharmacy consultations as an additional service offering for patients as part of their medical cannabis care.

- International Medical Cannabis: This stream includes the production and sale of GMP tinctures, GMP dry flower, and GMP vapes to international customers outside of Canada. To date, MediPharm has sold into 10 international markets and has significant business in Australia, Germany, and Brazil. Key partners such as STADA Arzneimittel AG, Europe's fourth largest generic drug company, continue to support this business segment in Germany. In addition, the Company's Beacon Medical Brand has also further strengthened its presence in the Australian market. Beacon Medical Australia is currently in the top 5 brands of medical flower sales in Australia.[2] The Company also recently launched Canadian produced GMP Beacon Medical Brand cannabis oil and inhalation cartridges in the Australian medical market through Beacon Medical Australia.

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

MediPharm Labs operates out of three manufacturing facilities in Barrie-Ontario (the "**Barrie Facility**"), Hope-British Columbia (the "**Hope Facility**") and Napanee-Ontario (the "**Napanee Facility**").

Barrie Facility

This 70,000 sq. ft. facility has specialized and pharmaceutically validated equipment to produce high quality cannabis concentrate derivative bulk and finished good products. This includes automated filling and labeling equipment to meet the Canadian domestic adult use market needs. The Barrie Facility was built to GMP standards and received a DEL in the third quarter of 2021. The Barrie Facility is a registered foreign drug manufacturing site with the FDA and completed an onsite FDA inspection in 2022. In December 2023, the Barrie facility was inspected by Agencia Nacional de Vigilancia Sanitaria ("**ANVISA**"), the governing body of Brazil's pharmaceutical industry, for GMP manufacturing of API and finished goods. Subsequent to the quarter, in February 2024, ANVISA confirmed compliance and issued a GMP certificate for the facility.

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, issued to Canna Farms as licence holder. The current Canna Farms direct-to-patient medical sales e-commerce platform is managed and distributed via the Hope Facility.

Napanee Facility

This 29,000 sq. ft. EU GMP facility was originally a VIVO facility, and is focused on production and supply for the international medical markets. On March 11, 2021, the Napanee Facility received EU-GMP certification from Germany's Brandenburg health authority, the Landesamt für Arbeitsschutz, Verbraucherschutz und Gesundheit ("**LAVG**").

In Q4 2023, the health department of the LAVG - the competent state and the German Federal State of Brandenburg – confirmed they plan on inspecting the Napanee Facility in April 2024 for the renewal of its EU-GMP certification.

Company Regulatory History

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

- a holder of a licence for processing under the Cannabis Act;
- a holder of a licence for analytical testing under the Cannabis Act;
- a holder of a licence for research under the Cannabis Act;
- a holder of a cannabis drug licence under the Cannabis Act;
- the Minister of Health;
- a person to which an exemption has been granted under section 140 of the Cannabis Act in relation to the cannabis or a class of cannabis that is sold or distributed; or
- certain individuals who are involved in testing cannabis at laboratories operated by the Government of Canada or accredited laboratories under the *Seeds Act*.

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

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

On October 21, 2019, the Licence was amended to permit the activity of production and sale of additional cannabis products included in the Cannabis Act, including cannabis extracts, cannabis edibles and cannabis topicals. On 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 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 December 21, 2020, MediPharm Labs received a GMP licence under the Natural Health Products Regulations (the "**NHP Site Licence**"). The NHP Site Licence gives MediPharm Labs the authorization to manufacture, package and label natural health products in Canada. MediPharm Labs' Barrie site follows GMP requirements outlined in Part 3 of the Natural Health Products Regulations. On December 21, 2022,

the NHP Site Licence was renewed for a further one-year term. As of March 2024 the Company is in the process of renewing this license again for 2024 and 2025.[3]

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

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

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

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

On April 1, 2023, the Company acquired two Canadian licensed producers, one of which holds EU-GMP certification, and a subsidiary in Germany which is EU-GMP/GDP licensed and able to import cannabis products.

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

On April 1, 2023, the Company acquired two Canadian licensed producers through its acquisition of VIVO, one of which holds EU-GMP certification, and a subsidiary in Germany which is EU-GMP/GDP licensed and able to import cannabis products. The Napanee Facility received EU-GMP (European Union Good Manufacturing Practices) certification from Germany's Brandenburg health authority, the Landesamt für Arbeitsschutz, Verbraucherschutz und Gesundheit in March 2021, allowing VIVO, through its subsidiaries, to export dry flower for sale into European and other markets requiring products to be manufactured under EU-GMP standards. Beacon Germany received an import licence to import medical cannabis flowers from the Napanee Facility to Germany and the EU in March 2021.

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

The statements regarding intended expansions, exports, distributions, GMP certifications and the DMF filing are forward-looking statements. The current term of the Licence ends on September 28, 2026, the term of the ABcann Licence ends on October 30, 2025, and the term of the Canna Farms Licence ends on July 14, 2027. The Company is currently in the process of renewing the NHP Site Licence for 2024 and 2025. It is anticipated by our management that Health Canada will extend or renew the Licence, the Canna Farms Licence, the ABcann Licence and the NHP Site Licence at the end of or prior to the end of its term. It is anticipated by our management that Health Canada will extend or renew the Licence at the end of or prior to the end of its term[4]. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".

Product Manufacturing and Sales

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

[4] This forward-looking statement is based on the following material factors and assumptions: (a) the Company assumes that it will receive a compliant rating from Health Canada and that Health Canada will renew the 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".

