



IRWIN NATURALS INC.

CSE FORM 2A

LISTING STATEMENT

DATED AS OF AUGUST 13, 2021

CAUTIONARY NOTE REGARDING U.S. HEMP INVOLVEMENT

The Resulting Issuer (as defined herein) currently derives, and is expected to continue to derive, a portion of its revenues from the production and distribution of Hemp (as defined herein) -based wellness products in certain states in the United States. As at the time of this Listing Statement, Irwin Naturals derives the majority of its revenue from non- Hemp related products. All Hemp produced and sold by the Resulting Issuer constitutes Hemp under the 2018 Farm Bill (as defined herein), as well as under the laws of the states in which the Resulting Issuer manufactures such Hemp-based products.

Marijuana (as defined herein) is currently illegal under United States federal law. As of the date hereof, the Resulting Issuer does not have direct, indirect or material ancillary involvement in the marijuana industry in the United States. However, one of the business objectives of the Resulting Issuer is to explore various opportunities it may have to enter the United States marijuana industry in the upcoming year, including the potential to license intellectual property owned by the Resulting Issuer to firm(s) that derive substantially all of its/their revenues from the marijuana industry in the state of California. Accordingly, although the Resulting Issuer does not currently have direct, indirect or material ancillary involvement in the marijuana industry in the United States, we have included regulatory disclosure regarding the illegality of marijuana in the United States throughout this Listing Statement. For more information, see Section 3.3 of this Listing Statement – “*Trends, Commitments, Evens or Uncertainties*” and Section 17 of this Listing Statement – “*Risk Factors*”.

Hemp

The 2018 Farm Bill became law on December 20, 2018. Prior to this law, all non-exempt Cannabis parts (as defined herein) grown in the United States were scheduled as a controlled substance under the CSA (as defined herein), and as a result, the cultivation of Hemp for any purpose in the United States without a Schedule I registration with the DEA (as defined herein) was, unless exempted by the 2014 Farm Bill (as defined herein), illegal. The passage of the 2018 Farm Bill materially changed federal laws governing Hemp by removing Hemp from the CSA and establishing a federal regulatory framework for Hemp production. Specifically, the 2018 Farm Bill: (a) explicitly amended the CSA to exclude all parts of the Cannabis plant (including its cannabinoids, derivatives, and extracts) containing a THC (as defined herein) concentration of not more than 0.3% on a dry weight basis from the definition of marijuana; (b) allows the commercial production and sale of Hemp in interstate commerce; (c) establishes the USDA (as defined herein) as the primary federal agency regulating the cultivation of Hemp in the United States, while allowing states to adopt their own plans to regulate the same; and (d) affords farmers the opportunity to obtain crop insurance and research grants. The 2018 Farm Bill also creates a specific exemption from the CSA for THC found in Hemp. By defining Hemp to include its “cannabinoids, derivatives, and extracts,” popular Hemp products, such as CBD (as defined herein), are no longer subject to DEA control. Accordingly, the DEA no longer has regulatory authority to interfere with the interstate commerce of Hemp products, so long as the THC level of such products is at or below 0.3%.

The 2018 Farm Bill amends the Agricultural Marketing Act of 1946 to categorize Hemp as an agricultural commodity under the regulatory purview of the USDA in coordination with state departments of agriculture. Although the USDA will be the primary federal regulatory agency overseeing Hemp production in the United States, states, U.S. territories, and Native American tribes desiring to obtain (or retain) primary regulatory authority over Hemp activities within their borders are allowed to do so after submitting a plan for regulation to the USDA, and receiving approval from the USDA for the same. Pursuant to the 2018 Farm Bill, states, U.S. territories, and tribal governments can adopt their own regulatory plans for Hemp production, even if more restrictive than federal regulations, so long as the plans meet minimum federal standards and are approved by the USDA. Hemp production in states and tribal territories that do not choose to submit their own plans (and that do not prohibit

Hemp production) will be governed by USDA regulation.

On October 31, 2019, the USDA released the IFR (as defined herein), which established the U.S. Domestic Hemp Production Program and outlined provisions for the USDA to approve plans submitted by states and tribal governments for the domestic production of Hemp. The USDA published the Final Rule (as defined herein) on January 19, 2021, providing final regulations for the production of Hemp in the United States, effective as of March 22, 2021. The Final Rule builds on the IFR and incorporates modifications to the U.S. Domestic Hemp Production Program based on public comments and lessons learned during the 2020 growing season. Notwithstanding the passage of the 2018 Farm Bill and the publication of the Final Rule, the Hemp cultivation and research provisions contained in the 2014 Farm Bill remain in effect until January 1, 2022. After January 1, 2022, domestic Hemp production must comply with the Final Rule as published by the USDA. As it stands, approximately 20 states – including Kentucky, Colorado, and Oregon – are still operating under their pilot program adopted pursuant to the 2014 Farm Bill. The status of the USDA’s review of plans, including which states have adopted to continue under the 2014 Farm Bill, is available at <https://www.ams.usda.gov/rules-regulations/hemp/state-and-tribal-plan-review>.

The 2014 Farm Bill authorizes institutions of higher education and state departments of agriculture (and their contractual designees) to cultivate Hemp, notwithstanding the CSA or any other federal law, provided that certain conditions are met. The scope of the 2014 Farm Bill is limited to cultivation that is: (a) for research purposes (inclusive of market research, which multiple federal agencies have confirmed includes commercial sales with a research purpose); (b) part of an “agricultural pilot program” or other agricultural or academic research; and (c) permitted by state law. The 2014 Farm Bill does not provide a federal regulatory framework or require states to adopt and implement Hemp programs. Activities determined to be compliant with the 2014 Farm Bill are currently protected from federal interference by an Appropriations Rider (as defined herein) to the 2021 Continuing Appropriations Act which prohibits the federal government’s use of funds in contravention of the 2014 Farm Bill. Activities determined to be outside the scope of the 2014 Farm Bill are not protected by the Appropriations Rider and may be subject to federal enforcement action.

At the time of this Listing Statement, the federal Hemp legal regime remains in a period of transition. The 2018 Farm Bill is in full effect when it comes to the status of Hemp and Hemp products like CBD under the CSA. Hemp has now been permanently defined as encompassing the entire Cannabis Sativa L. plant—and all of its “derivatives,” “extracts,” and “cannabinoids”—as long as such derivatives, extracts, and cannabinoids contain 0.3% THC or less on a dry weight basis. Hemp, under such definition, and the THC found in Hemp, has been permanently removed from the purview of the CSA. This means that, in the Resulting Issuer’s opinion, the Resulting Issuer’s products currently and moving forward enjoy all of the protections of the 2014 and 2018 Farm Bills.

It is important to note that the 2018 Farm Bill explicitly preserves the authority and jurisdiction of the FDA under the FD&C Act (as defined herein) and section 351 of the Public Health Service Act to regulate the manufacturing, marketing, and sale of food, drugs, dietary supplements, and cosmetics, including products that contain Hemp extracts and derivatives, such as CBD. As a result, the FD&C Act will continue to apply to Hemp-derived food, drugs, dietary supplements, cosmetics, and devices introduced, or prepared for introduction, into interstate commerce. As a producer and marketer of Hemp-derived products, the Resulting Issuer must comply with the FDA regulations applicable to manufacturing and marketing of certain products, including food, dietary supplements, and cosmetics.

In conjunction with the enactment of the 2018 Farm Bill, the FDA released a statement confirming the agency’s position that under the FD&C Act, it is unlawful to introduce food containing added CBD into interstate commerce, or to market CBD products as, or in, dietary supplements, regardless of whether the substances are Hemp-derived. The agency’s position stems from the fact that CBD is an active

ingredient in the FDA–approved drug Epidiolex, and was the subject of substantial clinical investigations before it was marketed as a food or dietary supplement, a restriction generally referred to as the “IND Preclusion”. A number of states have also prohibited the sale of ingestible CBD products based on the FDA’s position that CBD cannot be added to food or marketed as a dietary supplement, regardless of whether the substance is Hemp-derived.

In addition to regulation by the FDA, the Resulting Issuer’s labeling and advertising of its products is also subject to regulation by the FTC (as defined herein) under the *Federal Trade Commission Act*. In recent years, the FTC has initiated numerous investigations of CBD products and companies producing such products based on allegedly deceptive or misleading claims.

Both the FDA and the FTC have focused their enforcement efforts on companies selling CBD products which the agencies deem to be most likely to put consumers at risk. To date, a majority of the FDA and FTC’s enforcement actions have come in the form of warning letters to companies illegally selling CBD products making unapproved drug claims which state that such products prevent, diagnose, treat, or cure serious diseases, such as cancer. However, on December 17, 2020, the FTC announced its first law enforcement crackdown on deceptive claims in the growing market for CBD products. The FTC took action against six sellers of CBD products for allegedly making a wide range of scientifically unsupported claims about their ability to treat serious health conditions. Among other things, each of the companies, and individuals behind them, were required to stop making such unsupported health claims immediately, and several will pay monetary judgments to the agency.

Despite its position on the impermissibility of ingestible CBD products, the FDA has also acknowledged the growing public interest in such products and the need for the agency to take steps to make the pathways for the lawful marketing of these products more efficient. On March 5, 2020, the FDA issued a statement and submitted a Congressional report whereby the agency reaffirmed that it is actively evaluating a risk-based enforcement policy and rulemaking to permit the use of CBD in dietary supplements while also reiterating the need to obtain additional data on the safety, effectiveness and quality of CBD products. The report does not alter the current regulatory status of ingestible CBD products, nor does it provide a timeline for expected agency action, but it does signal the FDA’s interest in establishing a clear pathway for the use of CBD in dietary supplements.

Marijuana

Marijuana is currently illegal under United States federal law. The federal government of the United States regulates drugs through the CSA, which places controlled substances on one of five schedules. Currently, marijuana is classified as a Schedule I controlled substance. This means it has a high potential for abuse and currently has no accepted medical use in treatment in the United States. Schedule I substances are subject to production quotas imposed by the DEA. Thus, the federal government of the United States has specifically reserved the right to enforce federal law in regards to the sale and disbursement of medical or adult-use marijuana even if such sale and disbursement is sanctioned by state law.

In the United States, marijuana is largely regulated at the state level. State laws regulating marijuana are in direct conflict with the CSA, which makes marijuana use and possession federally illegal. Although certain states authorize medical and/or adult-use marijuana production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of marijuana and any marijuana-related drug paraphernalia is illegal and any such acts are criminal acts under federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, former United States' Attorney General Jeff Sessions issued a memorandum to United States Attorneys which rescinded previous guidance from the United States Department of Justice specific to marijuana enforcement in the United States, including the Cole Memorandum (as defined herein). With the Cole Memorandum rescinded, United States' federal prosecutors have been given discretion in determining whether to prosecute marijuana related violations of United States federal law, including in jurisdictions in which the production, distribution and use of marijuana is permitted under state law.

There is no guarantee that state laws legalizing and regulating the sale and use of marijuana will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to medical and/or adult-use marijuana (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current federal law. If the federal government begins to enforce federal laws relating to marijuana in states where the cultivation, processing, sale and use; or if such laws are repealed or negatively impacted the Resulting Issuers potential to enter the marijuana market, or if Resulting Issuer is already a part of the marijuana market subsequent to such occurrence, its business, results of operation, financial condition, and prospects could be materially and adversely affected. See Section 17 of this Listing Statement – “Risk Factors” for addition information on such risk.

In light of the political and regulatory uncertainty surrounding the treatment of marijuana-related activities in the United States, including the rescission of the Cole Memorandum discussed above, on February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 setting out Canadian Securities Administrator's disclosure expectations for certain risks facing issuers with Cannabis-related activities in the United States. Staff-Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with cannabis-related activities in the United States and includes additional disclosure expectations that apply to all issuers with cannabis-related activities in the United States. Although the Resulting Issuer does not currently participate in commerce that would be applicable to Staff-Notice 51-352, one of the business objectives of the Resulting Issuer is to explore various opportunities it may have to enter the United States marijuana industry in the upcoming year that would fall under the guidance in Staff-Notice 51-352. See Section 3.3 of this Listing Statement – “Trends, Commitments, Events or Uncertainties – Regulatory Overview – Overview of the United States Regulatory Regime”, including the Table of Concordance therein.

Risk Factors

Legal barriers applicable to, and risks associated with, selling Hemp and Hemp-derived CBD products result from a number of factors, including the fact that both Hemp and marijuana are derived from the Cannabis plant, the rapidly-changing patchwork of state laws governing Hemp and Hemp-derived CBD, and the FDA's position that CBD cannot be added to food or marketed as a dietary supplement, i.e., the IND Preclusion.

