(TSX: LABS)

MEDIPHARM LABS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2024

MAY 14, 2024

This Management's Discussion and Analysis ("**MD&A**") of the financial condition and performance of MediPharm Labs Corp. (the "**Company**", "**MediPharm**", "**we**", "**us**" or "**our**") for the three months ended March 31, 2024, was prepared by management of the Company as of May 14, 2024. Throughout this MD&A, unless the context indicates or requires otherwise, the terms the "Company", "MediPharm", "we", "us" and "our" refer to MediPharm Labs Corp. together with its subsidiaries. This MD&A should be read in conjunction with our condensed interim consolidated financial statements for the three months ended March 31, 2024 (the "**Financial Statements**"), including the accompanying notes thereto.

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

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

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

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

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

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

USE OF NON-IFRS FINANCIAL MEASURES

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

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

See "Reconciliation of Non-IFRS Measures".

EBITDA

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

Adjusted EBITDA

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

COMPANY OVERVIEW

Background

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

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

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

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

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

Business Overview

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

The Company also provides GMP flower sourcing, packaging, and distribution services for select international clients. In addition, the Company cultivates cannabis to sell as dried flower, pre-roll and other cannabis products for the adult use and medical markets. The Company's mission is to become a global leader leveraging our GMP quality standards to provide specialized pharmaceutical quality derivative cannabis products and to drive future cannabis product innovation.

The Company's operations are currently conducted through MediPharm Labs and VIVO.

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

MediPharm Labs also holds a GMP license under the Natural Health Products Regulations (the "**NHP Site Licence**"). The NHP Site Licence gives MediPharm Labs the authorization to manufacture, package and label natural health products in Canada. MediPharm Labs' Barrie site follows GMP requirements outlined in Part 3 of the Natural Health Products Regulations.

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

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

Operations and Facilities

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

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

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

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

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

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

Barrie Facility

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

Hope Facility

This 47,000 sq. ft. production facility was originally a VIVO facility and was the first licensed site in British Columbia for commercial cannabis production in 2013, issued to Canna Farms as licence holder. The current Canna Farms direct-to-patient medical sales e-commerce platform is managed and distributed via the Hope Facility.

The Company is currently completing activities to relocate direct-to-patient medical sales logistics to the Barrie facility. The Company anticipates that the move will streamline operations and deliver savings to both cost of goods sold and operating expenses.

Napanee Facility

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

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

Company Regulatory History

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

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

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

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

On October 21, 2019, the Licence was amended to permit the activity of production and sale of additional cannabis products included in the Cannabis Act, including cannabis extracts, cannabis edibles and cannabis topicals. On September 28, 2021, the Licence was renewed for a further term of five years and was further amended on April 25, 2022 to allow for the sale, distribution, and delivery of dried cannabis and fresh cannabis. On May 1, 2024, the License was amended to allow for the possession and sale of cannabis for medical purposes.

On October 25, 2019, MediPharm Labs received its research licence under the Cannabis Act. This licence permits MediPharm Labs to conduct controlled human administration trials for sensory testing of cannabis extracts and derivative products at its Barrie Facility. Cannabis companies without this licence cannot use sensory experiments with taste, thus limiting their understanding of the taste profile of the raw material, in process material, and consumer products.

On December 21, 2020, MediPharm Labs received a GMP licence under the Natural Health Products Regulations (the "**NHP Site Licence**"). The NHP Site Licence gives MediPharm Labs the authorization to manufacture, package and label natural health products in Canada. MediPharm Labs' Barrie site follows GMP requirements outlined in Part 3 of the Natural Health Products Regulations. On December 21, 2022,

the NHP Site Licence was renewed for a further one-year term. As of March 2024 the Company is in the process of renewing this license again for 2024 and 2025.[2]

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

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

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

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

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

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

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

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

The statements regarding intended expansions, exports, distributions, GMP certifications and the DMF filing are forward-looking statements.

