WILLOW BIOSCIENCES INC.

ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2024

Dated March 24, 2025

TABLE OF CONTENTS

SCHEDULES

GLOSSARY

Certain terms and abbreviations used in this Annual Information Form are defined below:

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**AIF**" means this annual information form dated March 24, 2025, for the Company's financial year ended December 31, 2024;

"**API**" means active pharmaceutical ingredient;

"**BioCan**" or "**Willow Analytics**" means BioCan Technologies Inc., which changed its name to Willow Analytics Inc.;

"**Board**" means the board of directors of the Company;

"***Cannabis Act***" means the *Cannabis Act*, S.C. 2018, c. 16, and its regulations;

"**CBG**" means cannabigerol;

"**CBGV**" means cannabigerovarin;

"**Common Shares**" means the common shares in the capital of the Company;

"**Company**" or "**Willow**" means Willow Biosciences Inc.;

"**Convertible Debentures**" means the 12% unsecured convertible debentures underlying the Debenture Units subscribed for pursuant to the Company's non-brokered private placement which closed on October 10, 2023 (for more details, please see "*General Development of the Business – Financial Year ended December 31, 2023*");

"**Debenture Unit**" means the convertible debenture units of the Company subscribed for pursuant to the Company's non-brokered private placement which closed on October 10, 2023 (for more details, please see "*General Development of the Business – Financial Year ended December 31, 2023*");

"**Epimeron**" means Epimeron Inc.;

"**Epimeron USA**" means Epimeron USA, Inc.;

"**GRAS**" means generally recognized as safe;

"**Kalsec**" means Kalsec Inc.;

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators;

"**NI 52-110**" means National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators;

"**Noramco**" means Noramco, Inc.;

"**Preferred Shares**" means the preferred shares in the capital of the Company;

"**Sale Transaction**" means the Company's proposed sale of all of the shares of Epimeron, its wholly-owned operating subsidiary, in accordance with the terms of a share purchase agreement executed on March 14, 2025 (for more details, please see "*General Development of the Business – Recent Developments*");

"**Sandhill**" means Sandhill One, LLC;

"**Shareholders**" means the holders of Common Shares;

"**TSX**" means the Toronto Stock Exchange;

"**TSXV**" means the TSX Venture Exchange;

"**Tuatara**" means Tuatara Capital, L.P., a sector-focused cannabis private equity firm;

"**UDCA**" means ursodeoxycholic acid;

"**Units**" means the Common Share purchase warrants of the Company subscribed for pursuant to the Company's non-brokered private placement which closed on July 18, 2024 (for more details, please see "*General Development of the Business – Financial Year ended December 31, 2024*"); and

"**Warrants**" means Common Share purchase warrants exercisable for Common Shares of the Company.

CONVENTIONS

Unless otherwise indicated, references herein to "$" or "dollars" are to Canadian dollars. All financial information with respect to the Company has been presented in Canadian dollars in accordance with International Financial Reporting Standards.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this AIF may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "intend", "could", "might", "should", "believe" and similar expressions (including negatives or variations thereof). These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this AIF should not be unduly relied upon by investors. These statements speak only as of the date of this AIF and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this AIF may contain forward-looking statements pertaining, but not limited, to the following:

- expectations as to the Company's business strategy and future operations and milestones;
- expectations as to the demand, size and value of the global markets for synthetic ingredients (including Astaxanthin) and precision fermentation;
- the expected benefits of yeast-based fermentation over plant-based extraction and traditional synthesis;
- the ability of the Company to execute on its strategy and the anticipated benefits of such strategy;
- treatment under governmental regulatory and taxation regimes;
- laws and regulations and any amendments thereto applicable to the business of the Company and the impact thereof;
- the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabinoids;

- the Company's financial position and future prospects;
- the ability of the Company to accommodate new programs and to expand capabilities, including the expansion of the Company's portfolio of functional ingredients;
- reliance on third parties and partners and expected benefits from strategic relationships;
- expected operating costs, general and administrative costs, costs of services and other costs and expenses;
- ability to meet current and future obligations; and
- ability to obtain financing on acceptable terms or at all.

With respect to forward-looking statements contained in this AIF, the Company has made assumptions regarding, among other things:

- success of the Company's business strategy, including research and commercialization milestones, partnerships and other strategic activities;
- success of the Company's research programmes concerning its fermentation technology and biosynthetic production of cannabinoids and other products such as Astaxanthin;
- success of the Company's commercialization efforts, including negotiations with potential customers and suppliers;
- success and impact of strategic relationships;
- access to capital and the availability of adequate financing proceeds and credit facilities to fund the Company's business strategy;
- cost reductions and operating efficiencies created by the Company's functional ingredients;
- impact of increasing competition;
- timing and amount of capital expenditures;
- future operating costs;
- reliance on key inputs;
- success of quality control systems;
- ability to obtain and protect intellectual property;
- product liability;
- government regulations, including tariffs and future legislative and regulatory developments involving the Company's products and the timing thereof;
- timing for receipt of applicable licences and approvals;
- maintenance of applicable licences and approvals;
- the legislative and regulatory environments of the jurisdictions where the Company carries on business;
- the ability of the Company to obtain and retain qualified staff, services, supplies and equipment in a timely and cost-efficient manner;
- conditions in general economic and financial markets; and
- the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this AIF:

- political uncertainty, geopolitical conflicts, hostilities, civil insurrections and wars;
- the impact of U.S. legislative and regulatory policies;
- success of the operations, including research objectives, plans and milestones, of the Company;
- success and continuation of strategic relationships;
- ability of the Company to execute its business strategy;
- legislative and regulatory environments of the jurisdictions where the Company carries on business or has operations;
- ability to obtain and maintain required approvals and licences;
- actions taken by governmental authorities, including increases in taxes and changes in government regulations;
- impact of competition and the competitive response to the Company's business strategy;

- the risks of the cannabis industry, such as regulatory risks and increasing competition;
- timing and amount of capital and other expenditures;
- the impact of inflation on costs;
- the effect of any future litigation proceedings on the Company's business; and
- the other factors considered under "*Risk Factors*" below.

The Company has included the above summary of assumptions and risks related to forward-looking information provided herein in order to provide investors with a more complete perspective on the Company's current and future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained herein are expressly qualified by this cautionary statement. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statements and readers should also carefully consider the matters discussed under the heading "*Risk Factors*" below.

The forward-looking statements or information contained herein are made as of the date hereof and the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated on April 15, 1981 in British Columbia as "Haultain Resources Inc.". On September 19, 1986, the Company changed its name to "Canasia Industries Corporation". On February 5, 1992, the Company increased its authorized capital from 10,000,000 Common Shares to 100,000,000 Common Shares without par value, and on March 12, 2008, the Company increased its authorized capital from 100,000,000 Common Shares without par value to an unlimited number of Common Shares without par value and an unlimited number of class A preference shares without par value. On January 23, 2013, the Company changed its name to "Makena Resources Inc." On March 24, 2017, the Company consolidated its issued and outstanding Common Shares on the basis of twenty (20) pre-consolidation Common Shares for one (1) post-consolidation Common Share.

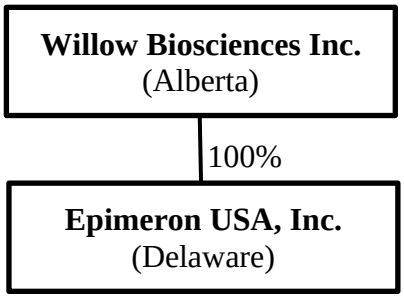
On April 12, 2019, the Company acquired all of the issued and outstanding common shares of BioCan and Epimeron by way of a court-approved plan of arrangement. The arrangement resulted in BioCan and Epimeron becoming wholly-owned subsidiaries of the Company. In connection with the arrangement, the Company completed: (a) a name change from "Makena Resources Inc." to "Willow Biosciences Inc." on April 12, 2019; (b) the consolidation of all of the Common Shares on the basis of one (1) post-consolidation Common Share for each twenty-five (25) pre-consolidation Common Shares on May 17, 2019; and (c) a continuance out of the jurisdiction of British Columbia to the jurisdiction of Alberta on June 21, 2019. On June 30, 2019, the Company completed a vertical short-form amalgamation with Epimeron and Epimeron's two wholly-owned subsidiaries, resulting in Willow, Epimeron and the subsidiaries continuing as one combined entity. On January 1, 2023, the Company completed a vertical short-form amalgamation with Willow Analytics.

The Company is a reporting issuer in all of the provinces of Canada except Québec.

The Company's head office is located at 202, 1201 5th Street S.W., Calgary, Alberta T2R 0Y6. The registered office of the Company is located at 4200 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta T2P 5C5.

Intercorporate Relationships

The following diagram describes the intercorporate relationship among the Company and its sole subsidiary as of the date hereof:



Epimeron USA was incorporated on October 26, 2015 under the laws of Delaware.

DESCRIPTION OF THE BUSINESS OF THE COMPANY

General

Willow Biosciences is a synthetic biology company focused on the development of biobased processes for production of ingredients, including those for consumer care, health and wellness, food and beverage, and pharmaceuticals. The Company engineers organisms such as baker's yeast to produce plant, animal, and petrochemical-derived ingredients through precision fermentation. These processes tend to be more sustainable, secure, and cost-effective than traditional extraction or chemical synthesis routes and typically provide final product in higher purity.

Technology Platform

Development of synthetic biology enabled commercial fermentation processes requires a combination of multiple technologies and capabilities for efficient and successful execution. Willow combines three key development pillars: (I) state-of-the-art rapid strain engineering technologies, (ii) fermentation & downstream process development, and (iii) an established manufacturing network. Willow's strain engineering technologies include proprietary genomic databases for novel gene discovery, an enzyme evolution platform within the proper genomic context, and machine-learning guided genome engineering. These technologies provide the performance strains for additional fermentation process optimization and efficient product recovery and purification for scaling and implementation at commercial scale within the Company's production network. The Company's end-to-end platform can provide processes that are more sustainable, secure, and cost-effective within a reasonable development timeframe.

UDCA Through Fermentation

UDCA is an API with a large global market. UDCA is used as a medication for the management and treatment of cholestatic liver disease and gallstone conditions.

The process under development between the Company and Sandhill represents a step-change in the production of UDCA, as it will not rely on animal-sourced raw materials, as is the case with most current manufacturing of UDCA and other cholates.

The Company successfully completed research and development on its program to produce UDCA. It is anticipated that the Company's proprietary, optimized enzyme will be taken toward commercialization for production of the end market APIs through a potential partner company.

Undisclosed Natural Food Preservative Through Fermentation

Willow is partnered with Kalsec to develop an enzyme and process for production of an undisclosed natural preservative for use in a large volume food opportunity.

It is anticipated that the Company's proprietary, optimized enzyme will be taken toward commercialization in the food sector by Kalsec.

Corticosteroids Through Fermentation

Corticosteroids are APIs with a large global market that are broadly used as anti-inflammatory and immunosuppressant drugs.

The process under development could represent a step-change in the production of corticosteroids as it would remove up to eight traditional chemistry steps and significantly reduce the cost of manufacturing.

The Company has successfully completed proof of concept and continues to optimize for commercial production while engaging multiple potential partners on further development and commercialization.

The Company is partnered with Laurus Labs to develop an enzyme process for production of up to seven different undisclosed corticosteroids.

Agritech

The Company has a partnership with an innovative Ag-Biotech company to develop a custom strain to produce a natural ingredient biopesticide. The partnership consists of research and development revenue throughout the duration of the program as well as milestone revenue when key milestones are hit.

Other Partnered Programs

The Company has a number of smaller partnerships with undisclosed API producers to develop more sustainable, cost-effective manufacturing routes for large volume pharmaceutical ingredients as various stages of completion. The Company intends to continue to pursue new, similar programs as existing programs are completed.

