(TSX: LABS)

MEDIPHARM LABS CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

MAY 14, 2023

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, 2023, was prepared by management of the Company as of May 14, 2023. 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, including MediPharm Labs Inc. ("**MediPharm Labs**"). This MD&A should be read in conjunction with our unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023 (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 (the "**CSA**") 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 30, 2023 for the year ended December 31, 2022 (the "**Annual Information Form**"), is available on the Company's website at www.medipharmlabs.com and under the Company's SEDAR profile at www.sedar.com.

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 Group 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" and "Adjusted Gross Profit", 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, Adjusted EBITDA and Adjusted Gross Profit 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, write down of inventory, impairment of fixed assets and intangibles, impairment loss on assets held for sale, impairment of receivables and share-based compensation. 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.

Adjusted Gross Profit

Adjusted Gross Profit refers to gross profit excluding the adjustments for accelerated depreciation, write down of inventory and severance cost. Adjusted Gross Profit is a useful measure as it represents gross profit for management purposes based on costs to manufacture, package and ship inventory sold, exclusive of any adjustments.

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 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"). Our Common Shares also trade on the OTCQX in the US under the ticker symbol "MEDIF" and on the Frankfurt Stock Exchange under the ticker symbol "MLZ".

Our operations are currently conducted through MediPharm Labs, a wholly owned subsidiary, which holds several licences, including a Drug Establishment Licence ("**DEL**"), and a standard processing licence and research licence under the *Cannabis Act* (Canada) (the "**Cannabis Act**"). MediPharm Labs' facility holds Good Manufacturing Practice ("**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.

On October 6, 2022, the Company completed the sale of its formerly wholly-owned subsidiary MediPharm Labs Australia Pty Ltd. ("**MediPharm Labs Australia**"), 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**").

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

Business Overview

We specialize in the production of purified, pharmaceutical-quality cannabis oil and concentrates and advanced derivative products utilizing GMP certified facilities and ISO standard built clean rooms. We have 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. We formulate, process, package and distribute cannabis active ingredients and advanced cannabinoid-based products for domestic and international markets. We also provide GMP flower sourcing, packaging, and distribution services for select international clients, as well as dried flower and pre-roll products for the adult recreational market through the Wildlife Cannabis brand, which was acquired from Shelter Cannabis during the year. The Company's mission is to become a leader specialized in providing pharmaceutical quality derivative cannabis products and to drive future cannabis product innovation.

Operations and Facilities

As of the date of this MD&A, our core business generates revenue through three primary streams:

- Canadian Adult Use and Wellness: This includes the production and sale of finished consumer packaged cannabis concentrate based products such as cannabis oil, vapes, dry flower, pre-rolls and soft chews. These products are sold to the provincial distributors and domestic medical channels such as Canna Farms medical platform.

- International Medical Cannabis: This includes the production and sale of GMP tinctures and GMP dry flower to international customers outside of Canada such as STADA Arzneimittel AG, which is Europe's fourth largest generic drug company.

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

MediPharm Labs operates out of a 70,000 sq. ft. Barrie, Ontario facility, which 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 facility was built to GMP standards and received a DEL (Canadian GMP) in the third quarter of 2021.

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, MediPharm Labs' 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, MediPharm Labs' Licence was renewed for a further term of five years and was further amended on April 25, 2022 to allow for the sale, distribution, and delivery of dried cannabis and fresh cannabis.

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

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

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 Active Pharmaceutical Ingredients ("**APIs**") 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 27, 2024.

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".

The statements regarding intended expansions, exports, distributions, GMP certifications and the DMF filing are forward-looking statements. The current term of the Licence ends on September 28, 2026. It is anticipated by our management that Health Canada will extend or renew the Licence at the end of or prior to the end of its term[2]. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".

Product Manufacturing and Sales

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

[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 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".

suite of offerings provided to customers and the sale of dried flower and pre-roll products for the adult use and wellness market.

We 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. We now have robust Canadian adult use and wellness and international medical cannabis business streams, while the remaining B2B business is heavily focused on pharmaceutical sales growth.

