

MTL CANNABIS CORP.

(formerly Canada House Cannabis Group Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As used in this management's discussion and analysis of financial condition and results of operations ("MD&A"), unless the context indicates or requires otherwise, all references to the "Company", "MTL Cannabis", "MTLC", "we", "us" or "our" refer to MTL Cannabis Corp. (formerly Canada House Cannabis Group Inc.), as constituted on September 30, 2025.

This MD&A for the three and six months ended September 30, 2025 and 2024 should be read in conjunction with the Company's consolidated financial statements and the accompanying notes for the fiscal years ended March 31, 2025 and 2024. The financial information presented in this MD&A is derived from the Company's unaudited condensed consolidated interim financial statements for the three and six months ended September 30, 2025 and 2024 ("financial statements") which have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") and IFRIC® Interpretations of the IFRS Interpretations Committee. All amounts are in Canadian dollars except where otherwise indicated.

This MD&A is dated as of November 27, 2025.

FORWARD-LOOKING INFORMATION

The information provided in this MD&A, including information incorporated by reference, may contain certain forward-looking statements and forward-looking information (collectively referred to as "forward-looking statements") within the meaning of applicable Canadian securities legislation about our current expectations, estimates and projections about the future, based on certain assumptions made by us in light of the Company's experience and perception of historical trends. Although we believe that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

This forward-looking information is identified by words such as "anticipate", "believe", "expect", "plan", "forecast", "future", "target", "project", "capacity", "could", "should", "focus", "proposed", "scheduled", "outlook", "potential", "may" or similar expressions and includes suggestions of future outcomes, including actions taken by the Company, or that the Company may take in the future, to adjust its capital structure or refinance or repay its indebtedness; improvements to the Company's cultivation, manufacturing and standardization processes; potential future supply agreements; potential effects of regulations under the Cannabis Act (Canada) (together with the regulations thereunder (the "Cannabis Regulations"), the "Cannabis Act") and related legislation introduced by provincial governments; and future sales opportunities in other emerging medical markets. Readers are cautioned not to place undue reliance on forward-looking information as the Company's actual results may differ materially from those expressed or implied.

The Company has made certain assumptions with respect to the forward-looking statements regarding, among other things: the Company's ability to generate sufficient cash flow from operations and obtain financing or refinancing, if needed, on a timely basis and acceptable terms or at all; general economic, financial market, regulatory and political conditions in which the Company operates; the expected yield from the Company's cultivation operations; customer interest in the Company's products; competition from other licensed producers; anticipated and unanticipated costs; government regulation of the Company's activities and products; the timely receipt of any required regulatory approvals; the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; the Company's ability to conduct operations in a safe, efficient and effective manner; and the Company's expansion plans and timeframe for completion of such plans.

Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: reliance on the licences issued by Health Canada designating that, pursuant to the Cannabis Act, the subsidiaries of MTL Cannabis are authorized to cultivate and process cannabis under the Cannabis Act pursuant to various Cultivation and Processing Licences; the limited operating history of the Company; the Company's ability to generate sufficient revenue to be profitable; the Company's ability to raise the capital necessary for it to execute its strategy or to refinance any outstanding indebtedness; risks inherent in an agricultural business; rising energy costs; the Company's current reliance on key persons; the Company's compliance with environmental, health and safety laws and regulations; insurance risks; failure of the Company to realize its cannabis production targets; interruptions in the supply chain for key inputs; demand for skilled labour, specialized knowledge, equipment, parts and components; the Company's current reliance on its facilities for cannabis cultivation; the Company's ability to manage its growth; the Company's ability to successfully implement and maintain adequate internal controls over financial reporting or disclosure controls and procedures; the Company not having been required to certify that it maintains effective internal control over financial reporting or effective disclosure controls and procedures; results of litigation; conflicts of interest between the Company and its directors and officers; payment of dividends; the partial dependence of the Company's operations on the maintenance and protection of its information technology systems; unforeseen tax and accounting requirements; regulatory risks relating to the Company's compliance with the Cannabis Act; changes in laws, regulations and guidelines; the Company's ability to maintain its Licenses; changes to the market price of cannabis; the ability of the Company to produce and sell cannabis supply; changes in government; changes in government policy; failure of counterparties to perform contractual obligations; the Company's ability to successfully develop new products or find a market for their sale; lack of certainty regarding the expansion of the cannabis market; ability of key employees of the Company to obtain or renew security clearances in the future; unfavorable publicity or consumer perception of the Company and the cannabis industry; the Company's ability to promote and sustain its brands; marketing constraints in the cannabis industry; product liability claims or regulatory actions; the shelf life of inventory; fair value adjustments to the Company's biological assets; impact of any future recall of the Company's products; increased competition in the cannabis market in Canada and internationally; the impact of any negative scientific studies on the effects of cannabis; reputational risks to third parties with whom the Company does business; the Company's ability to produce and sell its medical products outside of Canada; co-investment risks; failure to comply with laws and regulations; the Company's reliance on its own market research and forecasts; competition from synthetic production and new technologies; the Company's ability to transport its products; liability arising from any fraudulent or illegal activity; the existence and growth of the cannabis industry; product liability lawsuits; misconduct or other improper activities by employees, independent contractors, consultants, commercial partners and vendors; failure to achieve market acceptance in the medical community; inability to establish sales and marketing capabilities; failure to comply with health and data protection laws; reliance on third parties to conduct clinical trials; loss of single-source suppliers; reliance on contract manufacturing facilities; inability to obtain or maintain sufficient intellectual property protection for the Company's products; third-party claims of intellectual property infringement; inability to protect the confidentiality of trade secrets; inability to protect trademarks and trade names; and other factors beyond the Company's control.

The Company cautions that the foregoing list of important factors is not exhaustive. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is 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 forward-looking statements.

The forward-looking statements contained or incorporated by reference in this MD&A are made as of the date of this MD&A or as otherwise specified. Except as required by applicable securities law, we undertake no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors affecting those

statements, whether as a result of new information, future events or otherwise or the foregoing lists of factors affecting this information.

All of the forward-looking information contained in this MD&A is expressly qualified by the foregoing cautionary statements. Further information regarding factors that may cause actual results to differ materially are included in the Company's annual and other reports filed from time to time with the Canadian Securities Administrators on SEDAR+ (www.sedarplus.ca), including the Company's Filing Statement filed on SEDAR+ on August 14, 2023, under the heading "17. Risk Factors." This list of risk factors should not be construed as exhaustive. Readers are cautioned that events or circumstances could cause results to differ materially from those predicted, forecasted or projected. The forward-looking statements contained in this document speak only as of the date of this document. MTLC does not undertake any obligation to publicly update or revise any forward-looking statements or information contained herein, except as required by applicable laws. The forward-looking statements contained in this document are expressly qualified by this cautionary statement. Additional information relating to MTLC can be found on SEDAR+ at www.sedarplus.ca.