Internal Product Portfolio

The Company has two internal development programs: a BioOxi-based process for production of opiate antagonists and engineered enzymes for more efficient production of GLP-1 agonists such as semaglutide. The Company intends to seek out partnerships on the internal development programs, once key milestones are hit, including proof of concept.

Facilities and Operations

Willow’s corporate headquarters is in Calgary, Alberta, and its research facility is located in Sunnyvale, California.

Work at the approximately 16,000 square-foot Sunnyvale facility (the "**Sunnyvale Site**") is carried out by R&D staff members, where the team exploits a wide variety of high throughput screening technologies to identify and combine beneficial genetic elements that enhance the productivity of its enzymes and strains. This facility includes state-of-the-art automation equipment, analytical instrumentation, and bench-scale fermentation and downstream chemical development capabilities combined with large scale bioinformatics and data handling systems to rapidly evaluate high volumes of data and results. The research team includes several key personnel focused on strain engineering, high throughput screening, fermentation, and chemical process development.

For more information on Willow's relevant regulatory approvals and the regulatory environment, generally, see "*Regulatory Framework*", below.

Strategic Partnerships

Commercial Manufacturing Relationships

On March 31, 2021, Willow completed the first commercial scale fermentation of its first cannabinoid for market, CBG, at its contract manufacturing organization's ("**CMO**") facilities in Europe. Willow manufactured product through 2021 and into 2022 while also continuing to optimize its CBG process for improved yield and efficiency.

On May 11, 2022, the Company announced the signing of a Manufacturing Services Agreement with a second CMO, offering increased fermentation capacity to produce the Company's FutureGrown products, including CBG.

On March 22, 2023, the Company and SUANFARMA, a B2B life science partner specializing in the development, production, and commercialization of ingredients for the pharmaceutical, veterinary and nutraceutical industries, jointly announced that they, together with SUANFARMA's CIPAN manufacturing site, completed the development and manufacturing process in pilot scale for the Company-owned ingredient, CBG. On October 3, 2023, the Company and SUANFARMA announced signing of a collaboration agreement for a cell line productivity optimization development program for manufacturing large volume anti-infective API through precision fermentation.

Development Relationships

On May 31, 2022, the Company announced its engagement with Sandhill, a specialty pharmaceutical company to optimize an enzyme vital to the development of the large volume API, UDCA, used in nutraceutical and pharmaceutical products. On April 18, 2023, the Company signed a commercial agreement with Sandhill and the process under development represents a step-change in the production of UDCA. For more information, see "*General Developments of the Business*". The R&D phase of this agreement has been completed and the Company expects to enter into the commercial phase of the program next.

On November 8, 2022, the Company signed a Master Services Agreement with Kalsec, a leading global producer of natural taste and sensory, food protection, colors and advanced hops ingredients for the food and beverage industry, to develop and commercialize a precision fermentation production process for a high volume, natural food preservative. On May 23, 2023, the Company and Kalsec signed a follow-on Master Services Agreement to develop an enzyme used in biocatalytic production of a new, advanced ingredient used in natural beverage applications. On July 20, 2023, after the phase one feasibility program applying the BioOxi platform exceeded expectations, Kalsec agreed to continue toward commercialization, which is currently ongoing.

On May 31, 2023, the Company signed a Master Services Agreement with an innovative biotech company focused on age-related diseases, to develop a strain and process for production of the partner's ingredients using the Company's FutureGrown technology platform and yeast-straining engineering expertise. Proof of concept was not reached for this program and both parties agreed to end the program.

On July 20, 2023, the Company announced a collaboration with a Nasdaq-listed biopharma company to develop new sustainable manufacturing routes to key intermediates and APIs. On December 7, 2023, the Company announced that, after the phase one feasibility program exceeded expectations, the partner agreed to continue full development towards commercialization which is currently ongoing. While the R&D for this program was progressing well, the Company's partner completed a restructuring which led to the program being discontinued.

On October 3, 2023, the Company and Suanfarma announced a collaboration to optimize a precision fermentation process for the production of large volume anti-infective API. Through the partnership, Suanfarma will have access to Willow's proprietary strain optimization technologies to develop a more cost-effective production process. R&D is ongoing.

On January 16, 2024, the Company announced a collaboration with Enterin, Inc. a clinical stage biopharmaceutical company pioneering novel treatments that target neurodegenerative and metabolic disorders, to develop new sustainable manufacturing routes to their key intermediates and APIs. While the R&D for this program was progressing well, the Company's partner completed a restructuring which led to the program being discontinued.

On January 31, 2024, the Company announced a collaboration with global ingredient manufacturer to develop a more cost-effective, sustainable process for a large volume active pharmaceutical ingredient. The R&D has been completed and the Company expects to receive milestone payments as the partner begins scaling the program within their facilities.

On February 20, 2024 and February 29, 2024, Willow announced multiple strategic investments (the "**Kalsec Investments**") from Kalsec, a leading global producer of natural taste and sensory, food protection, colors and advanced hops ingredients for the food and beverage industry, for the continued development of a large-volume, high value natural ingredient for savory food applications. The investments were in the form of private placements into Willow and resulted in the investment of an aggregate of US$200,000 into the Company. For additional details, please refer to "*Use of Available Funds - How have we used the other funds we have raised in the past 12 months?*" below.

Pursuant to the Kalsec Investments, the Company issued an aggregate of 1,359,856 units (each, a "**Unit**") at a subscription price of C$0.10 per Unit, and 1,153,131 Units at a subscription price of C$0.12 per Unit. Each Unit consists of one (1) Common Share and one-half of one (1/2) Common Share purchase warrant (each whole warrant, a "**February Warrant**"). Each February Warrant issued on February 20, 2024, entitles the holder thereof to purchase one (1) Common Share at a price of C$0.14 per Common Share until February 20, 2025, subject to certain exceptions. Each February Warrant issued on February 29, 2024, entitles the holder thereof to purchase one (1) Common Share at a price of C$0.16 per Common Share until March 1, 2025, subject to certain exceptions.

On May 28, 2024, Willow announced a multi-product development and licensing partnership with Laurus Labs ("**Laurus**"), a leading research-driven pharmaceutical and biotechnology company that serves global pharmaceutical companies and offers contract development and manufacturing organization services. Through this partnership, Willow will leverage its AI-driven technology platform and extensive experience in enzyme, strain, and process engineering to deliver biobased processes for high-value APIs with existing markets, including Willow's BioOxi™-based corticosteroid processes, for large scale manufacturing, sales, and distribution at Laurus. Willow and Laurus expect these first programs to reach commercial manufacture in 2025. Under the terms of the Laurus partnership, Willow expects to earn significant annual revenues in research & development and royalties. Upon commercialization of the APIs, Willow will receive an annual royalty based on worldwide sales.

On June 26, 2024, Willow announced a feasibility program with an innovative Ag-Biotech company in the biopesticides sector. On August 7, 2024, the Company announced that after successfully completing the feasibility phase, it signed a funded research and development agreement. The program was expected to take at least 12 months to complete, with guaranteed research and development revenue for Willow of $1.25 million within the first 6 months and an additional $1 million in research and development revenue the following six months, with an option to extend. The R&D is ongoing.

On September 5, 2024, the Company announced signing a commercial royalty agreement with Kalsec, Inc.

On September 18, 2024, the Company announced a second program with a leading API manufacturer, to develop a more sustainable, cost-effective manufacturing route for a large volume ingredient used in a therapeutic with global market in excess of $1 billion. The R&D pertaining to this program is ongoing.

On November 7, 2024, the Company announced that it has partnered a high value ingredient from its internal portfolio with a global ingredient manufacturer to fully develop, scale, and commercialize. Under the terms of the new partnership, Willow is to receive payments for R&D revenue followed by a tiered profit share for 15 years after launch, if successful. The research program is expected to take 12 months to complete, with near-term payments for R&D to Willow of up to $1.3 million, should certain performance targets be met through development. The R&D pertaining to this program is ongoing.

Business Objectives and Strategy

The Company's technology allows it to be positioned to become a leader in precision fermentation by capturing key intellectual property around what the Company anticipates being the most cost-effective methods to produce highly pure ingredients. The Company's operational capabilities, along with its strategic partners, span the entire product development pathway, and Willow's integrated team has full capabilities at all stages of research and development. The Company's established technology, capabilities, and manufacturing network can now enable biobased production for a diverse set of industries.

During 2021, Willow made a strategic shift in its cannabinoid portfolio to target CBG as its first commercial cannabinoid at commercial scale. Throughout 2022, Willow focused on technology transfer and process development at its new, larger CMO, with the first large scale commercial batch anticipated in 2023. In addition, Willow announced on May 11, 2022 that it had engaged AIBMR Life Sciences, Inc. to perform the toxicology studies, where it successfully completed the Stage 1 assessment for its FutureGrown CBG product for oral product applications. This important milestone for biosynthetically produced cannabinoids concluded that FutureGrown CBG was non-mutagenic, non-clastogenic and non-genotoxic. This is the first step in concluding Willow's FutureGrown CBG as GRAS in the United States. Stage 2 pivotal studies were initiated in late 2022 and completed in early 2023 showing FutureGrown CBG was safe for oral product applications.

In late 2021, Willow made a strategic decision to diversify its product portfolio beyond cannabinoids. On May 31, 2022, Willow successfully engaged Sandhill for Phase 1 in optimizing a proprietary enzyme vital to the development of the large volume API, UDCA, used in nutraceutical and pharmaceutical products. On November 8, 2022, the Company signed a Master Services Agreement with Kalsec, a leading global producer of natural taste and sensory, food protection, colors and advanced hops ingredients for the food and beverage industry, to develop and commercialize a precision fermentation production process for a high volume, natural food preservative.

During 2023, Willow continued development on its partnered programs with Sandhill, Kalsec and an undisclosed biotech partner to produce their respective ingredients and, on July 20, 2023, added a new partnership with an undisclosed biopharma partner to develop advanced pharmaceutical intermediates. Willow is collaborating with: (i) Sandhill to apply its BioOxi bio-oxidation platform to the development of a key step for the large volume API, UDCA; (ii) Kalsec to develop a BioOxi-based process for a food ingredient and an enzyme for a beverage ingredient; (iii) Enterin to develop a BioOxi-based process for sustainable manufacturing of advance intermediates and APIs; (iv) a Global ingredient manufacture to develop a more cost-effective, sustainable process to its largest API product; and (v) an undisclosed biopharma partner to develop a BioOxi-based process for production of advanced pharmaceutical intermediates. Willow also completed in-house R&D on the UDCA program and deployed available resources to its new internal corticosteroids program. All development work on CBG and other cannabinoids was paused.

Willow continues to evaluate strategic relationships with various entities in the consumer care, food & beverage, and pharmaceutical industries. Willow believes that these partnerships will further expand the Company's market participation and expose Willow to points of entry into new markets globally. Willow has built a platform that can deliver ingredients for multiple industries.

Competitive Landscape

Willow competes with ingredient producers that use traditional plant-based extraction and chemical synthesis. Microbial fermentation production can offer significant advantages over plant-based extraction

and traditional synthesis. The controlled manufacturing environment facilitates scale up, purity, security of product supply and is often more cost-effective and sustainable. In addition, rare and novel natural ingredient production, inaccessible by plant-based extraction, requires the same cost inputs, opening new consumer and pharmaceutical markets.

Precision fermentation production is accomplished through the metabolic engineering of organisms such as yeast. Metabolic engineering is the modification of a cell's metabolic network for increased production of a specific molecule. Metabolic engineering re-creates a pathway in a microbial host, such as yeast, allowing industrial-scale exploitation of the pathway for production of natural products (as an example, millions of diabetics worldwide use synthetic insulin produced through *E. coli* or yeast biosynthesis). Many pitfalls associated with the traditional plant growing, harvesting, processing, extraction and purification techniques can be avoided by using biosynthesis. Unlike plant extraction, metabolic engineering allows manipulation of the natural pathway to optimize the final composition of the products. Not only is biosynthesis a higher-yielding and more resource-efficient manufacturing process, but the process and resulting products may face less regulatory obstacles than agriculturally sourced ingredients.