Any investment in the securities of the Resulting Issuer is speculative due to a variety of factors, including the nature of the Resulting Issuer's business. An investment in the securities should only be made by persons who can afford a total loss of their investment.

An investment in the securities of the Resulting Issuer could affect your admissibility to the United States by virtue of business or financial involvement in the legal marijuana industry in Canada or in the United States. Because marijuana remains illegal under United States federal law, those who are not U.S. citizens employed at or investing in legal and licensed U.S. marijuana companies could face detention, denial of entry or lifetime bans from the United States for their business associations with marijuana U.S. businesses. Moreover, marijuana remains a Schedule 1 controlled substance under the CSA, and

the penalties for violating the CSA may include criminal penalties of up to twenty (20) years in prison and/or a fine of up to \$2 million. In addition, the U.S. government can seize and seek the civil forfeiture of the real or personal property used to facilitate the sale of marijuana as well as the money or other proceeds received in connection with such sale. Thus, an investment in these securities could subject the investor to criminal and personal liabilities. Legislative and regulatory uncertainties, along with difficulties concerning potential enforcement activities by United States federal, state and local governments (or discretion exercised thereby), represent significant risks concerning the Resulting Issuer's business activities. These risks include, but are not limited to:

- positions asserted by the FDA and the FTC concerning products containing derivatives from Hemp;
- uncertainty surrounding the characterization of cannabinoids as a dietary ingredient by the FDA;
- enforcement activities by state and/or local law enforcement and regulatory authorities under the auspice of individual state law, regardless of any potential conflict thereby with federal law; and
- Enforcement activities by federal government related to the potential future activity in the marijuana industry by the Resulting Issuer.

If the Resulting Issuer's operations are found to be in violation of any of such laws or any other governmental regulations, the Resulting Issuer may be subject to penalties, including, without limitation, civil and criminal penalties, damages, fines, the curtailment or restructuring of the Resulting Issuer's operations or asset seizures, any of which would adversely affect the Resulting Issuer's business and financial results.

See Section 3.3 of this Listing Statement – *“Trends, Commitments, Events or Uncertainties – Regulatory Overview – Overview of the United States Regulatory Regime”*, including the Table of Concordance therein.

See also Section 17 of this Listing Statement – *“Risk Factors”* for more information about the risks concerning the Resulting Issuer's business and operations.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Listing Statement constitute forward-looking statements and forward-looking information within the meaning of applicable Canadian and United States securities legislation (collectively herein referred to as “**forward-looking statements**”), which can often be identified by words such as “will”, “may”, “estimate”, “expect”, “plan”, “project”, “intend”, “anticipate”, “target”, “believe”, “continue”, “outlook”, “forecast” and similar expressions or the negatives thereof. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements which include but are not limited to statements related to activities, events or developments that the Resulting Issuer expects or anticipates will or may occur in the future, statements related to the business strategy objectives and goals of the Resulting Issuer, and the assessment of future plans and operations by management of the Resulting Issuer, which are based on current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect.

Such forward-looking statements are expectations only and are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Resulting Issuer or industry results to differ materially from any future results, performance or achievements implied by such forward-looking statements, including, but not limited to, those factors as set out under Section 17 of this Listing Statement – “*Risk Factors*”. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this Listing Statement. These factors should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements.

Readers are cautioned that the foregoing list and the risk factors under the heading “*Risk Factors*” are not exhaustive and there may be other risk factors that cause actions, events or results to differ from those anticipated, estimated or intended. All of the forward-looking statements made in this Listing Statement are qualified by these cautionary statements and other cautionary statements or other factors contained herein. Although management of the Resulting Issuer believes that the expectations conveyed by forward-looking statements herein are reasonable based on information available on the date such forward-looking statements are made, there can be 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 forward-looking statements. The Resulting Issuer does not undertake any obligation to update any forward-looking statements, even if new information becomes available as a result of future events or if circumstances or management estimates or opinions should change or for any other reason, except as required by applicable securities laws. The forward-looking statements contained herein are presented for the purposes of assisting readers in understanding the plan, objectives and goals of the Resulting Issuer and may not be appropriate for other purposes.

Historical statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. In this regard, certain financial information contained herein has been extracted from, or based upon, information available in the public domain. Additionally, historical results should not be taken as a representation that such trends will be replicated in the future. No statement in this document is intended to be nor may be construed as a profit forecast.

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1. ABOUT THIS LISTING STATEMENT

1.1 Glossary of Terms

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Listing Statement. Terms and abbreviations used in the financial statements appended to this Listing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, includes the plural and vice versa and words importing any gender include all genders.

“**2014 Farm Bill**” means the *Agricultural Act of 2014*;

“**2018 Farm Bill**” means the *Agricultural Act of 2018*;

“**A&R Articles**” means the amended and restated articles of incorporation of Irwin;

“**Affiliate**” means, with respect to any two Persons, one Person is a subsidiary of the other or each of the two Persons is controlled by the same or related Person;

“**Appropriations Rider**” means the appropriations rider to the *2021 Continuing Appropriations Act*;

“**Associate**” when used to indicate a relationship with a Person, means: (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer; (b) any partner of the Person; (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or (d) in the case of a Person who is an individual (i) that Person’s spouse or child, or (ii) any relative of the Person or of his spouse who has the same residence as that Person;

“**Audit Committee**” means the audit committee of the Resulting Issuer;

“**AUMA**” means the *Adult Use of Marijuana Act*;

“**Awards**” means, collectively, (i) Resulting Issuer NQSOs and Resulting Issuer ISOs, (ii) restricted stock awards; (iii) Resulting Issuer RSUs; (iv) Resulting Issuer SARs; and (v) other stock-based awards, granted under the Resulting Issuer Equity Incentive Plan;

“**Batista**” means Isabella Batista;

“**BCBCA**” means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**BC Registrar**” means the Registrar of Resulting Issuer appointed under Section 400 of the BCBCA;

“**BCC**” means the Bureau of Cannabis Control;

“**Business Combination**” means the business combination by and between Irwin and Pubco, pursuant to which Irwin will become a subsidiary of the Resulting Issuer and the Resulting Issuer will carry on the business of Irwin;

“**Business Combination Agreement**” means the business combination agreement entered into by and among Pubco, Irwin and U.S. Holdco on August 9, 2021;

“**Cannabis**” means *Cannabis Sativa L.*;

“**CARES Act**” means *Coronavirus Aid, Relief and Economic Security Act*;

“**CBD**” means cannabidiol;

“**C DFA**” means the California Department of Food and Agriculture CalCannabis Cultivation Licensing;

“**CDPH**” means the California Department of Public Health’s Manufactured Cannabis Safety Branch;

“**CDPHE**” means the Colorado Department of Public Health and Environment;

“**Class A Voting Shares**” means the Class A voting shares in the capital of Irwin;

“**Class B Non-Voting Shares**” means the Class B non–voting shares in the capital of Irwin;

“**Coattail Agreement**” has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

“**Code**” means the United States *Internal Revenue Code of 1986*, as amended;

“**Cole Memorandum**” means the memorandum issued by the then Deputy Attorney General of the Obama Administration, James Cole, on August 29, 2013;

“**CSA**” means the *U.S. Controlled Substances Act*;

“**CSE**” means the Canadian Securities Exchange;

“**CUA**” means the *Compassionate Use Act of 1996*;

“**DEA**” means the United States Drug Enforcement Agency;

“**DSHEA**” means the *Dietary Supplement Health and Education Act*;

“**FCEN**” means the Financial Crimes Enforcement Network;

“**FCEN Memo**” means the memorandum providing instructions to banks seeking to provide services to marijuana–related businesses issued by the FCEN of the U.S. Department of the Treasury;

“**FD&C Act**” means the *Food, Drug and Cosmetic Act*;

“**FDA**” means the United States Food and Drug Administration;

“**FDACS**” means the Florida Department of Agriculture and Consumer Services;

“**FFDCA**” means the *Federal Food, Drug, and Cosmetic Act*;

“**Foreign Private Issuer**” has the meaning ascribed thereto in Section 17 of this Listing Statement;

“**FSHE**” means full-spectrum Hemp extract;

“**FTC**” means the Federal Trade Commission;

“**Final Rule**” has the meaning ascribed thereto in Section 3.3 of this Listing Statement;

“**Hemp**” means any part of the Cannabis plant having no more than three–tenths of one percent (0.3%) concentration of THC on a dry-weight basis;

“**IND Preclusion**” has the meaning ascribed thereto in Section 3.3 of this Listing Statement;

“**IFR**” means the Initial Final Rule;

“**IFRS**” means the International Financial Reporting Standards;

“**IRS**” means the U.S. Internal Revenue Service;

“**Irwin**” means Irwin Naturals, a Nevada corporation;

“**Irwin Brand**” means the brand Irwin Naturals used to identify the flagship brand of consumer goods sold by Irwin;

“**Irwin Common Shares**” means the common shares in the capital of Irwin prior to the Irwin Share Reorganization;

“**Irwin PPP Loan**” has the meaning ascribed thereto in Section 3.1 of this Listing Statement;

“**Issue Price**” has the meaning ascribed thereto in Section 4.1.1 of this Listing Statement;

“**Irwin Share Reorganization**” means the amendment to the articles of Irwin to create the Class A Voting Shares and to add special rights and restrictions to the Irwin Common Shares and change the identifying name of the Irwin Common Shares to “Class B Non-Voting Shares”;

“**Irwin Shares**” means the Class A Voting Shares and the Class B Non-Voting Shares;

“**Irwin Support Agreement**” means the support agreement entered into among Pubco, U.S. Holdco and Irwin on August 13, 2021;

“**KDA**” means Kentucky Department of Agriculture;

“**Marijuana**” means all parts of the plant *Cannabis sativa* L., whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds or resin. The term “marijuana” or “marihuana”¹ does not include—(i) Hemp, as defined in section 1639o of title 7; or (ii) the mature stalks of such plant, fiber produced from such stalks, oil or cake made from the seeds of such plant, any other compound, manufacture, salt, derivative, mixture, or preparation of such mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is incapable of germination;

“**MAUCRSA**” means the *Medicinal and Adult-Use Cannabis Regulation and Safety Act*;

“**MCRSA**” means the *Medical Cannabis Regulation and Safety Act*;

“**MD&A**” means management’s discussion and analysis;

“**Medical Marijuana Program Act**” means United States Senate Bill 420;

“**MMRSA**” means the *Medical Marijuana Regulation and Safety Act*;

“**MORE Act**” means the *Marijuana Opportunity Reinvestment and Expungement Act of 2019*;

“**Multiple Voting Shares**” means the multiple voting shares in the capital of the Resulting Issuer;

“**NDA**” means the Nevada Department of Agriculture;

“**NDIN**” means New Dietary Ingredient Notification;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*;

“**NRS**” means the Nevada Revised Statutes;

“**ODA**” means the Oregon Department of Agriculture;

“**OEHHA**” means the Office of Environmental Health Hazard Assessment;

¹ The spelling of marihuana with an “h” has a long history in the United States. Certain states and federal statutes, including the CSA, have historically used that spelling because it was employed in the Federal Marihuana Tax Act of 1937.