The Company's current cannabis licences include:

MediPharm Labs – Barrie ON – Health Canada Standard Processing Licence – expires September 28, 2026

ABcann – Napanee ON - Health Canada Cultivation and Processing Licence – expires October 30, 2025

Canna Farms – Hope BC – Health Canada Cultivation and Medical Sales – expires December 14, 2027

It is anticipated by management that Health Canada will extend or renew these licences at the end of or prior to the end of their terms.[3]. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".

Product Manufacturing and Sales

The Company processes its inventory of dried cannabis and sells both the resulting bulk cannabis concentrates and finished formulated products. Finished formulated products are sold under the MediPharm family of brands and under customer brands through contract manufacturing arrangements. Customers that do not hold a requisite Cannabis Act or other licence rely on the Company for the complete manufacturing and distribution of the branded product. Customers that hold their own licence may directly purchase the finished or partially finished products from the Company to manage the remaining portion of the manufacturing and/or supply chain themselves and the Company would typically receive a fee per unit shipped under that arrangement. The Company has increased the breadth (product formats) and depth (stock keeping units ("**SKUs**") per product format) of finished formulated product capabilities and expects to

[3] This forward-looking statement is based on the following material factors and assumptions: (a) the Company assumes that it will receive a compliant rating from Health Canada and that Health Canada will renew the Licence; and (b) the Company assumes that it will continue to be in compliance with the relevant regulatory frameworks, guidelines, and requirements of Health Canada. The Company clarifies that as of the date hereof, it has received compliant ratings from Health Canada, but cannot guarantee that there will not be issues with compliance inspections that may arise in the future. Such statements are informed by, among other things, regulatory guidelines for receiving and maintaining the Licence. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".

continue this expansion going forward. In addition to the core competencies listed above, the Company is also engaged in the sale of GMP finished good cannabis flower to international partners in branded (Beacon Medical Brand) and white label formats.

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

During the Company's initial growth phase, we realized most of our revenue from product sales through long-term and spot sales of bulk crude resin and distillate. This changed in Q4 2019 as the expansion in the Canadian market for bulk concentrates seen in the ramp up to Cannabis 2.0 legalization began to slow. Over the last two years, the Company's business mix has been transformed from a narrow and primarily domestic B2B extract business to a diverse business with multiple revenue streams and an international presence. Our B2B business represented greater than 90% of sales in 2019 but represented less than 15% of sales in 2022. Following the acquisition of VIVO, B2B bulk sales now represents less than 10% of sales. The Company continues to focus on its diverse portfolio with robust Canadian Adult Use and Wellness, Canadian Medical Cannabis, and International Medical Cannabis business streams, while the remaining B2B business is heavily focused on longer term pharmaceutical research and drug development pipelines.

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

Corporate Highlights

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

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

MediPharm Labs currently manufactures two medical cannabis products with full ANVISA product authorization under Brazil's Resolution 327/19, which governs high-value prescription cannabis products in Brazil. Additional product authorizations are currently under review with ANVISA.

In addition to existing Brazilian customers, the Company entered into a supply agreement with a top-tier generic pharmaceutical company in Brazil in July 2023. Since signing the agreement, the customer has applied to ANVISA for a number of MediPharm produced cannabis product marketing authorizations. The

receipt of GMP certification is a key milestone and critical required element of the rigorous ANVISA product approval process.

Subsequent Events

Subsequent to the three months ended March 31, 2024, the following material developments occurred:

In April 2024, MediPharm Labs entered into a GMP flower and extract supply agreement with Pharmadrug Production GmbH ("**Pharmadrug**") for supply of goods for the United Kingdom and Germany where Pharmadrug already has existing brands and patient base.

In April 2024, the health department of the Landesamt für Arbeitsschutz, Verbraucherschutz und Gesundheit (LAVG) completed on-site inspections of both the Napanee and Barrie site. This LAVG inspection was related to EU GMP activities primarily in Germany. Both inspections received a verbal compliant rating and the Company anticipates written reports in Q3 2024.[4]

In April 2024, the Company submitted a DMF for CBD API to Health Canada. This allows current and future pharmaceutical partners to reference MediPharm CBD API in new and generic drug applications.