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

During the Company's initial growth phase, we realized most of our revenue from product sales through long-term and spot sales of bulk crude resin and distillate. This changed in Q4 2019 as the expansion in the Canadian market for bulk concentrates seen in the ramp up to Cannabis 2.0 legalization began to slow. Over the last two years, the Company's business mix has been transformed from a narrow and primarily domestic B2B extract business to a diverse business with multiple revenue streams and an international presence. Our B2B business represented greater than 90% of sales in 2019 but represented less than 15% of sales in 2022. Following the acquisition of VIVO, B2B bulk sales now represents less than 5% of sales. The Company continues to focus on its diverse portfolio with robust Canadian Adult Use and Wellness, Canadian Medical Cannabis, and International Medical Cannabis business streams, while the remaining B2B business is heavily focused on longer term pharmaceutical research and drug development pipelines.

As a result of the acquisition of VIVO cannabis in April 2023, MediPharm Labs started business in direct to patient medical cannabis sales, via Canna Farms, as well as medical cannabis clinic services via Harvest Medicine. These business operations are further described in the "Canadian Medical Cannabis" portion of this MD&As Business Overview section (page 5).

Corporate Highlights

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 $9,000. 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 $9,000 including: $3,000 immediate cash payment; $4,500 in common shares of Tilray (the "**Tilray Shares**"); $1,000 in Tilray cannabis products, including high-quality flower and extractable bio-mass; and $500 supply agreement to provide Tilray with the Company's products and services over four-years. The Settlement Agreement settled a current aged receivable of $8,500 on the Company's balance sheet.

During the period, the Company received the $3,000 cash payment and 1,573,152 Tilray Shares which the Company disposed for net cash proceeds of $4,250. This non-dilutive cash infusion further strengthens the

Company's balance sheet. The Company's cash balance as of December 31, 2023 was approximately $18,000.

Effective November 30, 2023, Miriam McDonalds resigned from her position as a director of the Company.

On December 7, 2023, the Company was awarded the Wellness Brand of the Year and CBD Brand of the Year by Kind Magazine. Kind Magazine is published across Canada and distributed in cannabis retail stores. The Kind Awards were determined by a panel of over 300 frontline cannabis retail staff. MediPharm Labs has built a reputation for pharma-quality CBD, THC CGB and CBN oils, which consumers seek for wellness solutions. The advanced quality manufacturing process of MediPharm Labs allowed the Company to achieve the number two spot in sales in the oil category, according to HiFyre data.

Subsequent Events

Subsequent to the year ended December 31, 2023, the following material developments occurred:

In February 2024, the Company announced receipt of GMP certification for its Barrie Facility from ANVISA, the governing body of Brazil's pharmaceutical industry. MediPharm Labs now has GMP certification from the United States FDA, European Union, Australia's TGA and holds the DEL from Health Canada.

The Brazilian medical cannabis market is expected to reach $380 million CAD in 2025, according to a 2023 report by industry observer Kaya Mind.

MediPharm Labs 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. Additional product authorizations are currently under review with ANVISA.

In addition to existing Brazilian customers, the Company entered into a supply agreement with a top-tier generic pharmaceutical company in Brazil in July 2023. Since signing the agreement, the customer has applied to ANVISA for a number of MediPharm produced cannabis product marketing authorizations. The receipt of GMP certification is a key milestone and critical required element of the rigorous ANVISA product approval process.

Operational Highlights

In three and twelve months ended December 31, 2023 ("Q4 2023"), Revenue, Gross Profit and Adjusted EBITDA[5] improved significantly versus prior year driven by the Company's focus on higher margin products and markets, improvement in gross profit and ongoing cost reductions.

For Q4 2023, the Company's Adjusted EBITDA was negative $1.6M and improved $2.0M or 56% versus Q4 2022 and year to date Adjusted EBITDA was negative $10.2M which improved $10.4M or 50% versus prior year. This improvement in Adjusted EBITDA is driven by revenue growth, the improvement in gross

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

profit and the reduction of operating expenses. Adjusted EBITDA in Q4 2023 of negative $1.6M improved $0.8M sequentially versus Q3 2023 of negative $2.4M, largely driven by expense reductions. [6]

The following is a summary of the financial highlights for the three and twelve months ended December 31, 2023 ("Q4 2023"), and the period subsequent to the end of the quarter.

Financial Overview: During Q4 2023, the Company's revenue of $9.1M increased $3.5M or 63% versus prior year largely driven by the acquisition of VIVO and partially offset by the divestiture of the Australian subsidiary at the end of Q3 2022. Revenue increased sequentially from Q3 2023 driven across all streams with the exception of International Medical Cannabis which declined driven by order timing in Australia.

Canadian Adult Use and Wellness revenue of $2.7M in Q4 2023 declined versus Q4 2022 as the Company selectively increased prices, carefully managed sales & marketing expenditures and exited select products with a focus on profitability. However, Q4 2023 revenue increased $0.4M or 19% sequentially versus Q3 2023.

Canadian Medical Cannabis revenue for Q4 2023 increased significantly from $1.0M in Q4 2022 to $3.8M in Q4 2023 driven by the integration of the VIVO medical channels through Canna Farms and Harvest Medicine. Revenue also increased $0.2M or 7% sequentially versus Q3 2023.

International Medical revenue increased from $0.7M in Q4 2022 to $2.3M in Q4 2023 driven by the integration of Beacon Medical Australia. Revenue declined sequentially from $2.6M in Q3 2023 driven by shipment timing in the Australian market. The international markets will fluctuate as the market develops and matures.

Pharmaceutical and B2B revenue in Q4 2023 of $0.4M declined from $0.5M in Q4 2022 and increased $0.3M sequentially from Q3 2023.