OVERVIEW

On July 28, 2023, the Company, formerly Canada House Cannabis Group Inc. ("Canada House"), completed its acquisition of all of the issued and outstanding shares of Montréal Medical Cannabis Inc. ("Montréal Cannabis"), effective as of July 28, 2023 (the "RTO Transaction").

The first stage of the RTO Transaction was completed on August 30, 2022 (the "Tranche One Closing"). The Tranche One Closing resulted in Canada House acquiring 24.99% of the issued and outstanding common shares of Montréal Cannabis from the Montréal Cannabis shareholders in exchange for 49.99% of the issued and outstanding common shares of Canada House. Canada House issued 22,779,340 common shares to the shareholders of Montréal Cannabis. Subsequent to the Tranche One Closing, 46,152,564 common shares of Canada House were issued and outstanding.

The second stage of the RTO Transaction was completed on July 28, 2023 (the "Tranche Two Closing"). The Tranche Two Closing resulted in Canada House acquiring the remaining 75.01% of the issued and outstanding shares of Montréal Cannabis from the Montréal Cannabis shareholders in exchange for 70,713,556 common shares of Canada House, resulting in Montréal Cannabis becoming a wholly owned subsidiary of Canada House (now renamed "MTL Cannabis Corp."). Upon completion of the Tranche Two Closing, the existing Montréal Cannabis shareholders held a majority of MTLC's outstanding common shares, constituting a reverse takeover of Canada House by the shareholders of Montréal Cannabis. As a result, the comparative information included herein is solely that of Montréal Cannabis.

The Company operates through its wholly owned subsidiaries, including: Montréal Cannabis, Abba Medix Corp. ("Abba"), Canada House Clinics Inc. ("CHC"), and IsoCanMed Inc. ("ICM").

Licensed Producers

Montréal Medical Cannabis Inc.

Montréal Cannabis is a licensed cultivator and processor in Canada under the Cannabis Act (Canada) (together with the regulations promulgated thereunder (the "Cannabis Regulations"), the "Cannabis Act") and associated Cannabis Regulations. The Company is concentrated on respecting the cannabis culture and daily consumer by launching modern unique offerings into the Canadian market at a competitive price point.

The Company holds two licences from Health Canada: (i) a Cultivation License (defined below); and (ii) a Processing License (defined below). The Company received its Cultivation License under section 22(2) of the Access to Cannabis for Medical Purposes Regulations ("ACMPR") on February 7, 2020, authorizing Montréal Cannabis to cultivate and process cannabis (the "Cultivation Licence"). The Cultivation License permitted the Company to acquire cannabis plants and/or seeds for the purpose of initiating plant growth and for conducting analytical testing.

On February 7, 2020, the Company also received its Standard Processing Licence (the "Processing Licence"). The Processing Licence allows the Company to produce cannabis, other than obtain it by cultivating, propagating or harvesting it (i.e. extract oils).

On February 22, 2022, the Company's Processing Licence was amended to allow it to sell and distribute finished packaged cannabis products to sell its own production to provincially and territorially authorized retailers.

On February 21, 2025, the Company also received its Medical Sales Licence (the "Medical Distribution Licence"). The Medical Distribution Licence allows the company to procure and distribute medical cannabis products to registered medical cannabis patients within Canada.

Abba Medix Corp.

Since fiscal 2022, Abba has focused on being a leading medical marketplace for veterans with coverage. Abba has also transitioned to producing cannabis at its facility which it sells to Montréal Cannabis for the recreational market. As a medical marketplace, Abba sources over 450 SKUs from various brands and licensed producers to curate a menu for veterans and other medical patients.

At the current full capacity, the facility leased and outfitted by Abba has capacity to produce approximately 2,500 kg of premium dried flower annually. Abba started a retrofit of cultivation rooms in October 2023, that were previously sublet to a third party who occupied the space. Additionally, the Company has completed the process of relocating and expanding their operational footprint to its MTL facility based in Pointe Claire, Quebec. This will support their growing medical fulfilment operations to keep up with market demand of the medical cannabis market. The transition and expansion initiative was completed in July 2025.

IsoCanMed Inc.

ICM has invested approximately \$15,000,000 in a state-of-the-art 64,000-square-foot production facility, including its recently completed retrofit to deploy Montréal Cannabis' proven cultivation methodologies. In addition, MTLIC invested an additional \$1.8M into ICM to further expand its cultivation capacity, completing the expansion in February 2024. ICM's facility currently offers the potential for an annual production capacity of over 8,000 kg of low-cost dried flowers. The annual cultivation weight at ICM is largely dependent on which genetics are used and the yield per plant from the genetics selected. ICM also owns adjacent land of 450,000 square feet that can accommodate the construction of additional facilities.

Clinics

Canada House Clinics Inc.

CHC's mission is to improve the quality of life for anyone suffering from post-traumatic stress disorder, chronic pain and/or other medical conditions. CHC is not in the business of growing or distributing cannabis and does not plan to undertake these activities in the future. CHC provides education services to assist their patients in selecting a Licensed Producer, identify appropriate strains, and consult and support patients regarding the use of medical cannabis. Services are inclusive of issuing a Medical Document (authorization to purchase medical cannabis) using licensed health care providers. Since its inception, CHC has directly supported thousands of veterans and civilians across Canada with comprehensive service and care. CHC currently has thirteen clinic locations, including both standalone and embedded locations inside third-party medical clinics. There is one clinic in each of the provinces of Alberta, Manitoba, Prince Edward Island, and Newfoundland, two clinics in New Brunswick, two clinics in Nova Scotia and five clinics in Ontario. Clients of CHC clinics are educated to understand the possible benefits of cannabinoid therapy, and, if appropriate, introduced to a professional who can write a cannabis prescription to meaningfully improve the quality of lives for veterans, first responders and civilians alike.

CHC continues to execute several initiatives to provide better service and support for their patients. CHC healthcare staff produce blogs and hold various informational sessions, which focuses on the efficacy of cannabis treatment for various conditions supported by fact-based research, client trends and feedback. CHC continues to make improvements to its Cannabis Patient Management ("CPM") software, including new physician services capabilities,

embedded secure telemedicine, prescriber and client portals, digital treatment plans and reconciliation of licensed producer payments. The CPM software allows for better service to existing clients and improves the efficiency of managing patient care. API integrations with partnered licensed producers have been created to allow for the registration of patients more securely, instantly and accurately. Incorporated treatment reporting has been added to the patient portal that will allow a better understanding of what treatments and products work best for a specific diagnosis.