Operational Highlights

In three months ended March 31, 2024 ("Q1 2024"), Revenue, Gross Profit and Adjusted EBITDA[5] improved significantly versus prior year driven by focus on higher margin products and markets, improvement in gross profit and ongoing cost reductions.

For Q1 2024, the Company's Adjusted EBITDA was negative $0.9M and improved $2.1M or 70% versus Q1 2023, and improved sequentially from negative $1.6M in Q4, 2023. This improvement in Adjusted EBITDA is driven by revenue growth, the improvement in gross profit and the reduction of operating expenses.

The following is a summary of the financial highlights for the three months ended March 31, 2024 ("Q1 2024"), and the period subsequent to the end of the quarter.

Financial Overview: During Q1 2024, the Company's revenue of $9.8M increased $3.9M or 67% versus prior year largely driven by the acquisition of VIVO. Revenue increased $0.6M/7% sequentially from Q4 2023 driven by increases in German international medical cannabis sales and Domestic B2B sales.

Canadian Adult Use and Wellness revenue of $2.1M in Q1 2024 declined versus Q1 2023 as the Company selectively increased prices, carefully managed sales & marketing expenditures and exited select products with a focus on profitability. Revenue also declined sequentially from $2.7M in Q4 2023 driven by industry seasonality.

Canadian Medical Cannabis revenue for Q1 2024 increased significantly from $0.6M in Q1 2023 to $3.5M in Q1 2024 driven by the integration of the VIVO medical channels through Harvest Medicine and Canna Farms and additional business with third party medical channels. Revenue also declined $0.3M or 9% sequentially versus Q4 2023.

[4] Assuming there are no additional requirements from the LAVG that would result in a delay to the written report.
[5] Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for reconciliation to IFRS measures.

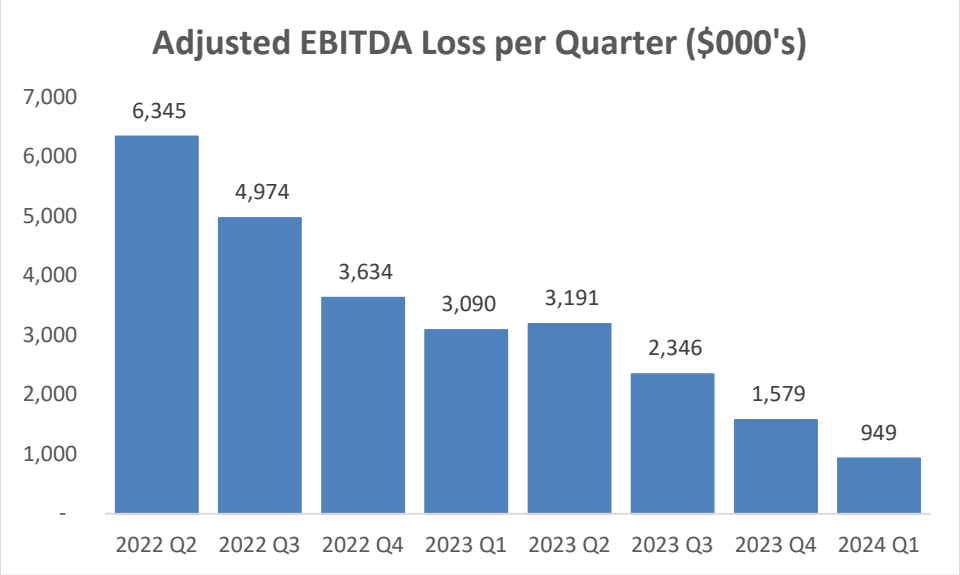
International Medical revenue increased from $1.8M in Q1 2023 to $3.2M in Q1 2024 driven by the integration of VIVO's Australian business, new Australian vape and oil business as well as new dronabinol sales in Germany. Revenue increased sequentially from $2.3M in Q4 2023 driven by increased dronabinol sales in Germany and new vape business in Australia. The international markets will fluctuate as the market develops and matures.