Year to date the Company's revenue increased to $33M representing a 49% increase versus prior year largely driven by the acquisition of VIVO. Canadian Adult Use and Wellness year to date revenue of $10.3M declined $1.4M or 12% versus prior year as the Company selectively increased prices, carefully managed sales & marketing expenditures and exited products to focus on profitability over volume. Canadian Medical Cannabis year to date revenue of $11.7M increased $10.1M or 597% versus prior year driven by the integration of the VIVO medical channels through Canna Farms and Harvest Medicine. International Medical Cannabis year to date revenue of $9.7M increased $4.6M or 90% versus prior year driven by the integration of Beacon Medical Australia. Pharmaceutical and B2B year to date revenue was $1.4M and declined $2.3M versus prior year largely driven by the divestiture of the Australian subsidiary at the end of Q3 2022.

The Company's Q4 2023 gross profit was $2.2M/24.3% improved significantly versus Q4 2022 gross profit of 3.8%. Q4 2023 gross profit declined sequentially versus Q3 2023 driven by inventory provisions and timing of Australian order shipments. Q4 2023 gross profit was 28.3% when adjusting for several discrete items such as biological asset fair value adjustments, inventory provisions and severance for restructuring. Q4 2023 Year to date gross profit was $5.9M or 17.7% which improved $7.8M versus 2022 gross profit of negative $1.9M. Q4 year to date gross profit was $8.3M or 25.1% when adjusting for several discrete items such as biological asset fair value adjustments, inventory provisions and severance for restructuring. Gross

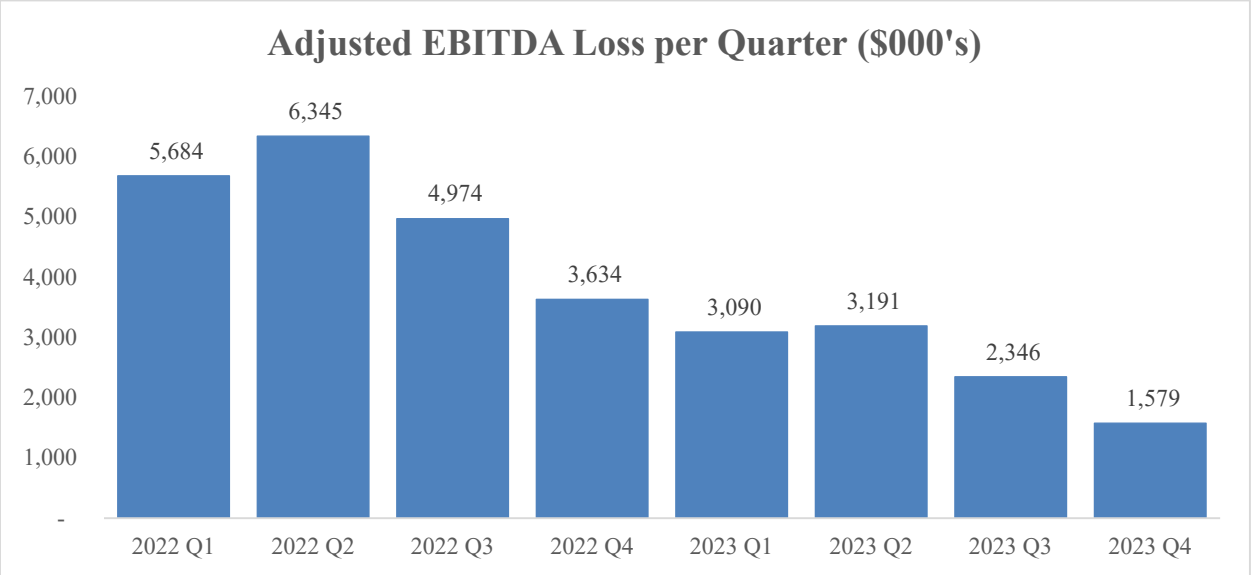
[6] Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for reconciliation to IFRS measures.

profit continues to improve, driven by product mix, production efficiencies, selective price increases and cost reductions. Management continues to focus on efficiencies to drive gross profit.

Operating expenses (general administrative expenses, marketing and selling expenses, and R&D expenses) for Q4 2023 was $5.0M and is consistent with Q4 2022 despite the integration of VIVO. In addition, Q4 2023 operating expenses declined sequentially by $1.1M or 18% versus Q3 2023 driven by continued expense reductions. Year to date operating expenses of $21.5M were 10% lower than prior year despite the integration of VIVO in 2023. This means the Company was able to run both the legacy MediPharm business and the VIVO business on the legacy MediPharm expense base as result of synergies and cost reductions. Management continues to focus on expense reduction opportunities.

For Q4 2023, the Company's Adjusted EBITDA was negative $1.6M and improved $2.0M or 56% versus Q4 2022 and year to date Adjusted EBITDA was negative $10.2M which improved $10.4M or 50% versus prior year. This improvement in Adjusted EBITDA is driven by revenue growth, the improvement in gross profit and the reduction of operating expenses. Adjusted EBITDA in Q4 2023 of negative $1.6M improved $0.8M sequentially vs Q3 2023 of negative $2.4M driven by expense reductions.

In 2022, the Company's Adjusted EBITDA averaged negative $5-$6 million per quarter and VIVO averaged negative $2 million per quarter. Combined, the two companies averaged negative Adjusted EBITDA of $7 to $8 million per quarter in 2022. In addition, MediPharm's Q1 2023 Adjusted EBITDA was negative $3.1M, Q2 2023 was negative $3.2M and Q3 2023 was negative $2.4M. This means the Company was able to incorporate VIVO and improve profitability relative to Q1 2023 largely driven by cost reduction initiatives and synergy achievement.