The Company also competes with other synthetic biology companies with platforms for production of ingredients. While numerous companies are attempting the biosynthetic production of various ingredients, the Company believes that the market is large enough to handle multiple companies. While there are certain advantages to being first to market, including, but not limited to, brand recognition, establishment of distribution channels and ability to execute material partnerships with both consumer packaged goods and pharmaceutical customers, Willow believes that the market size will support a multitude of industry participants.

In 2023, the Company further diversified its portfolio through several partnerships. The Company began partnering with Kalsec to develop a BioOxi-based process for an undisclosed food ingredient and an enzyme for an undisclosed beverage ingredient. As a result of the Company's continuing partnership with Sandhill in its development of APIs, the Company also now competes with other chemical and pharmaceutical companies. In 2023, the Company added a new partnership with an undisclosed biopharma partner to develop advanced pharmaceutical intermediates. The Company also partnered with SUANFARMA, a B2B life science partner specializing in the development, production, and commercialization of ingredients for the pharmaceutical, veterinary and nutraceutical industries, for a cell line productivity optimization development program for manufacturing large volume anti-infective API through precision fermentation. The pharmaceutical industry is highly competitive and subject to rapid change. For more information, please see the discussion below under "*Risk Factors*".

Market Conditions

Demand for precision fermentation derived ingredients continues to grow in the consumer care, food & beverage and pharmaceuticals sectors, where reliable and sustainable manufacturing processes that provide pure, consistent product are valued. Willow expects most of its future revenue growth to come from product opportunities in these sectors apart from CBG, which will be dependent on regulatory clarity.

The market interest in Willow’s potentially transformative corticosteroid process has also led to negotiations with multiple interested global API producers.

Intellectual Property

Willow has several active research and development programs. These programs continue to focus on four main research areas: (a) optimizing enzymes and biosynthetic pathway components; (b) identifying and characterizing novel components of these biosynthetic pathways; (c) engineering microorganisms to increase target ingredient production; and (d) developing processes that maximize production and isolation of the pure target ingredient.

The Company has filed thirteen separate patent applications primarily related to cannabinoid biosynthesis research and the genetics of the developed strains and recently filed three (3) new patent filings for its non-cannabinoid programs and anticipates filing at least three (3) more in 2024. Willow continues to develop intellectual property on all development programs, both internal and partnered.

A number of pharmaceutical, biotechnology and medical device companies and research and academic institutions have developed technologies, filed patent applications or received patents on various technologies that may be related to the business of the Company. Some of these technologies, applications or patents could limit the scope of the patents, if any, that the Company may be able to obtain. It is also possible that these technologies, applications or patents may preclude the Company from obtaining patent protection for its inventions. Despite the Company's efforts to protect its intangible property rights, unauthorized parties may attempt to copy or replicate the Company's product or technology. There can be no assurances that the steps taken by the Company to protect its product and technology will be adequate to prevent misappropriation or independent third-party development of its product and technology. It is likely that other companies can duplicate a production process similar to the Company's.

To the extent that any of the above could occur, the Company's revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert the Company management's attention and the Company's resources. Willow's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the Company's names and logos. If the Company's efforts to protect its intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect Willow's business and might prevent its brands from achieving or maintaining market acceptance.

The Company may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the Company to incur significant penalties and costs.

Protection of Intangible Assets

The ownership and protection of the Company's intellectual property rights is a significant aspect of its future success. Currently, the Company relies on trade secrets, technical know-how and proprietary information (together, the "**Proprietary Information**"). The Company protects its intellectual property by seeking and obtaining registered protection where possible, developing and implementing standard operating procedures to protect Proprietary Information and entering into agreements with parties that have access to the Company's inventions and Proprietary Information, such as the Company's partners, collaborators, employees and consultants, to protect confidentiality and ownership. The Company also seeks to preserve the integrity and confidentiality of its inventions, trademarks and Proprietary Information by maintaining physical security of its premises and physical and electronic security of its information technology systems.

Regulatory Framework

While the Company previously received approvals from the U.S. Drug Enforcement Administration (i.e., Researcher (I) Controlled Substance Registration Certificate) and the Research Advisory Panel of California for its research on cannabinoids at its Mountain View, CA site, it has opted to forego this regulatory license. This decision was made to permit the Company to focus its research and development on its non-cannabinoid programs.

While the Company previously received confirmation from Health Canada that its method of cannabinoid production was permitted under the *Cannabis Act*, it has opted to forego this regulatory license. This

decision was made to permit the Company to focus its research and development, production and sales efforts in the United States.

Employees

As at the end of the most recent financial year-end, Willow employed 14 science and technical staff at the Sunnyvale Site. Willow also had four employees who were based out of the corporate office in Calgary, Alberta, in addition to one corporate employee in Sunnyvale for a total employee count of 19 people.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against the Company, or any voluntary receivership, bankruptcy or similar proceeding by the Company within its three most recently completed financial years or that were completed during or are proposed for the current financial year.

Reorganizations

There have been no material restructuring transactions of the Company within its three most recently completed financial years or that were completed during or are proposed for the current financial year.

GENERAL DEVELOPMENT OF THE BUSINESS

Financial Year Ended December 31, 2022

On January 19, 2022, the Company announced the results of its *in vitro* analysis and the first to be reported topical clinical study on CBG in collaboration with Signum Biosciences. The results were published in *Molecules*, a leading international peer-reviewed open access journal.

On May 11, 2022, the Company announced the expansion of its fermentation manufacturing network with the signing of a Manufacturing Services Agreement with a second Contract and Manufacturing Organization which will offer increased fermentation capacity to produce Willow's FutureGrown products, including CBG.

On May 11, the Company also announced the successful completion of Stage 1 toxicological assessment of its FutureGrown CBG product for oral product application, an important milestone for biosynthetically produced cannabinoids. The assessment determined that FutureGrown CBG was non-mutagenic, non-clastogenic, non-genotoxic, which is the first step toward concluding the Company's FutureGrown CBG as GRAS in the United States.

On May 31, 2022, the Company announced is has been engaged by Sandhill, a specialty pharmaceutical company to optimize a biosynthetic pathway vital to the development of a large volume API used in nutraceutical and pharmaceutical products. Sandhill is partnered with a large-cap, multi-national healthcare company.

On June 6, 2022, the Company announced that it had incorporated Inscripta's Onyx Genome Engineering Platform into its strain engineering workflows to expand engineering capabilities and throughput.

On July 17, 2022, the Board appointed Dr. Peter Seufer-Wasserthal as Interim President and Chief Executive Officer in connection with Trevor Peters' retirement as President and CEO. Mr. Peters continued to serve as a director of the Company. In addition, Barbara Monroe was appointed Lead Independent Director.

On August 31, 2022, the Company announced that in connection with the Manufacturing Services Agreement mentioned above, it completed the initial phases of technology transfer with the CDMO and anticipated running its first commercial batches in the first half of 2023. The Company also provided an

update on GRAS status for its CBG product. The Company successfully completed the Stage 1 toxicological assessment for oral product applications.

On October 12, 2022, the Company announced that it completed proof of concept work, and started yeast strain optimization and process development toward commercial production of astaxanthin, a powerful, naturally occurring, antioxidant compound that is used in diverse industries such as animal feed, food & nutrition, and cosmetics.

On November 8, 2022, the Company signed a Master Services Agreement with Kalsec, a leading global producer of natural taste and sensory, food protection, colors and advanced hops ingredients for the food and beverage industry, to develop and commercialize a precision fermentation production process for a high volume, natural food opportunity.

On December 7, 2022, the Company announced additional steps it took to focus on near-term revenue generation, protect its balance sheet, and reduce its cash burn including: (i) its first partnering program for a pharmaceutical project in May 2022 and a second program with Kalsec; (ii) consolidating its R&D operations into one lab located in Mountain View, California; and (iii) outsourcing its internal quality control analytical testing and release requirements.

Financial Year Ended December 31, 2023

On January 17, 2023, the Company announced follow-on engagement with Sandhill which represented the continuation of the project, the first phase of which the Company announced May 31, 2022.

On February 21, 2023, Dr. Jim Lalonde joined the Board.

On March 22, 2023, the Company and SUANFARMA completed the development and manufacturing process in pilot scale for the Company-owned ingredient, CBG.

On March 28, 2023, the Board appointed Dr. Chris Savile as President and Chief Executive Officer and Mr. Trevor Peters as Chairman in connection with Dr. Peter Seufer-Wasserthal's retirement as President and CEO. Dr. Peter Seufer-Wasserthal continued to serve as a director of the Company.

On April 12, 2023, the Company announced the launch of BioOxi, a bio-oxidation platform technology that is complementary to the Company's existing strain engineering and precision fermentation FutureGrown biotechnology platform that will offer commercial partners both cost-effective production of ingredients through biosynthesis, and now through BioOxi, bioconversion-enabled chemical manufacturing of ingredients from defined intermediates while removing multiple chemical steps.

On April 18, 2023, the Company signed a commercial agreement with Sandhill. The process under development between the Company and Sandhill represents a step-change in the production of UDCA.

On May 23, 2023, the Company and signed a follow-on Master Services Agreement with Kalsec to develop an enzyme used in biocatalytic production of a new, advanced ingredient used in natural beverage applications.

On May 31, 2023, the Company signed a Master Services Agreement with an innovative biotech company to develop a strain and process for production of the partner's ingredients.

On July 20, 2023, the Company announced that, after the phase one feasibility program applying the BioOxi platform exceeded expectations, Kalsec agreed to continue toward commercialization.

On July 20, 2023, the Company announced a collaboration with a Nasdaq-listed biopharma company to develop new sustainable manufacturing routes to key intermediates and APIs.

On August 24, 2023, the Company announced completion of its transition to the San Francisco Bay Area and the commercial focus on its BioOxi platform. The Company also reduced the size of its Board from nine to five members, with Chairman of the Board and Founder of the Company, Mr. Trevor Peters, and Directors Ms. Barbara Munroe, Dr. Fotis Kalantzis and Dr. Peter Seufer-Wasserthal stepping down.

On August 30, 2023, the Company announced filing of patent application for a process to produce corticosteroids at significantly reduced cost by utilizing its BioOxi platform.

On September 6, 2023, the Company announced that it had successfully completed research and development on its program to produce UDCA.

On October 3, 2023, Company and SUANFARMA announced signing of a collaboration agreement for a productivity optimization development program for manufacturing large volume anti-infective API through precision fermentation.

On October 10, 2023, the Company completed an offering of convertible debenture units ("**Debenture Units**") of the Company, on a non-brokered private placement basis, for aggregate proceeds of $800,000, with insiders including members of the Board and members of the senior management team subscribing for a total of $515,000. Each Debenture Unit consisted of one 12% unsecured convertible debenture in the principal amount of $1,000 (each, a "**Convertible Debenture**") with a maturity date of October 10, 2026 and 4,762 Warrants. Each Warrant entitles the holder thereof to purchase one Common Share at a price of $0.105 per Common Share until October 10, 2025; provided that if, at any time prior to the expiry date of the Warrants, the 20-day volume weighted average of actual closing prices of the Common Shares on the TSX, or other principal exchange on which the Common Shares are listed, is greater than $0.15, the Company may accelerate the expiry date of the Warrants to the date that is 20 days following the date of the notice of such acceleration. The Convertible Debentures are convertible at the holder's option into Common Shares at any time prior to the earlier of the business day immediately preceding the maturity date and the date fixed for redemption of the Convertible Debentures at a conversion price of $0.105 per Share.

On December 7, 2023, the Company announced that, after the phase one feasibility program with a Nasdaq-listed biopharma company exceeded expectations, the partner agreed to continue towards commercialization.