In the interest of providing superior, comprehensive service to its clients, CHC has added Licensed Practical Nurses and other health workers to provide Cannabinoid Therapy Education (“CTE”) to all clients, which is an integral part of the Company’s vision in offering better health outcomes to those seeking alternative treatments towards improving their quality of life. CHC uses a combination of Physicians and Nurse Practitioners to issue medical documents, both in person and via telemedicine. Consultation fees are either billed back to a payor (e.g. provincial health plan) or paid by CHC (e.g. a Nurse Practitioner seeing a patient).

CHC facilitates Abba’s client growth by providing insights to Abba on which types of cannabis products would be effective and popular with patients and including Abba in recommended treatment options when appropriate for a particular patient. CHC remains committed to educating on and working with many external Licensed Producers to provide greater capacity and treatment alternatives based on patient needs. In addition to Abba, CHC has a number of agreements with Licensed Producers from which CHC patients could choose their medicine. CHC’s clinics also provide Second Level Assessments for veteran clients who require an increased level of care. Abba has secured its amended sales license from Health Canada, enabling the sale of its own cannabis directly to CHC, medical patients, and other consumers.

Strategy

MTLC will continue to focus on driving organic growth across all revenue channels, specifically the Canadian recreational, Canadian medical, and the international medical cannabis markets in jurisdictions where medical cannabis is legal and supported by a federally approved regulatory regime. All such channels have been established and continue to demonstrate growth, driven by increased demand for MTLC produced products and medical services.

Canadian Recreational Market

The Canadian recreational market continues to grow as 2024 concluded with \$5.24B of domestic sales, or 1.5% year-over-year growth. MTLCs domestic growth rate has outpaced the Canadian market growth rate, which further demonstrates the impact of MTLCs brands and product quality in the market. MTLC recently won 'Brand of the Year' at the 2024 Grow Up Awards Gala, reinforcing the strength of the brand and its impact on the domestic market.

MTLC will continue to focus on the flower-based products and concentrates, specifically dried flower, pre-rolls, and hash products. These product categories continue to represent approximately 70% of sales in both the Canadian and international markets. MTLC is committed to ensuring the highest levels of quality and consistency for its products, continually investing in the development of new genetics and product types and formats within each category.

Canadian Medical Market

MTLC has completed integration activities at both Abba and CHC, which has allowed both businesses to contribute to the overall profitability of the company. MTLC will continue to focus on servicing the veteran community in the Canadian medical cannabis space as they are the only group which is fully insured with 100% coverage for cannabis prescriptions through Blue Cross and Veteran Affairs Canada. As of September 30, 2025, MTLC serves approximately 5,000 total medical patients between veterans and civilians. CHC actively works with the veteran community to support the registration of veterans to become active medical patients.

International Markets

MTLC has established export channels into Germany, Australia, Poland, Portugal, and the UK. The Company has completed a number of shipments, focused on the German market, and will continue to service these regulated jurisdictions as the brand continues to gain traction internationally and MTLC cultivation capacity expands to fulfill the needs of the international markets.

Canadian exports to international medical markets have increased year-over-year. Specific to Germany, imports of cannabis have increased significantly in recent years. During the 2024 calendar year, the quantity of dried cannabis imported from abroad for medical and medical-scientific purposes was 70 tonnes, an increase of 218.75% from the 32 tonnes imported in 2023, according to Germany's Federal Institute for Drugs and Medical Devices.

For the year ended March 31, 2025, the Company shipped over 1,000kg and generated revenue of \$3,247,000 from sales into the Portugal market. For the six months ended September 30, 2025, the Company shipped approximately 1,200kg and generated revenue of \$3,338,093 from sales into the Portugal market.

Business Operations

Operationally, Montréal Cannabis serves as the key hub for cultivation, processing, and distribution for Canadian recreational markets and international markets, as well as the primary fulfillment and distribution asset for the Canadian medical cannabis market. Both ICM and Abba supplement Montréal Cannabis with additional cultivation capacity to meet ongoing demand and growth for the overall Company. As of September 30, 2025, MTLC has an estimated total production capacity of 19,500 kg per annum after completed retrofits and expansions of both Abba and ICM, representing an additional estimated 2,500 kg and 8,000 kg, respectively.

To drive growth for medical patients, CHC operates thirteen brick-and-mortar clinics across Canada, in addition to virtual clinic services, to help increase the number of medical patients receiving services, specifically among the veteran community.

As demand continues to increase, the company will continue to invest in expansion initiatives to maximize cultivation capacity, yields, quality, processing capabilities, and new products to serve each respective market.

Financing Transactions

Private Placement

On September 19, 2025, the Company closed a brokered private placement offering of 3,147,999 units at a price of \$0.65 per unit, for aggregate gross proceeds of \$2,046,199 (the "Private Placement"). Each unit consists of one common share of the Company and one-half common share purchase warrant.

The Company intends to use the net proceeds from the Private Placement for capital expenditures and brand-awareness initiatives and marketing activities.

In connection with the Private Placement, the Company paid cash transaction costs of \$375,364, issued 78,700 broker warrants, 220,360 broker options, and paid a corporate finance fee through the issuance of 157,400 units. Each broker warrant entitles the holder to acquire a unit at the issue price for a period of three years from the closing date.

Debt Refinancing

On July 30, 2025, the Company closed a credit agreement with a Canadian Schedule 1 Bank to assist with capital expenditures, finance working capital, and refinance existing debt assumed from the RTO Transaction. The credit agreement was comprised of the following facilities:

- an uncommitted demand revolving credit facility of up to \$4,000,000 (the "RT Facility").
- A committed non-revolving term credit facility, by way of a single drawdown, in the amount of \$6,750,000 (the "NRT 1 Facility").
- A committed non-revolving term credit facility, by way of a single drawdown, in the amount of \$12,150,000

(the “NRT 2 Facility”).

- An uncommitted delayed draw non-revolving term credit facility, available by way of one or more drawdowns, in the amount of \$4,120,000 (the “DDTL Facility”).

All facilities (the “Credit Facilities”) mature on July 28, 2028, and bear interest based on the Canadian Overnight Repo Rate Average (“CORRA”) plus an applicable margin, or the Canadian prime rate plus an applicable margin. The Credit Facilities are secured against (i) all of the present and after-acquired undertakings, property and assets of the Company and its material operating subsidiaries, and (ii) the property located at 551 Rue Saint-Marc, Louiseville, QC, by a first-ranking collateral mortgage.

As of September 30, 2025, the Company made drawdowns of \$6,750,000 under the NRT 1 Facility, \$12,150,000 under the NRT 2 Facility, and utilized \$633,927 of the RT Facility through overdraft. The DDTL Facility remains undrawn.