Cost Reduction Initiatives: In September 2022, the Company implemented a restructuring plan that has seen a reduction in the Canadian non-manufacturing headcount by approximately 30% through the end of fiscal 2022. The Company realized some cost savings from the restructuring efforts starting in Q3 2022 and continued to realize some cost savings from the restructuring efforts in Q2 2023. The restructuring efforts are expected to reduce expenses by approximately $3 million on an annualized basis. During Q3 2023 the Company implemented another restructuring plan to further reduces expenses by approximately $3M on an annualized basis with the benefits starting to accrue in Q4 2023.

With the integration of VIVO starting April 1, 2023, the company expected to realize $7M-$9M of annualized synergies.[7] The Company has already realized approximately $7M of annualized expense synergies through headcount reductions and reduction in public company costs. Management continues to focus on further expense reduction opportunities.

Strong Balance Sheet: The Company's cash balance at the end of Q4 2023 was $18.0M and the Company has less than $3M of debt. Contrary to many other Cannabis companies, MediPharm is also up to date on Cannabis excise duties, sales taxes and accounts payables. During the Q3 2023 the long outstanding dispute regarding an unpaid $8.5M receivable was resolved with a settlement for $3M of cash, $4.5M of Tilray shares, $1M inventory credit and a supply agreement for $0.5M. During Q4 2023 the $3M of cash was received and the Tilray shares were fully liquidated for net proceeds of $4.3M.

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

Corporate Governance: Aside from the Chief Executive Officer, David Pidduck, the Company's Board of Directors consists solely of experienced independent directors. Effective April 1, 2023, in connection with the Arrangement, Dr. Michael Bumby was appointed to the Board of Directors. Effective November 30, 2023, Miriam McDonalds resigned from her position on the Board of Directors.

Domestic Presence: We added to the innovative, pharma-quality family of branded materials with the retail introduction of new products such as new naturally derived oil and inhalable CBG to build on the Company's wellness portfolio. MediPharm was awarded CBD Brand of the year, for the second time, and CBN product of the year from KIND Magazine. An award voted on by frontline cannabis retailers, signifying our leadership in the cannabis wellness space. MediPharm currently has the second highest market share in Canadian cannabis oil.[8] With the removal of the Shelter Brand royalty payment on the dry flower products branded Wildlife, MediPharm continues to improve gross profit in this adult use sub-category. In November 2023, the company expanded it's oil portfolio to include three new oil SKUs including a highly requested THC and CBD balanced oil.

Unique Suite of Licences and Authorizations: The Company has built on an industry-leading and expanding portfolio of licences by recently receiving a DEL from Health Canada, which is required to produce pharmaceutical prescription drugs with marketing authorization. This allows for the participation in clinical trials and partnerships with other pharmaceutical companies that could result in potentially patentable intellectual property. The Company leveraged its collection of licences to enter into a research master agreement with McMaster University for participation in various cannabis based clinical trials and to enter into a research support agreement with the Keck School of Medicine of University of Southern California to conduct a Phase 2 trial on the efficacy of THC and CBD to treat hospice-eligible patients

[7] This forward-looking statement is based on the following material factors and assumptions: (a) assumes that both costs and revenue opportunities identified and the forecasts derived collaboratively by MediPharm and VIVO management teams will be achieved, (b) revenue opportunity assumes that existing products may be sold into the existing sales channels of both VIVO and MediPharm, (c) costs savings estimate depends on the eliminating duplicated public company expenses and redundant corporate infrastructure, and (d) assumes the estimated revenue and cost synergies may be achieved in the near term. 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 "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".
[8] As reported by HiFyre Retail Analytics on March 21, 2023, available online.

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

diagnosed with dementia and experiencing agitation. During the 2022 fiscal year, the Company has leveraged the DEL to register CBD API with the FDA for commercial opportunities in pharmaceutical development, novel drugs, and generic drugs. This is a first and makes the Company the only Canadian company to register a CBD API DMF with the US FDA.[9]

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

Clinical Research with Cannabinoids: MediPharm remains focused on supporting clinical research and supporting the development of future cannabis derived pharmaceutical drugs. Consistent with this commitment, the Company will supply the sponsor and principal investigators with cannabis-derived study drugs, placebos, and other services and assistance as may be required during the course of the studies. This CTM is provided for a fee and any contributions made in-kind are in relation to intangible future benefits to the Company.

The following update provides current milestone achievements of notable projects.

Researcher	Indication	Phase	Recent Milestone
USC (University of Southern California) Keck School of Medicine	Treatment of Alzheimer's Agitation Disorder	Phase 2	FDA approval of Investigational New Drug (IND) Clinical trial material (CTM) delivered and enrollment commencing in Q3 2023 Second CTM delivery occurred in Q4 2023.
McMaster University	Treatment of post-surgical pain	Phase 2	CTM delivered and enrollment commenced in Q1 2023 Patient dosing commenced in Q2 2023.
University Health Network – Toronto	Improving Pain Disability With The Use Of Oral Cannabinoids	Pilot	CTM Delivered and enrollment clinic in Q1 2023
McMaster University	Insomnia in depressive disorder	Phase 2	CTM Shipment in Q1 2023 Patient dosing commenced in Q2 2023.
Centre for Medical Cannabis Research	PK of single dose THC/CBD in healthy adult controls and kidney disease	Phase 1	1st patient dosed January 2023
University of Manitoba	Chronic Headaches in Adolescents	Phase 2	Health Canada approval Dec 2022. CTM shipment in Q1 2023

[9] According to the FDA Drug Master File List last updated in Q4 2022, available online.