Financial Year Ended December 31, 2024

On January 16, 2024, the Company announced a collaboration with Enterin, Inc. to develop new sustainable manufacturing routes to their key intermediates and APIs.

On January 31, 2024, the Company announced a collaboration with global ingredient manufacturer to develop a more cost-effective, sustainable process for a large volume active pharmaceutical ingredient.

On February 20, 2024, the Company announced a strategic investment from Kalsec in the amount of US$100,000, with a commitment to contribute an additional US$100,000 subject to the completion of an operational milestone by Willow to develop a strain that meets certain performance criteria. The initial investment involved the issuance of 1,359,856 units at a subscription price of $0.10 per unit, each unit comprising of one (1) Common Share and one-half of one (1/2) Warrant. Each whole Warrant issued entitles the holder thereof to purchase one (1) Common Share at a price of $0.14 until February 20, 2025; provided that if, at any time prior to the expiry date of the Warrants, the 20-day volume weighted average of actual closing prices of the Common Shares on the TSX, or other principal exchange on which the Common Shares are listed, is greater than $0.18, the Company may accelerate the expiry date of the Warrants to the date that is 20 days following the date of the notice of such acceleration. On February 29, 2024, Willow announced that the milestone was achieved and Kalsec was issued 1,153,131 units at a subscription price of $0.12 per unit, each unit comprising of one (1) Common Share and one-half of one

(1/2) Warrant. These Warrants were issued with an exercise price of $0.16 an expiration date of March 1, 2025, and similar acceleration provisions triggered at $0.21 rather than $0.18.

On May 28, 2024, Willow announced a multi-product development and licensing with Laurus, a leading research-driven pharmaceutical and biotechnology company that serves global pharmaceutical companies and offers contract development and manufacturing organization services. Through this partnership, Willow will leverage its AI-driven technology platform and extensive experience in enzyme, strain, and process engineering to deliver biobased processes for high-value APIs with existing markets, including Willow's BioOxi™-based corticosteroid processes, for large scale manufacturing, sales, and distribution at Laurus. Willow and Laurus expect these first programs to reach commercial manufacture in 2025. Under the terms of the Partnership, Willow expects to earn significant annual revenues in research & development and royalties. Upon commercialization of the APIs, Willow will receive an annual royalty based on worldwide sales.

On June 3, 2024, the Company announced its intent to complete a brokered private placement offering of up to 30,000,000 units ("**Units**") of Willow at an issue price of C$0.10 per Unit to raise aggregate gross proceeds of up to C$3.0 million. Independent Trading Group (ITG) Inc. (ITG) acted as lead agent and sole bookrunner on a "best efforts" basis in connection with the Offering. Willow closed this brokered private placement on July 18, 2024, for 16,397,365 Units and aggregate gross proceeds to the Company of $1,639,736.50. Each Unit issued under the offering consist of one (1) Common Share and one-half of one (1/2) Warrant, each whole Warrant being exercisable for one (1) Common Share for a period of 36 months from closing at an exercise price of $0.13 per Common Share, subject to accelerated expiry in certain instances.

On June 26, 2024, Willow announced a feasibility program with an innovative Ag-Biotech company in the biopesticides sector. On August 7, 2024, the Company announced that after successfully completing the feasibility phase, it signed a funded research and development agreement. The program was expected to take at least 12 months to complete, with guaranteed research and development revenue for Willow of $1.25 million within the first 6 months and an additional $1 million in research and development revenue the following six months, with an option to extend. The R&D pertaining to this program is ongoing.

On September 5, 2024, the Company announced signing a commercial royalty agreement with Kalsec, defining the financial terms for use of Willow's technology for scaling and manufacturing of a natural ingredient that adds to Kalsec's portfolio for use in savory food applications.

On September 18, 2024, the Company announced a second program with a leading API manufacturer, to develop a more sustainable, cost-effective manufacturing route for a large volume ingredient used in a therapeutic with global market in excess of $1 billion. The R&D pertaining to this program is ongoing.

On November 7, 2024, the Company announced that it has partnered a high value ingredient from its internal portfolio with a global ingredient manufacturer to fully develop, scale, and commercialize. Under the terms of the new partnership, Willow is to receive payments for R&D revenue followed by a tiered profit share for 15 years after launch, if successful. The research program is expected to take 12 months to complete, with near-term payments for R&D to Willow of up to $1.3 million, should certain performance targets be met through development. The R&D pertaining to this program is ongoing.

On November 18, 2024, Willow announced its intention to complete a non-brokered private placement offering on a best-efforts basis for a minimum of 10,000,000 units and a maximum of up to 25,016,762 units of the Company at an issue price of C$0.08 per unit for minimum gross proceeds of C$800,000.00 and maximum gross proceeds of up to approximately C$2.0 million. On January 2, 2025, the Company announced that it would not be proceeding with this offering, indicating that it would be seeking to pursue alternative financing and non-dilutive transactions to support the capital requirements of Willow.

Recent Developments

On January 20, 2025, the Company announced that it had initiated a formal strategic review process to identify, assess and evaluate a broad range of potential strategic alternatives.

On March 14, 2025, the Company announced that it has entered into a definitive agreement dated March 14, 2025 with a privately-held, arms-length entity based in the United Kingdom, pursuant to the Company will sell its wholly-owned operating subsidiary, Epimeron USA, including the Company's biotechnology business, intellectual property and R&D team, for US$3.38 million in cash, subject to working capital and net debt closing adjustments (collectively, the "**Sale Transaction**"). The Transaction is the culmination of the Company's previously announced strategic review. The Company intends to apply a portion of the net proceeds to debt reduction, and will retain the remainder of the proceeds pending a review of its futures cash requirements and potential opportunities, with a view to maximizing shareholder value.

Significant Acquisitions

The Company did not complete any significant acquisitions during its most recently completed financial year for which disclosure is required under Part 8 of NI 51-102.

RISK FACTORS

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Company's other public filings before making an investment decision. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with the Company's business and the cannabis business generally.

Additional Financing

The continued development of Willow will require additional financing. There can be no assurance that debt or equity financing, or cash flow from operations will be available or sufficient to meet the requirements of Willow. A failure to obtain additional funding could prevent the Company from making expenditures that may be required to implement its growth strategy and grow or maintain its operations. In order to meet its financing needs, Willow may issue a significant number of additional Common Shares or other securities. The success, ability to conduct and precise terms of any future financing will be determined by Willow and potential investors, and such future financings may significantly dilute Shareholders' percentage ownership in the Company. Additionally, if Willow raises additional funds through collaborations, strategic partnerships or marketing, distribution or licensing arrangements with third parties, it may have to relinquish valuable rights to its technologies, future revenue streams, research programs or grant licences on terms that may not be favourable to the Company and/or that may reduce the value of the Common Shares.

Failure to obtain financing on a timely basis could cause Willow to lose the ability to secure required supplies and services, maintain necessary licenses, achieve research and development milestones and reduce or terminate its operations. If Willow's future cash flows decrease as a result of competitive factors, setbacks in advanced clinical trials, lack of market acceptance for the Company's ingredients or otherwise, it will affect Willow's ability to maintain successful business arrangements and to expand its operation and technical abilities. If Willow is unable to satisfy its capital expenditure requirements from its financing efforts and/or cash flows, there can be no assurance that additional debt or equity financing or proceeds from asset sales will be available to meet this funding shortfall or available on terms acceptable to Willow.

Intellectual Property

Willow's success will depend, in part, on the Company's ability to obtain patents, protect trade secrets and operate without infringing on the proprietary rights of others. Patents and other proprietary rights are essential to Willow's business. The Company relies on trade secret, patent, copyright and trademark laws, and confidentiality and other agreements with employees and third parties, all of which offer only limited

protection. Willow's general policy has been to file patent applications to protect its inventions and improvements to its inventions that are considered important to the development of its business. In certain cases, such as with the Company's bioinformatics platforms, Willow has chosen to protect its intellectual property by treating it as confidential internal know-how. Willow's success will depend in part on its ability to obtain patents, defend patents, maintain internal know-how/trade secret protection and operate without infringing on the proprietary rights of others. Interpretation and evaluation of pharmaceutical patent claims presents complex legal and factual questions. Further, patent protection may not be available for some of the products or technology the Company is developing. If Willow is placed in a position where it must spend significant time and money defending or enforcing its patents, designing around patents held by others or licensing patents or other proprietary rights held by others, its business, results of operations and financial condition may be harmed. In seeking to protect Willow's inventions using patents it is important to note that there can be no assurance that:

(a) patent applications will result in the issuance of patents;

(b) additional proprietary products developed will be patentable;

(c) patents issued will provide adequate protection or any competitive advantages;

(d) patents issued will not be successfully challenged by third parties;

(e) commercial exploitation of Willow's inventions does not infringe the patents or intellectual property of others; or

(f) Willow will be able to obtain any extensions of patent terms.

A number of pharmaceutical and biotechnology companies and research and academic institutions have developed technologies, filed patent applications or received patents on various technologies that may be related to the business of Willow. Some of these technologies, applications or patents could limit the scope of the patents, if any, that Willow may be able to obtain. It is also possible that these technologies, applications or patents may preclude Willow from obtaining patent protection for its inventions. Further, there may be uncertainty as to whether Willow may be able to successfully defend any challenge to its patent portfolio. Moreover, the Company may have to participate in derivation proceedings, inter partes review proceedings, post-grant review proceedings or opposition proceedings in the various jurisdictions around the world. An unfavourable outcome in a derivation proceeding, an inter partes review proceeding, a post-grant review proceeding or an opposition proceeding could preclude Willow or its partners or licensees from making, using or selling products using the technology, or require Willow to obtain license rights from third parties. It is not known whether any prevailing party would offer a licence on commercially acceptable terms, if at all. Further, any such licence could require the expenditure of substantial time and resources and could harm the business of Willow. If such licences are not available, Willow could encounter delays or prohibition of the development or introduction of the product of the Company. In the case of intellectual property where the Company has chosen to protect it by treating it as internal know-how, such as with its bioinformatics platforms, there can be no assurance that others with greater expertise or access to greater resources do not develop similar or superior technology that impairs the competitive value of the Company's internal know-how.

Reliance on Facilities

Adverse changes or developments affecting any facility, including but not limited to a breach of security, could have a material and adverse effect on the Company's business, financial condition and prospects.

All facilities continue to operate with routine maintenance. The Company will bear many, if not all, of the costs of maintenance and upkeep of the facilities, including replacement of components over time. The Company's operations and financial performance may be adversely affected if it is unable to keep up with maintenance requirements.

Dependence upon Key Personnel

The Company's success is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management (the "**Key Personnel**"). The Company's future success depends on its continuing ability to attract, develop, motivate and retain the Key Personnel. Qualified individuals for Key Personnel positions are in high demand and the Company may incur significant costs to attract and retain them. The loss of the services of Key Personnel, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. While employment and consulting agreements are customarily used as a primary method of retaining the services of Key Personnel, these agreements cannot assure the continued services of such individuals and consultants.

Reliance on Key Inputs

The Company is dependent on a number of key inputs and their related costs, including research materials and equipment. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the Company's financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the Company's business, financial condition and operating results.

Growth Management

The Company expects operating expenses and staffing levels to increase in the future. To manage such growth, the Company must expand its operation and technical capabilities and manage its employee base while effectively administering multiple relationships with various third parties. There can be no assurance that the Company will be able to manage its expanding operations effectively. Any failure to implement cohesive management and operating systems, to add resources on a cost-effective basis or to properly manage the Company's expansion could have a material adverse effect on its business and results of operations.