Corporate Highlights

Arrangement with VIVO

On December 21, 2022, the Company entered into a definitive arrangement agreement (the "**Arrangement Agreement**") with VIVO Cannabis Inc. ("**VIVO**") pursuant to which MediPharm agreed to acquire all of the issued and outstanding shares of VIVO (each, a "**VIVO Share**") in an all-equity business combination transaction to be completed by way of a plan of arrangement under section 192 of the *Business Corporations Act* (Canada) (the "**Arrangement**"). VIVO operates two wholly owned licence holders under the Cannabis Act, being ABcann and Canna Farms, both of which hold licences to produce and sell dried cannabis and cannabis oils, and to cultivate and produce cannabis products for direct sale to medical patients across Canada, as well as for retail adult-use sales. A copy of the Arrangement Agreement can be found under the Company's profile on SEDAR at www.sedar.com.

On February 6, 2023, VIVO was granted an interim order (the "**Interim Order**") by the Court regarding the Arrangement. The Interim Order authorized VIVO to proceed with various matters relating to the Arrangement, including the holding of a special meeting of VIVO shareholders to consider and vote on the proposed Arrangement. Completion of the Arrangement was conditional upon receipt of a final order by the Court. VIVO was granted a final order by the Court at a hearing which took place on March 23, 2023.

On February 21, 2023, the Company announced the mailing of the Circular and related documents for the special meeting of MediPharm shareholders to be held on March 21, 2023 (the "**Special Meeting**") in connection with the Arrangement. At the Special Meeting, shareholders of MediPharm passed an ordinary resolution, the full text of which is set forth at Schedule B to the Circular, approving the issuance by the Company of up to such number of Common Shares as may be required to be issued pursuant to the Arrangement in accordance with the terms of the Arrangement Agreement.

Subsequent Events

Subsequent to the three months ended March 31, 2023, the following material developments occurred:

Closing - Arrangement with VIVO

On April 1, 2023, the Company completed the Arrangement. As a result of the Arrangement, VIVO shareholders received 0.2910 of a Common Share in exchange for each VIVO Share held immediately prior to closing ("**Closing**") of the Arrangement (the "**Exchange Ratio**"). In aggregate, the Company issued approximately 107,930,964 Common Shares pursuant to the Arrangement to former VIVO shareholders as consideration for their VIVO Shares. The combined company following Closing (the "**Combined Company**") is now owned by approximately 73.1% by former shareholders of the Company and approximately 26.9% by former VIVO shareholders. In addition, upon closing of the Arrangement: (i) each of VIVO's outstanding restricted share units ("**RSUs**") were deemed to be vested and were settled and cancelled in exchange for a cash payment equal to $0.025 per RSU, less applicable amounts withheld; (ii) each of VIVO's outstanding deferred share units ("**DSUs**") were deemed to be vested and were settled and cancelled in exchange for a cash payment equal to $0.025 per DSU, less applicable amounts withheld; and (iii) all of VIVO's outstanding stock options, whether vested or unvested, were cancelled effective as of Closing without any payment in respect thereof.

VIVO is now a wholly-owned subsidiary of the Company, and the VIVO Shares were delisted from the TSX on April 4, 2023.

The Arrangement is expected to generate revenue and cost synergies realizable in the near term. Using forecasts derived collaboratively by both management teams, along with revenue and cost synergy estimates, the Company aims to find positive EBITDA synergies to the magnitude of between $7 million and $9 million on an annualized basis, and could reach positive EBITDA and cash flow in the first half of 2024.[3]

Following Closing of the Arrangement, the Company has executed on its first steps to achieving such positive EBITDA, including developing operational plans for the Combined Company and communicating anticipated organizational restructuring initiatives. Since Closing, the Company has started to implement its plans to reduce the Combined Company non-direct labour workforce by approximately 30%. It is expected that all headcount related savings will be fully implemented within four to six months.[4] This is in addition to previously announced restructuring efforts made separately by both the Company and VIVO in 2022 and, as a result of these combined efforts, total non-direct labour headcount for the Combined Company is anticipated to be reduced by approximately 45% as compared to January 2022.[5] Restructuring efforts have also been implemented for senior executive level positions, which have now been reduced by 50% as compared to January 2022. The senior executive level changes represent the largest portion of