Pharmaceutical and B2B revenue in Q1 2024 of $1.0M increased from $0.5M in Q1 2023 and increased $0.6M sequentially from Q4 2023. This is largely due to new B2B customer sales.

The Company's Q1 2024 gross profit was $2.7M/27.4% improved significantly versus Q1 2023 of 6.6%. Q1 2024 gross profit also increased versus Q4 2023 driven by increased International Medical Cannabis sales and the high gross margin that comes with sales in this segment. Q1 2024 gross profit was 34% when adjusting for several discrete items such as biological asset fair value adjustments, inventory write-downs, and severance for restructuring. Gross profit continues to improve, driven by product mix, production efficiencies, and cost reductions. Management continues to focus on efficiencies to drive gross profit.

Operating expenses (general administrative expenses, marketing and selling expenses, and R&D expenses) for Q1 2024 was $5.6M and has increased $2.7M versus prior year due to the integration of VIVO, a $1.5M bad debt recovery in Q1 2023 from a dispute settlement and $0.5M of severance for restructuring in Q1 2024. In addition, Q1 2024 operating expenses increased $0.6M or 12% versus Q4 2023 driven by $0.5M severance associated with restructuring. When adjusting for severance and other discrete items, Q1 2024 operating expense is $5.1M. Management continues to focus on expense reduction opportunities.

For Q1 2024, the Company's Adjusted EBITDA was negative $0.9M and improved $2.1M or 70% versus Q1 2023. This improvement in Adjusted EBITDA is driven by revenue growth, the improvement in gross profit and the reduction of operating expenses. Q1 2024 Adjusted EBITDA improved $0.7M or 42% versus Q4 2023 driven by gross profit and continued expense reductions. [6]



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

Cost Reduction Initiatives: During Q1 2024 the Company implemented additional restructuring plans to further reduce expenses by approximately $1M on an annualized basis with the benefits starting to accrue in Q2 2024.

Strong Balance Sheet: The Company's cash balance at the end of Q1 2024 was $17M and the Company has less than $3M of debt. Contrary to many other Cannabis companies, MediPharm is also up to date on Cannabis excise duties, sales taxes and accounts payables.

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

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

Domestic Presence: We added to the innovative, pharma-quality family of branded materials with the retail introduction of new products such as new naturally derived oil and inhalable CBG to build on the Company's wellness portfolio. MediPharm was awarded CBD Brand of the year, for the second time, and CBN product of the year from KIND Magazine. The award is voted on by frontline cannabis retailers, signifying our leadership in the cannabis wellness space. MediPharm currently has the second highest market share in Canadian cannabis oil.[7] With the removal of the Shelter Brand royalty payment on the dry flower products branded Wildlife, MediPharm continues to improve gross profit in this adult use sub-category. In November 2023, the company expanded it's oil portfolio to include three new oil SKUs including a highly requested THC and CBD balanced oil.

Unique Suite of Licences and Authorizations: The Company has built on an industry-leading and expanding portfolio of licences receiving a DEL from Health Canada, which is required to produce pharmaceutical prescription drugs with marketing authorization. This allows for the participation in clinical trials and partnerships with other pharmaceutical companies that could result in potentially patentable intellectual property. The Company leveraged its collection of licences to enter into a research master agreement with McMaster University for participation in various cannabis based clinical trials and to enter into a research support agreement with the Keck School of Medicine of University of Southern California to conduct a Phase 2 trial on the efficacy of THC and CBD to treat hospice-eligible patients diagnosed with dementia and experiencing agitation. During the 2022 fiscal year, the Company has leveraged the DEL to register CBD API with the FDA for commercial opportunities in pharmaceutical development, novel drugs, and generic drugs. This is a first and makes the Company the only Canadian company to register a CBD API DMF with the US FDA.[8]

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

[7] As reported by HiFyre Retail Analytics on March 21, 2023, available online.
[8] According to the FDA Drug Master File List last updated in Q1 2024, available online.

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

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

The following update provides current milestone achievements of notable projects.