SELECTED FINANCIAL HIGHLIGHTS

The following table presents selected financial information for the three and six months ended September 30, 2025 and 2024:

	For the three months ended September 30,				For the six months ended September 30,			
	2025	2024	Change		2025	2024	Change	
	\$	\$	\$	%	\$	\$	\$	%
Revenue	20,613,664	20,869,898	(256,234)	(1%)	41,297,515	41,591,130	(293,615)	(1%)
Gross profit before fair value adjustments	10,280,824	11,317,565	(1,036,741)	(9%)	19,201,046	22,510,153	(3,309,107)	(15%)
Gross profit	9,206,165	11,785,392	(2,579,227)	(22%)	18,723,806	24,889,321	(6,165,515)	(25%)
General and administrative	6,933,575	5,761,295	1,172,280	20%	12,096,238	11,512,581	583,657	5%
Sales and marketing	732,233	493,541	238,692	48%	1,510,127	993,877	516,250	52%
Amortization and depreciation	1,208,064	1,363,673	(155,609)	(11%)	2,587,560	2,833,593	(246,033)	(9%)
Share-based compensation	276,547	76,952	199,595	259%	421,870	495,370	(73,500)	(15%)
Total operating expenses	9,150,419	7,695,461	1,454,958	19%	16,615,795	15,835,421	780,374	5%
Operating income	55,746	4,089,931	(4,034,185)	(99%)	2,108,011	9,053,900	(6,945,889)	(77%)
Adjusted EBITDA	2,223,919	5,091,902	(2,867,983)	(56%)	5,219,718	10,126,791	(4,907,073)	(48%)

Adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) is a non-IFRS performance measure. See below for further details.

The following table presents the Company’s cash position, total assets and total liabilities as of September 30, 2025 and March 31, 2025:

	As at September 30, As at March 31,			
	2025	2025	Change	
	\$	\$	\$	%
Cash	2,954,224	5,680,958	(2,726,734)	(48%)
Total assets	88,903,877	86,155,684	2,748,193	3%
Total liabilities	66,540,063	64,393,422	2,146,641	3%

OVERALL FINANCIAL PERFORMANCE

Revenue, net of excise tax, for the three months ended September 30, 2025, was \$20,613,664, a decrease of \$256,234 or 1%, compared to the equivalent period in the prior year. Revenue, net of excise tax, for the six months ended September 30, 2025, was \$41,297,515, a decrease of \$293,615 or 1%, compared to the equivalent period in the prior year. The decrease in total revenue was driven by lower average selling prices as the Company aimed to move older inventory and focus on higher quality flower available from its increased production capacity.

Gross profit before fair value adjustments for the three months ended September 30, 2025, was \$10,280,824, a decrease of \$1,036,741 or 9%, compared to the equivalent period in the prior year. Gross profit before fair value adjustments for the six months ended September 30, 2025, was \$19,201,046, a decrease of \$3,309,107 or 15%, compared to the equivalent period in the prior year. The decrease in gross profit is primarily due to a decrease in the average selling price, and an increase in the sale of bulk flower at lower margins as the Company aimed to

move older inventory and focus on higher quality flower produced from its increased production capacity. Gross margins were also under pressure from lower retail selling prices

The Company concluded the period ended September 30, 2025, with cash of \$2,954,224 (March 31, 2025 - \$5,680,958). The decrease in cash was primarily due to cash provided by operating activities of \$548,756 offset by cash used in investing activities of \$1,807,372 to primarily acquire equipment and cash used in financing activities of \$1,468,118 to repay outstanding notes payable and convertible debentures offset by the inflows under the new Credit Facilities.

RESULTS OF OPERATIONS

Analysis of the three and six months ended September 30, 2025 and 2024:

	For the three months ended September 30,				For the six months ended September 30,			
	2025	2024	Change		2025	2024	Change	
	\$	\$	\$	%	\$	\$	\$	%
Revenue								
Product revenue	23,250,382	25,099,126	(1,848,744)	(7%)	47,508,984	49,605,134	(2,096,150)	(4%)
Referral revenue	2,115,188	1,335,376	779,812	58%	3,746,873	2,671,632	1,075,241	40%
Excise tax	(4,751,906)	(5,564,604)	812,698	15%	(9,958,342)	(10,685,636)	727,294	7%
Net Revenue	20,613,664	20,869,898	(256,234)	(1%)	41,297,515	41,591,130	(293,615)	(1%)
Cost of sales	10,332,840	9,552,333	780,507	8%	22,096,469	19,080,977	3,015,492	16%
Gross profit before fair value adjustments	10,280,824	11,317,565	(1,036,741)	(9%)	19,201,046	22,510,153	(3,309,107)	(15%)
Fair value adjustments on biological assets	(82,543)	2,393,627	(2,476,170)	(103%)	2,081,553	4,774,327	(2,692,774)	(56%)
Fair value adjustments on sale of inventory	(992,116)	(1,925,800)	933,684	48%	(2,558,793)	(2,395,159)	(163,634)	(7%)
Gross profit	9,206,165	11,785,392	(2,579,227)	(22%)	18,723,806	24,889,321	(6,165,515)	(25%)
Operating expenses								
General and administrative	6,933,575	5,761,295	1,172,280	20%	12,096,238	11,512,581	583,657	5%
Sales and marketing	732,233	493,541	238,692	48%	1,510,127	993,877	516,250	52%
Amortization and depreciation	1,208,064	1,363,673	(155,609)	(11%)	2,587,560	2,833,593	(246,033)	(9%)
Share-based compensation	276,547	76,952	199,595	259%	421,870	495,370	(73,500)	(15%)
Total operating expenses	9,150,419	7,695,461	1,454,958	19%	16,615,795	15,835,421	780,374	5%
Operating income	55,746	4,089,931	(4,034,185)	(99%)	2,108,011	9,053,900	(6,945,889)	(77%)
Finance expense, net	8,080,121	1,827,305	6,252,816	342%	10,007,929	3,616,606	6,391,323	177%
Other loss (income)	391,097	(29,173)	420,270	1,441%	374,963	(123,096)	498,059	405%
Income before income taxes	(8,415,472)	2,291,799	(10,707,271)	(467%)	(8,274,881)	5,560,390	(13,835,271)	(249%)
Income tax expense	(93,409)	1,046,021	(1,139,430)	109%	91,615	2,108,299	(2,016,684)	96%
Net income (loss) and comprehensive income (loss) for the period	(8,322,063)	1,245,778	(9,567,841)	(768%)	(8,366,496)	3,452,091	(11,818,587)	(342%)

Revenue

Revenue, net of excise tax, decreased from \$20,869,898 to \$20,613,664 or 1% for the three months ended September 30, 2025, compared to the equivalent period in the prior year. Revenue, net of excise tax, decreased from \$41,591,130 to \$41,297,515 or 1% for the six months ended September 30, 2025, compared to the equivalent period in the prior year. For the three months and six months ended September 30, 2025, the decrease in product revenue was primarily offset by higher referral revenue, and lower excise taxes.