Difficulty Implementing Business Strategy

An important part of the Company's business strategy involves reaching certain research and development milestones in order to produce cannabinoids on a commercial scale. The Company may be unable to meet these milestones in the future at the desired pace, or at all. The Company may be unable to, among other things, successfully expand the Company's infrastructure to support its development goals or enter into and maintain successful business arrangements for technical assistance or partnerships to develop its biosynthesis production methods or meet Good Manufacturing Practice Regulations. Each milestone may involve unforeseen difficulties and may require a disproportionate amount of management's attention and financial and other resources.

With respect to the Company's strategic partnerships, the Company can give no assurance that it will ultimately be able to effectively realize anticipated synergies in its strategic partnerships. The failure to successfully integrate operating systems, procedures or information technologies could have a material adverse effect on the Company's business, financial condition or results of operations.

If the Company succeeds in meeting its objectives and milestones, each new milestone may place increased or new demands on management, operating systems, internal controls and financial and physical resources. If not managed effectively, these increased or new demands may adversely affect the Company. Consequently, in order to meet its objectives and milestones, the Company may be required to increase expenditures to increase its physical resources, expand, train and manage its employee base, improve management, financial and information systems and controls, or make other capital expenditures. The Company's business, financial condition and results of operations could be adversely affected if it encounters difficulties in effectively managing these issues.

Achievement of Publicly Announced Milestones

From time to time, the Company publicly announces the timing of certain events to occur or the attainment of certain commercial objectives. These statements are forward-looking and are based on the best estimate of management at the time, relating to the occurrence of such events. However, the actual timing of such events or the Company's ability to achieve these objectives may differ from what has been publicly disclosed. Events such as beginning of commercialization of a product, levels of sales, revenues and other financial metrics may vary from what is publicly disclosed. These variations may occur as a result of a series of events, including problems with a supplier or a commercial partner, change in the procurement policy of a commercial partner or any other event having the effect of delaying the publicly announced timeline or reducing the publicly announced commercial objective. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. Any variation in the timing of certain events having the effect of postponing such events or any variation in the occurrence of certain events having the effect of altering publicly announced commercial objectives could have a material adverse effect on the Company's business, financial condition and operating results. In addition, it could adversely affect the market price of the Common Shares.

Joint Ventures

The Company may enter into joint ventures and strategic partnerships in the future. Joint ventures may involve risks not otherwise present for investments made solely by Willow, including: (a) Willow may not control the joint ventures; (b) Willow's joint venture partners may not agree to distributions that it believes are appropriate; (c) where Willow does not have substantial decision-making authority, Willow may experience impasses or disputes with its joint venture partners on certain decisions, which could require Willow to expend additional resources to resolve such impasses or disputes, including litigation or arbitration; (d) Willow's joint venture partners may become insolvent or bankrupt, fail to fund their share of required capital contributions or fail to fulfil their obligations as a joint venture partner; (e) the arrangements governing Willow's joint ventures may contain certain conditions or milestone events that may never be satisfied or achieved; (f) Willow's joint venture partners may have business or economic interests that are inconsistent with Willow's and may take actions contrary to Willow's interests; (g) Willow may suffer losses as a result of actions taken by its joint venture partners with respect to its joint venture investments; and (h) it may be difficult for Willow to exit a joint venture if an impasse arises or if Willow desires to sell its interest for any reason. Any of the foregoing risks could have a material adverse effect on Willow's business, financial condition and results of operations. In addition, Willow may, in certain circumstances, be liable for the actions of its joint venture partners.

Success of Joint Ventures

Willow currently has, and may in the future enter into, additional strategic partnerships with third parties that it believes will complement or augment its existing business. Willow's ability to complete strategic partnerships is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic partnerships could present unforeseen integration obstacles or costs, may not enhance Willow's business, and may involve risks that could adversely affect Willow, including significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic partnerships. Future strategic partnerships could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic partnerships will achieve, or that Willow's existing strategic partnerships will continue to achieve, the expected benefits to its business or that Willow will be able to consummate future strategic partnerships on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on Willow's business, financial condition and results of operations.

Market Acceptance

There can be no assurance that any of the Company's products will achieve market acceptance. If the Company's products do not receive market acceptance for any reason, it will adversely affect the

Company's business, financial condition and results of operations. The degree of market acceptance of any products the Company develops will depend on a number of factors, including: (a) the clinical efficacy and safety of the Company's products; (b) the relevant product's potential advantages over existing and future products; and (c) the price of the Company's products.

The Company's competitors may also develop products which are more effective or less costly, or that seem more cost-effective than the Company's products.

Competition Risks

The synthetic biology and pharmaceutical industries are highly competitive and subject to rapid change. The industries continue to expand and evolve as an increasing number of competitors and potential competitors enter the market. Many of these competitors and potential competitors have substantially greater financial, technological, managerial and research and development resources and experience than Willow has. Some of these competitors and potential competitors have more experience than Willow has in the development of biosynthetic and pharmaceutical products, including validation procedures and regulatory matters. If the Company is unable to achieve its business objectives, such failure could materially and adversely affect the Company's business, financial condition and results of operations. Moreover, competitive factors may result in the Company being unable to enter into desirable arrangements with new partners, to recruit or retain qualified employees or to acquire the capital necessary to fund its capital investments.

Other companies researching in the same areas may develop products that are competitive or superior to the Company's products. Other companies working in synthetic biology or pharmaceutical research may develop products targeting the same market that the Company is focused on that are competitive or superior to the Company's products. If the Company is unable to compete successfully, its commercial opportunities will be reduced and the Company's business, results of operations and financial conditions may be materially harmed.

Rapidly Changing Industry

The market for the Company’s products and services is characterized by rapid intellectual property advances, changes in customer requirements, changes in protocols and evolving industry standards. If the Company is unable to develop enhancements to its existing products and services or acceptable new products and services that keep pace with rapidly changing developments, its products and services may become obsolete, less marketable and less competitive. This may cause harm to the Company's business.

Changes in Laws, Regulations and Guidelines

Willow's operations are subject to a variety of laws, regulations and guidelines relating to synthetic biology and pharmaceuticals, as well as laws and regulations relating to health and safety and the conduct of operations. While, to the knowledge of Willow's management, Willow is currently in compliance with all such laws, changes to such laws, regulations and guidelines due to matters beyond the control of Willow may cause adverse effects to its operations and financial condition. These changes may require Willow to incur substantial costs associated with legal and compliance fees and ultimately require the Company to alter its business plan. Operations in non-Canadian markets may expose the Company to new or unexpected risks or significantly increase exposure to one or more existing risk factors.

Compliance with Laws

The Company's operations are subject to various laws, regulations and guidelines that may change over time. The Company will endeavour to comply with all relevant laws, regulations and guidelines at all times but may not maintain internal policies and procedures adequate to ensure compliance with the various laws, regulations and guidelines to which they are subject. There is also a risk that the Company's interpretation of laws, regulations and guidelines, various U.S. state regulations and applicable stock

exchange rules and regulations, may differ from those of others, including those of government authorities, securities regulators and exchanges, and the Company's operations may not be in compliance with such laws, regulations and guidelines. While the Company may be compliant today, it may not be compliant following changes to any laws, regulations or guidelines. In addition, achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and, where necessary, obtaining regulatory approvals. The impact of regulatory compliance regimes, and the impact of any delays in obtaining or failures to obtain regulatory approvals required by the Company may significantly delay or impact the development of the Company's business and operations and could have a material adverse effect on the Company's business, financial condition and results of operations. In addition, any potential noncompliance could cause the Company's business, financial condition and results of operations to be adversely affected.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. The Company may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, court rulings or more stringent application of existing laws or regulations, may have a material adverse impact on the Company, resulting in increased capital expenditures or research and development costs or delays in the development of its product candidates, or other significant changes in the Company's business plans, which could have a material adverse effect on the Company's business, financial condition and results of operations.

The introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in any of the countries in which the Company may operate could result in an increase in the Company's taxes, other governmental charges, duties or impositions. No assurance can be given that new tax laws, regulations or rules will not be enacted or that existing tax laws, regulations or rules will not be changed, interpreted or applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a material adverse effect on Willow.

Due to the complexity and nature of the Company's operations, various legal and tax proceedings may be in progress from time to time. If the Company is unable to resolve any of these proceedings favourably, there may be material adverse effects on Willow.

The Company is engaged in certain research and development activities involving fermentation technologies, biosynthetic ingredients and the making, use, sale, importation, exportation, and distribution of which may be subject to significant regulation.

The markets for the Company's developments and products are influenced by foreign and local government regulations and policies. Government authorities could create new laws and regulations, or amend existing laws. The timing and result of any new laws could impact the Company's intentions to participate in such markets.

The United States or foreign governments may take administrative, legislative, or regulatory action that could materially interfere with the Company's ability to sell products derived from engineered cells in certain countries and/or to certain customers. The uncertainty regarding future standards and policies may also affect the Company's ability to develop programs or to license engineered cells to customers and to initiate new programs, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Protection of Proprietary Information

In the ordinary course of business, Willow may collect and store sensitive data, including intellectual property, data from research and analytical testing activities, Willow's proprietary business information and that of its customers, suppliers and business partners, and personally identifiable information of its

customers, clinical trial subjects (as applicable) and employees, in its data centre and on its network. The secure processing, maintenance and transmission of this information is critical to the Company's operations. Despite the Company's security measures, Willow's information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Although to the Company's knowledge it has not experienced any such material security breach to date, any such breach could compromise its networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption to the Company's operations, damage to its ability to obtain patent protection for its product candidates, damage to its reputation and cause a loss of confidence in its products and its ability to conduct clinical trials, which could adversely affect the Company's business and reputation and lead to delays in gaining regulatory approvals.

If the Company is unable to obtain, maintain or protect its intellectual property rights, or if its intellectual property rights are inadequate, its competitive position, business, financial conditions, results of operations and prospects may be harmed.

Changes in Patent Law

Important legal issues remain to be resolved as to the extent and scope of available patent protection for biopharmaceutical and technological processes in Canada, the United States and other important markets such as Europe. As such, litigation or administrative proceedings may be necessary to determine the validity, scope and ownership of certain of the Company's and others' proprietary rights. Any such litigation or proceeding may result in a significant commitment of resources in the future and could force the Company to do one or more of the following:

- cease using any of its future products that incorporate a challenged intellectual property, which would adversely affect its revenue;
- obtain a license or other rights from the holder of the intellectual property right alleged to have been infringed or otherwise violated, which license may not be available on reasonable terms, if at all; and
- redesign its future products to avoid infringing or violating the intellectual property rights of third parties, which may be time-consuming or impossible to do. In addition, changes in patent laws in Canada and other countries may result in allowing others to use the Company's discoveries or develop and commercialize the Company's products.

The Company cannot provide assurance that the patents it obtains will afford it significant commercial protection.

Risks related to intellectual property rights and intellectual property litigation

The Company may become party to litigation, mediation, and/or arbitration. Competitors and other third parties may infringe or otherwise violate the Company’s issued patents or other intellectual property. In addition, the Company's patents may become involved in inventorship, ownership, or priority disputes. Any litigation concerning any of these issues would be expensive, time consuming and uncertain. There can be no assurances that the Company would prevail in any suit brought by the Company or against the Company by third parties, or successfully settle or otherwise resolve those claims. Parties making claims against the Company might be able to obtain injunctive or other relief, which could block the Company’s ability to develop, commercialize and sell products or use its technologies, and could result in the award of substantial damages against the Company, including legal fees, costs and expenses if the Company was found to have infringed a third party's intellectual property. In the event of a successful claim against the Company, the Company could be required to pay damages and ongoing royalties, and obtain licenses from third parties, or be prohibited from selling certain products or using certain technologies. The Company may not be able to obtain these licenses on acceptable or commercially reasonable terms, if at all. In addition, the Company or its customers could encounter delays in product or service introductions while we attempt

to develop alternative or redesign existing products or technologies to avoid or resolve these claims. The Company's loss in any lawsuit or failure to obtain a license could prevent the Company from using its platform and technologies. Such a loss or failure could materially affect the Company's business. Any litigation pertaining to these issues would have substantial costs, even if the eventual outcome is favorable to the Company, and would divert management's attention from the Company's business objectives.