Researcher	Indication	Phase	Recent Milestone
USC (University of Southern California) Keck School of Medicine	Treatment of Alzheimer's Agitation Disorder	Phase 2	FDA approval of Investigational New Drug (IND) Clinical trial material ("**CTM**") delivered and enrollment commencing in Q3 2023 Second CTM delivery occurred in Q4 2023.
McMaster University	Treatment of post-surgical pain	Phase 2	CTM delivered and enrollment commenced in Q1 2023 Patient dosing commenced in Q2 2023. Additional CTM delivered in Q1 2024.
University Health Network – Toronto	Improving Pain Disability With The Use Of Oral Cannabinoids	Pilot	CTM Delivered and enrollment clinic in Q1 2023. Additional CTM delivered in Q1 2024.
McMaster University	Insomnia in depressive disorder	Phase 2	CTM Shipment in Q1 2023 Patient dosing commenced in Q2 2023. Additional CTM delivered in Q1 2024.
Centre for Medical Cannabis Research	PK of single dose THC/CBD in healthy adult controls and kidney disease	Phase 1	1st patient dosed January 2023. Patient dosing completed in Q1 2024 and analysis is underway.
University of Manitoba	Chronic Headaches in Adolescents	Phase 2	Health Canada approval Dec 2022. CTM shipment in Q1 2023. Additional CTM delivered in Q1 2024.

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

SUMMARY OF QUARTERLY RESULTS

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

	Three months ended			
	March 31, 2024 $'000s	**December 31, 2023 $'000s**	**September 30, 2023 $'000s**	**June 30, 2023 $'000s**
Net revenue	9,771	9,131	8,505	9,583
Gross profit before realized fair value adjustment on sale of cannabis inventory acquired in a business combination	3,026	2,345	2,919	1,443
Gross profit before change in fair value of biological assets	2,699	1,973	864	1,443
Gross profit	2,651	2,196	2,417	855
General administrative expenses	(4,272)	(3,467)	(4,314)	(5,796)
Marketing and selling expenses	(1,329)	(1,494)	(1,675)	(1,667)
R&D expenses	(47)	(59)	(61)	(53)
Share based compensation expense	(895)	(306)	(386)	(588)
Other operating income/(expense), net	167	195	(336)	(380)
Operating loss	(3,725)	(2,935)	(4,355)	(7,629)
Net loss	(3,611)	(2,965)	(4,327)	(2,703)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
Adjusted EBITDA [(1)]	(949)	(1,579)	(2,346)	(3,191)

	Three months ended			
	March 31, 2023 $'000s	**December 31, 2022 $'000s**	**September 30, 2022 $'000s**	**June 30, 2022 $'000s**
Net revenue	5,843	5,616	7,262	4,362
Gross profit before realized fair value adjustment on sale of cannabis inventory acquired in a business combination	387	211	(1,190)	(532)
Gross profit before change in fair value of biological assets	387	211	(1,190)	(532)

	Three months ended			
	March 31, 2023 $'000s	**December 31, 2022 $'000s**	**September 30, 2022 $'000s**	**June 30, 2022 $'000s**
Gross profit	387	211	(1,190)	(532)
General administrative expenses	(1,518)	(3,371)	(3,543)	(4,746)
Marketing and selling expenses	(1,369)	(1,607)	(1,651)	(1,553)
R&D expenses	(36)	(144)	(250)	(308)
Share based compensation expense	(747)	(1,390)	(161)	(580)
Other operating income/(expense), net	(50)	(89)	(1,251)	(1,350)
Operating loss	(3,333)	(6,390)	(8,046)	(9,069)
Net loss	(3,088)	(5,609)	(7,930)	(8,987)
Loss per share – basic and diluted	(0.01)	(0.02)	(0.03)	(0.03)
Adjusted EBITDA [(1)]	(3,090)	(3,634)	(4,974)	(6,345)

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

DISCUSSION OF OPERATIONS

Revenue

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

Cost of goods sold

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

Biological Assets

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

the sold inventory are expensed to 'cost of inventory sold', and the biological asset value embedded in the inventory is booked to 'realized gain on biological transformation' on the statement of losses.