Cost of Sales

Cost of sales includes the cost of inventory sold and production costs expensed. Direct and indirect production costs include labor, processing, testing, packaging, quality assurance, security, inventory, shipping, depreciation of production equipment, production overhead and other related expenses.

Cost of sales increased from \$9,552,333 to \$10,332,840 or 8% for the three months ended September 30, 2025, compared to the equivalent period in the prior year. Cost of sales increased from \$19,080,977 to \$22,096,469 or 16% for the six months ended September 30, 2025, compared to the equivalent period in the prior year. For the three and six months ended September 30, 2025, the increase in costs of sales is primarily due to an increase in the quantity of bulk flower sold as the Company aimed to sell older acquired inventory on hand and focus on higher quality flower from its increased production capacity at its wholly owned facilities.

Fair value adjustments on biological assets and inventory

The Company capitalizes the direct and indirect costs incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest. Capitalized costs include labour related costs, grow consumables, utilities, facilities costs, and an allocation of overhead costs related to the production facility and depreciation on production equipment. Capitalized costs are subsequently recorded within cost of sales in the consolidated statements of income (loss) and comprehensive income (loss) in the period that the related product inventory is sold.

At each reporting period and at the point of harvest, the Company measures biological assets at fair value less cost to sell up to the point of harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are separately recorded in the consolidated statements of income (loss) and comprehensive income (loss) for the related period.

Unrealized fair value adjustments on biological assets decreased from a gain of \$2,393,627 to a loss of \$82,543 for the three months ended September 30, 2025, compared to the equivalent period in the prior year. Unrealized fair value adjustments on biological assets decreased from a gain of \$4,774,327 to a gain of \$2,081,553 for the six months ended September 30, 2025, compared to the equivalent period in the prior year. In both periods, the decrease is primarily due to a decrease in market-based bulk selling prices, a significant input to the determination of the fair value of biological assets.

Realized fair value adjustments on inventory increased from a loss of \$1,925,800 to a loss of \$992,116 or 48% for the three months ended September 30, 2025, compared to the equivalent period in the prior year. Realized fair value adjustments on inventory decreased from a loss of \$2,395,159 to a loss of \$2,558,793 or 7% for the six months ended September 30, 2025, compared to the equivalent period in the prior year.

The direct and indirect costs of inventory initially include the fair value of the biological asset at the time of harvest. They also include subsequent costs such as materials, labour and depreciation expense on equipment involved in transformation, packaging, labeling and inspection. Realized fair value amounts included in inventory sold are recorded in the consolidated statements of income (loss) and comprehensive income (loss) for the related period.

General and administrative

General and administrative expenses for the three and six months ended September 30, 2025 and 2024 are comprised of:

	For the three months ended September 30,				For the six months ended September 30,			
	2025	2024	Change		2025	2024	Change	
	\$	\$	\$	%	\$	\$	\$	%
Salaries, wages and benefits	4,670,126	3,078,763	1,591,363	52%	7,954,862	6,648,738	1,306,124	20%
General operating	1,586,886	1,254,541	332,345	26%	2,816,885	2,601,331	215,554	8%
Professional fees	601,879	1,332,900	(731,021)	(55%)	1,167,736	2,129,216	(961,480)	(45%)
Occupancy expense	74,684	95,091	(20,407)	(21%)	156,755	133,296	23,459	18%
	6,933,575	5,761,295	1,172,280	20%	12,096,238	11,512,581	583,657	5%

Salaries, wages and benefits increased from \$3,078,763 to \$4,670,126 or 52% for the three months ended September 30, 2025, compared to the equivalent period in the prior year. Salaries, wages and benefits increased from \$6,648,738 to \$7,954,862 or 20% for the six months ended September 30, 2025, compared to the equivalent period in the prior year. Salaries, wages and benefits, does not include salaries, wages and benefit costs that were capitalized to biological assets and inventory production. For the three and six months ended September 30, 2025, the increase in salaries, wages and benefits, compared to the equivalent periods in the prior year, is primarily due

variable compensation accrued for members of key management personnel during the three months ended September 30, 2025.

General operating costs increased from \$1,254,541 to \$1,586,886 or 26% for the three months ended September 30, 2025, compared to the equivalent period in the prior year. General operating costs increased from \$2,601,331 to \$2,816,885 or 8% for the six months ended September 30, 2025, compared to the equivalent period in the prior year. General operating costs include licensing fees, software and subscription fees, insurance, travel costs and other general and administrative costs incurred. Such costs can fluctuate from period to period based on the activities undertaken and are generally expected to grow as the operations and business expand.

Professional fees decreased from \$1,332,900 to \$601,879 or 55% for the three months ended September 30, 2025, compared to the equivalent period in the prior year. Professional fees decreased from \$2,129,216 to \$1,167,736 or 45% for the six months ended September 30, 2025, compared to the equivalent period in the prior year. For the three and six months ended September 30, 2025, the decrease in professional fees is primarily due to significant one-time costs incurred with respect to the annual audit of the RTO transaction completed in the equivalent periods in the prior year. Professional fees can fluctuate from period to period based on the activities undertaken by the Company.

Sales and marketing

Sales and marketing increased from \$493,541 to \$732,233 or 48% for the three months ended September 30, 2025, compared to the equivalent period in the prior year. Sales and marketing increased from \$993,877 to \$1,510,127 or 52% for the six months ended September 30, 2025, compared to the equivalent period in the prior year. For the three and six months ended September 30, 2025, the increase is primarily due to expanded promotional activities to facilitate sales growth across markets domestically and internationally.

Amortization and depreciation

Amortization and depreciation expense decreased from \$1,363,673 to \$1,208,064 or 11% for the three months ended September 30, 2025, compared to the equivalent period in the prior year. Amortization and depreciation expense decreased from \$2,833,593 to \$2,587,560 or 9% for the six months ended September 30, 2025, compared to the equivalent period in the prior year. For the three and six months ended September 30, 2025, the decrease is primarily related to property, plant and equipment disposals, and items that have been fully depreciated.

Share-based compensation

Share-based compensation increased from \$76,952 to \$276,547 or 259%, for the three months ended September 30, 2025, compared to the equivalent period in the prior year. Share-based compensation decreased from \$495,370 to \$421,870 or 15%, for the six months ended September 30, 2025, compared to the equivalent period in the prior year.