“**Offer**” has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

“**OLCC**” means the Oregon Liquor Control Commission;

“**Participants**” means any of the Resulting Issuer’s employees, officers, directors or consultants who are natural persons;

“**Person**” means any individual, corporation, partnership, unincorporated association, trust, joint venture, governmental body or any other legal entity whatsoever;

“**PPP**” means the Paycheck Protection Program;

“**Prop 65 List**” has the meaning ascribed thereto in Section 17 of this Listing Statement;

“**Proportionate Voting Shares**” means the proportionate voting shares in the capital of the Resulting Issuer;

“**Pubco**” means Datinvest International Ltd. prior to completion of the Business Combination;

“**Pubco Board**” means the board of directors of Pubco;

“**Pubco Meeting**” means the annual and special meeting of shareholders of Pubco held on June 24, 2021;

“**Pubco Name Change**” means the amendment to the articles of incorporation of Pubco to the change of name of Pubco from “Datinvest International Ltd.” to “Irwin Naturals Inc.” or such other name as determined by Irwin and acceptable to the BC Registrar;

“**Pubco Share Amendments**” has the meaning ascribed thereto in Section 2.4 of this Listing Statement;

“**Pubco Share Consolidation**” means the consolidation of the Pubco Shares on the basis of one (new) Pubco Share for each 8.316 (old) Pubco Shares;

“**Pubco Shareholders**” means the shareholders of Pubco prior to completion of the Business Combination;

“**Pubco Shares**” means the common shares in the capital of Pubco;

“**Related Entity**” means, in respect of the Resulting Issuer: (a) a person (i) that is an affiliated entity of the Resulting Issuer, (ii) of which the Resulting Issuer is a control block holder; (b) a management company or distribution company of a mutual fund that is a listed issuer; or (c) a management company or other company that operates a trust or partnership that is a listed issuer;

“**Related Person**” means, in respect of the Resulting Issuer: (a) Related Entity of the Resulting Issuer; (b) a partner, director or officer of the Resulting Issuer or Related Entity; (c) a promoter of or person who performs investor relations activities for the Resulting Issuer or Related Entity; (d) any Person that beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the total voting rights attached to all voting securities of the Resulting Issuer or Related Entity; and (e) such other person as may be designated from time to time by the CSE;

“**Resulting Issuer**” means Irwin Naturals Inc.;

“**Resulting Issuer Board**” or “**Board**” means the board of directors of the Resulting Issuer;

“**Resulting Issuer Equity Incentive Plan**” means the equity incentive plan of the Resulting Issuer, as described in Section 9 of this Listing Statement;

“**Resulting Issuer ISOs**” means incentive stock options of the Resulting Issuer;

“**Resulting Issuer NQSOs**” means nonqualified stock options, being options the holders of which must pay ordinary income taxes on the excess of the fair market value of the underlying shares on exercise over the exercise price;

“**Resulting Issuer Options**” means Resulting Issuer ISOs and Resulting Issuer NQSOs, collectively;

“**Resulting Issuer RSUs**” means restricted stock units of the Resulting Issuer;

“**Resulting Issuer SARs**” means stock appreciation rights of the Resulting Issuer;

“**Resulting Issuer Shares**” means the shares in the capital of the Resulting Issuer, including the Subordinate Voting Shares, the Multiple Voting Shares and the Proportionate Voting Shares;

“**SAFE Act**” means the *Secure and Fair Enforcement (SAFE) Act*;

“**Staff Notice 51-352**” means CSA Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities*;

“**Subordinate Voting Shares**” means the subordinate voting shares in the capital of the Resulting Issuer;

“**Subordinate Voting Share Conversion Right**” has the meaning ascribed thereto in Section 10.1 of this Listing Statement;

“**Tax Act**” means the *Income Tax Act* (Canada);

“**TDSHS**” means the Texas Department of State Health Services;

“**TSXV**” means the TSX Venture Exchange;

“**THC**” means delta-9-tetrahydrocannabinol;

“**USDA**” means the United States Department of Agriculture;

“**U.S. Exchange Act**” means the *Securities Exchange Act of 1934*, as amended;

“**U.S. Holdco**” means DAI US Holdco Inc., a corporation existing under the Laws of the State of Nevada;

“**U.S. Holdco Shares**” means the common shares in the capital of U.S. Holdco; and

“**USPTO**” means the United States Patent and Trademark Office.

1.2 Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third-party sources, including industry publications. The Resulting Issuer believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Resulting Issuer has not independently verified any of the data from third-party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

1.3 Currency

Unless otherwise indicated, all references to dollar amounts, “US\$” and “\$” are to United States dollars. References to “C\$” in this Listing Statement refer to Canadian dollars. Unless noted otherwise, dollar amounts are presented in thousands of dollars, except for share and per share amounts.

2. CORPORATE STRUCTURE

2.1 Corporate Name & Head and Registered Office

The head office of the Resulting Issuer is located at 5310 Beethoven St, Los Angeles, California 90066. The registered office of the Resulting Issuer is located at 918–1030 West Georgia Street, Vancouver, BC V6E 2Y3.

2.2 Jurisdiction

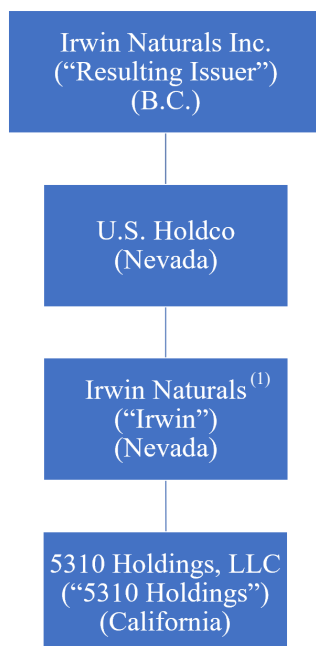
Pubco was originally incorporated under the *British Columbia Company Act* on May 1, 1987. On August 12, 2021, Pubco amended its articles to give effect to the Pubco Name Change, the Pubco Share Consolidation and the Pubco Share Amendments.

Irwin was incorporated under Section 78 of the NRS (Nevada) as Irwin Naturals on January 23, 2002.

The Resulting Issuer is a reporting issuer in the Provinces of British Columbia and Alberta.

2.3 Inter-corporate Relationships

The following diagram illustrates the Resulting Issuer’s corporate structure following the completion of the Business Combination, together with the place of incorporation/governing law of each subsidiary and the percentage of voting securities to be beneficially owned by the Resulting Issuer. Unless otherwise noted all lines represent 100% ownership of outstanding voting securities of the applicable subsidiary.



Note:

- (1) In addition, there are 320,000,000 Class B Non-Voting Shares of Irwin exchangeable into 320,000,000 Subordinate Voting Shares on a 1:1 basis. U.S. Holdco holds 100% of the Class A Voting Shares of Irwin, which are the only outstanding class of securities of Irwin that carry any voting rights.

2.4 The Business Combination

The Business Combination completed by the Resulting Issuer comprised of a reverse-takeover of Pubco by Irwin. Upon completion of the Business Combination, Irwin became a wholly-owned, indirect subsidiary of Pubco and the Resulting Issuer continues to carry on the businesses of Irwin. The closing of the Business Combination was subject to a number of terms and conditions including all necessary regulatory and third-party consents and approvals, receipt of conditional listing approval on the CSE and the concurrent delisting of Pubco from the TSXV. The principal steps of the Business Combination were as follows:

Pubco Meeting and Reorganization

1. Pubco held the Pubco Meeting in order for Pubco Shareholders to approve the following matters: (i) the amendment of the articles of Pubco to create the Proportionate Voting Shares and Multiple Voting Shares and to add special rights and restrictions to the Pubco Shares and change the identifying name of the Pubco Shares to “Subordinate Voting Shares” (the “**Pubco Share Amendments**”); (ii) the delisting of the Pubco Shares from the TSXV; (iii) the appointment of the auditor of the Resulting Issuer; (iv) the approval of the Resulting Issuer Equity Incentive Plan; and (v) election of the Resulting Issuer Board to take effect following closing of the Business Combination. The Pubco Board approved the Pubco Name Change and the Pubco Share Consolidation. Upon obtaining the approval of the Pubco Shareholders, Pubco completed and filed the applicable Articles of Amendment in the prescribed form with the BC Registrar, giving effect to the Pubco Share Consolidation, Pubco Name Change and Pubco Share Amendments in accordance with the terms of Business Combination Agreement.

Irwin Founder Subscription

2. Klee Irwin subscribed for 18,240 Multiple Voting Shares and one Subordinate Voting Share at a price per share equal to \$3.25 and \$2.50 respectively.

Irwin Investment and Recapitalization

3. Irwin completed and filed the applicable Articles of Amendment in the prescribed form, giving effect to the Irwin Share Reorganization. Holders of Irwin Common Shares received three hundred and four (304) Class B Non-Voting Shares for every one Irwin Common Share held.
4. U.S. Holdco purchased 6,600,000 Class A Voting Shares at a price of \$2.50 per Irwin Class A Voting Share and became the sole holder of Irwin Class A Voting Shares.
5. Pubco, U.S. Holdco and Irwin entered into the Irwin Support Agreement, which provides, among other things, that, so long as any shares in the capital of Irwin are not owned by U.S. Holdco or any of its affiliates, the Class B Non-Voting Shares shall carry certain exchange rights allowing, subject to contractual restrictions, the holder thereof to exchange their Class B Non-Voting Shares for newly-issued Subordinate Voting Shares on a one-to-one basis. A summary of the Irwin Support Agreement follows.

Summary of Irwin Support Agreement

The Resulting Issuer, U.S. Holdco and Irwin have entered into the Irwin Support Agreement, pursuant to which the Resulting Issuer agrees that, so long as any Irwin Shares which are exchangeable for Subordinate Voting Shares and not owned by U.S. Holdco or any of its affiliates are outstanding, the Resulting Issuer shall:

- take all such actions and do all such things as are reasonably necessary or advisable to enable and permit Irwin, in accordance with applicable law, to perform its obligations with respect to the satisfaction of an exchange of Irwin Shares by a holder thereof upon an exchange of such Irwin Shares by Irwin and, without limiting the generality of the foregoing, take all such actions and do all such things as are necessary or desirable to enable and permit Irwin to cause to be delivered Subordinate Voting Shares to the holders of Irwin Shares in accordance with the provisions of the A&R Articles; and
- upon the election of Irwin for Pubco to effect an exchange directly with a holder of Irwin Shares in connection with an exchange of Irwin Shares by the holder thereof in accordance with the A&R Articles, take all such actions and do all things as are reasonably necessary or advisable to effect the exchange of Irwin Shares directly with the holder thereof, in accordance with applicable law, including, without limiting the generality of the foregoing, take all such actions and do all such things as are necessary or advisable to cause to be delivered Subordinate Voting Shares directly to the holder in accordance with the provisions of the A&R Articles, together with an amount in cash sufficient to pay any amount to be paid in respect of unpaid distributions with respect to such Irwin Shares (if any).

The Irwin Support Agreement provides that in the event that a tender offer, share exchange offer, issuer bid, takeover bid, arrangement, business combination or similar transaction with respect to Subordinate Voting Shares is proposed by the Resulting Issuer or is proposed to the Resulting Issuer or its shareholders and is recommended to the Resulting Issuer Board, or is otherwise effected or to be effected with the consent or approval of the Resulting Issuer Board, and the Irwin Shares are not exchanged by Irwin, the Resulting Issuer will use its reasonable efforts in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit holders of Irwin Shares (other than U.S. Holdco and its affiliates) to participate in such offer to the same extent and on an economically equivalent basis as the holders of Subordinate Voting Shares, without discrimination. Without limiting the generality of the foregoing, the Resulting Issuer will use its reasonable efforts in good faith to ensure that holders of Irwin Shares may participate in each such offer.

The Irwin Support Agreement further provides that while any Irwin Shares (or other rights pursuant to which Irwin Shares may be acquired upon the exercise, conversion or exchange thereof) which are exchangeable for Subordinate Voting Shares, other than Irwin Shares held by U.S. Holdco or any of its affiliates are outstanding, the Resulting Issuer will make available such number of Subordinate Voting Shares (or other shares or securities into which Subordinate Voting Shares may be reclassified or changed) without duplication sufficient to satisfy the issuance of Subordinate Voting Shares upon exercise, conversion or exchange of all currently outstanding Irwin Shares which may be issuable upon the exercise of all rights to acquire such Irwin Shares, in addition to any additional Subordinate Voting Shares as may be required to enable and permit the Resulting Issuer to meet its obligations under the A&R Articles and under any other security or commitment pursuant to which the Resulting Issuer may be required to deliver Subordinate Voting Shares to any person.

Ownership of the Resulting Issuer

Upon completion of the Business Combination and as of the date hereof, the authorized share capital of the Resulting Issuer, together with a summary of the voting rights attached to the shares, the number of the issued and outstanding shares of the Resulting Issuer and the holders thereof, is as follows:

Description of Security	Votes Per Security ⁽¹⁾	Total Issued and Outstanding	Breakdown of Ownership of Total Issued and Outstanding	Number Outstanding, on an as-converted to Subordinate Voting Shares basis ⁽²⁾
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Subordinate Voting Shares	1 vote per Subordinate Voting Share	1,200,001	1,200,000 Subordinate Voting Shares held by the former Pubco Shareholders, and 1 Subordinate Voting Share held by Klee Irwin.	1,218,241 ⁽²⁾⁽³⁾
Multiple Voting Shares	15,000 votes per Multiple Voting Share	18,240	All held by Klee Irwin.	Nil
Proportionate Voting Shares	100 votes per Proportionate Voting Share	Nil	N/A	Nil

Notes:

- (1) For more information, see Section 10.1 – “*Description of the Share Capital of the Resulting Issuer*” of this Listing Statement.
- (2) Upon conversion of 18,240 Multiple Voting Shares into Subordinate Voting Shares on a 1:1 basis.
- (3) In addition, there are 320,000,000 Class B Non-Voting Shares of Irwin (of which 273,599,891 Class B Non-Voting Shares are held by Klee Irwin) exchangeable into 320,000,000 Subordinate Voting Shares on a 1:1 basis. Including the Class B Non-Voting Shares, on a fully-diluted, as-converted basis, there would be an aggregate of 321,218,241 Subordinate Voting Shares issued and outstanding (specifically, on conversion or exchange, as applicable, of 320,000,000 Class B Non-Voting Shares and 18,240 Multiple Voting Shares, each on a 1:1 basis). Upon such exchange, Klee Irwin would hold 92.00% of the voting rights of the Resulting Issuer.
- (4) For more information, see Section 14.2 – “*Convertible/Exchangeable Securities*” and Section 14.3 – “*Other Securities Reserved for Issuance*” of this Listing Statement.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 General Development of the Business

Upon completion of the Business Combination, the business of Irwin became the business of the Resulting Issuer.