From time to time, the Company may in the ordinary course of business be named as a defendant in lawsuits, indemnity claims and other legal proceedings. These actions may seek, among other things, compensation for alleged product liability, personal injury, employment discrimination, breach of contract, property damage and other losses or injunctive or declaratory relief.

As described below under the heading "*Legal Proceedings and Regulatory Actions*", the Company is currently the defendant to proceedings in Canada. The Company believes the claim to be without merit and intends to vigorously defend against the claims, but there is no assurance that it will be successful.

Failure of Information Technology Systems

Willow's business increasingly depends on the use of information technologies, which means that certain key areas such as research and development are to a large extent dependent on the Company's information systems or those of strategic partners and third-party providers. Willow's ability to execute its business plan and to comply with regulators' requirements with respect to data control and data integrity, depends, in part, on the continued and uninterrupted performance of the Company's (or its partners) information technology systems ("**IT systems**") and the IT systems supplied by third-party service providers. These IT systems are vulnerable to damage from a variety of sources, including telecommunications or network failures, malicious human acts and natural disasters. Moreover, despite network security and backup measures, some of the Company's servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Despite the precautionary measures the Company, its partners and its third-party service providers have taken to prevent unanticipated problems that could affect such IT systems, sustained or repeated system failures or problems arising during the upgrade of any of their IT systems that interrupt their ability to generate and maintain data, and in particular to operate their technology platform, could adversely affect the Company's ability to operate its business.

Limited Operating History

Before Willow, Epimeron entered the biotechnology industry in 2014 and BioCan entered into the biotechnology and cannabinoid industry in 2017. The Company is therefore subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Given the early stage of its product development, Willow can make no assurance that its research and development programs will result in regulatory approvals or commercially-viable products or technologies. To achieve profitable operations, Willow, alone or with others, must successfully develop, gain regulatory approval for, and market future products. Willow currently does not have any products that have been approved by Health Canada or any similar regulatory authority. Willow does not have any products for commercial sale or licensed for commercial sale. As a result, the Company is not currently generating revenue from its products and may never generate revenue from the sale or licensing of its products, or otherwise.

Stock Exchange Restrictions

The Company must comply with the TSX guidelines when conducting business, especially when conducting its operations in the United States. On October 16, 2017, the TSX provided guidance regarding the application of the TSX listing requirements for issuers with business activities in the cannabis sector. In

TSX Staff Notice 2017-0009, the TSX notes that issuers with ongoing business activities that violate U.S. federal law regarding cannabis are not in compliance with the TSX listing requirements. The TSX reminded issuers that, among other things, should the TSX find that a listed issuer is engaging in activities contrary to the TSX's listing requirements, the TSX has the discretion to initiate a delisting review. While the Company's current operations in the U.S. are compliant with TSX listing requirements, failure to comply in the future with the TSX listing requirements could have an adverse effect on the Company's business.

Tuatara is a Significant Shareholder

Tuatara is the Company's single largest shareholder by virtue, as at March 24, 2025, of its 17.98% ownership interest (15.14% on a fully-diluted basis) in Willow, and Willow's business and future operations may be adversely affected by changes in the business or management of Tuatara. Tuatara has the ability to exercise significant influence over the Company's business and operations due to its ownership interest.

Tuatara owns a substantial number of the outstanding Common Shares and, through its pre-emptive rights provided for in the Investor Rights Agreement, has the ability to maintain its ownership level. Tuatara is also entitled to designate one nominee for election or appointment to the Board and two observers of the Board. As such, Tuatara is in a position to exercise significant influence over the Company, including matters requiring shareholder approval, such as the election of directors, change of control transactions and the determination of other significant corporate actions. There can also be no assurance that the interests of Tuatara will align with the interests of the Company or the Company's shareholders, and Tuatara will have the ability to influence certain actions that may not reflect the intent of the Company or align with the interests of the Company or its shareholders. The presence of Tuatara could limit the price that investors or an acquirer may be willing to pay for Common Shares and may therefore delay or prevent a change of control or take-over bid of Willow. Tuatara also has certain consent rights which could delay or prevent the completion of certain transactions that may otherwise be beneficial to the Company's shareholders. The Company may also enter into other arrangements with Tuatara, and as a result, the Company may be dependent on Tuatara, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Insurance

Willow has directors' and officers' liability insurance and property and general liability insurance. This insurance may not remain available to the Company or be obtainable at commercially reasonable rates, and the amount of coverage may not be adequate to cover any liability the Company incurs. Future increases in insurance costs, coupled with the increase in deductibles, will result in higher operating costs and increased risk. If Willow was to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if Willow was to incur such liability at a time when it is not able to obtain liability insurance, the Company's business, results of operations and financial condition could be materially adversely affected.

Product Liability

It is expected that Willow will manufacture, process and/or distribute products designed to be ingested by humans. Such businesses face an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused significant loss or injury. A product liability claim or regulatory action against Willow could result in increased costs, adversely affect the Company's reputation and have a material adverse effect on the results of operations and financial condition of Willow.

Difficulty to Forecast

The Company may need to rely on its own market research to forecast industry trends and statistics and the competitive landscape of Willow's industry if detailed forecasts and competitor information are not generally available from other sources. A failure in the demand for the Company's products to materialize

as a result of competition, technological change, change in the regulatory or legal landscape or other factors could have a material adverse effect the Company's business, financial condition and results of operations.

To the extent the Company may receive industry and financial reporting, the trading market for the Company's Common Shares may rely in part on the research and reports that industry or financial analysts publish about the Company, its business, its markets and its competitors. The Company does not control these analysts. If securities analysts do not cover the Common Shares, the lack of research coverage may adversely affect the market price of the Common Shares. Furthermore, if one or more of the analysts who do cover the Company downgrade the Common Shares or if those analysts issue other unfavorable commentary about the Company or its business, the price of the Common Shares could decline. If one or more of these analysts cease coverage of the Company or fails to regularly publish reports on the Company, the Company could lose any visibility in the market and interest in the Common Shares could decrease, which in turn could cause the Company's share price or trading volume to decline and may also impair the Company's ability to expand its business with existing customers and attract new customers.

Need to Expand Contract Manufacturing Organizations

The Company's success depends on its ability to expand the number, size and scope of its customer collaborations and partnerships with contract manufacturing organizations. The Company engages in conversations with contract manufacturing organizations on an ongoing basis and is currently seeking new partnerships. Even if an agreement is reached, the resulting relationship may not be successful for many reasons, including the Company's inability to complete a program to regulatory or customers' specifications or within feasible time frames, or unsuccessful development or commercialization of products or processes.

Conflicts of Interest

Certain of Willow's directors and officers are, and may continue to be, involved in other business ventures through direct and indirect participation in, among other things, corporations, partnerships and joint ventures that may become potential competitors of the technologies, products and services Willow intends to provide. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from Willow's interests. In accordance with the ABCA, directors who have a material interest in, or who are parties to, a material contract or a proposed material contract with Willow are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the transaction. In addition, the directors and officers are required to act honestly and in good faith with a view to Willow's best interests. However, in conflict of interest situations, Willow's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to Willow. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to Willow.

Litigation, Liability, Enforcement, Complaints, etc.

The Company may become a party to regulatory proceedings, litigation, mediation, and/or arbitration from time to time in the ordinary course of business, which could adversely affect its business, financial condition and operations. Litigation, complaints and enforcement actions involving Willow could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on Willow's future cash flows, earnings, results of operations and financial condition.

Substantial litigation costs or an adverse result in any litigation may adversely impact the Company's business, financial condition, or operations.

Dividends

Willow does not anticipate paying any dividends in the foreseeable future. Dividends paid by Willow would be subject to tax and, potentially, withholdings.

Any decision to declare and pay dividends in the future will be made at the discretion of the Board, and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Board may deem relevant. As a result, investors may not receive any return on an investment in the Common Shares unless they sell their Common Shares for a price greater than that which such investors paid for them.

Pandemic Risk

Severe disruptions in regional economies and the world economy can be caused by the outbreak of a contagious illness. Such pandemics and efforts to contain them could result in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains, customer activity and demand, service cancellations, reductions and other changes, significant challenges in healthcare service preparation and delivery, and quarantines, as well as considerable general concern and uncertainty, all of which could negatively affect the economic environment and may in the future have further impacts, as was the case for the COVID-19 pandemic. It is not possible to predict what measures and restrictions may be imposed by governmental authorities and the period of time during which those measures and restrictions may apply. Economic and supply chain disruptions, including temporary staff shortages resulting from a pandemic, could further materially affect the Company's financial results and operations. A pandemic could also further and significantly impact global economic activity, including demand for hydrocarbons, and cause increased market volatility, continued changes to the macroeconomic environment and commodity prices in connection with ensuing economic disruption, supply shortages, trade disruption, temporary staff shortages and temporary closures of facilities in geographic locations more importantly impacted by the outbreak. The scope and severity of such disruptions and their impact on the Company's financial results and operations could be material.

Macroeconomic, Geopolitical and Other Challenges and Uncertainties Globally and Catastrophic Events

Natural disasters, such as earthquakes, tsunamis, floods or wildfires, public health crises, such as epidemics and pandemics, political instability, acts of terrorism, war or other conflicts and other events outside of the Company's control, may adversely impact Willow's business and operating results. It is difficult to estimate the level of growth for the global economy as a whole, particularly while geopolitical relationships and events present potential risks that are difficult to assess or forecast. Downturns in the economy and market uncertainties, as well as unprecedented events such as the COVID-19 pandemic, the Russian invasion of Ukraine and the conflict in Gaza, may impact the business operations and success of Willow. In addition to the direct impact that such events could have on Willow's facilities and workforce, these types of events could negatively impact consumer spending in the impacted regions or depending on the severity, globally, which would impact the Company's customers and strategic partners, and in turn impact the demand for the Company's products. Such events can also create volatility and negative price effects in global capital markets.

For example, the recent action of Russian military forces in Ukraine has escalated tensions between Russia and the U.S., NATO, the EU, and the U.K. The U.S., the EU, the UK, and several other countries have recently imposed a series of new sanctions targeting Russia, two separatist pro-Russian regions in Ukraine, and certain individuals, banks, and corporations that are seen as allies to the administration of Russian president Vladimir Putin and expanded controls on exports to Russia. These measures are intended to impair Russia's ability to finance its expenditures and limit its access to products or technology that support its military capabilities. Counter-measures taken by Russia, and any further sanctions imposed by the various countries and governments, could have negative impacts on regional and global financial markets and economic conditions and consequently, the Company's operations and financial results.

In addition, worldwide economic conditions and market volatility as a result of political leadership in certain countries and other disruptions to global and regional economies and markets, including continuing increases in inflation and interest rates, the possibility of recession, or financial market instability, may impact future business activities. External factors, such as natural disasters, diseases, acts of terrorism and the outbreak of war, hostilities and armed conflicts between countries have created uncertainties that may affect the global economy and markets generally and could have a material adverse effect on the

Company's business, financial condition, and results of operations. More generally, these geopolitical, social and economic conditions could result in increased volatility in financial markets and in the economy, as well as other adverse impacts.

Impact of U.S. Legislative and Regulatory Policies

The recent election of President Trump may result in legislative and regulatory changes that could have an adverse effect on Willow and its financial condition. There is uncertainty regarding U.S. tariffs and support for existing treaty and trade relationships, including with Canada. Implementation by the U.S. government of new legislative or regulatory policies could negatively impact the Company, which may have a material adverse effect on Willow's business, financial condition and operations. Furthermore, there is a risk that the tariffs imposed by the U.S. on other countries will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension, the Company.