[3] This forward-looking statement is based on the following material factors and assumptions: (a) assumes that both costs and revenue opportunities identified and the forecasts derived collaboratively by MediPharm and VIVO management teams will be achieved, (b) revenue opportunity assumes that existing products may be sold into the existing sales channels of both VIVO and MediPharm, (c) costs savings estimate depends on the eliminating duplicated public company expenses and redundant corporate infrastructure, and (d) assumes the estimated revenue and cost synergies may be achieved in the near term. This target, and the related assumptions, involve known and unknown risks and uncertainties that may cause actual results to differ materially. While MediPharm and VIVO believe there is a reasonable basis for this target, such target may not be met. Actual results may vary and differ materially from the targets. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".

[4] This forward-looking statement is based on the assumption that elimination of duplicated roles will proceed as planned.

[5] This forward-looking statement is based on the assumption that elimination of duplicated roles will proceed as planned.

employee related cost savings and position a leaner senior management team to deliver on operational objectives.

Appointment of Director

Effective April 1, 2023, in connection with the Arrangement, Dr. Michael Bumby was appointed to the Board of Directors. Mr. Bumby served as the Chief Financial Officer of VIVO for over 5 years prior to the Arrangement. Mr. Bumby has over 20 years of experience in pharmaceuticals with more than 10 years spent internationally with Eli Lilly. He has held previous CFO roles with multiple, NASDAQ and TSX listed public Canadian biotech companies.

Operational Highlights

The following is a summary of the operational highlights for the three months ended March 31, 2023 ("**Q1 2023**"), and the period subsequent to the end of the quarter.

Financial Overview: During Q1 2023, the Company's revenue increased sequentially from $5.6 million during the three months ended December 31, 2022 ("**Q4 2022**") to $5.8 million, and increased by approximately $1 million, or 20%, as compared to the Company's revenue for the three months ended March 31, 2022 ("**Q1 2022**"), being $4.9 million. The adult use and wellness market revenue, being $3.5 million for Q1 2023, increased by approximately $1 million, or 42%, as compared to Q1 2022, while the international medical revenue, being $1.8 million for Q1 2023, increased by approximately $0.5 million, or 43%, as compared to the Q1 2022 revenue of $1.3 million.

The Company's Q1 2023 gross margin was positive $0.4 million (7%) as compared to the Q1 2022 gross margin of negative $0.4 million (8%). This is the Company's second consecutive quarter with positive gross margins. Gross margin continues to improve, driven by product mix, production efficiencies and cost reductions, including as a result of the MPLA Divestment, and previous and ongoing restructuring initiatives. Management continues to focus on efficiencies to drive gross margins.

Operating expenses (general administrative expenses, marketing and selling expenses, and R&D expenses) continue to decline with cost reduction initiatives, such as the MPLA Divestment and the implementation of previous and ongoing restructuring initiatives. The Company had Q1 2023 operating expenses of $2.9 million, including $0.5 million of transactional fees related to the Arrangement and $1.5 million for credit impairment reversal. Adjusting for these items, Q1 2023 operating expenses were $3.9 million as compared to Q1 2022 operating expense of $6.7 million. The credit impairment reversal was driven by the settlement of a long outstanding receivable from one customer that was paid in kind with inventory valued at $1.5 million. Management continues to focus on expense reduction opportunities.

For Q1 2023, the Company's Adjusted EBITDA was negative $3.1 million, improving sequentially from negative $3.7 million in Q4 2022, and from negative $5.6 million in Q1 2022. This improvement is driven by both the improvement in gross margin and the reduction of operating expenses.[6]

The Company's cash balance at the end of Q1 2023 was $20.2 million, and has since been impacted by a $750,000 loan to VIVO in connection with the Arrangement, which closed subsequent to quarter end. Management continues to focus on driving positive cash flow by improving EBITDA and reducing working capital. In addition, the Company continues to aggressively pursue its favourable summary judgment ruling in the Ontario Superior Court of Justice from July 2022, in connection with a dispute in the amount of $9.8

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

million (the "**Summary Judgement**"). The Summary Judgment has been appealed by the defendant and a hearing at the Court of Appeal has been scheduled for May 23, 2023.