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

Gross Profit

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

General administrative expenses

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

Marketing and selling expenses

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

R&D expenses

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

Share-based compensation expense

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

Other operating expenses

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

Finance income

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

Finance expense

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

Unrealized gain in revaluation of derivative liabilities

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

Gain on bargain purchase

Gain on bargain purchase represents gain on business combination.

Taxation expense

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

Other Comprehensive Income and Loss

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

Discussion and Analysis of the Results for the Three-Month Period Ended March 31, 2024

Results of operations for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023.

	Three months ended 31-Mar			
	2024 $'000s	2023 $'000s	$ Variance	Management Commentary
Net revenue	9,771	5,843	3,928	Net revenue increased $3.9M or 67% versus prior year largely driven by the acquisition of VIVO. See operational highlights section for more details.
Cost of sales	(7,072)	(5,456)	(1,616)	The increase was driven by the increased volume of sales due to the acquisition of VIVO, offset by ongoing realization of efficiencies and synergies resulting from the integration of the VIVO business. The amount in Q1 2024 includes $0.3M in severance expense for restructuring.
Gross profit before realized fair value adjustment on sale of cannabis inventory acquired in a business combination	3,026	387	2,639	Gross profit continues to improve driven by product mix, production efficiencies, selective price increases and cost reductions. See operational highlighs section for more details.
Incremental cost of cannabis inventory acquired in a business combination [(1)]	(327)	-	(327)	The increase is due to gains realized on inventory acquired with the acquisition of the VIVO business.
Gross profit before change in fair value of biological assets	2,699	387	2,312	Gross profit continues to improve driven by product mix, production efficiencies, selective price increases and cost reductions, offset by impact of realized fair value adjustment on sale of cannabis inventory

	Three months ended 31-Mar			
	2024 $'000s	2023 $'000s	$ Variance	Management Commentary
				acquired in a business combination. See operational highlighs section for more details.
Gross profit	2,651	387	2,264	Gross profit continues to improve driven by product mix, production efficiencies, selective price increases and cost reductions, offset by impact of fair value changes in biological assets. See operational highlighs section for more details.
General administrative expenses	(4,272)	(1,518)	(2,754)	The increase is largely due to the 2023 figure including a bad debt recovery of $1.5M, as well as the acquisition of VIVO and 2024's inclusion of $0.5M in severance, offset by synergies and cost reductions.
Marketing and selling expenses	(1,329)	(1,369)	40	Expenses consistent with prior period despite the incorporation of VIVO as a result os synergies and cost reductions.
R&D expenses	(47)	(36)	(11)	Expenses consistent with prior period.
Share-based compensation expenses	(895)	(747)	(148)	Expense increased due to options issued during the year ended December 31, 2023.
Other operating (expense)/income, net	167	(50)	217	The increase is driven by gains on dispositions of PPE.
Operating loss	(3,725)	(3,333)	(392)	See comments above.
Adjusted EBITDA [(2)]	(949)	(3,090)	2,141	Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for reconcilation to IFRS measures.
Finance income	224	250	(26)	Consistent with prior period.
Finance expense	(110)	(5)	(105)	Increased as a result of financing costs on the convertible debenture and the Company's insurance premium financing arrangement.
Loss before taxation	(3,611)	(3,088)	(523)	See comments above.
Net loss for the period	(3,611)	(3,088)	(523)	See comments above.

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

RECONCILIATION OF NON-IFRS MEASURES

The following section provides reconciliations of the supplemental non-IFRS financial measures used in this MD&A, compared to the most directly comparable financial measures calculated and presented in

accordance with IFRS. The Company has provided the non-IFRS financial measures, which are not calculated or presented in accordance with IFRS, as supplemental information.