Inflation and Cost Management

The Company's costs could escalate due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs and additional government intervention through stimulus spending or additional regulations. The Company's inability to manage costs may impact revenues and future research and development decisions, which could have a material adverse impact on the Company's financial performance.

Market Price of Securities

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Securities of many companies in the industries in which the Company competes have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include global economic developments and market perceptions of the industry. There can be no assurance that continuing fluctuations in price will not occur. Other factors unrelated to the Company's performance that may influence the price of the Common Shares include a lessening in trading volume and general market interest in the Company's securities. A lessening in trading volume may affect a purchaser's ability to trade significant numbers of Common Shares, particularly given the number of Common Shares held by Tuatara, and may also limit the ability of some institutions to invest in the Company's securities. The market price per Common Share is also likely to be affected by changes in the Company's financial condition or results of operations.

The market for biopharmaceutical companies, including Willow, has historically been volatile and subject to wide fluctuations in response to various factors, many of which are beyond the Company's control, which may affect the ability of the Company's shareholders to sell their securities at an advantageous price. The Company's failure to meet expectations, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions, industry-related developments, results of similar product development or commercialization, changes in government regulations or other material public announcements by Willow or its competitors, along with a variety of additional factors may affect market fluctuations.

Liquidity of the Common Shares

The Common Shares may be less liquid and trade at a discount relative to the trading that could occur in circumstances where Tuatara did not have the ability to significantly influence or determine matters affecting the Company. Tuatara's significant voting interest may discourage transactions involving a change of the Company's control, including transactions in which an investor, as a holder of Common Shares, might otherwise receive a premium for its Common Shares over the then current market price.

Market for Securities

Shareholders may be unable to sell significant quantities of Common Shares into the public markets without a significant reduction in the price of the Common Shares, or at all. There can be no assurance that there will be sufficient liquidity of the Common Shares, nor that Willow will continue to meet the listing requirements of the TSX or achieve listing on any other recognized stock exchange.

The market price for securities of biopharmaceutical companies, including the Company's, has historically been volatile and subject to wide fluctuations in response to various factors, many of which are beyond the Company's control, which may affect the ability of the Company's shareholders to sell their securities at an advantageous price. The Company's failure to meet expectations, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions, industry-related developments, results of drug development or commercialization, changes in government regulations or other material public announcements by Willow or its competitors, along with a variety of additional factors may affect market fluctuations.

The market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. There can be no assurance that continuing fluctuations in price and volume will not occur. Financial markets have at times historically experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be materially adversely affected.

Sales of Tuatara's Common Shares

Tuatara is not contractually committed to maintaining an equity stake in the Company. Subject to compliance with applicable securities laws, Tuatara may sell some or all of its Common Shares. Tuatara also holds registration rights, on terms customary for a significant shareholder, pursuant to which the Company has agreed to facilitate sales of Common Shares by Tuatara. In addition, Tuatara has the right to require the Company to make disclosure to permit it to sell in certain circumstances. The impact of future sales of Common Shares by Tuatara may have an adverse impact on the market price of the Common Shares.

Tax Risk

Prospective investors should be aware that the purchase of any of Willow's securities may have tax consequences in Canada and other jurisdictions. Prospective investors should consult with their own independent tax advisor before purchasing any of Willow's securities.

Forward Looking Information May Prove to be Inaccurate

Investors are cautioned not to place undue reliance on forward looking information. By its nature, forward looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

DIVIDENDS

The Company has not declared or paid any dividends since incorporation. Any decision to pay dividends on the Common Shares will be made by the Board on the basis of the Company's earnings, financial requirements and other conditions existing at the relevant time.

DESCRIPTION OF SHARE CAPITAL

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series. As at the date hereof, there were 144,846,543 Common Shares and nil Preferred Shares issued and outstanding.

Common Shares

Subject to the rights of holders of any other class, or series of any class, of shares of the Company to have separate meetings, holders of Common Shares are entitled to receive notice of and to attend all annual and special meetings of the Shareholders and to one vote in respect of each Common Share held at such meetings. Holders of Common Shares are entitled to receive dividends if, as and when declared by the Board out of the assets of the Company in such amounts and payable in such manner as the Board may from time to time determine. Subject to the rights of holders of Preferred Shares and any other class of shares of the Company entitled to receive dividends in priority to or concurrently with holders of Common Shares, the Board may in its sole discretion declare dividends on Common Shares to the exclusion of any other class of shares of the Company. In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, holders of Common Shares will, subject to the rights of holders of Preferred Shares and any other class of shares of the Company entitled to receive assets of the Company upon such a distribution in priority to or concurrently with holders of Common Shares, be entitled to participate in the distribution. Such distribution will be made in equal amounts per share on all Common Shares at the time outstanding without preference or distinction.

Preferred Shares

Preferred Shares may at any time and from time to time be issued in one or more series. Subject to the following provisions, the Board may from time to time before the issue thereof fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to the shares of, each series of Preferred Shares. Preferred Shares are entitled to priority over Common Shares and all other shares ranking junior to Preferred Shares with respect to the payment of dividends and the distribution of assets of the Company in the event of any liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs. Preferred Shares of each series will rank on a parity with Preferred Shares of every other series with respect to priority in the payment of dividends and in the distribution of assets of the Company in the event of any liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs.

MARKET FOR SECURITIES AND TRADING VOLUME

The Common Shares are listed on the TSX under the symbol "WLLW". The following table sets forth the price range and trading volume of the Common Shares for the Company's most recently completed financial year, as reported by the TSX:

Month	High (C$)	Low (C$)	Volume
January	$0.12	$0.09	1,285,090
February	$0.14	$0.095	2,225,010
March	$0.12	$0.09	2,532,080
April	$0.095	$0.08	831,070

Month	High (C$)	Low (C$)	Volume
May	$0.14	$0.075	1,596,620
June	$0.12	$0.095	1,308,460
July	$0.14.5	$0.09	3,198,760
August	$0.10	$0.08	1,727,840
September	$0.105	$0.09	1,329,660
October	$0.105	$0.085	892,480
November	$0.095	$0.075	2,640,53
December	$0.085	$0.055	4,248,110

PRIOR SALES

During the year ended December 31, 2024, no securities have been issued by the Company that are outstanding but not listed or quoted on a marketplace.

DIRECTORS AND OFFICERS

The names, municipality of residence and principal occupation during the last five years of each of the directors and officers of the Company as of the date hereof are as follows:

Name and Municipality of Residence	Principal Occupation During the Past 5 years	Director and/or Officer Since	Position(s) Presently Held
Travis Doupe *Calgary, Alberta*	Chief Financial Officer of BioCan from May 2018 to April 2019. Prior thereto, Chief Financial Officer and Vice President, Finance, of Torenco Energy Inc., a former private international oil and gas exploration company, Oronova Energy Inc., a former international oil and gas exploration company listed on the TSXV.	April 12, 2019	Chief Financial Officer
Dr. Chris Savile *Santa Clara, California*	Chief Operating Officer of Willow from May 2020 to March 2023 and Vice President, Commercial Operations, of Willow from April 2019 to May 2020. Prior thereto, Executive Director, Commercial Operations, at Intrexon Corporation, an American biotechnology company, from May 2015 to January 2019.	April 12, 2019	President, Chief Executive Officer and Director
Dr. Trish Choudhary *Belmont, California*	Senior Director, Strain Engineering, of Willow from April 2019 to December 2020. Prior thereto, Co-founder at E-Sep Technologies, an American Industrial Green Chemistry company, from January 2013 to January 2019.	January 1, 2021	Sr. Vice President, Research & Development

Name and Municipality of Residence	Principal Occupation During the Past 5 years	Director and/or Officer Since	Position(s) Presently Held
Sony Gill *Calgary, Alberta*	Partner at Stikeman Elliott LLP , a national law firm, practicing primarily in the areas of corporate finance, securities and mergers and acquisitions transactions. Prior thereto, partner at another national law firm.	April 12, 2019	Corporate Secretary
Donald Archibald[(1)(2)] *Calgary, Alberta*	Independent businessman; President of Cypress Energy Corp., a private investment company, since March 2008. Mr. Archibald also serves on the board and various committees of Palisade Capital, Panorama Mountain Resort, Petronas Energy Canada, Logan Energy Corp. and Spartan Delta Corp.	April 12, 2019	Director
Al Foreman *New York, New York*	Managing Partner and the Chief Investment Officer of Tuatara, a sector-focused private equity firm, since 2014.	April 12, 2019	Director
Dr. Jim Lalonde[(1)(2)] *San Mateo, California*	Lead of Microbial Digital Genome Engineering Business of Inscripta from September 2019 until July 2021. Prior thereto, Senior Vice President of R&D at Codexis, Inc.	February 21, 2023	Director and Chairperson
Raffi Asadorian[(1)(2)] *Lafayette, California*	Chief Financial Officer of Talphera Inc. since 2017.	May 12, 2023	Director

Notes:

(1) Member of the Company's Audit Committee.
(2) Member of the Company's Corporate Governance and Compensation Committee.

As at the date hereof, the directors and officers of the Company, and their associates and affiliates, as a group, whether beneficial, direct or indirect, own 32,112,293 Common Shares, representing approximately 22.17% of the currently outstanding Common Shares.

The directors listed above will hold office until their successors are elected or appointed.

Cease Trade Orders or Bankruptcies

Except as disclosed below, none of the above directors or officers, or a securityholder anticipated to hold a sufficient number of securities of the Company to affect materially the control of the Company, as at or within 10 years before the date of this AIF, has been, a director, officer or promoter of any person or company that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days;

(b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) been subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

Mr. Donald Archibald was a director of Waldron Energy Corporation ("**Waldron**") from December 31, 2009 to August 17, 2015. On August 6, 2015, the secured subordinated lender of Waldron demanded repayment in full of all amounts owed to it under its credit facility and gave notice of its intention to enforce its security. This repayment demand created a cross-default between Waldron and its secured bank lender, which subsequently demanded repayment in full of all amounts owed to it under its credit facility and also gave notice of its intention to enforce its security. After various discussions between Waldron and both its lenders, Waldron consented to the appointment of a receiver and manager on August 13, 2015. On August 17, 2015, a receiver and manager was appointed over the assets, undertakings and property of Waldron pursuant to an order of the Court of King's Bench of Alberta (the "**Court**").

Mr. Archibald was Chairman of Cequence Energy Ltd. ("**Cequence**") from July 30, 2009 to September 28, 2020. Pursuant to an amended and restated initial order of the Court on June 11, 2020, Cequence was granted authority to file with the Court a plan of compromise or arrangement under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). On September 28, 2020, Cequence implemented a plan of compromise and arrangement (the "**CCAA Plan**") which was sanctioned on September 17, 2020 by order of the Court. The CCAA Plan marked the conclusion of the CCAA proceedings.

No proposed director or officer of the Company, or a securityholder anticipated to hold sufficient securities of the Company to affect materially the control of the Company, or a personal holding company of any such persons, has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or Promoter (as such term is defined in the *Securities Act* (Alberta)).

Penalties or Sanctions

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain of the directors and officers of the Company are also directors and/or officers of other reporting and non-reporting issuers, which may give rise to conflicts of interest. In accordance with corporate laws, directors who have an interest in a contract or a proposed contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Company. Some of the directors of the Company have other employment or other business or time restrictions placed on them and accordingly, these directors of the Company will only be able to devote part of their time to the affairs of the Company. In particular, certain of the directors and officers are

involved in managerial and/or director positions with other companies whose operations may, from time to time, provide financing to, or make equity investments in, competitors of the Company. Conflicts will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his or her interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA. Except as disclosed herein, the Company is not aware of any existing or potential material conflicts of interest between the Company and any director or officer of the Company as of the date hereof.

Mr. Gill, Corporate Secretary of the Company, is a partner of the national law firm Stikeman Elliott LLP, which law firm renders legal services to the Company.