General Development of Pubco’s Business

Pubco has had no business or operations since September 28, 2001, and is designated as inactive by the TSXV. On January 30, 2019, Pubco issued 4,000,000 Pubco Shares at a price of C\$0.15 per share pursuant to the exercise of warrants. At the Pubco Meeting, the delisting of the Pubco Shares from the TSXV was approved by the shareholders of Pubco.

General Development of Irwin’s Business

Irwin Naturals was incorporated under the NRS (Nevada) on January 23, 2002 and founded by Klee Irwin. Klee Irwin first entered into the dietary supplement business in 1994, following the implementation of the DSHEA, which was the legislation that created the product category in the United States.

Irwin strives to always innovate. In recent years Irwin managed a successful transition of the Irwin Brand, that was for many years exclusively sold in the health food class of trade, to gain traction in the mass-market in retailers such as CVS and Rite Aid. During this time Irwin has also continued to grow the successful mass-market focused supplement brand, Applied Nutrition. In addition to the Irwin Naturals and Applied Nutrition brands, Irwin also has another health food focused brand, Nature’s Secret. In 2018, Irwin became one of the first legacy supplement brands to launch a line of full-spectrum Hemp extract CBD products. Irwin’s initial product launched into the space was Irwin Naturals CBD soft-gels. Irwin continues to expand the CBD products within the Irwin Naturals’ brand more recently adding CBD topical products in the form of balms, roll-ons, gels and creams.

Irwin has continued to increase its footprint in brick and mortar in both the mass-market and health food channels, as well as sales online. Irwin has also been making investments in and focusing on its ecommerce and digital

marketing strategies, which it anticipates will help to produce growth through its own website and on Amazon. Irwin Naturals currently distributes to more than 100,000 retailers.

Internationally, Irwin is beginning to build a presence in China and is working with experts in the space to build out digital stores on the most popular Chinese based e-commerce sites. This effort began at the end of 2020. See Section 17 of this Listing Statement – “*Risk Factors – Risks Related to Sales in International Jurisdictions*”.

Acquisitions

In April 2021, 5310 Holdings, LLC, a California limited liability company, was assigned and contributed to Irwin. Klee Irwin, the founder and owner of Irwin, was previously the sole owner and managing member of 5310 Holdings, LLC. 5310 Holdings, LLC is a holding company owning most of the trademarks utilized by Irwin on its products.

Financing Activities

In 2019, Irwin maintained a line of credit with a financial institution in the amount equal to the lesser of \$20.0 million or Irwin’s borrowing base, as defined in the agreement. Irwin has the option of borrowing under a LIBOR loan (LIBOR based on the interest period selected by Irwin) or a Prime loan. Under a LIBOR loan, borrowings bear interest equal to the greater of 1.35% or the 30-day LIBOR interest rate plus 1.35% (3.10% at December 31, 2019). Under a Prime loan, borrowings bear interest equal to the greater of 2% or the fluctuating Prime rate minus 1% (3.75% at December 31, 2019). The line of credit was secured by all of Irwin’s assets and was guaranteed by the Company's shareholder.

In September 2020, the Company renewed the line of credit with the same financial institution in the amount of the lesser of \$17.5 million or the Company's borrowing base, as defined in the agreement. The Company has the option of borrowing under a LIBOR loan (LIBOR based on the interest period selected by the Company) or a Prime loan. Under LIBOR loans, borrowings bear interest at the greater of 1.35% or 30-day LIBOR interest rate plus 1.35% (1.5375% at December 31, 2020). Under Prime loans, borrowings bear interest at the greater of 2% or the fluctuating Prime rate minus 1% (2.25% at December 31, 2020). The Company is in negotiation to replace the benchmark rate with an alternative benchmark rate with the financial institution as part of IBOR reform. The line of credit is secured by all of the Company's assets, and is guaranteed by Irwin’s shareholder.

In May 2021, Irwin amended the provision requiring that Klee Irwin, the majority shareholder of Irwin, retain at least a 75% interest in Irwin to at least a 55% interest. Furthermore, in July 2021, the line of credit maturity was extended to December 1, 2022. Irwin has remained compliant with all restrictive covenants as of the date hereof.

On April 20, 2020, Irwin received loan proceeds in the amount of \$1,838 (the “**Irwin PPP Loan**”) under the PPP. The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. Funds received under the PPP may only be used for payroll costs and costs used to continue group health care benefits, mortgage payments, rent, utilities and interest on other debt obligations incurred before February 15, 2020. The funds must be spent within 24 weeks of the date of initial disbursement of the loan. Under the terms of the PPP, certain amounts of the Irwin PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. Irwin has used all of the proceeds received under the Irwin PPP Loan for purposes consistent with the PPP, and forgiveness has been approved in full on June 21st, 2021 for the original amount of the loan. There is no balance owed on the loan.

Leases

Irwin leases its office and warehouse facilities, and office equipment under various leases which expire between July 2022 and August 2023. Under the facility lease agreement, Irwin is also obligated to pay real estate taxes, general liability insurance, property insurance and periodic rent escalation.

Aggregate future minimum rental payments for each of the remaining years are as follows:

<u>Year Ending December 31</u>	
2021	\$ 1,383
2022	821
2023	0
	<u>\$ 2,204</u>

Rent expense for office and warehouse facilities for the year ended December 31, 2020 and 2019 totaled \$1,493 and \$1,424, respectively.

3.3 Trends, Commitments, Events or Uncertainties

Regulatory Overview

Marijuana is currently illegal under U.S. federal law. As of the date hereof, the Resulting Issuer does not have direct, indirect or material ancillary involvement in the marijuana industry in the United States. However, one of the business objectives of the Resulting Issuer is to explore various opportunities it may have to enter the United States marijuana industry in the upcoming year, including the potential to license intellectual property owned by the Resulting Issuer to firm(s) that derive substantially all of its/their revenues from the marijuana industry in the state of California. Accordingly, although the Resulting Issuer does not currently have direct, indirect or material ancillary involvement in the marijuana industry in the United States, we have included regulatory disclosure regarding the illegality of marijuana in the United States throughout this Listing Statement. For more information, see Section 3.3 of this Listing Statement – “*Trends, Commitments, Evens or Uncertainties*” and Section 17 of this Listing Statement – “*Risk Factors*”.

In accordance with Staff Notice 51-352, below is a discussion of the federal and state-level United States regulatory regimes in those jurisdictions where Irwin is currently directly involved in Hemp through its respective subsidiaries and affiliates, either as owners, operators, managers, consultants, and/or through licensing or other commercial arrangements. Irwin is engaged, either as an owner, or through licensing or other commercial arrangements, in the manufacture of Hemp products in the States of Oregon, Kentucky, Florida, Texas, Illinois and California. Irwin sells Hemp products into nearly all 50 states in the United States. In accordance with Staff Notice 51-352, the Resulting Issuer will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and promptly disclosed 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 marijuana regulation.

In accordance with Staff Notice 51-352, below is a discussion of the Federal and state-level United States regulatory regimes in those jurisdictions where Resulting Issuer may, if it meets the business objectives as-stated in this Listing Statement, have direct, indirect or ancillary involvement in the United States Marijuana industry through intellectual property licencing agreements involving intellectual property owned by the Resulting Issuer. This potential involvement would occur in California, USA. In accordance with Staff Notice 51-352, the

Resulting Issuer will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and promptly disclosed 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 marijuana regulation.

Overview of the United States Regulatory Regime

Irwin does not currently engage, directly or indirectly, in the cultivation, production or distribution of medicinal or adult-use marijuana or products derived therefrom. Irwin is involved in the production, marketing and sale of Hemp and Hemp-derived cannabinoid products. While marijuana and Hemp come from the same plant genus (i.e., Cannabis), Hemp and marijuana are legally distinct and are generally regulated, respectively, by two separate overarching bodies of law: the 2018 Farm Bill and the CSA.

Consequently, at the date hereof, the Resulting Issuer's products are not sold pursuant to the rules and regulations governing the cultivation, transportation and sale of medicinal or adult-use marijuana. The Resulting Issuer processes, transports and sells its products pursuant to the 2014 Farm Bill and the 2018 Farm Bill and in accordance with applicable state and local laws. All Hemp produced and sold by the Resulting Issuer constitute Hemp under the 2018 Farm Bill and under the laws of the states in which it produces and sells such Hemp. If sold internationally, products are sold in accordance with the laws of the importing and exporting jurisdiction.

The 2018 Farm Bill, was signed into law on December 20, 2018, and directed the USDA to promulgate regulations and guidelines to establish and administer a program for the cultivation and production of Hemp in the United States. Under Section 10113 of the 2018 Farm Bill, "Hemp" cannot contain more than 0.3% THC, the chemical compound found in Cannabis that produces the psychoactive "high" associated with marijuana. The 2018 Farm Bill removed Hemp and its derivatives, extracts, and cannabinoids, including CBD and THC derived from Hemp, from the purview of the CSA. Hemp is now deemed an agricultural commodity, and is no longer classified as a controlled substance, like marijuana. Accordingly, the DEA no longer has any claim to interfere with the interstate commerce of Hemp products. The 2018 Farm Bill also provides that state and Native American tribal governments may impose separate restrictions or requirements on Hemp growth and the sale of Hemp products. However, they cannot interfere with the interstate transportation or shipment of lawfully produced Hemp or Hemp products.

As a result of the 2018 Farm Bill, federal law now provides that CBD derived from Hemp is not a controlled substance under the CSA; however, states take varying approaches to regulating the production and sale of Hemp and Hemp-derived CBD products. While some states explicitly authorize and regulate the production and sale of Hemp-derived CBD consumable products or otherwise provide legal protection for authorized individuals to engaged in such activities, other states restrict the sale of all CBD products to state medical or adult-use marijuana program licensees. Additionally, a number of state laws and policies prohibit the sale of certain consumable CBD products altogether.

The Resulting Issuer's activities related to the production, marketing and sale of its products comply with the 2014 Farm Bill and/or 2018 Farm Bill, as currently applicable to its operations. However, certain government agencies (such as the FDA) and certain federal officials have challenged the scope of permissible commercial activity.

Under the 2018 Farm Bill, the FDA retains authority to regulate certain products containing CBD under the FD&C Act and section 351 of the Public Health Service Act. In conjunction with the enactment of the 2018 Farm Bill, the FDA released a statement about the regulatory status of CBD. The statement noted the FDA's position that it is unlawful to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products as, or in, dietary supplements, regardless of whether the substances are Hemp-derived. This is because both CBD and THC are active ingredients in FDA-approved drugs and were the subject of substantial

clinical investigations before they were marketed as foods or dietary supplements, a restriction generally referred to as the “**IND Preclusion**”. A number of states have also prohibited the sale of ingestible CBD products based on the FDA’s position that it is unlawful to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products as, or in, dietary supplements, regardless of whether the substances are Hemp-derived.

In addition to regulation by the FDA, the Resulting Issuer’s labeling and advertising of its products is also subject to regulation by the FTC under the *Federal Trade Commission Act*. In recent years, the FTC has initiated numerous investigations of companies and their products containing CBD based on allegedly deceptive or misleading claims. Notably, on December 17, 2020, the FTC announced its first law enforcement crackdown on deceptive claims in the growing market for CBD products. The FTC took action against six sellers of CBD products for allegedly making a wide range of scientifically unsupported claims about their ability to treat serious health conditions. Among other things, each of these CBD-selling companies, and individuals behind them, were required to stop making such unsupported health claims immediately, and several will pay monetary judgments to the agency.

The FDA and FTC’s CBD enforcement discretion and regulatory actions with regards to CBD provide regulatory guidance to the CBD industry. The FDA and FTC have focused their efforts on companies selling CBD products which the agencies deem to be most likely to put consumers at risk. To date, a majority of these enforcement actions have come in the form of joint warning letters to companies illegally selling CBD products making unapproved drug claims which state that such products prevent, diagnose, treat, or cure serious diseases, such as cancer. As recently as March 2021, the FDA sent warning letters to two companies (that are unrelated to the Resulting Issuer) for selling products labeled as containing CBD in ways that violate the FD&C Act³.