Cost Reduction Initiatives: In September 2022, the Company implemented a restructuring plan that has seen a reduction in the Canadian non-manufacturing headcount by approximately 30% through the end of fiscal 2022. The Company realized some cost savings from the restructuring efforts starting in Q3 2022 and continues to realize some cost savings from the restructuring efforts in Q1 2023. The restructuring efforts are expected to reduce expenses by approximately $3 million on an annualized basis for fiscal 2023.

Strong Balance Sheet: As at the end of Q1 2023, the Company maintained $20.2 million in cash and cash equivalents with no material long term debt. This financial position is expected to give MediPharm longevity to execute on its sales contracts and provides the balance sheet strength to support the Company's long-term growth strategy. In addition, we expect that the Company's favourable Summary Judgement will strengthen the Company's balance sheet going forward. As at December 31, 2022, the Company had a customer with trade receivables of $6.1 million that was over 365 days overdue**.** The Company assessed this entire receivable from the customer as credit impaired and recorded an expected credit loss for the entirety of the receivable as at December 31, 2022. Effective, February 1, 2023, the Company signed a settlement agreement with this counterparty under which the counterparty provided the Company with cannabis products valued at $1.5 million in exchange for settling the outstanding debt and relieved the Company of its commitment to purchase dry flower from the counterparty.

Corporate Governance: David Pidduck joined MediPharm Labs as Chief Executive Officer and Director, in April 2022. Mr. Pidduck brings more than 20 years of proven senior leadership experience, including serving as President and CEO of a Canadian pharmaceutical company, where he was also a member of the board of directors. Over his career, Mr. Pidduck has been involved in the successful ground-up commercialization of several products in both Canadian and international markets and brings a track record of both organic execution as well as M&A and integration expertise to the Company. Aside from Mr. 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.

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 and water-soluble products to add to the Company's wellness portfolio. MediPharm was awarded CBD Brand of the year, for the second time, and CBN product of the year from KIND Magazine. An award voted on by frontline cannabis retailers, signifying our leadership in the cannabis wellness space. MediPharm currently has the second highest market share in Canadian cannabis oil.[7]

Unique Suite of Licences and Authorizations: The Company has built on an industry-leading and expanding portfolio of licences by recently receiving a DEL (Drug Establishment Licence) 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

[7] As reported by HiFyre Retail Analytics on March 21, 2023, available online.

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]

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 benefit 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)
McMaster University	Treatment of post-surgical pain	Phase 2	Clinical trial material (CTM) delivered and enrollment commencing in Q1 2023
University Health Network – Toronto	Improving Pain Disability With The Use Of Oral Cannabinoids	Pilot	CTM Delivered and enrollment clinic in Q1 2023
McMaster University	Insomnia in depressive disorder	Phase 2	CTM Shipment in Q1 2023
Centre for Medical Cannabis Research	PK of single dose THC/CBD in healthy adult controls and kidney disease	Phase 1	1st patient dosed January 2023
University of Manitoba	Chronic Headaches in Adolescents	Phase 2	Health Canada approval Dec 2022. CTM shipment in Q1 2023

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.