Mr. Foreman, a director of the Company, is Managing Partner and the Chief Investment Officer of Tuatara, a significant shareholder of the Company.

AUDIT COMMITTEE INFORMATION

The purpose of the Company's Audit Committee is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Company. It is the objective of the Audit Committee to maintain open communication among the Board, the independent auditors and the financial and senior management of the Company.

Audit Committee Mandate

Willow's Audit Committee mandate sets out the committee's purpose, organization, duties and responsibilities. A copy of the mandate is attached hereto as Schedule "A".

Composition of Audit Committee

Willow's Audit Committee is comprised of Raffi Asadorian, Don Archibald and Jim Lalonde, all of whom are financially literate, as such term is defined in NI 52-110, and all of whom are considered independent under NI 52-110.

Relevant Education and Experience

Collectively, the Audit Committee of the Company has the education and experience to fulfill the responsibilities outlined in the Audit Committee mandate. Mr. Asadorian has held CFO roles in biotech issuers. Mr. Asadorian holds a Masters in Business Administration – Finance from the University of Manchester (UK) and a Bachelor of Science, Business Administration – Accounting from Xavier University in Ohio. In addition, Mr. Asadorian is a Certified Public Accountant (inactive) in the state of Ohio.

Each member of the Audit Committee has: (a) an understanding of the accounting principles used by the Company to prepare its financial statements; (b) the ability to assess the general application of those principles in connection with the estimates, accruals and reserves; (c) experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and (d) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, Willow's board of directors has adopted all recommendations of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, Willow has not relied on the exemptions contained in Sections 2.4, 3.2, 3.3(2), 3.4, 3.5, 3.6, 3.8 or Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has established a pre-approval policy and procedures for the engagement of non-audit services. The Audit Committee must approve all engagements for non-audit services which are expected to exceed $25,000 per engagement before the engagement may commence. For engagements for non-audit services which are expected to be less than $25,000, the engagement may commence upon approval by the Chairman of the Audit Committee with all members being informed of the service at the next meeting of the Committee. All recommendations for services will be submitted by the Chief Financial Officer.

External Auditor Service Fees (by Category)

Audit Fees

KPMG LLP has served as Willow's external auditors since May 14, 2019. The following table lists the fees paid or payable to KPMG LLP, by category, for the last two fiscal years:

	Year ended December 31, 2023	Year ended December 31, 2024
Audit fees[1]	$ 246,763	$ 267,995
Audit-related fees[2]	$ -	$ -
Tax fees[3]	$ 10,700	$ 10,750
All other fees[4]	$ 42,800	$ -
Total fees	**$ 300,263**	**$ 278,745**

Notes:

(1) Audit fees consist of the aggregate fees billed for the audit or review of the Company's annual and quarterly financial statements that are normally provided in connection with statutory and regulatory filings or engagements.
(2) Audit-related fees consist of the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as "Audit fees".
(3) Tax fees consist of the aggregate fees billed for tax compliance, tax advice and tax planning.
(4) For products and services other than the "Audit fees", "Audit-related fees" and "Tax fees" described above.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

During the fiscal year ended December 31, 2021, the Company became a party to a legal proceeding outside of the course of ordinary business. On September 16, 2021, Willow was served with a claim commenced in the Federal Court of Canada by Aurora Cannabis Inc and the University of Saskatchewan

alleging infringement of Canadian Patent No. 2,770,774. Willow filed a defence and counterclaim on October 18, 2021. The plaintiffs filed an amended claim on December 13, 2021, which added allegations that Canadian Patent Nos. 2,796,465 and No. 2,851,316 are also infringed. Willow filed an amended defence and counterclaim on February 14, 2022. In September 2023, an agreement was reached between both parties and the claim was dropped.

To the best of the Company's knowledge, since the beginning of the most recently completed fiscal year, there have not been any penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, and the Company has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than the Investor Rights Agreement, to the best of the Company's knowledge, there are no material interests, direct or indirect, of directors or executive officers of the Company, any shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years of the Company or during the current financial year which has materially affected, or is reasonably expected to materially affect, the Company.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Odyssey Trust Company at its principal office in Calgary, Alberta.

MATERIAL CONTRACTS

Except as disclosed below and other than contracts entered into in the ordinary course of business, there have been no material contracts entered into by the Company within the most recently completed financial year, or before the most recently completed financial year that are still in effect.

The following are material contracts of the Company required to be filed on SEDAR+ pursuant to NI 51-102:

(a) the Joint Development Agreement between the Company and Noramco dated June 4, 2019, as more particularly described in "*Description of the Business of the Company – Strategic Partnerships – Noramco*", a copy of which is available on SEDAR+ at www.sedarplus.ca; and

(b) an investor rights agreement between the Company and Tuatara dated April 12, 2019, a copy of which is available on SEDAR+ at www.sedarplus.ca.

INTERESTS OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company during, or related to, the year ended December 31, 2024 other than KPMG LLP, the current auditor of the Company.

KPMG LLP is independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed in the relevant professional bodies in Canada and any applicable legislation or regulation.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or any associate or affiliate of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR+ at www.sedarplus.ca. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for the Company's most recent Shareholders' meeting that involved the election of directors. Additional financial information is contained in the Company's consolidated financial statements and the related management's discussion and analysis for the year ended December 31, 2024.

SCHEDULE "A"
AUDIT COMMITTEE CHARTER

Effective as and from April 12, 2019

ROLE AND OBJECTIVE

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Willow Biosciences Inc. (the "**Corporation**") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee, with respect to the Corporation and its subsidiaries, are as follows:

1. To assist directors to meet their responsibilities in respect of the preparation and disclosure of the financial statements of the Corporation and related matters.

2. To provide better communication between the Board and external auditors.

3. To ensure the external auditors' independence.

4. To review management's implementation and maintenance of an effective system of internal control over financial reporting and disclosure control over financial reporting.

5. To increase the credibility and objectivity of financial reports.

6. To manage and oversee the Corporation's Whistleblowing Policy.

7. To facilitate in-depth discussions between directors on the Committee, management and external auditors.

The primary responsibility for the financial reporting, information systems, risk management and internal and disclosure controls of the Corporation is vested in management and overseen by the Board. At each meeting, the Committee may meet separately with management and will meet in separate, closed sessions with the external auditors and then with the independent directors in attendance.

MANDATE AND RESPONSIBILITIES OF COMMITTEE

Financial Reporting and Related Public Disclosure

1. It is a primary responsibility of the Committee to review and recommend for approval to the Board the annual and quarterly financial statements of the Corporation. The Committee is also to review and recommend to the Board for approval the financial statements and related information included in prospectuses, management discussion and analysis, financial press releases, information circular and proxy statements and annual information forms, including financial outlooks and future-oriented financial information included therein. The process should include but not be limited to:

    (a) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;

    (b) reviewing significant management judgments and estimates that may be material to financial reporting including alternative treatments and their impacts;

(c) reviewing the presentation and impact of any significant risks and uncertainties that may be material to financial reporting including alternative treatments and their impacts;

(d) reviewing accounting treatment of significant, unusual or non-recurring transactions;

(e) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;

(f) reviewing unresolved differences between management and the external auditors;

(g) determining through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed; and

(h) reviewing all financial reporting relating to risk exposure including the identification, monitoring and mitigation of business risk and its disclosure.

2. The Committee shall satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information from the Corporation's financial statements and periodically assess the adequacy of those procedures.

Internal Controls Over Financial Reporting and Information Systems

1. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to the Corporation's internal control over financial reporting and information systems. The process should include but not be limited to:

(a) inquiring as to the adequacy and effectiveness of the Corporation's system of internal controls over financial reporting and review the evaluation of internal controls over financial reporting by external auditors;

(b) establishing procedures for the confidential, anonymous submission by employees of the Corporation of concerns relating to accounting, internal control over financial reporting, auditing or Code of Business Conduct and Ethics matters and periodically review a summary of complaints and their related resolution; and

(c) establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters.

External Auditors

1. With respect to the appointment of external auditors by the Board, the Committee shall:

(a) be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;

(b) review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fees;

(c) review and evaluate annually the external auditors' performance, and periodically (at least every five years) conduct a comprehensive review of the external auditors;

(d) recommend to the Board appointment of external auditors and the compensation of the external auditors;

(e) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;

(f) review and approve any non-audit services to be provided by the external auditors' firm and consider the impact on the independence of the auditors; between scheduled meetings, the Chair of the Committee is authorized to approve all audit related services and non-audit services provided by the external auditors for individual engagements with estimated fees of $25,000 and under; and shall report all such approvals to the Committee at its next scheduled meeting;

(g) inquire as to the independence of the external auditors and obtain, at least annually, a formal written statement delineating all relationships between the external auditors and the Corporation as contemplated by *Independence Standards Board Standard No. 1 – Independence Discussions with Audit Committees*;

(h) review the Annual Report of the Canadian Public Accountability Board ("**CPAB**") concerning audit quality in Canada and discuss implications for the Corporation;

(i) review any reports issued by CPAB regarding the audit of the Corporation; and

(j) discuss with the external auditors, without management being present, the quality of the Corporation's financial and accounting personnel, the completeness and accuracy of the Corporation's financial statements and elicit comments of senior management regarding the responsiveness of the external auditors to the Corporation's needs.

2. The Committee shall review with the external auditors (and the internal auditor if one is appointed by the Corporation) their assessment of the internal control over financial reporting of the Corporation, their written reports containing recommendations for improvement of internal control over financial reporting and other suggestions as appropriate, and management's response and follow-up to any identified weaknesses.

3. The Committee shall also review and approve annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.

Compliance

1. It is the responsibility of the Committee to review management's process for the certification of annual and interim financial reports in accordance with required securities legislation.

2. It is the responsibility of the Committee to ascertain compliance with covenants under loan agreements.

3. The Committee shall review the Corporation's compliance with all legal and regulatory requirements as it pertains to financial reporting, taxation, internal control over financial reporting and any other area the Committee considers to be appropriate relative to its mandate or as may be requested by the Board.

Other Matters

1. It is the responsibility of the Committee to review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and external auditors of the Corporation.

2. The Committee may also review any other matters that the Committee feels are important to its mandate or that the Board chooses to delegate to it.

3. The Committee shall undertake annually a review of this mandate and make recommendations to the Corporate Governance and Compensation Committee as to proposed changes.

COMPOSITION

1. This Committee shall be composed of at least three individuals appointed by the Board from amongst its members, all of whom shall be independent (within the meaning of section 1.4 and 1.5 of *National Instrument 52-110 Audit Committees* ("**NI 52-110**")) unless the Board determines to rely on an exemption in NI 52-110.

2. The chair of the Committee (the "**Committee Chair**") shall be appointed by the Board.

3. A quorum shall be a majority of the members of the Committee.

4. All of the members must be financially literate (within the meaning section 1.6 of NI 52-110) unless the Board has determined to rely on an exemption in NI 52-110. Being "financially literate" means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

MEETINGS

1. The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee Chair.

2. The Committee shall meet not less than quarterly with the auditors, independent of the presence of management.

3. Agendas, with input from management, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.

4. The chief executive officer and the chief financial officer of the Corporation, or their designates, shall be available to attend at all meetings of the Committee upon the invitation of the Committee.

5. Other staff shall attend meetings upon invitation by the Committee should the Committee deem them necessary for the provision of information.

REPORTING / AUTHORITY

1. Following each meeting, in addition to a verbal report, the Committee will report to the Board by way of providing copies of the minutes of such Committee meeting at the next Board meeting after a meeting is held (these may still be in draft form).

2. Supporting schedules and information reviewed by the Committee shall be available for examination by any director.

3. The Committee shall have the authority to investigate any financial activity of the Corporation and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.

4. The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Corporation.

5. The Committee shall annually review this mandate and make recommendations to the Corporate Governance and Compensation Committee as to proposed changes, if any.