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

SELECTED ANNUAL INFORMATION

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

	Three months ended			Twelve months ended		
	December 31, 2023 $'000s	**December 31, 2022 $'000s**	**December 31, 2021 $'000s**	**December 31, 2023 $'000s**	**December 31, 2022 $'000s**	**December 31, 2021 $'000s**
Net revenue	9,131	5,616	5,743	33,062	22,117	21,711
Gross profit	2,196	211	(4,973)	5,855	(1,914)	(15,246)
Net profit (loss)	(2,965)	(5,609)	(21,766)	(13,083)	(29,983)	(54,801)
Loss per share – basic and diluted	(0.01)	(0.02)	(0.08)	(0.04)	(0.11)	(0.22)
Adjusted EBITDA	(1,579)	(3,634)	(6,573)	(10,224)	(20,566)	(26,684)
Total assets	63,937	65,495	92,361	63,937	65,495	92,361
Total non-current liabilities	69	34	338	69	34	338

SUMMARY OF QUARTERLY RESULTS

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

	Three months ended			
	December 31, 2023 $'000s	**September 30, 2023 $'000s**	**June 30, 2023 $'000s**	**March 31, 2023 $'000s**
Net revenue	9,131	8,505	9,583	5,843
Gross profit before realized fair value adjustment on sale of cannabis inventory acquired in a business combination	2,345	2,919	1,443	387
Gross profit before change in fair value of biological assets	1,973	864	1,443	387
Gross profit	2,196	2,417	855	387
General administrative expenses	(3,467)	(4,314)	(5,796)	(1,518)
Marketing and selling expenses	(1,494)	(1,675)	(1,667)	(1,369)

	Three months ended			
	December 31, 2023 $'000s	**September 30, 2023 $'000s**	**June 30, 2023 $'000s**	**March 31, 2023 $'000s**
R&D expenses	(59)	(61)	(53)	(36)
Share based compensation expense	(306)	(386)	(588)	(747)
Other operating income/(expense), net	195	(336)	(380)	(50)
Operating loss	(2,935)	(4,355)	(7,629)	(3,333)
Net loss	(2,965)	(4,327)	(2,703)	(3,088)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
Adjusted EBITDA [(1)]	(1,579)	(2,346)	(3,191)	(3,090)

	Three months ended			
	December 31, 2022 $'000s	**September 30, 2022 $'000s**	**June 30, 2022 $'000s**	**March 31, 2022 $'000s**
Net revenue	5,616	7,262	4,362	4,877
Gross profit before realized fair value adjustment on sale of cannabis inventory acquired in a business combination	211	(1,190)	(532)	(403)
Gross profit before change in fair value of biological assets	211	(1,190)	(532)	(403)
Gross profit	211	(1,190)	(532)	(403)
General administrative expenses	(3,371)	(3,543)	(4,746)	(4,886)
Marketing and selling expenses	(1,607)	(1,651)	(1,553)	(1,493)
R&D expenses	(144)	(250)	(308)	(300)
Share based compensation expense	(1,390)	(161)	(580)	(741)
Other operating income/(expense), net	(89)	(1,251)	(1,350)	319
Operating loss	(6,390)	(8,046)	(9,069)	(7,504)
Net loss	(5,609)	(7,930)	(8,987)	(7,457)
Loss per share – basic and diluted	(0.02)	(0.03)	(0.03)	(0.03)
Adjusted EBITDA [(1)]	(3,634)	(4,974)	(6,345)	(5,684)

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

DISCUSSION OF OPERATIONS

Revenue

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

Cost of goods sold

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

Biological Assets

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

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

Gross Profit

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

General administrative expenses

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

Marketing and selling expenses

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

R&D expenses

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

Share-based compensation expense

Share-based compensation expense represents fair value of stock options and RSUs granted to employees and recognised over the vesting period.

Other operating expenses

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

Finance income

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

Finance expense

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

Unrealized gain in revaluation of derivative liabilities

Unrealized gain in revaluation of derivative liabilities pertains to the revaluation gain on the warrant derivative liability and the conversion option derivative liability.

Gain on bargain purchase

Gain on bargain purchase represents gain on business combination.

Taxation expense

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

Other Comprehensive Income and Loss

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

Discussion and Analysis of the Results for the Three-Month Period Ended December 31, 2023

Results of operations for the three months ended December 31, 2023, as compared to the three months ended December 31, 2022.

	Three months ended December 31			
	2023 $'000s	2022 $'000s	$ Variance	Management Commentary
Net revenue	9,131	5,616	3,515	Net revenue increased $3.5M or 63% versus prior year largely driven by the acquisition of VIVO. See operational highlights section for more details.
Cost of sales	(6,786)	(5,405)	(1,381)	The increase was driven by the increased volume of sales due to the acquisition of VIVO, offset by ongoing realization of efficiencies and synergies resulting from the integration of the VIVO business.
Gross profit before realized fair value adjustment on sale of cannabis inventory acquired in a business combination	2,345	211	2,134	Gross profit continues to improve driven by product mix, production efficiencies, selective price increases and cost reductions. See operational highlighs section for more details.
Incremental cost of cannabis inventory acquired in a business combination [(1)]	(372)	-	(372)	The increase is due to gains realized on inventory acquired with the acquisition of the VIVO business.
Gross profit before change in fair value of biological assets	1,973	211	1,762	Gross profit continues to improve driven by product mix, production efficiencies, selective price increases and cost reductions, offset by impact of realized fair value adjustment on sale of cannabis inventory acquired in a business combination. See operational highlighs section for more details.
Gross profit	2,196	211	1,985	Gross profit continues to improve driven by product mix, production efficiencies, selective price increases and cost reductions, offset by impact of fair value changes in biological assets. See operational highlighs section for more details.
General administrative expenses	(3,467)	(3,371)	(96)	Expenses are realitvely consistent with prior period despite the incorporation of VIVO as a result of synergies and cost reductions.
Marketing and selling expenses	(1,494)	(1,607)	113	Expenses consistent with prior period despite the incorporation of VIVO as a result os synergies and cost reductions.