The increase in share-based compensation for the three months ended September 30, 2025 relates to the granting of 3,750,000 DSUs and 2,000,000 RSUs during the six months ended September 30, 2025. The decrease in share-based compensation for the six months ended September 30, 2025 relates to the immediate vesting of 25% of the 5,725,000 share options granted during the six months ended September 30, 2024, offset by the expense recognized on DSUs and RSUs granted during the six months ended September 30, 2025.

Finance expense

Finance expense increased from \$1,827,305 to \$8,080,121 or 342% for the three months ended September 30, 2025, compared to the equivalent period in the prior year. Finance expense increased from \$3,616,606 to \$10,007,929 or 177% for the six months ended September 30, 2025, compared to the equivalent period in the prior year. For the three and six months ended September 30, 2025, the increase is primarily related to 14,466,568 warrants issued to Archerwill upon repayment of the convertible debentures, resulting in an expense of \$6,875,343, offset by a gain on modification of notes payable of \$181,934.

ADJUSTED EBITDA

Adjusted EBITDA is a non-IFRS measure used by management that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. It is intended to provide a proxy for the Company's operating cash flow and is widely used by industry analysts and investors to compare the Company to its competitors and derive expectations of the future financial performance of the Company. Management uses Adjusted EBITDA to assist with comparatives to other companies by eliminating variability resulting from differences in capital structures, management decisions related to resource allocation, and the impact of fair value adjustments on biological assets and inventory, which may be volatile on a period-to-period basis. Management defines Adjusted EBITDA as income (loss) from operations, as reported, adjusted for depreciation and amortization, financing costs, interest and accretion, share-based payments, change in fair value of biological assets realized through inventory sold, unrealized gains and losses on changes in fair value of biological assets, taxes and non-recurring one-time expenses.

	For the three months ended September 30,				For the six months ended September 30,			
	2025	2024	Change		2025	2024	Change	
	\$	\$	\$	%	\$	\$	\$	%
Net (loss) income	(8,322,063)	1,245,778	(9,567,841)	(768%)	(8,366,496)	3,452,091	(11,818,587)	(342%)
Fair value adjustments	1,074,659	(467,827)	1,542,486	(330%)	477,240	(2,379,168)	2,856,408	(120%)
Share-based compensation	276,547	76,952	199,595	259%	421,870	495,370	(73,500)	(15%)
Finance expense, net	8,080,121	1,827,305	6,252,816	342%	10,007,929	3,616,606	6,391,323	177%
Amortization and depreciation	1,208,064	1,363,673	(155,609)	(11%)	2,587,560	2,833,593	(246,033)	(9%)
Tax expense	(93,409)	1,046,021	(1,139,430)	109%	91,615	2,108,299	(2,016,684)	96%
Adjusted EBITDA	2,223,919	5,091,902	(2,867,983)	(56%)	5,219,718	10,126,791	(4,907,073)	(48%)

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited quarterly statements of operations data for each of the eight quarters commencing on October 1, 2023, and ending on September 30, 2025. The information for each of these quarters has been prepared on the same basis as the audited annual financial statements for the years ended March 31, 2025 and 2024. This data should be read in conjunction with our audited annual financial statements for the years ended March 31, 2025 and 2024 and the financial statements for the periods ended September 30, 2025 and 2024. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
	\$	\$	\$	\$
Total Revenue	25,365,570	25,890,287	27,363,027	25,599,316
Net Revenue	20,613,664	20,683,851	22,527,630	19,955,055
Gross profit before fair value adjustments	10,280,824	8,920,222	13,472,851	10,420,279
Operating income	55,746	2,052,265	6,083,188	914,770
Net income (loss)	(8,322,063)	(44,433)	4,594,754	(1,220,589)
Net income (loss) per share - basic	(0.071)	(0.000)	0.039	(0.010)
Net income (loss) per share - diluted	(0.071)	(0.000)	0.039	(0.010)

	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
	\$	\$	\$	\$
Total Revenue	26,434,502	25,842,264	18,279,270	23,705,954
Revenue	20,869,898	20,721,232	14,022,488	19,331,624
Gross profit before fair value adjustments	11,317,565	11,192,588	7,764,871	9,815,911
Operating income	4,089,931	4,963,969	157,990	1,779,340
Net income (loss)	1,245,778	2,206,313	(1,219,475)	453,234
Net income (loss) per share - basic	0.011	0.019	(0.010)	0.004
Net income (loss) per share - diluted	0.011	0.019	(0.010)	0.004

FINANCIAL POSITION

As at	September 30, 2025	March 31, 2025	Change	
	\$	\$	\$	%
ASSETS				
Current assets				
Cash	2,954,224	5,680,958	(2,726,734)	(48%)
Trade and other receivables	12,117,321	11,821,096	296,225	3%
Inventory	17,049,200	16,946,417	102,783	1%
Biological assets	1,738,449	2,141,941	(403,492)	(19%)
Prepaid expenses and deposits	2,286,305	460,925	1,825,380	396%
	36,145,499	37,051,337	(905,838)	(2%)
Non-current assets				
Prepaid expenses and deposits	46,521	63,290	(16,769)	(26%)
Right-of-use assets, net	17,106,811	11,755,639	5,351,172	46%
Property, plant and equipment, net	18,677,663	18,670,035	7,628	0%
Intangible assets and goodwill, net	16,927,383	18,615,383	(1,688,000)	(9%)
Total non-current assets	52,758,378	49,104,347	3,654,031	7%
TOTAL ASSETS	88,903,877	86,155,684	2,748,193	3%
LIABILITIES				
Current liabilities				
Trade and other payables	16,722,305	19,364,554	(2,642,249)	(14%)
Income taxes payable	—	695,939	(695,939)	(100%)
Provision	—	5,000,000	(5,000,000)	(100%)
Lease obligations	1,732,505	1,020,568	711,937	70%
Notes payable	—	14,552,353	(14,552,353)	(100%)
Borrowings	3,617,073	350,438	3,266,635	932%
Convertible debentures	—	7,583,236	(7,583,236)	(100%)
Total current liabilities	22,071,883	48,567,088	(26,495,205)	(55%)
Non-current liabilities				
Lease obligations	18,935,324	13,874,879	5,060,445	36%
Notes payable	8,189,401	—	8,189,401	100%
Borrowings	15,830,909	—	15,830,909	100%
Deferred tax liability	1,512,546	1,951,455	(438,909)	(22%)
Total liabilities	66,540,063	64,393,422	2,146,641	3%
SHAREHOLDERS' EQUITY				
Share capital	12,306,550	11,075,877	1,230,673	11%
Contributed surplus	12,718,669	4,981,294	7,737,375	155%
Retained earnings	(2,661,405)	5,705,091	(8,366,496)	(147%)
Total shareholders' equity	22,363,814	21,762,262	601,552	3%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	88,903,877	86,155,684	2,748,193	3%

Assets

For the period ended September 30, 2025 compared to the year ended March 31, 2025

Trade and other receivables increased by \$296,225 or 3%. The reasons for the increase are as follows:

- (i) an increase of \$990,190 in trade receivables related to timing of payments received;
- (ii) an increase of \$229,687 in income taxes receivable;
- (iii) an increase of \$50,482 in sales tax receivables;
- (iv) an increase of \$16,254 in other receivables; and
- (v) a decrease of \$148,388 in expected credit losses;
- (vi) a decrease due to the receipt of \$1,990,014 of outstanding receivables relating to a subsidy received relating to the Hydro-Québec Efficient Solutions Program offset by an increase of \$947,140 recognized under the same program in respect of a new subsidy claimed in the period; and
- (vii) a net decrease of \$95,902 in SR&ED receivables.