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

SUMMARY OF QUARTERLY RESULTS

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

	Three months ended			
	March 31, 2023 $'000s	**December 31, 2022 $'000s**	**September 30, 2022 $'000s**	**June 30, 2022 $'000s**
Revenue	5,843	5,616	7,262	4,362
Gross profit	387	211	(1,190)	(532)
Adjusted Gross Profit [(1)]	387	211	(762)	(47)
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 [(2)]	(3,090)	(3,634)	(4,974)	(6,345)

	Three months ended			
	March 31, 2022 $'000s	**December 31, 2021 $'000s**	**September 30, 2021 $'000s**	**June 30, 2021 $'000s**
Revenue	4,877	5,743	5,401	5,072
Gross profit	(403)	(4,973)	(1,860)	(7,733)
Adjusted gross profit [(1)]	(403)	(1,068)	(1,354)	(1,418)
General administrative expenses	(4,886)	(10,429)	(4,591)	(5,187)
Marketing and selling expenses	(1,493)	(1,414)	(886)	(1,054)
R&D expenses	(300)	(582)	(277)	(144)
Share based compensation expense	(741)	(611)	(435)	(476)
Other operating income/(expense), net	319	(4,156)	593	3,214
Operating loss	(7,504)	(22,165)	(7,456)	(11,380)
Net loss	(7,457)	(21,766)	(7,356)	(11,812)

	Three months ended			
	March 31, 2022 $'000s	**December 31, 2021 $'000s**	**September 30, 2021 $'000s**	**June 30, 2021 $'000s**
Loss per share – basic and diluted	(0.03)	(0.08)	(0.03)	(0.05)
Adjusted EBITDA [(2)]	(5,684)	(6,573)	(6,518)	(7,434)

(1) Adjusted Gross Profit is a non-IFRS measures. See "Reconciliation of non-IFRS Measures" for reconciliation to IFRS measures.
(2) 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 three primary streams, being Canadian Adult Use and Wellness, International Medical and Pharmaceutical and B2B. These revenue streams include the sale of bulk and consumer packaged cannabis concentrate-based products, contract manufacturing services, GMP dry flower and production of finished formulated packaged goods and APIs for sale in Canadian retail markets and globally to large pharmaceutical and new cannabis companies in emerging medical cannabis markets.

Cost of goods sold and gross profit

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, freight expenses, a portion of insurance expenses, employee wages and benefit costs, and other operating expenses such as repairs and maintenance, plant overhead, as well as depreciation and any write-downs of inventory and manufacturing equipment.

Gross profit is calculated by deducting the cost of sales 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, 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.

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. As at March 31, 2023, the Company had no foreign operations**.**

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

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

	Three months ended March 31			
	2023 $'000s	2022 $'000s	$	Management Commentary
Revenue	5,843	4,877	966	Adult use and wellness revenue increased from $2.5 million to $3.5 million, while international medical revenue also increased by $0.5 million. This increase was partly offset by a decline of $0.6 million in the pharmaceutical & B2B revenue stream.

	Three months ended March 31			
	2023 $'000s	2022 $'000s	$	Management Commentary
Cost of sales	(5,456)	(5,280)	(176)	The increase was driven by an increase in sales but at a lower rate compared to revenue due to cost reductions and production efficiencies.
Gross profit	387	(403)	790	Gross profit improvement was driven by product mix, cost reductions and production efficiences. Cost reductions included those realized as a result of the MPLA Divestment and Canadian restructuring completed in Q3 2022.
General administrative expenses	(1,518)	(4,886)	3,368	Expenses decreased primarily due to recovery of expected credit losses of $1.5 million during Q1 2023, the MPLA Divestment and Canadian restructuring completed in Q3 2022. Q4 2022 also includes $0.5 million of transaction fees.
Marketing and selling expenses	(1,369)	(1,493)	124	Expenses decreased largely due to lower expenditures on advertising and promotional activity in Q1 2023.
R&D expenses	(36)	(300)	264	Expenses were reduced mainly due to the MPLA Divestment and restructuring during 2022.
Share-based compensation expenses	(747)	(741)	(6)	Expense increase was due to the issuance of restricted share units ("RSUs") and options in 2022.
Other operating expenses, net	(50)	319	(369)	Expenses decreased mainly because of the foreign exchange.
Operating loss	(3,333)	(7,504)	4,171	See comments above.
Adjusted EBITDA[(1)]	(3,090)	(5,684)	2,594	Adjusted EBITDA is a non-IFRS measure. See "Reconciliation of non-IFRS Measures" for reconciliation to IFRS measures.
Unrealized gain in re-evaluation of derivative liabilities	-	1	(1)	
Finance income	250	48	202	Increased as a result of higher interest rate.
Finance expense (income)	(5)	(2)	(3)	Increased as a result of the insurance premium financing arrangement obtained in Q2 2022.
Loss before taxation	(3,088)	(7,457)	4,369	See comments above.
Net loss for the period	(3,088)	(7,457)	4,369	See comments above.