	Three months ended December 31			
	2023 $'000s	2022 $'000s	$ Variance	Management Commentary
R&D expenses	(59)	(144)	85	Expenses reduced mainly due to the Divestment of the Australian subsidiary and restructuring during 2022.
Share-based compensation expenses	(306)	(1,390)	1,084	Expense decreased due to lower valuation driven by lower share price and lower number of Options and RSUs issued during the period.
Other operating (expense)/income, net	195	(89)	284	Expenses decreased mainly because of the impact of foreign exchange differences largely due to foreign currency denominated receivables and gain on sale of certain assets.
Operating loss	(2,935)	(6,390)	3,455	See comments above.
Adjusted EBITDA (1)	(1,579)	(3,634)	2,055	Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for reconcilation to IFRS measures.
Gain on bargain purchase	(178)	-	(178)	Decrease due to finalization of purchase price allocation for the VIVO acquisition and impact of eliminating pre-acquisition loan advanced to VIVO.
Loss on sale of subsidiary	(251)	(906)	655	Decrease due to sale of 1000652011 Ontario Inc.as part of the Settlement Agreement in 2023 which was a lower amount compared with the Australian subsidiary Divestment in 2022.
Finance income	227	215	12	Increased as a result of higher interest rate on deposits.
Finance expense	(101)	(10)	(91)	Increased as a result of financing costs on the convertible debenture and the Company's insurance premium financing arrangement.
Loss before taxation	(3,238)	(5,615)	3,127	See comments above.
Taxation recovery	276	-	276	Increase due to income tax reassessments for the year ended December 31, 2019 completed during the quarter.
Net loss for the period	(2,965)	(5,609)	3,394	See comments above.

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

Discussion and Analysis of the Results for the Twelve-Month Period Ended December 31, 2023

Results of operations for the twelve months ended December 31, 2023, as compared to the twelve months ended December 31, 2022.

	Twelve months ended December 31			
	2023 $'000s	2022 $'000s	$ Variance	Management Commentary
Net revenue	33,062	22,117	10,945	Net revenue increased $10.9M or 49% versus prior year largely driven by the acquisition of VIVO and partially offset by the divestiture of the Australian subsidary. See operational highlights section for more details.
Cost of sales	(25,968)	(24,031)	(1,937)	The increase was driven by the increased volume of sales due to the acquisition of VIVO, offset by ongoing realization of efficiencies and synergies resulting from the integration of the VIVO business.
Gross profit before realized fair value adjustment on sale of cannabis inventory acquired in a business combination	7,094	(1,914)	9,008	Gross profit continues to improve driven by product mix, production efficiencies, selective price increases and cost reductions. See operational highlighs section for more details.
Incremental cost of cannabis inventory acquired in a business combination [(1)]	(2,427)	-	(2,427)	The increase is due to gains realized on inventory acquired with the acquisition of the VIVO business.
Gross profit before change in fair value of biological assets	4,667	(1,914)	6,581	Gross profit continues to improve driven by product mix, production efficiencies, selective price increases and cost reductions, offset by impact of realized fair value adjustment on sale of cannabis inventory acquired in a business combination. See operational highlighs section for more details.
Gross profit	5,855	(1,914)	7,769	Gross profit continues to improve driven by product mix, production efficiencies, selective price increases and cost reductions, offset by impact of fair value changes in biological assets. See operational highlighs section for more details.
General administrative expenses	(15,095)	(16,546)	1,451	Expenses decreased despite the integration of VIVO driven by synergies and continued cost reductions.
Marketing and selling expenses	(6,205)	(6,304)	99	Expenses are in line with the prior period due to ongoing cost reduction measures and offsetting increases from the integration of VIVO.
R&D expenses	(209)	(1,002)	793	Expenses reduced mainly due to the Australian subsidiary Divestment and restructuring during 2022.
Share-based compensation expenses	(2,027)	(2,872)	845	Expense decreased due to lower valuation driven by lower share price and lower number of Options and RSUs issued during the period.

	Twelve months ended December 31			
	2023 $'000s	2022 $'000s	$ Variance	Management Commentary
Other operating (expense)/income, net	(571)	(895)	324	Expenses decreased mainly because of the impact of foreign exchange differences largely due to foreign currency denominated receivables.
Operating loss	**(18,252)**	**(29,533)**	**11,281**	See comments above.
Adjusted EBITDA (2)	**(10,224)**	**(20,566)**	**10,342**	Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for reconcilation to IFRS measures.
Gain on bargain purchase	4,669	-	4,669	Due to acquisition of VIVO.
Loss on sale of subsidiary	(251)	(906)	906	Decrease due to sale of 1000652011 Ontario Inc.as part of the Settlement Agreement in 2023 which was a lower amounts compared with the Australian subsidiary Divestment in 2022.
Gain in revaluation of derivative liabilities	-	2	(2)	
Finance income	840	479	361	Increased as a result of higher interest rate on deposits.
Finance expense	(365)	(31)	(334)	Increased as a result of financing costs on the convertible debenture acquired in the VIVO transaction and the Company's insurance premium financing arrangement.
Loss before taxation	(13,359)	(29,989)	17,380	See comments above.
Taxation recovery (expense)	276	6	270	Increase due to income tax reassessments for the year ended December 31, 2019 completed during the year.
Net loss for the period	(13,083)	(29,983)	17,650	See comments above.

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

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

RECONCILIATION OF NON-IFRS MEASURES

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

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

Adjusted EBITDA

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

The following table reconciles the Company's net operating income (loss) (as reported) and Adjusted EBITDA for the periods presented.