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

Adjusted EBITDA

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

The following tables reconcile the Company's net operating income (loss) (as reported) and Adjusted EBITDA for the past eight quarters:

	Three months ended			
	March 31, 2024 $'000s	**December 31, 2023 $'000s**	**September 30, 2023 $'000s**	**June 30, 2023 $'000s**
Net operating loss	(3,725)	(2,935)	(4,355)	(7,629)
Adjusted for:	-	-		
Share-based compensation expense	895	306	386	588
Depreciation and amortization	790	717	617	692
Restructuring related severance expenses	755	335	273	1,695
Impairment loss on remeasurement of assets held for sale	-	23	17	-
Transaction fees	-	-	46	304
Recovery of impaired receivables [(1)]	-	-	-	(464)
Gain on disposition of assets	(276)	(174)	-	-
Early lease termination cost	44	-	-	-
Incremental cost of cannabis inventory acquired in a business combination [(2)]	327	372	2,055	-
Terminal costs for closed facility [(3)]	323	-	-	-
One-off derecognition of liabilities	(130)	-	-	-
Write down of inventories [(4)]	-	-	168	1,036
Fair value adjustments in gross profit	48	(223)	(1,553)	588
Other tax recovery	-	-	-	(1)
Adjusted EBITDA	**(949)**	**(1,579)**	**(2,346)**	**(3,191)**

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

	Three months ended			
	March 31, 2023 $'000s	**December 31, 2022 $'000s**	**September 30, 2022 $'000s**	**June 30, 2022 $'000s**
Net operating loss	(3,333)	(6,390)	(8,046)	(9,069)
Adjusted for:				
Share-based compensation expense	747	1,390	161	580
Depreciation and amortization	490	540	754	759
Restructuring related severance expenses	-	-	-	952
Impairment loss on remeasurement of assets held for sale	-	13	68	-
Transaction fees	533	813	185	95
Recovery of impaired receivables [(1)]	(1,546)	-	-	-
Write down of inventories [(2)]	-	-	428	338
Impairment loss on remeasurement of disposal group	-	-	1,476	-
Adjusted EBITDA	**(3,090)**	**(3,634)**	**(4,974)**	**(6,345)**

(1) This relates to the reversal of a former impairment of a long outstanding receivable.
(2) This adjustment is for unusual inventory write-downs only and not the total value of inventory written down.

CAPITAL STRUCTURE

Common Shares

The Company's authorized capital consists of an unlimited number of Common Shares. As at March 31, 2024, the Company had 404,048,948 Common Shares issued and outstanding, and as at the date of this MD&A, the Company has 404,818,107 Common Shares issued and outstanding.

Warrants

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

As at March 31, 2024, and the date of this MD&A, the Company had nil warrants issued and outstanding exercisable to Common Shares.

Stock Options and RSUs

As at March 31, 2024, options to purchase up to 36,673,011 Common Shares were issued and outstanding. During the three months ended March 31, 2024, nil options to purchase Common Shares were granted, nil options to purchase Common Shares were exercised, and options to purchase 4,265,491 Common Shares were forfeited, cancelled and/or expired.

As at March 31, 2024, RSUs representing the right to acquire up to 18,599,809 Common Shares were issued and outstanding. During the three months ended March 31, 2024, nil RSUs were granted, 5,705,843 RSUs

were settled through the issuance of 2,651,509 Common Shares and 129,166 RSUs were forfeited, cancelled and/or expired.

Subsequent to March 31, 2024, nil options were issued, 424,601 options were forfeited/cancelled and nil options were exercised resulting in 36,248,410 options remaining outstanding as of the date of this MD&A.

Subsequent to March 31, 2024, nil RSUs were issued, 66,046 RSUs were forfeited/cancelled and 1,655,173 RSUs were settled through the issuance of 769,158 Common Shares resulting in 16,878,590 RSUs remaining outstanding as of the date of this MD&A.