Despite its position on ingestible CBD products, the FDA has also acknowledged the growing public interest in such products and the need for the agency to take steps to make the pathways for the lawful marketing of these products more efficient. On March 5, 2020, the FDA issued a statement and submitted a Congressional report whereby the agency reaffirmed that it is actively evaluating a risk-based enforcement policy and rulemaking to permit the use of CBD in dietary supplements. While the FDA continues to focus its enforcement efforts on products with improper disease-based claims and the Resulting Issuer’s products do not make any such claims, there is risk that this agency could take law enforcement or regulatory actions against the Resulting Issuer.

On May 2, 2019, the USPTO published an examination guide to provide clarity for how they will assess the legitimacy of trademarks for CBD products in light of the 2018 Farm Bill. In their guidance, the USPTO delineates between federal trademark protection for CBD products based on source and THC concentration. Specifically, the agency stated that CBD derived from marijuana (i.e., Cannabis with more than 0.3% THC on a dry-weight basis) still violates federal law, and applications encompassing such goods will be refused registration regardless of the filing date. However, if an applicant’s goods are derived from “Hemp” as defined in the 2018 Farm Bill, the inclusion of CBD alone will no longer serve as a ground for refusal of registration. The USPTO also clarified that since the FD&C Act does not permit the use of a substance that is currently undergoing clinical trials as an ingredient in food, the registration of marks for foods, beverages, dietary supplements or pet treats containing CBD will be refused.

Legal barriers applicable to, and risks associated with, selling Hemp and Hemp-derived CBD products result from a number of factors, including the fact that Hemp and marijuana are both derived from the Cannabis plant, the rapidly changing patchwork of state laws governing Hemp and Hemp-derived CBD, and the FDA’s position that it is unlawful to introduce food containing added CBD into interstate commerce, or to market CBD products as, or in, dietary supplements, i.e. IND Preclusion. However, the removal of Hemp and its extracts, including CBD,

³ See <https://www.fda.gov/news-events/press-announcements/fda-warns-companies-illegally-selling-over-counter-cbd-products-pain-relief>.

from the CSA pursuant to the 2018 Farm Bill, the FDA's indication that it is considering using its authority to issue a regulation that could specifically allow Hemp-derived ingredients in foods and supplements, and recent bills introduced by Congress to allow CBD to be marketed and sold as a dietary supplement are major developments toward resolving these regulatory barriers.

The foregoing is an abbreviated overview of the Resulting Issuer's position on the legality of the Resulting Issuer's operations in the United States. Additional background and a more thorough analysis of applicable U.S. and international regulatory regimes are set out in greater detail below.

United States Hemp Regulatory Regime

In addition to customary regulations applicable to any commercial business, the Resulting Issuer's operations are subject to state and federal regulation in respect of the production, distribution and sale of products intended for human ingestion or topical application and, with respect to certain products, by animals.

Hemp is an agricultural commodity cultivated for use in the production of a wide range of products globally. Among others, Hemp is used in the agriculture, textile, recycling, automotive, furniture, food and beverage, paper, construction materials and personal care industries.

Botanically, Hemp is categorized as *Cannabis sativa* L., a subspecies of the *Cannabis* genus. Numerous unique, chemical compounds are extractable from Hemp, including THC and CBD. These cannabinoids interact with the endocannabinoid system within the body and are responsible for a range of potential psychological and physiological effects. Hemp, as defined in the 2018 Farm Bill, is distinguishable from marijuana, which also comes from the *Cannabis sativa* L. subspecies, by its absence of more than trace amounts (0.3% or less) of the psychoactive compound THC. Although international standards vary, some countries, such as Canada, have used the same THC potency standards to define Hemp, though Canadian law is based on total tetrahydrocannabinol content (as opposed to just THC).

Hemp was widely grown in the United States as an agricultural commodity from the colonial period into the early 1900s and was commonly used in the manufacture of paper, fabrics, and other products. By 1970, however, the CSA explicitly prohibited the cultivation of any variety of *Cannabis* without a DEA permit.

Per the plain language of the CSA, only certain parts of the *Cannabis* plant (generally, what was historically considered to be the psychoactive portions of the plant) are controlled and defined as marijuana, while other parts of the *Cannabis* plant (now inclusive of Hemp) are exempted from CSA control. Consumer goods containing Hemp seeds or "Hemp hearts," for example, have long been lawfully imported into the United States and legally sold in commerce due to the fact that the sterilized seeds are clearly exempt from the definition of marijuana under the CSA and are not otherwise controlled substances. Nonetheless, from the enactment of the CSA until the passage of the 2014 Farm Bill, cultivating Hemp for any purpose in the United States without a DEA registration was federally illegal. The 2014 Farm Bill loosened the federal prohibition on the domestic production of Hemp, by allowing Hemp to be cultivated within the context of an agricultural pilot program and where permitted by state law. One of the goals of the previous 2014 Farm Bill was to generate and protect research into Hemp. The 2018 Farm Bill continued this effort and materially changed United States federal laws governing Hemp. Unlike the 2014 Farm Bill, which did not amend the CSA but only pre-empted from CSA control certain specified activities, the 2018 Farm Bill explicitly amended the CSA to exclude all parts of the plant species *Cannabis sativa* L. and any part of that plant (including its cannabinoids, derivatives, and extracts) containing a THC concentration of not more than 0.3% on a dry weight basis from the definition of marijuana, and also created a specific exemption from the CSA for THC found in Hemp. As a result, Hemp is no longer classified as a controlled substance, like marijuana. By defining Hemp to include its "extracts, cannabinoids and derivatives," Congress explicitly removed popular Hemp products, such as Hemp-derived CBD, from the purview of the CSA. Accordingly, the DEA no longer has regulatory authority to interfere with the interstate commerce of Hemp

products. State and tribal governments may impose separate restrictions or requirements on Hemp production, but they cannot interfere with the interstate transport of lawfully produced Hemp or Hemp products.

The 2014 Farm Bill

In 2014, Congress enacted the 2014 Farm Bill.⁴ The 2014 Farm Bill defines industrial Hemp as “the plant *Cannabis sativa* L., and any part of such plant, whether growing or not, with a THC concentration of not more than 0.3% on a dry weight basis.” The 2014 Farm Bill authorizes institutions of higher education and state departments of agriculture (and their contractual designees) to cultivate industrial Hemp, notwithstanding the CSA or any other federal law, provided that certain conditions are met. The scope of the 2014 Farm Bill is limited to cultivation that is: (a) for research purposes (inclusive of market research, which multiple federal agencies have confirmed includes commercial sales with a research purpose); (b) part of an “agricultural pilot program” or other agricultural or academic research; and (c) permitted by state law. Congress extended this authority under the 2021 Continuing Appropriations Act until January 1, 2022. After January 1, 2022, domestic Hemp production must comply with the Final Rule as published by the USDA pursuant to the 2018 Farm Bill. As of April 1, 2021, approximately 20 U.S. states are still operating under pilot programs adopted pursuant to the 2014 Farm Bill.⁵ The various state Hemp programs have different requirements regarding the registration of cultivators and processors, the involvement of institutions of higher education, and permissible commercialization.⁶ The 2014 Farm Bill does not provide a federal regulatory framework or require states to adopt and implement Hemp programs. As a result, participating states take differing approaches with respect to the activities permitted under their respective pilot programs. Activities determined to be compliant with the 2014 Farm Bill are currently protected from federal interference by the Appropriations Rider. The Appropriations Rider generally prohibits the federal government’s use of funds in contravention of the 2014 Farm Bill and specifically prohibits such federal interference with regard to the “transportation, processing, sale, or use of . . . Hemp, or seeds of such plant, that is grown or cultivated in accordance with the [2014 Farm Bill], within or outside the [s]tate in which the . . . Hemp is grown or cultivated.” Activities determined to be outside the scope of the 2014 Farm Bill are not protected by the Appropriations Rider and may be subject to federal enforcement action. As described in further detail below, states have until January 1, 2022 to submit a new Hemp program under the 2018 Farm Bill, so many states have decided to rely on their existing pilot program until that time.

The 2018 Farm Bill

The 2018 Farm Bill became law on December 20, 2018. The passage of the 2018 Farm Bill materially changed United States federal laws governing Hemp by removing Hemp from the CSA and establishing a federal regulatory framework for Hemp production. Under the 2018 Farm Bill, the previous definition of Hemp under the 2014 Farm Bill was expanded to include “the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a THC concentration of not more than 0.3 percent on a dry weight basis.” Among other things, the 2018 Farm Bill: (a) explicitly amended the CSA to remove Hemp, as defined in the 2018 Farm Bill, from the definition of marijuana; (b) allows the commercial production and sale of Hemp in interstate commerce; (c) amends the Agriculture Marketing Act of 1946 to establish the USDA as the primary federal agency regulating the cultivation of Hemp in the United States, while allowing states to adopt their own plans to regulate the same; and (d) affords farmers the opportunity to obtain crop insurance and research grants. The 2018 Farm Bill also creates a specific exemption from the CSA for THC found in Hemp. By defining Hemp to include its “cannabinoids, derivatives, and extracts,” popular Hemp products, such as Hemp-derived CBD, are no longer subject to DEA control. Accordingly, the DEA no longer has regulatory authority to interfere with the interstate commerce of Hemp products, so long as the THC level of such products is at or below 0.3%.

⁴ See <https://www.ers.usda.gov/agricultural-act-of-2014-highlights-and-implications>.

⁵ See <https://www.ams.usda.gov/rules-regulations/Hemp/state-and-tribal-plan-review>.

⁶ *Id.* (see approved state Hemp programs).

On August 21, 2020, the DEA issued an interim final rule for public comment to officially codify the amendment to the CSA provided by the 2018 Farm Bill with regards to Hemp and its constituents. In addition to amending the definitions of THC and marijuana to comply with the 2018 Farm Bill, the DEA’s rule also states that any material containing more than 0.3% THC on a dry-weight basis at any time is still classified as a Schedule I substance. This portion of the rule is potentially problematic for the Hemp industry because the Hemp cannabinoid extraction process can temporarily result in increased THC levels, causing the intermediary Hemp to be considered a Schedule I substance under the terms of the rule, even if the material returns to less than 0.3% THC by the conclusion of the process. The rule also provides that for synthetically derived tetrahydrocannabinols, the concentration of THC is not a determining factor in whether the material is a controlled substance. All synthetically derived tetrahydrocannabinols remain Schedule I controlled substances. Some industry associations believe this rule goes beyond the authority of the DEA and contradicts the plain language and intent of the 2018 Farm Bill, which legalized Hemp, its derivatives, extracts and cannabinoids so that each would be regulated as agricultural commodities and thus fall outside of the DEA’s jurisdiction. As a result, these industry associations have filed suit in an attempt to block the DEA’s interim final rule from going into effect. As of the date of this Listing Statement, the lawsuit remains ongoing in the U.S. Court of Appeals for the D.C. Circuit.

Although the DEA no longer regulates Hemp, marijuana continues to be classified as a Schedule I controlled substance under the CSA. As a result, CBD and other cannabinoids, if derived from marijuana as defined by the CSA, also remain Schedule I controlled substances under United States federal law. Though chemically and genetically distinct, Hemp and marijuana appear similar to the naked eye. The active enforcement against illegal marijuana and marijuana-based products under current federal law may inadvertently result in enforcement actions taken against Hemp or Hemp-derived products.

The 2018 Farm Bill amends the Agricultural Marketing Act of 1946 to categorize Hemp as an agricultural commodity under the regulatory purview of the USDA in coordination with state departments of agriculture. Although the USDA will be the primary federal regulatory agency overseeing Hemp production in the United States, states, United States territories, and Native American tribes desiring to obtain (or retain) primary regulatory authority over Hemp activities within their borders are allowed to do so by submitting a plan for regulation to the USDA, and receiving approval from the USDA for the same. Pursuant to the 2018 Farm Bill, states, United States territories, and tribal governments can adopt their own regulatory plans for Hemp production, even if more restrictive than federal regulations, so long as the plans meet minimum federal standards and are approved by the USDA. Hemp production in states and tribal territories that do not choose to submit their own plans (and that do not prohibit Hemp production) will be governed by USDA regulation.

The 2018 Farm Bill directed the USDA to establish a national regulatory framework for Hemp production in the United States. On October 31, 2019, the USDA released the IFR, establishing the U.S. Domestic Hemp Production Program and outlining provisions for the USDA to approve plans submitted by states and tribal governments for the domestic production of Hemp. The program includes, among other things, provisions for maintaining information on the land where Hemp is produced, testing the levels of THC, disposing of plants not meeting necessary requirements, and licensing requirements. The IFR also establishes a federal plan for producers in states or territories of tribes that do not have their own USDA-approved plan. Following publication of the IFR, the USDA began reviewing and approving Hemp production plans submitted by state and tribal governments. Under the IFR, once the USDA formally received a plan, the agency had 60 days to review and approve or disapprove the plan.