Inventory increased by \$102,783 or 1%, primarily due to an increase in carrying value of \$117,922 offset by an increase in the inventory provision of \$15,139.

Right-of-use assets increased by \$5,351,172 or 46%. The increase is due to a modification in the amount of \$6,200,347 and additions of \$168,493, offset by \$1,017,668 of depreciation.

Property, plant and equipment decreased by \$7,628, due to \$978,604 of depreciation expense and \$947,140 related to government subsidy, offset by additions of \$1,933,372.

Intangible assets and goodwill decreased by \$1,688,000 or 9%. The decrease is due to \$1,688,000 of amortization related to intangible assets.

Liabilities

For the period ended September 30, 2025 compared to the year ended March 31, 2025

Trade and other payables decreased by \$2,642,249 or 14%, primarily due to the timing of invoices and payments.

Income taxes payable decreased by \$695,939 or 100%, primarily due to timing of payments and a decreased provision resulting in income taxes receivable.

Lease obligations increased by \$5,772,382 or 39%, primarily due to an increase due to modifications of \$6,200,347, additions of \$168,493, and interest expense of \$1,144,695, offset by payments of \$1,741,153.

Notes payable decreased by \$6,362,952 or 44%, primarily due to repayments of \$11,460,141 and a gain on modification of \$181,934, offset by interest expense of \$654,407 and advances of \$4,624,716.

Borrowings increased by \$19,097,544 or 5450%, primarily due to advances of \$18,900,000, overdraft of \$633,927, and interest expense of \$215,872, offset by transaction costs of \$323,920 and repayments of \$328,335.

Convertible debentures decreased by \$7,583,236 or 100%, primarily due to cash payments of \$8,907,979 and a gain on extinguishment of \$15,168, offset by interest expense of \$1,339,911.

Deferred tax liability decreased by \$438,909 or 22%, primarily due to deferred tax expense recognized during the period.

Shareholders' equity

Share capital increased by \$1,230,673 or 11%, primarily due to 3,147,999 common shares issued through the Private Placement recorded in the amount of \$1,630,108, and 157,400 common shares issued as a finance fee for

the Private Placement, recorded at \$105,458. The increases were offset by \$504,893 of transaction costs deducted from equity as a part of the Private Placement.

Contributed surplus increased by \$7,737,375 or 155%, primarily due to:

- (i) 14,466,568 warrants issued to Archerwill upon repayment of the convertible debentures, resulting in an expense of \$6,875,343;
- (ii) 1,573,999 warrants issued in connection with the Private Placement in the amount of \$416,091;
- (iii) 78,700 broker warrants issued in connection with the Private Placement in the amount of \$26,919;
- (iv) 220,360 broker options issued in connection with the Private; and
- (v) \$421,870 due to share-based compensation, which includes outstanding options, DSUs, and RSUs granted; offset by
- (vi) Transaction costs of \$128,881 deducted from contributed surplus in the connection with the Private Placement.

Liquidity, Capital Resources and Financing

The general objectives of our capital management strategy are to preserve our capacity to continue operating, provide benefits to our stakeholders and provide an adequate return on investment to our shareholders by continuing to invest in our future that is commensurate with the level of operating risk we assume. We determine the total amount of capital required consistent with risk levels. We are not subject to any externally imposed capital requirements.

The financial statements and this MD&A have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The financial statements and this MD&A do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at September 30, 2025, the Company had cash of \$2,954,224 representing a decrease of \$2,726,734 from March 31, 2025. This decrease is primarily due to \$548,756 of cash provided by operating activities, \$1,807,372 of cash used in investing activities and \$1,468,118 of cash used in financing activities.

Given our existing cash and trade receivables as well access to the uncommitted RT Facility and DDTL Facility, we believe there is sufficient liquidity to meet our current and short-term growth requirements in addition to our long-term strategic objectives. As a part of the Company's refinancing, the maturity of all borrowings was deferred to 2028.

Cash flows

	For the six months ended September 30,	
	2025	2024
	\$	\$
Cash	2,954,224	3,272,490
Net cash provided by (used in):		
Operating activities	548,756	8,171,583
Investing activities	(1,807,372)	(2,256,036)
Financing activities	(1,468,118)	(3,995,192)
Net increase (decrease) in cash	(2,726,734)	1,920,355

Cash Flows Provided by Operating Activities

Cash provided by operating activities for the six months ended September 30, 2025, was \$548,756 compared to cash provided operating activities of \$8,171,583 for the six months ended September 30, 2024. The decrease in cash provided operating activities for the six months ended September 30, 2025, compared to cash provided by

operating activities for the equivalent period in the prior year, is primarily due a net loss of \$8,366,496 compared to net income of \$3,452,091 in the prior period, an increase in income taxes paid of \$1,299,155, a provision paid of \$375,284, and a decrease in changes in non-cash working capital items of \$2,231,296. These were offset by an increase in items not affecting cash of \$8,101,495.

Cash Flows Used in Investing Activities

Cash used in investing activities for the six months ended September 30, 2025, was \$1,807,372 compared to cash used in investing activities of \$2,256,036 for the six months ended September 30, 2024. The decrease in cash used in investing activities is related to purchases of property and equipment.

Cash Flows Used in Financing Activities

Cash used in financing activities for the six months ended September 30, 2025, was \$1,468,118 compared to cash used in financing activities of \$3,995,192 for the six months ended September 30, 2024. The decrease in cash used in financing activities is primarily driven by repayment of notes payable, convertible debentures and borrowings of \$20,696,455 and payment of lease obligations of \$1,741,153 compared to repayment of notes payable, convertible debentures and borrowings of \$2,331,285 and payment of lease obligations of \$1,663,907 in the equivalent period in the prior year. During the six months ended September 30, 2025, the Company also received net proceeds from borrowings in the amount of \$18,576,080, utilized an overdraft in the amount of \$633,927, and received net proceeds from the Private Placement in the amount of \$1,759,483.