	Three months ended		Twelve months ended	
	December 31, 2023 $'000s	**December 31, 2022 $'000s**	**December 31, 2023 $'000s**	**December 31, 2022 $'000s**
Net operating loss	(2,935)	(6,390)	(18,252)	(29,533)
Adjusted for:				
Share-based compensation expense	306	1,390	2,027	2,872
Depreciation and amortization	717	540	2,516	2,872
Restructuring related severance expenses	335	-	2,303	1,233
Government grants	-	-	-	(21)
Transaction fees	-	813	883	1,164
Recovery of impaired receivables [(1)]	-	-	(2,010)	-
Impairment loss on remeasurement of disposal group	-	-	-	-
Impairment loss on remeasurement of assets held for sale	23	13	40	81
Gain on disposition of assets	(174)	-	(174)	-
Incremental cost of cannabis inventory acquired in a business combination [(2)]	372	-	2,427	-
Fair value adjustments in gross profit	(223)	-	(1,188)	-

	Three months ended		Twelve months ended	
	December 31, 2023 $'000s	**December 31, 2022 $'000s**	**December 31, 2023 $'000s**	**December 31, 2022 $'000s**
Write down of inventories [3]	-	-	1,204	766
Adjusted EBITDA	(1,579)	(3,634)	(10,224)	(20,566)

(1) This relates to the reversal of a former impairment of a long outstanding receivable.
(2) Incremental cost of cannabis inventory acquired in a business combination represents the fair value realized on sale of cannabis inventory acquired in a business combination.
(3) This adjustment is for unusual inventory write-downs only and not the total value of inventory written down.

CAPITAL STRUCTURE

Common Shares

The Company's authorized capital consists of an unlimited number of Common Shares. As at December 31, 2023, the Company had 401,397,439 Common Shares issued and outstanding, and as at the date of this MD&A, the Company has 404,048,948 Common Shares issued and outstanding.

Warrants

On June 8, 2020, the Company closed a private placement with an institutional investor for gross proceeds of $37.8 million through the issuance of (the "**2020 Private Placement**"): (i) a $20.5 million senior unsecured convertible note (the "**First Note**"); (ii) a warrant to purchase up to 3,601,427 Common Shares (the "**First Warrant**"), and (ii) a subscription receipt entitling the holder to receive, upon satisfaction of certain escrow release conditions, a further $20.5 million senior unsecured convertible note (the "**Second Note**" and, together with the First Note, collectively, the "**Notes**") and a further warrant (the "**Second Warrant**" and, together with the First Warrant, collectively, the "**2020 Warrants**") to purchase up to an additional 3,601,427 Common Shares. On August 6, 2020, the escrow release conditions were satisfied, and the subscription receipt was exchanged for the Second Note and Second Warrant. As of December 31, 2023 and the date of this MD&A, the Company had nil principal amount outstanding under the Notes. As at December 31, 2023 and the date of this MD&A, the 2020 Warrants expired, with nil 2020 Warrants remaining issued and outstanding.

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

As at December 31, 2023*,* the date of this MD&A, *the* Company had warrants issued and outstanding exercisable to acquire up to 5,577,500 Common Shares. As of the date of this *MD&A*, there were nil warrants issued and outstanding.

Stock Options and RSUs

As at December 31, 2023, options to purchase up to 40,938,502 Common Shares were issued and outstanding. During the year ended December 31, 2023, 19,536,069 options to purchase Common Shares were granted, nil options to purchase Common Shares were exercised, and options to purchase 5,239,705 Common Shares were forfeited, cancelled and/or expired.

As at December 31, 2023, RSUs representing the right to acquire up to 24,670,248 Common Shares were issued and outstanding. During the year ended December 31, 2023, 17,386,552 RSUs were granted, 11,433,160 RSUs were settled through the issuance of 11,301,570 Common Shares and 85,778 RSUs were forfeited, cancelled and/or expired.

Subsequent to December 31, 2023, nil options were issued, 4,181,491 options were forfeited/cancelled and nil options were exercised resulting in 36,757,011 options remaining outstanding as of the date of this MD&A.

Subsequent to December 31, 2023, nil RSUs were issued, 364,596 RSUs were forfeited/cancelled and 5,705,843 RSUs were settled through the issuance of 2,651,509 Common Shares resulting in 18,599,809 RSUs remaining outstanding as of the date of this MD&A.

Debentures

Following closing of the Arrangement, the Company assumed the covenants and conditions associated with the debentures (the "**Debentures**") convertible into common shares in the capital of VIVO (the "**VIVO Shares**"), pursuant to a fourth supplemental debenture indenture dated as of April 1, 2023, relating to the Debentures. The Debentures are due September 15, 2024 and are convertible into, in lieu of the number of VIVO Shares to which such holder was entitled, such number of Common under the Arrangement that such holder would have been entitled to receive if, immediately prior to closing of the Arrangement, such holder had been the registered holder of the number of VIVO Shares underlying the Debentures. As of December 31, 2023, and the date of this MD&A, $2,047 principal amount of debentures are issued and outstanding.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

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

During the year ended December 31, 2023, the Company used cash in operating activities of $12,339 (December 31, 2022 - $16,069). As of December 31, 2023, the Company had a working capital balance of $25,770 (December 31, 2022 - $37,889) and an accumulated deficit of $176,732 (December 31, 2022 - $163,649). As of December 31, 2023, the Company had cash and cash equivalents of $17,981 (December 31, 2022 - $24,145).

On December 21, 2022, the Company entered into an agreement with VIVO Cannabis Inc. ("the Acquiree") to acquire 100% of the shares of the Acquiree ("the Acquisition") and the Acquisition closed on April 1, 2023. The Company continues to explore further consolidation opportunities within the cannabis industry

and expects to actualize new acquisitions in the near future. A new acquisition could result in significant use of cash and cash equivalents to fund the operations of the combined entity and without achieving significant synergies for the combined entity, the Company may require additional financing to fund the combined operations. Considering potential acquisitions and the continued economic outlook for the cannabis industry, there exists a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. As such, the Company's ability to continue as a going concern is dependent upon its ability to generate sufficient revenues and positive cash flow from the operating activities of the combined entity and/or obtaining sufficient funding to meet its plans and obligations.