The USDA published the final rule (the “**Final Rule**”) on January 19, 2021, providing final regulations for the production of Hemp in the United States, effective as of March 22, 2021⁷. The Final Rule builds on the IFR and incorporates modifications to the U.S. Domestic Hemp Production Program based on public comments and

⁷ See <https://www.ams.usda.gov/rules-regulations/hemp>.

lessons learned during the 2020 growing season. Approximately 20 states – including Kentucky, Colorado, and Oregon – have chosen not to submit plans to the USDA for the 2021 growing season, instead relying on their pilot program authorizations from the 2014 Farm Bill. The status of the USDA’s review of plans, including which states have adopted to continue under the 2014 Farm Bill, is available at <https://www.ams.usda.gov/rules-regulations/Hemp/state-and-tribal-plan-review>.

As introduced above, states, U.S. territories, and tribal governments may impose separate restrictions or requirements on Hemp cultivation and the sale of Hemp products, even if more restrictive than federal regulations, so long as the plans meet minimum federal standards and are approved by the USDA. Any Hemp or Hemp product that is produced in accordance with the 2018 Farm Bill can be moved in interstate commerce and no state may prevent or otherwise interfere with the interstate transportation or shipment of such products. This was confirmed in a May 2019 memorandum released by the USDA’s Office of General Counsel. That memorandum reiterates that, due to enactment of the 2018 Farm Bill, states and Native American tribes may not prohibit the interstate transportation or shipment of Hemp lawfully produced under the 2014 or 2018 Farm Bills.

FDA Regulation

As discussed previously, the 2018 Farm Bill expressly preserves the authority and jurisdiction of the FDA, under the FD&C Act, to regulate the manufacture, marketing, and sale of food, drugs, dietary supplements, and cosmetics, including products that contain Hemp extracts and derivatives, such as CBD. As a result, the FD&C Act will continue to apply to Hemp-derived food, drugs, dietary supplements, cosmetics, and devices introduced, or prepared for introduction, into interstate commerce. As a producer and marketer of Hemp-derived products, the Resulting Issuer must comply with the FDA regulations applicable to manufacturing and marketing of certain products, including food, dietary supplements, and cosmetics.

One purpose of the FD&C Act is to forbid the movement in interstate commerce of adulterated and misbranded food, drugs, devices and cosmetics. The FDA is charged with protecting the integrity of the United States food supply and its cosmetic products, as well as monitoring the safety and efficacy of drugs, biological products, and almost any compound intended for human or animal consumption, among other areas.

The DSHEA, an amendment to the federal FD&C Act, established a framework governing the composition, safety, labeling, manufacturing and marketing of dietary supplements in the United States. DSHEA defines a “dietary supplement” as a product intended to supplement the diet that contains one or more of the following: (a) a vitamin; (b) a mineral; (c) an herb or other botanical; (d) an amino acid; (e) a dietary substance for use by man to supplement the diet by increasing the total dietary intake; or (f) a concentrate, metabolite, constituent, extract, or combination of any ingredient described in clause (a) through (e). 21 U.S.C. § 321(ff)(3)(B). Excluded from the DSHEA definition of a dietary supplement is any article which is an active ingredient in a drug product that has been approved under section 505 of the FD&C Act (21 U.S.C. § 355), or which has been authorized for investigation as a new drug for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public. 21 U.S.C. § 321(ff)(3)(B). The FD&C Act similarly prohibits the introduction into interstate commerce of any food (including any animal food) to which has been added an active ingredient in an approved drug product, or a drug for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public. There is an exception to each exclusion if the substance was “marketed as” a dietary supplement or as a conventional food before the drug was approved or before the new drug investigations were authorized, as applicable. However, based on available evidence, FDA has concluded that this is not the case for THC or CBD.

On June 25, 2018, the FDA approved Epidiolex, which contains a purified form of CBD derived from the Cannabis plant, for the treatment of seizures associated with two epilepsy conditions. The FDA has not approved Cannabis or Cannabis compounds as a safe and effective drug for any other condition. As result of the agency’s approval of Epidiolex, the FDA has taken the position that it is unlawful under the FD&C Act to introduce food

containing CBD interstate commerce, or to market CBD products as, or in, dietary supplements, regardless of whether the substances are Hemp-derived, because CBD was the subject of substantial clinical investigation as part of the approval of Epidiolex as a new drug.

Notably, the FDA does not impose the same restrictions on the use of CBD in cosmetic products. The agency states on its website that “[c]ertain cosmetic ingredients are prohibited or restricted by regulation, but currently that is not the case for any Cannabis or Cannabis-derived ingredients.” However, the FDA further notes that such products must comply with all applicable legal requirements including the adulteration and misbranding provisions of the FD&C Act specific to cosmetic products.

It should also be noted that some foods are derived from parts of the Hemp plant that contain only trace amounts of CBD or THC, and which the FDA has announced can be legally marketed in human foods without food additive approval, provided they comply with all other requirements and do not make disease treatment claims. To date, the agency has recognized three Hemp derived ingredients as Generally Recognized as Safe (GRAS): hulled Hemp seeds, Hemp seed protein and Hemp seed oil.

Despite the FDA’s clear stance on the impermissibility of ingestible CBD products, the agency recognizes the significant interest in these products and has reiterated that it is exploring potential pathways for CBD products to be lawfully marketed while also educating the public about these outstanding questions of CBD’s safety. On March 5, 2020, former FDA Commissioner Dr. Stephen M. Hahn issued a statement on the FDA’s work related to CBD products. The statement makes clear that the FDA will continue its work to educate the public on CBD’s perceived safety risks and that the FDA is taking steps to solicit additional public feedback, data, and research on the science, safety, and quality of CBD products. These new steps include re-opening the public docket so that FDA can obtain additional scientific data on CBD, which will include a process by which confidential and proprietary information can be shared with the FDA and kept protected. Additionally, former Commissioner Hahn’s statement reiterates that the FDA will continue to monitor and police the CBD products marketplace and is evaluating the issuance of a risk-based enforcement policy that provides greater transparency and clarity regarding factors the FDA intends to consider in prioritizing enforcement decisions.

Much of former Commissioner Hahn’s statement was also included in the FDA’s congressionally mandated report on CBD, which was also submitted on March 5, 2020. The report confirms that the FDA is actively considering pathways to allow the marketing of CBD as a dietary supplement, which may include notice and-comment rulemaking and interim risk-based enforcement policies. The report signals the FDA’s continued interest in certain aspects of CBD, including effects from sustained use, effects from different methods of exposure, and effects on the developing brain and on the unborn child and breastfed newborn. The report acknowledges that the FDA is receiving inquiries about whether “full spectrum” and “broad spectrum” Hemp products can currently be marketed and sold, but the FDA has not yet answered the question conclusively. Largely, the report does little to address the current regulatory ambiguity for CBD and does not set a timeline for agency action, but it does signal the FDA’s clear interest in a pathway for the use of CBD in dietary supplements. Further to this point, former Commissioner Hahn has publicly stated that it would be a “fool’s game” for the FDA to pull CBD products from the market entirely, as their use is already widespread.⁸ The congressional report was withdrawn after the transition to President Biden’s administration, and has yet to be resubmitted.

The FDA’s continued commitment to evaluate the regulatory frameworks that apply to ingestible CBD products, including whether any new FDA regulations may be warranted, was again reiterated in a statement by former Commissioner Hahn in his statement on January 8, 2021.

On January 21, 2021, Janet Woodcock, M.D. was appointed Acting Commissioner of the FDA by President Joseph Biden. President Biden is expected to appoint a permanent Commissioner of the FDA shortly. The newly

⁸ See <https://www.nutraingredients-usa.com/Article/2020/02/28/FDA-chief-Hahn-says-it-would-be-fool-s-game-to-try-to-shut-down-CBD-markets#>.

appointed Commissioner's stance on Hemp and Hemp-derived products could affect the Resulting Issuer's ability to market and sell certain CBD products.

H.R. 841

On February 4, 2021, U.S. Reps. Kurt Schrader (D–OR), Morgan Griffith (R–VA) and 17 of their colleagues introduced H.R. 841, the Hemp and Hemp-Derived CBD Consumer Protection and Market Stabilization Act.⁹ This bill would provide a clear legal pathway for the marketing and sale of Hemp extracts like CBD as dietary supplements. The bill would also require CBD and Hemp extract product manufacturers to comply with the entire existing comprehensive regulatory framework for dietary supplements, so that consumers would be assured that the products they consume are safe, properly labeled and prepared with Good Manufacturing Practices. As of July 14, 2021, the bill has 27 co-sponsors.

State Regulation of Hemp

At present, Irwin contracts with third party manufacturers in Kentucky, Oregon, Texas, Florida, Illinois, and California to produce Hemp-derived products. The Resulting Issuer believes that all aforementioned operations are in compliance with state and federal regulations. However, the Resulting Issuer is aware of variations in certain states' definition of Hemp as compared with the definition of Hemp in the 2018 Farm Bill. The Resulting Issuer is also aware that several states prohibit the sale of Hemp consumable products, including Hemp-derived CBD. All Hemp and Hemp products produced and sold by the Resulting Issuer constitute Hemp under the 2018 Farm Bill and under the laws of the states in which they produce and sell such Hemp.

Under both the 2014 and the 2018 Farm Bills, states retain significant discretion and authority to adopt their own regulatory regimes governing Hemp production. As a result, regulation of Hemp and the products derived therefrom will likely continue to vary on a state-by-state basis, despite full implementation of the 2018 Farm Bill. In addition, states take varying approaches to regulating the production and sale of Hemp-derived CBD products. While some states explicitly authorize and regulate the production and sale of Hemp-derived CBD products or otherwise provide legal protection for authorized individuals to engage in commercial Hemp activities, other states maintain outdated drug laws that do not distinguish between marijuana, Hemp and/or Hemp-derived CBD, resulting in Hemp being classified as a controlled substance under state law. In these states, the sale of CBD, notwithstanding origin, is either restricted to state medical or adult-use marijuana program licensees or remains otherwise unlawful under state criminal laws. Additionally, a number of states prohibit the sale of ingestible Hemp-derived CBD products based on FDA's position that such products are prohibited pursuant to the FD&C Act.

The treatment of the legality of Hemp-derived CBD products by state and local law enforcement authorities is broadly disparate and constantly evolving. These products have been sold at retail and online in all 50 states for many years, and law enforcement and regulatory actions have been limited and in some cases discontinued after initial enforcement actions. For example, in California, a state public health agency declared that food and dietary supplements that contain Hemp-derived CBD could not be sold at retail locations, while permitting the sale of marijuana-derived CBD in dispensaries, and staying silent in regard to online/mail-order sales. However, in December 2020, AB 45 was introduced in the state legislature which if passed in its current form, would clarify that foods and supplements containing CBD are not adulterated and would impose additional label considerations related to the same.

In Ohio, in August of 2018, the Ohio Board of Pharmacy issued a regulatory memorandum advising that CBD oil, whether Hemp-derived or not, may only be legally sold in Ohio through state-licensed medical marijuana

⁹ <https://www.congress.gov/bill/117th-congress/house-bill/841>

dispensaries. Since then, the memorandum served as the basis for a handful of enforcement actions in Ohio. One year after the publication of the memorandum, in August, 2019, the Ohio General Assembly passed legislation that explicitly exempts Hemp from drug control and permits the retail sale of Hemp products such as CBD.

In Wisconsin, November of 2017, Wisconsin Act 100 was passed which stated that foods containing industrial Hemp are not adulterated. In May of 2018 the Attorney General issued a press release stating that products made with Hemp under the state's Hemp program were allowed to be sold without interference from state regulators until the landscape is further clarified through legislation. In March of 2019, the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) issued an FAQ stating the requirements for processors to work with Hemp including CBD, and sell those products out of state, but aligned DATCP regulators with FDA law when it came to interstate products sold in Ohio.

Accordingly, the sale of CBD at the retail level in most U.S. states remains a gray area of the law. An increasing number of states – including Alaska, Connecticut, Florida, Iowa, Minnesota, New Mexico, Ohio, Texas, Utah, Virginia, and West Virginia – have enacted laws that explicitly permit the sale of CBD under certain conditions, and various other states have regulations pending that would accomplish a similar outcome. Several of these states also place additional requirements on the sale of CBD products such as specific testing, labeling, or registration of products. The Resulting Issuer sells its products in all 50 states, understanding that there is a risk of state or local law enforcement or regulatory action, and that state-specific requirements may vary significantly. Moreover, the Resulting Issuer has limited access to information regarding or control over which states their products may transit through between production and sale.

The varying regulations with respect to the treatment of Hemp from state to state continue to evolve. The regulations of the particular states most impactful to the Resulting Issuer's business are described below.

Oregon

Irwin sources certain of its bulk Hemp-derived CBD purchases from an Oregon-based Hemp cultivator.