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

RECONCILIATION OF NON-IFRS MEASURES

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

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

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

Adjusted EBITDA

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

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

	Three months ended		
	March 31, 2023 $'000s	**March 31, 2022 $'000s**	**Change $'000s**
Net operating loss	(3,333)	(7,504)	4,171
Adjusted for:			
Share-based compensation expense	747	741	6
Depreciation and amortization	490	819	(329)
Restructuring related severance expenses	-	281	(281)
Government grants	-	(21)	21
Transaction fees	533	-	533
Impairment of receivables [(1)]	(1,546)	-	(1,546)
Adjusted EBITDA	(3,090)	(5,684)	2,594

(1) This relates to the reversal of a former impairment of a long outstanding receivable.

Adjusted Gross Profit

Adjusted Gross Profit is defined as gross profit excluding the adjustments for accelerated depreciation, severance and write down of inventory. There was no adjustment to gross profit (as reported) for the three-month periods ended March 31, 2023 and March 31, 2022.

CAPITAL STRUCTURE

Common Shares

The Company's authorized capital consists of an unlimited number of Common Shares. As at March 31, 2023, the Company had 282,164,905 Common Shares issued and outstanding, and as at the date of this MD&A, the Company has 390,095,869 Common Shares issued and outstanding.

Warrants

On June 8, 2020, the Company closed a private placement with an institutional investor for gross proceeds of $37.8 million through the issuance of (the "**2020 Private Placement**"): (i) a $20.5 million senior unsecured convertible note (the "**First Note**"); (ii) a warrant to purchase up to 3,601,427 Common Shares (the "**First Warrant**"), and (ii) a subscription receipt entitling the holder to receive, upon satisfaction of certain escrow release conditions, a further $20.5 million senior unsecured convertible note (the "**Second Note**" and, together with the First Note, collectively, the "**Notes**") and a further warrant (the "**Second Warrant**" and, together with the First Warrant, collectively, the "**2020 Warrants**") to purchase up to an additional 3,601,427 Common Shares. On August 6, 2020, the escrow release conditions were satisfied, and the subscription receipt was exchanged for the Second Note and Second Warrant. As of March 31, 2023 and the date of this MD&A, the Company had nil principal amount outstanding under the Notes. As at March 31, 2023 and the date of this MD&A, the Company had issued and outstanding 2020 Warrants exercisable to acquire up to an aggregate of **7,202,854** Common Shares at an exercise price of $2.28 per Common Share until October 9, 2023.

On March 5, 2021, the Company closed a bought deal offering of 57,500,000 units for aggregate gross proceeds of $33.4 million (the "**Bought Deal Offering**"). Each unit was comprised of one Common Share and one warrant (the "**2021 Warrants**"). The 2021 Warrants were listed for trading on the TSX under the stock symbol "LABS.WT". The 2021 Warrants expired on March 5, 2023, resulting in nil 2021 Warrants remaining outstanding as at March 31, 2023 and the date of this MD&A.

Stock Options and RSUs

As at March 31, 2023, options to purchase up to 26,162,138 Common Shares were issued and outstanding. During the three months ended March 31, 2023, no options to purchase Common Shares were granted, nil options to purchase Common Shares were exercised, and options to purchase 480,000 Common Shares were forfeited, cancelled and/or expired.
As at March 31, 2023, RSUs representing the right to acquire up to 18,744,922 Common Shares were issued and outstanding. During the three months ended March 31, 2023, nil RSUs were granted, nil RSUs were settled through the issuance of Common Shares and 57,712 RSUs were forfeited, cancelled and/or expired.