CONTRACTUAL OBLIGATIONS

We have no significant contractual arrangements other than those noted in our audited financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements other than those noted in our audited financial statements.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly and consists of the Chief Executive Officer, Chief Financial Officer, Chief Cultivation Officer, Chief Operating Officer, President, and Directors.

Compensation expense, which consists of salaries, benefits and bonuses for the Company's key management personnel for the three and six months ended September 30, 2025, was \$1,967,933 and \$2,652,296 (2024 – \$657,502 and \$1,284,242). Compensation expense for the six months ended September 30, 2025 includes 2,000,000 RSUs and 3,000,000 DSUs granted to key management personnel on June 6, 2025, and 750,000 DSUs granted on August 28, 2025. The aggregate fair value of the RSUs and DSUs granted was \$700,000 and \$1,552,000, respectively. The Company recognized \$107,806 and \$135,929 in expense for RSUs granted and \$88,139 and \$111,131 in expense for DSUs granted during the three and six months ended September 30, 2025, respectively.

During the three and six months ended September 30, 2025, the Company purchased \$531,066 and \$1,373,090 (2024 – \$498,386 and \$2,401,588) of equipment and services at market rates from companies owned by key management personnel. As of September 30, 2025, the Company had an outstanding balance of \$601,769 (March 31, 2025 – \$3,150,207) recorded in trade and other payables.

During the three and six months ended September 30, 2025, the Company made rental and lease payments to related parties totaling \$661,131 and \$1,345,494 (2024 – \$830,067 and \$1,880,672).

On July 30, 2025, the Company also issued two new promissory notes to the Chief Cultivation Officer and Chief Operating Officer in the amount of \$2,312,358 per note. The new notes mature on August 30, 2028, subject to

demand by the lender, and bear interest at 17% per annum. During the three and six months ended September 30, 2025, the Company accrued interest of \$275,302 and \$465,275 (2024 – \$193,625 and \$381,629) on notes payable balances from the Chief Cultivation Officer and Chief Operating Officer, or companies controlled by the Chief Cultivation Officer and Chief Operating Officer. The Company repaid \$1,061,950 and \$1,251,923 during the three and six months ended September 30, 2025 (2024 – \$187,928 and \$678,052). As of September 30, 2025, the Company had an outstanding balance payable of \$8,189,402 (March 31, 2025 – \$4,533,268) recorded in notes payable in relation to these notes.

During the three and six months ended September 30, 2025, the Company accrued interest of \$1,141 and \$114,817 (2024 – \$166,076 and \$386,737) on a promissory note from a director. The Company repaid \$4,184,932 and \$4,253,425 during the three and six months ended September 30, 2025 (2024 – \$46,487 and \$266,236). As of September 30, 2025, the Company had an outstanding balance payable of \$nil (March 31, 2025 – \$4,138,607) recorded in notes payable.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from deposits with banks and outstanding receivables. The Company trades only with recognized, creditworthy third parties. The Company performs credit checks for all customers who wish to trade on credit terms. As at September 30, 2025, two customers represented 47% of the outstanding receivable balance (March 31, 2025 – two customers represented 45%) For the six months September 30, 2025, two customers accounted for 43% of the Company's revenue (2024 – two customers accounted for 10% of the Company's revenue).

The Company does not hold any collateral as security and mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The aging of trade receivables is as follows:

	September 30, 2025	March 31, 2025
	\$	\$
Current	5,804,028	4,524,739
1 – 30 days past due	3,031,299	3,169,696
31 – 60 days past due	391,076	1,155,350
Greater than 60 days past due	1,429,479	815,907
	10,655,882	9,665,692
Less: expected credit losses	(100,081)	(248,469)
	10,555,801	9,417,223

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The Company's exposure to liquidity risk is dependent on the Company's ability to raise additional financing to meet its commitments and sustain operations. The Company mitigates liquidity risk by management of working capital, cash flows, the issuance of share capital and, if desired, the issuance of debt. The Company's trade and other payables are all due within 12 months from the date of these financial statements.

The Company is obligated to the following contractual maturities of undiscounted cashflows as at September 30, 2025:

	Carrying amount	Year 1	Year 2	Year 3	Year 4 and thereafter	Total
	\$	\$	\$	\$	\$	\$
Trade and other payables	16,722,305	16,722,305	—	—	—	16,722,305
Lease obligations	20,667,829	3,467,609	3,452,984	3,587,438	18,748,699	29,256,730
Notes payable	8,189,401	—	—	13,066,725	—	13,066,725
Borrowings	19,447,982	4,791,889	3,661,967	13,853,985	—	22,307,842
	65,027,517	24,981,803	7,114,951	30,508,149	18,748,699	81,353,602

The Company was obligated to the following contractual maturities of undiscounted cashflows as at March 31, 2025:

	Carrying amount	Year 1	Year 2	Year 3	Year 4 and thereafter	Total
	\$	\$	\$	\$	\$	\$
Trade and other payables	19,364,554	19,364,554	—	—	—	19,364,554
Lease obligations	14,895,447	3,437,056	3,409,872	3,411,841	16,770,831	27,029,600
Notes payable	14,552,353	14,685,293	—	—	—	14,685,293
Borrowings	350,438	350,438	—	—	—	350,438
Convertible debentures	7,583,236	8,903,593	—	—	—	8,903,593
	56,746,028	46,740,934	3,409,872	3,411,841	16,770,831	70,333,478

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

- Foreign currency risk

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Company is not exposed to foreign currency risk as a September 30, 2025.

- Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as at September 30, 2025 as there are no material long-term borrowings outstanding subject to variable interest rates.

- Other price risk

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk as at September 30, 2025.

Fair values

The risk of material change in fair value is not considered to be significant. The Company does not use derivative financial instruments to manage this risk.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest-level

input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

- Level 1 – Unadjusted quoted prices as at the measurement date for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the year, there were no transfers of amounts between levels and the Company did not have any financial instruments measured at fair value.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Refer to Note 2 and Note 3 of the audited financial statements for a full discussion of our material accounting policies and estimates for the fiscal years ended March 31, 2025 and 2024.

OUTSTANDING SHARE DATA

The Company has authorized capital of an unlimited number of common shares with no par value. The Company's outstanding capital was as follows as at the date of this MD&A:

Common shares	120,302,960
Share options	6,243,331
Broker options*	220,360
RSUs	2,000,000
DSUs	3,750,000
Warrants	23,271,647

**Each broker option is exercisable to acquire one unit, at an exercise price of \$0.65 per unit, for a period of 36 months from the issuance date. Each unit is comprised of one common share and one-half common share purchase warrant.*

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements: and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52109 Certification of Disclosure in issuers' Annual and Interim filings ("NI 52109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation: and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the unaudited condensed interim consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.