While Irwin itself is not registered in Oregon, it does take steps to ensure the Oregon-based Hemp suppliers with which it contracts are appropriately registered with the ODA, including requiring suppliers to represent and warrant such compliance in writing and obtaining a copy of the applicable License issued to such supplier.

California

Irwin uses contract manufacturers located in California to manufacture certain Hemp-derived CBD products. Irwin's headquarters are located in California and Irwin holds and distributes Hemp-derived CBD products from its warehouse in California. Irwin is registered in California to hold dietary supplements, food and cosmetics.

As a holder and manufacturer of Hemp-derived products, rather than a grower of Hemp, Irwin and its contract manufacturers are not subject to California's Hemp program, but it regularly monitors legislative updates and state regulations in connection with Hemp.

Florida

Irwin uses contract manufacturers located in Florida to manufacture certain Hemp-derived CBD products.

While Irwin itself is not registered in Florida, it does take steps to ensure the Florida-based manufacturers with which it contracts are appropriately registered with the FDACS or are pending registration, including requiring

manufacturers to represent and warrant such compliance in writing and obtaining a copy of the applicable License issued to such supplier.

Illinois

Irwin uses a contract manufacturer located in Illinois to manufacture certain Hemp-derived CBD products.

As a manufacturer of Hemp-derived products, rather than a grower or processor of Hemp, Irwin and its contract manufacturers are not subject to Illinois's Hemp program, but it regularly monitors legislative updates and state regulations in connection with Hemp.

Kentucky

Irwin sources certain of its bulk Hemp-derived CBD purchases from a Kentucky-based Hemp cultivator.

While Irwin itself is not registered in Kentucky, it does take steps to ensure the Kentucky-based Hemp suppliers with which it contracts are appropriately registered with the KDA, including requiring suppliers to represent and warrant such compliance in writing and obtaining a copy of the applicable License issued to such supplier.

Texas

Irwin uses a contract manufacturer located in Texas to manufacture certain Hemp-derived CBD products.

While Irwin itself is currently taking steps to register as distributor with the TDSHS, it does take steps to ensure the Texas-based manufacturer with which it contracts is appropriately registered or are pending registration with the TDSHS, including requiring the manufacturer to represent and warrant such compliance in writing and obtaining a copy of the applicable License issued to such supplier.

New Dietary Ingredient Submission for FSHE

Pursuant to the section 413(a) of the FFDCA, an ingredient that may be considered a new dietary ingredient is subject to notification to the FDA if it is not otherwise available in the food supply prior to its introduction in the United States. The notification sets forth the basis in which the manufacturer has concluded the ingredient does not pose a significant or unreasonable risk of harm. Importantly, the FDA cannot reject a notification or approve it as Section 413(a) is not an approval process. Rather, it is a burden shifting statute which permits a company to go to market and places the burden on the FDA to prove in court that the ingredient is not lawfully marketed. The FDA may raise concerns regarding the legal status of an ingredient in its reply letter but it does not shift the burden to the manufacturer of the ingredient to demonstrate the ingredient is being lawfully marketed. Rather, it remains the FDA's burden to prove in court otherwise.

On March 3, 2021, Irwin decided to submit an NDIN even though CBD has been available in the food supply for decades and it believe it was unnecessary to file the notice. Irwin, however, submitted the NDIN out of the abundance of caution and to ensure the burden shifts to the FDA regarding the legality of Irwin's FSHE. Indeed, Irwin has made its position clear to the FDA through multiple meetings and included a lengthy argument supporting the notion that the FSHE it uses is an old dietary ingredient and not pre-empted by any previously approved pharmaceutical products. Furthermore, Irwin explained that this submission was in response to the FDA's request for product manufacturers to submit safety data, and not because a notification is necessary as explained above. On July 23, 2021, Irwin received a response from the FDA which the agency raised two concerns, in the alternative: (1) the FDA stated it did not believe a product containing CBD is precluded from being marketed as a dietary ingredient; and (2) even if it is not precluded, it had concerns regarding the safety of CBD such that it "may" render the ingredient adulterated under FFDCA.

As stated, this letter does not cause the product to be considered unlawful. The FDA attempted to carefully craft the letter to avoid it being considered final agency action which would have permitted Irwin to sue the agency. Indeed, the letter attempts to simply state the FDA's opinion in an attempt to avoid costly litigation being instituted by Irwin. Accordingly, Irwin is free to market the product until such time the FDA institutes enforcement action (note a Warning Letter is not considered an enforcement action rather it requires the FDA to either seize the product or sue Irwin) and a court finds in favor of with FDA after a full trial on the merits. With that said, the FDA continues to exercise enforcement discretion regarding CBD for over 6 years and has limited its actions to warning letters to companies making egregious claims. Importantly, the FDA has not taken one company to court over the legality of CBD being sold as a dietary supplement. The FDA took a similar position regarding an NDIN filed for N-Acetyl-Cysteine ("NAC"), however, NAC has remained on the market and absent a few warning letter primarily related to claims, the FDA has not taken any steps to remove this ingredient from the marketplace. Regardless, all companies marketing CBD product in the United States understand the inherent risk associated with marketing such products and this risk is not any greater for Irwin than any other company. However, the risk exists and will continue to exist until either FDA moves forward with providing a regulatory pathway for these products or FDA institutes a legal action and prevail in court. Until such time, at least in the near future, we do not expect FDA to institute any lawsuits in an attempt to remove CBD products from the market. We cannot express an opinion on the ultimate outcome of such a case except to state that both sides have reasonable arguments to support their position. See Section 17 of this Listing Statement – "*Risk Factors – Risks Related to the Regulatory Environment*".

Regulation of Marijuana in United States Federally

Although a number of states of the United States have legalized medical marijuana, adult-use marijuana, or both, it remains illegal under United States federal law. Marijuana currently remains a Schedule I drug under the CSA. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The FDA has not approved marijuana as a safe and effective drug for any indication (although in June 2018, the FDA approved a cannabis-derived cannabidiol drug for treatment of two rare forms of childhood epilepsy). It is anticipated that the CSA categorization as a Schedule I drug is not reflective of the medicinal properties of marijuana or the public perception thereof, and numerous studies show marijuana is unlikely to be abused in the same way as other Schedule I drugs, has medicinal properties, and can be safely administered. Although federally illegal, the U.S. federal government's approach to enforcement of such laws has trended toward non-enforcement. The DOJ issued a memorandum known as the Cole Memorandum in August 2013 and February 2014 to all U.S. Attorneys' offices (federal prosecutors). The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal marijuana laws against individuals and businesses that comply with state regulatory provisions in states with regulated medical or adult-use marijuana programs. The Cole Memorandum was prosecutorial guidance and not legally binding, but served to allow the co-existence of conflicting state and Federal laws. However, on January 4, 2018 the Cole Memorandum was revoked by Attorney General Jeff Sessions, a long-time opponent of state-regulated medical and adult-use cannabis. In addition to his revocation of the Cole Memorandum, Attorney General Sessions also issued a one-page memorandum known as the Sessions Memorandum explaining the revocation was less about making activities related to marijuana a higher priority, a more about the fact he did not view the Cole Memorandum as necessary based on existing guidelines that dictate prosecutorial discretion. William Barr followed Jeff Sessions as Attorney General during the first term of the Trump presidency. William Barr resigned Dec. 14, 2020 and followed by Deputy Attorney General Jeffrey Rosen. Although, there was increased anxiety in the marijuana industry due to the revocation of the Cole Memo and a relatively less favorable view on marijuana from the leadership in the DOJ, state legalization of marijuana was greatly impacted, and in fact more states decided to legalize marijuana during that time.

Merrick Garland, the current Attorney General of the United States, has stated that he does not see crimes related to marijuana as high priority for his department relative to violent crimes and other more serious matters. He also noted the disparity in certain low income communities being incarcerated at a higher rate for marijuana-related

crimes as a reason to not prioritize Federal resources in relation to enforcing the controlled substance laws related to marijuana.¹⁰

Additionally, due to the CSA categorization of marijuana as a Schedule I drug, U.S. federal law makes it illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could risk prosecution and conviction of money laundering offenses for providing services to marijuana businesses. Under U.S. federal law, banks or other financial institutions that provide a marijuana business with a checking account, debit or credit card, small business loan, or any other service could also be found in violation of federal law. While there has been no change in U.S. federal banking laws to account for the trend towards legalizing medical and adult-use marijuana by U.S. states, in February 2014, Deputy Attorney General Cole issued guidance directing prosecutors to consider the Cole Memorandum enforcement priorities with respect to federal money laundering, unlicensed money transmitter, and Bank Secrecy Act offenses predicated on marijuana-related violations of the CSA. Despite these laws, in February 2014, the FinCEN of the Treasury Department issued the FinCEN Memorandum¹¹ clarifying how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, and aligning the information provided by financial institutions in Bank Secrecy Act reports with federal and state law enforcement priorities. The customer due diligence steps include, but are not limited to:

1. verifying with the appropriate state authorities whether the business is duly licensed and registered;
2. reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;
3. requesting from state licensing and enforcement authorities available information about the business and related parties;
4. developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus adult-use customers);
5. ongoing monitoring of publicly available sources for adverse information about the business and related parties;
6. ongoing monitoring for suspicious activity; and
7. refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk. With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

Due to the risk aversion of financial institutions, marijuana businesses are often forced into becoming “cash-only” businesses. As banks and other financial institutions in the U.S. are generally unwilling to be exposed to potential violations of federal law without guaranteed immunity from prosecution, many refuse to provide any kind of services to marijuana businesses. Despite the attempt by FinCEN to expand access to banking for marijuana-related businesses, practically the guidance has not improved access to banking services by marijuana businesses. This is because, as described above, the current law does not guarantee banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each marijuana business they take on as a customer. Recently, some banks that have been servicing marijuana

¹⁰ Merrick Garland, cannabis policy, and restorative justice (brookings.edu)

¹¹ Department of the Treasury Financial Crimes Enforcement Network. (2014). Guidance re: BSA Expectations Regarding Marijuana-Related Businesses (FIN-2014- G001). Retrieved from <https://www.fincen.gov/resources/statutes-regulations/guidance/bsa-expectations-regarding-marijuana-related-businesses>.

businesses have been closing accounts operated by marijuana businesses and are now refusing to open accounts for new marijuana businesses for the reasons enumerated above.

The few credit unions who have agreed to work with marijuana businesses are limiting those accounts to no more than 5% of their total deposits to avoid creating a liquidity risk. Since the federal government can change enforcement priorities at any time and without notice, these credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from marijuana businesses in a single day, while also servicing the needs of their other customers.

The former U.S. Secretary of the Treasury, Stephen Mnuchin, has publicly stated that he did not participate in the Attorney General's decision to rescind the Cole Memorandum and did not have a desire to rescind the FinCEN Memorandum for financial institutions without a replacement.¹² Multiple legislators believe that Sessions' rescission of the Cole Memorandum invites an opportunity for Congress to pass more definitive protections for marijuana businesses in states with legal marijuana programs during this Congress.¹³

Both Congress and marijuana-related businesses recognize that guidance is not law and thus have worked to continually renew the Rohrabacher Blumenauer Appropriations Amendment (originally the Rohrabacher Farr Amendment) since 2014. This amendment prevents the DOJ from using appropriated funds to impede the implementation of medical marijuana laws enacted at the state level. In 2017, Senator Patrick Leahy (Vermont) introduced a similar amendment to H.R.1625 – a vehicle for the Consolidated Appropriations Act of 2018, preventing federal prosecutors from using federal funds to impede the implementation of medical marijuana laws enacted at the state level (the “Leahy Amendment”). The Leahy Amendment was set to expire with the 2018 fiscal year on September 30, 2018, but was effectively extended to December 21, 2018 when Congress passed the Continuing Appropriations Act, 2019 in September 2018, which expired on September 30, 2019. On December 20, 2019, the Leahy Amendment was continued with the passage of the fiscal year 2020 budget and is effective until September 30, 2020. In July 2020, a House subcommittee introduced a base appropriations bill with the amendment included. The amendment was then renewed through a series of stopgap spending bills on October 1, December 11, December 18, December 20, and December 22, 2020. On December 27, 2020 the amendment was renewed through the signing of the FY 2021 omnibus spending bill, effective through September 30, 2021. However, it should be noted that there is no assurance that such amendments will be passed into law.