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

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

	Twelve months ended December 31			
	2023 $'000s	**2022 $'000s**	**Change**	**Management Commentary**
Cash and cash equivalents, beginning of period	24,145	34,110	(9,965)	
Net cash used in operating activities	(12,339)	(16,069)	3,730	Negative cashflow from operating activities mainly due to operating loss. The decrease in operating loss is mainly due to receipt of $3,000 in relation to the Settlement Agreement, increased revenue and cost reductions.
Net cash from investing activities	6,872	5,158	1,714	Net cash in 2023 is largely due to proceeds of $4,249 from disposal of subsidiary, 1000652011 Ontario Inc., to Tilray in connection with the settlement of a long outstanding receivable, cash of $1,013 acquired from the VIVO business combination, and sale of certain property acquired from the VIVO business combination amounting to $1,903. However, the net cash in 2022 is largely due to the proceeds of $6,014 from disposal of the Australian subsidiary.
Net cash from financing activities	(368)	796	(1,164)	The change is largely driven by payment of the Convertible debenture from the VIVO acquisition and the effect of insurance premium financing.
Effect of exchange rate change on cash and cash equivalents	(329)	150	(479)	

	Twelve months ended December 31			Management Commentary
	2023 $'000s	2022 $'000s	Change	
Cash and cash equivalents, end of period	17,981	24,145	(6,164)	Refer to comments above. The movement includes $7,329 received in connection with the Settlement Agreement, offset by other items discussed above.

Contractual Obligations

The Company's contractual obligations as at December 31, 2023, increased by $3,452 as compared to December 31, 2022, mainly as a result of increases in trade payables and the recognition of convertible debt on the acquisition of VIVO.

Contractual Obligations	Payments due by Period $'000s				
	Total	< 1 year	1-3 years	4-5 years	> 5 years
Loans and borrowings	327	327	-	-	-
Convertible debt	2,047	2,047	-	-	-
Lease Liabilities	194	124	70	-	-
Employee benefit obligations	1,887	1,887	-	-	-
Trade and other payables	6,750	6,750	-	-	-
Total contractual obligations	11,205	11,135	70	-	-

Capital Resources

As of December 31, 2023, the Company does not have any commitments for capital expenditures. The Company is continually evaluating various debt and/or equity financing opportunities to lower its cost of capital and optimize its capital structure.

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

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

See Note 20 of the Financial Statements. Other than compensation of key management personnel, the Company had no transactions with related parties.

RISK FACTORS

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

- negative operating cash flow and ability to continue as a going concern;
- limited operating history;
- regulatory compliance risks;
- change of cannabis laws, regulations and guidelines;
- reliance on licences and authorizations;
- lack of long-term client commitments;
- COVID-19 pandemic and other potential public health crises;
- disruption of supply chain;
- risks relating to R&D milestones and the Company's equipment;
- client and receivables risks;
- realization of growth targets including expansion of facilities and operations;
- management of growth;
- history of net losses;
- difficulty to forecast;
- competition;
- competition from illicit market;
- inability to sustain pricing and inventory models;
- conflicts of interest;
- legal proceedings;
- product liability;
- unknown health impact with use of cannabis products;
- product recall;
- insurance and uninsured risks;
- environmental regulation and risks;
- climate change risks;
- unfavourable publicity or consumer perception;
- catastrophic events;
- reliance on production facilities;

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

In addition, the Company highlights the following risk factors:

Financial Projections May Differ Materially

The board of directors of VIVO and the Board considered, among other things, certain projections, prepared by their respective management teams, with respect to each of the Company (the "**MediPharm Projections**") and VIVO (the "**VIVO Projections**", together with the MediPharm Projections, the "**Projections**") in connection with the Arrangement. All Projections are based on assumptions and information available at the time the Projections were prepared. The Company does not know whether the assumptions made will be realized. Such information can be adversely affected by known or unknown risks and uncertainties, many of which are beyond the Company's control. Further, financial forecasts of this type are based on estimates and assumptions that are inherently subject to risks and other factors such as company performance, industry performance, legal and regulatory developments, general business, economic, regulatory, market and financial conditions, as well as changes to the business, financial condition or results of operations of VIVO and the Company, including the factors described in this "Risk Factors" section which factors and changes may impact such forecasts or the underlying assumptions. As a result of these contingencies, there can be no assurance that the Projections will be realized or that actual results will not be significantly higher or lower than projected. In view of these uncertainties, the Projections should not be regarded as an indication that the Company and the Board, or any of their advisors or any other recipient of this information considered, or now considers, it to be an assurance of the achievement of future results. The Projections were prepared by VIVO and the Company's management teams for internal use and to, among other things, assist VIVO and the Company in evaluating the Arrangement. The Projections were not prepared with a view toward public disclosure or toward compliance with IFRS, published guidelines of applicable securities regulatory authorities or the guidelines established by the Chartered Professional Accountants for preparation and presentation of prospective financial information. Neither MNP LLP, VIVO's independent registered public accounting firm, MNP LLP, the Company's independent registered public accounting firm, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the Projections, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the Projections.

CRITICAL ACCOUNTING ESTIMATES

See Note 2.4 of the Financial Statements.

CHANGES IN ACCOUNTING POLICIES

There have been no material changes to our critical accounting estimates and policies during the year ended December 31, 2023.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

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

No changes were made in our design of internal controls over financial reporting during the year ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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

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

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

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

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