Subsequent to March 31, 2023, nil options were issued, 50,000 options were forfeited/cancelled and nil options were exercised resulting in 26,112,138 options remaining outstanding as of the date of this MD&A.

Subsequent to March 31, 2023, nil RSUs were issued, nil RSUs were forfeited/cancelled and nil RSUs were settled resulting in 18,744,922 RSUs remaining outstanding as of the date of this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

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

During the three months ended March 31, 2023, the Company used cash in operating activities of $3,051 (March 31, 2022: $5,602). As of March 31, 2023, the Company had a working capital balance of $35,997 (December 31, 2022: $37,889) and an accumulated deficit of $166,737 (December 31, 2022 - $163,649). As of March 31, 2023, the Company had cash and cash equivalents of $20,150 (December 31, 2022: $24,145).

The Company completed the Arrangement following the end of the quarter, on April 1, 2023. Without achieving significant synergies for the combined entity after the Arrangement or obtaining additional financing, the Arrangement will result in the use of the Company's existing cash and cash equivalents to fund the operations of VIVO. The Company's ability to continue as a going concern following completion of the Arrangement is dependent upon its ability to generate sufficient revenues and positive cash flow from its operating activities and/or obtaining sufficient funding to meet its plans and obligations.

Using forecasts derived collaboratively by both management teams, along with revenue and cost synergy estimates, the pro-forma combined company aims to find positive EBITDA synergies to the magnitude of between $7,000 to $9,000 on an annualized basis and could reach positive EBITDA and cash flow in the first half of 2024. [9]

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 March 31			
	2023 $'000s	2022 $'000s	Change	Management Commentary
Cash and cash equivalents, beginning of period	24,145	34,110	(9,965)	
Net cash used in operating activities	(3,051)	(5,602)	2,551	Negative cashflow from operating activities mainly due to operating loss.

[9] This forward-looking statement is based on the following material factors and assumptions: (a) assumes that both costs and revenue opportunities identified and the forecasts derived collaboratively by MediPharm and VIVO management teams will be achieved, (b) revenue opportunity assumes that existing products may be sold into the existing sales channels of both VIVO and MediPharm, (c) costs savings estimate depends on the eliminating duplicated public company expenses and redundant corporate infrastructure, and (d) assumes the estimated revenue and cost synergies may be achieved in the near term. This target, and the related assumptions, involve known and unknown risks and uncertainties that may cause actual results to differ materially. While MediPharm and VIVO believe there is a reasonable basis for this target, such target may not be met. Actual results may vary and differ materially from the targets. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".

	Three months ended March 31			
	2023 $'000s	2022 $'000s	Change	Management Commentary
Net cash from investing activities	(25)	(144)	119	
Net cash from financing activities	(919)	(14)	(905)	The increase is as a result of the working capital finance provided to VIVO and the repayment of insurance premium finance obtained in Q2 2022.
Effect of exchange rate change on cash and cash equivalents	-	(77)	(77)	
Cash and cash equivalents, end of period	20,150	28,273	(8,123)	Refer to comments above

Contractual Obligations

The Company's contractual obligations as at March 31, 2023, decreased by $1,209 as compared to December 31, 2022, mainly as a result of repayment of insurance premium financing during the period.

Contractual Obligations	Payments due by Period $'000s				
	Total	< 1 year	1-3 years	4-5 years	> 5 years
Loans and borrowings	132	132	-	-	-
Lease Liabilities	86	68	18	-	-
Trade and Other Payables	6,326	6,326	-	-	-
Total Contractual Obligations	6,544	6,526	18	-	-

Under a cannabis material sales contract, the Company had a commitment to purchase cannabis products amounting to $9,500 however, effective February 1, 2023, the Company has been released from the remaining obligation of $5,329 through a settlement agreement with this counterparty**.**

Capital Resources

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

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

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

See Note 4 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.sedar.com, 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;
- 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;
- Russian invasion of Ukraine;
- 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, KPMG 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, 2023, other than as disclosed in Note 2.2 of the Financial Statements.

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, 2023, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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

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

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

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

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