Debentures

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

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

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

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

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

	Three months ended 31-Mar			
	2024 $'000s	2023 $'000s	Change	Management Commentary
Cash and cash equivalents, beginning of period	17,981	24,145	(9,965)	
Net cash used in operating activities	(1,526)	(3,051)	1,525	Negative cashflow from operating activities mainly due to operating loss. The decrease in operating loss is mainly due to ongoing synergies realized after the acquisition of VIVO, improvement in gross margins and expense reductions.
Net cash from investing activities	525	(25)	550	Net cash in 2024 is largely due to proceeds from disposal of land held for sale and property, plant and equipment.
Net cash from financing activities	(66)	(919)	853	The change is due to the Company providing working capital financing to VIVO in the period ended March 31, 2023.
Effect of exchange rate change on cash and cash equivalents	12	-	12	
Cash and cash equivalents, end of period	16,926	20,150	(3,224)	Refer to comments above.

Contractual Obligations

The Company's contractual obligations as at March 31, 2024, increased by $653 as compared to December 31, 2023, mainly as a result of increases in trade payables.

Contractual Obligations	Payments due by Period $'000s				
	Total	Less than 6 months	6-12 months	12-36 months	36-60 months
Trade and other payables	7,806	7,806	-	-	-
Employee benefit obligations	1,469	1,025	444	-	-
Convertible debt	2,047	-	2,047	-	-
Loans and borrowings	110	110	-	-	-
Lease liability	178	74	23	81	-
Total contractual obligations	**11,610**	**9,015**	**2,514**	**81**	**-**

Capital Resources

As of March 31, 2024, the Company does not have any commitments for capital expenditures. The Company is continually evaluating various debt and/or equity financing opportunities to lower its cost of capital and optimize its capital structure.

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

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

See Note 19 of the Financial Statements. Other than compensation of key management personnel, the Company had no transactions with related parties.

RISK FACTORS

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

- negative operating cash flow and ability to continue as a going concern;
- limited operating history;
- regulatory compliance risks;
- change of cannabis laws, regulations and guidelines;
- reliance on licences and authorizations;
- lack of long-term client commitments;
- COVID-19 pandemic and other potential public health crises;
- disruption of supply chain;
- risks relating to R&D milestones and the Company's equipment;
- client and receivables risks;
- realization of growth targets including expansion of facilities and operations;
- management of growth;
- history of net losses;
- difficulty to forecast;
- competition;
- competition from illicit market;
- inability to sustain pricing and inventory models;

- conflicts of interest;
- legal proceedings;
- product liability;
- unknown health impact with use of cannabis products;
- product recall;
- insurance and uninsured risks;
- environmental regulation and risks;
- climate change risks;
- unfavourable publicity or consumer perception;
- catastrophic events;
- reliance on production facilities;
- information technology system and cyber attack risks;
- dependence on supply of cannabis and other key inputs;
- maintenance of effective quality control systems;
- retention and acquisition of skilled personnel;
- publication of negative results of clinical trials;
- failure to comply with laws in all jurisdictions;
- United States of America entry restrictions;
- perceived reputational risk for third parties;
- risks related to intellectual property;
- anti-money laundering laws and regulation risks;
- anti-bribery law violations;
- marketing constraints;
- research and development;
- shelf life of inventory;
- scheduled maintenance, unplanned repairs, equipment outages and logistical disruptions;
- risks as a result of international expansions;
- operations in foreign jurisdictions;
- reliance upon international advisors and consultants;
- foreign currency risk;
- international conflict;
- acquisition and integration risk;
- access to capital;
- estimates or judgments relating to critical accounting policies;
- tax risks;
- negative operating cash flow;
- inflation risk;
- market for the Common Shares;

- significant fluctuations in the market price of the Common Shares;
- investment in the cannabis sector;
- no history of payment of cash dividends;
- reporting issuer status;
- significant sales of Common Shares;
- analyst coverage;
- tax issues related to the Common Shares;
- market for future offerings of securities;
- future sales affecting market price; and
- management discretion concerning use of proceeds.

In addition, the Company highlights the following risk factors:

Financial Projections May Differ Materially

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

CRITICAL ACCOUNTING ESTIMATES

See Note 2.4 of the Financial Statements.

CHANGES IN ACCOUNTING POLICIES

There have been no material changes to our critical accounting estimates and policies during the three months ended March 31, 2024.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS

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

No changes were made in our design of internal controls over financial reporting during the three months ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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

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

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

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

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