On June 7, 2018, the Strengthening the Tenth Amendment Through Entrusting States Act (the “**STATES Act**”) was introduced in the Senate by Republican Senator Cory Gardner of Colorado and Democratic Senator Elizabeth Warren of Massachusetts. A companion bill was introduced in the House by Democratic representative Jared Polis of Colorado. The bill provides in relevant part that the provisions of the CSA, as applied to marijuana, “shall not apply to any person acting in compliance with state law relating to the manufacture, production, possession, distribution, dispensation, administration, or delivery of marihuana.” Even though marijuana will remain within Schedule I under the STATES Act, it makes the CSA unenforceable to the extent it is in conflict with state law. In essence, the bill extends the limitations afforded by the protection within the federal budget – which prevents the DOJ and the DEA from using funds to enforce federal law against state-legal medical marijuana commercial activity – to both medical and adult-use marijuana activity in all states where it has been

¹² Angell, Tom. (2018 February 6). Trump Treasury Secretary Wants Marijuana Money In Banks. Retrieved from <https://www.forbes.com/sites/tomangell/2018/02/06/trump-treasury-secretary-wants-marijuana-money-in-banks/#2848046a3a53>.

¹³ Jackson, Chere. (2018 January 30). State-by-State Analysis of Sessions Move to Rescind Cole Memo. Retrieved from <http://guardianlv.com/2018/01/state-state-analysis-sessions-move-rescind-cole-memo/>; see also Velasquez, Josefa. (2018 January 23). NY Lawmaker Asks US Attorneys to Keep Hands Off State's Med Marijuana Programs. Retrieved from <https://www.law.com/newyorklawjournal/sites/newyorklawjournal/2018/01/22/ny-lawmaker-asks-us-attorneys-to-keep-hands-off-states-med-marijuana-programs/>; see also “This is Outrageous”: Politicians react to news that A.G. Sessions is rescinding Cole Memo. (January 4 2018). Retrieved from <https://www.thecannabist.co/2018/01/04/sessions-marijuana-cole-memo-politicians/95890/>.

legalized. By allowing continued prohibition to be a choice by the individual states, the STATES Act does not fully legalize marijuana on a national level. In that respect, the bill emphasizes states' rights under the Tenth Amendment, which provides that "the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." Under the STATES Act, companies operating legal marijuana operations would no longer be considered "trafficking" under the CSA, and this would likely assist financial institutions in transacting with individuals and businesses in the marijuana industry without the threat of money laundering prosecution, civil forfeiture, and other criminal violations that could lead to a charter revocation. The STATES Act is currently draft legislation and there is no guarantee that it will become law in its current form.

Since 2014, Congress has made immense strides in marijuana policy. The bipartisan Congressional Cannabis Caucus launched in 2017 is "dedicated to developing policy reforms that bridge the gap between federal laws banning marijuana and the laws in an ever-growing number of states that have legalized it for medical or adult-use purposes."¹⁴ Additionally, each year more Representatives and Senators sign on and co-sponsor marijuana legalization bills including the CARERS Act, REFER Act and others. While there are different perspectives on the most effective route to end U.S. federal marijuana prohibition, Congressman Blumenauer and Senator Wyden introduced the three-bill package, Path to Marijuana Reform which would amend Section 280E of the Code, eliminate civil asset forfeiture and federal criminal penalties for businesses complying with state law, reduce barriers to banking, and would de-schedule, tax and regulate marijuana in 2017.¹⁵ Notwithstanding the foregoing, there is no guarantee that the current presidential administration will not change the stated policy of previous administrations regarding the low-priority enforcement of U.S. federal laws against state-legal marijuana businesses. This administration could decide to enforce U.S. federal laws vigorously. Senator Cory Booker has also introduced the Marijuana Justice Act, which would deschedule marijuana, and in 2018 Congresswoman Barbara Lee introduced the House companion.

An additional challenge to marijuana-related businesses is Section 280E of the Code, which the Internal Revenue Service has applied to businesses operating in the state-legal medical and adult-use marijuana industries. Section 280E generally prohibits businesses from deducting or claiming tax credits with respect to amounts paid or incurred in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of Schedule I and II of the CSA) which is prohibited by U.S. federal law or the law of any state in which such trade or business is conducted. Section 280E currently applies to businesses operating in the marijuana industry, irrespective of whether such businesses that are licensed and operating in accordance with applicable state laws. The application of Section 280E generally causes marijuana businesses to pay higher effective U.S. federal tax rates than similar businesses in other industries. The impact of Section 280E on the effective tax rate of a marijuana business depends on how large its ratio of non-deductible expenses is to its total revenues. Therefore, businesses in the legal marijuana industry would likely be more profitable absent this provision. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, and recent legislative proposals, if enacted into law, could eliminate or diminish the application of Section 280E to marijuana businesses, there is no guarantee that these courts will issue an interpretation of Section 280E that is favorable to marijuana businesses and the enactment of any such law is uncertain.

¹⁴ Huddleston, Tom Jr. (2017 February 17). Pro-Pot Lawmakers Launch a Congressional Cannabis Caucus. Retrieved from <http://fortune.com/2017/02/16/congress-cannabis-caucus/>.

¹⁵ Wyden, Blumenauer. (2017 March 30). Wyden, Blumenauer announce bipartisan path to marijuana reform. Retrieved from <https://blumenauer.house.gov/media-center/press-releases/wyden-blumenauer-announce-bipartisan-path-marijuana-reform>.

On December 20, 2018, Congress passed the Agriculture Improvement Act of 2018, which became law in the United States and included the legalization of Hemp, which changed how Hemp and Hemp-derived products like CBD are regulated in the U.S.

Currently, there are 33 states plus the District of Columbia, Puerto Rico and Guam that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for marijuana and consumer use of marijuana in connection with medical treatment. Other states are considering similar legislation.

Local, state, and U.S. federal medical marijuana laws and regulations are broad in scope and subject to evolving interpretations, which could require the Resulting Issuer to incur substantial costs associated with compliance or alter certain aspects of its business plan. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Resulting Issuer's business plan and result in a material adverse effect on certain aspects of its planned operations. In addition, it is possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Resulting Issuer's business. No prediction can be made as to the nature of any future laws, regulations, interpretations or applications, nor can it be determined what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Resulting Issuer's business.

On or about December 4, 2020, the U.S. House of Representatives voted 228 to 164 in favor of passing the MORE Act. The MORE Act seeks to remove marijuana from the list of scheduled substances under the CSA and eliminates penalties for individuals who manufacture, distribute, or possess marijuana. In addition to a number of programs aimed at expunging prior crimes related to marijuana use, the MORE Act also includes a 5% tax on marijuana products, revenues from which would be deposited into a trust fund to support various programs and services for individuals and businesses in communities impacted by the war on drugs. Notwithstanding passage in the House of Representatives, it is unclear whether the MORE Act has the requisite support to pass the U.S. Senate and whether President Biden would support the legislation.

On or about July 14, 2021 Chuck Schumer proposed the Cannabis Administration and Opportunity Act (CAOA) in the Senate which would remove marijuana from the controlled substances act and introduce regulations to tax Marijuana federally among other programs designed to potentially have a positive impact on the portions of society most negatively affected by the criminalization of Marijuana and the inconsistent enforcement of those laws.

Laws and regulations affecting the Marijuana industry are constantly changing, which could detrimentally affect the proposed operations of the Resulting Issuer. The risk of federal enforcement and other risks associated with the Resulting Issuer's business are described in Section 17 of this Listing Statement – "*Risk Factors.*"

Regulation of Marijuana in California

In 1996, California became the first state to permit the use of medical marijuana by qualified patients through Proposition 215, the CUA. In 2003, the Medical Marijuana Program Act was enacted to clarify the scope and application of the CUA, which also created the "collective" commercial model for medical marijuana transactions. In September 2015, the California legislature took the next step and established the framework for a statewide medical marijuana program when it passed three bills collectively known as the MMRSA), which was further amended in 2016 and renamed the MCRSA. MCRSA established a comprehensive licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for cultivation, manufacturing, distribution, transportation, sales (including delivery only) and testing and included subcategories for the various activities, such as volatile and non-volatile license types for edible infused product manufacturers depending on the specific extraction methodology, and different licenses for cultivators depending on canopy size and cultivation medium. MRSCA set forth uniform operating standards and responsibilities for licensees. Under MCRSA, multiple agencies would oversee different aspects of the program

alongside a newly established Bureau of Medical Cannabis Regulation within the California Department of Consumer Affairs that would control and govern how marijuana businesses would operate. All commercial marijuana businesses would require a state license and local approval to operate.

Subsequently, in November 2016, voters in California overwhelmingly passed Proposition 64, the AUMA, legalizing adult-use of marijuana by individuals 21 years of age or older. AUMA established a regulatory program for adult-use marijuana businesses and had some conflicting provisions with MCRSA. In June 2017, the California State Legislature passed Senate Bill No. 94, known as MAUCRSA, which amalgamated MCRSA and AUMA to provide a single system with uniform regulations to govern both medical and adult-use marijuana businesses in the State of California. The California State Legislature also enacted subsequent technical “fix it” bills, such as California Assembly Bills No. 133 and 266, further refining marijuana laws and the calculation of application cultivation and excise taxes. At that time, the three main agencies that regulated medical and adult-use marijuana businesses at the state level are: (i) the BCC, which oversees brick and mortar and delivery-only retailers, distributors, microbusinesses, testing laboratories and event organizers; (ii) the CDFA, which oversees cultivators and processors; and (iii) the CDPH, which oversees manufacturing. Additionally, the California Department of Tax and Fee Administration oversees the collection of taxes from marijuana businesses. Various other state agencies play minor roles in licensing and operational approval, such as the Department of Pesticide Regulation and the Department of Fish and Wildlife for certain cultivation activities. The BCC, CDFA, and CDPH promulgated regulations to give effect to the general framework for the regulation of commercial medicinal and adult-use marijuana in California created by MAUCRSA, with each set of final regulations adopted by each agency on January 16, 2019. As of July 2021, the BCC, CDPH and CDFA have combined in order to create the Department of Cannabis Control. This proposal is intended to increase coordination of compliance and enforcement efforts. It is unknown how the consolidation of these agencies will affect the regulatory landscape.

In order to legally operate a medical or adult-use marijuana business in California, the operator must have both local approval and state licensure for each type of commercial marijuana activity conducted at a specified business premises (and only one type of commercial marijuana activity may be conducted at a licensed premises, but there may be multiple premises on a given piece of real estate so long as they are sufficiently separated in accordance with MAUCRSA). Cities and counties in California have discretion to determine the number and types of licenses they will issue to marijuana operators, or can choose to limit or outright ban commercial marijuana activities within their jurisdiction. This limits marijuana businesses to cities and counties with marijuana licensing or approval programs.

Temporary marijuana licenses under MAUCRSA began to be issued to operators on January 1, 2018, when MAUCRSA took full effect. Temporary marijuana licenses (so long as the business also has prior local approval) allow marijuana businesses to open their doors without an annual license. All marijuana businesses in California must eventually secure an annual license to operate for 12-month periods. As of January 1, 2019, the State of California will no longer issue or renew temporary commercial marijuana licenses, and the legislature created provisional licenses to ensure continued operations while businesses wait on annual licensure. To receive a provisional license, a marijuana business must have, or have held (at the same location for the same marijuana activity), a temporary license and have filed with the State of California a complete application for an annual license (at the same location for the same marijuana activity) before the expiration of its temporary license(s).

The Resulting Issuer only plans to license out its intellectual property to an entity that would be a license holder, as opposed to being a license holder itself. Such transaction is not solidified as of the date of the listing statement and it is therefore unknown which, if any, licenses, permits, disclosures, or other requirements will be required of Resulting Issuer.

Table of Concordance

In accordance with Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this Listing Statement that address the disclosure expectations outlined in Staff Notice 51-352. As of the date hereof, the Resulting Issuer does not have any direct, indirect or material ancillary involvement in the U.S. marijuana industry. However, one of the business objectives of the Resulting Issuer is to explore various opportunities it may have to enter the United States marijuana industry in the upcoming year. Accordingly, although the Resulting Issuer does not currently have direct, indirect or material ancillary involvement in the marijuana industry in the United States, we have included regulatory disclosure regarding the illegality of marijuana in the United States throughout this Listing Statement.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
<p>All Issuers with U.S. Marijuana–Related Activities</p>	<p>Describe the nature of the issuer’s involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.</p>	<p><i>Cover page (disclosure in bold typeface) (page 1)</i></p> <p><i>Section 3 – Regulatory Overview (page 19)</i></p> <p><i>Section 3 – Regulation of Marijuana in California (page 34)</i></p> <p><i>Section 4 – Narrative Description of the Business (page 39)</i></p> <p><i>Section 17 – Risk Factors – Risks Specifically Related to the Regulation of Marijuana in the United States (page 91)</i></p>
	<p>Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.</p>	<p><i>Cover page (disclosure in bold typeface) (page 1)</i></p> <p><i>Section 3 – Regulatory Overview (page 19)</i></p> <p><i>Section 3 – Regulation of Marijuana in the United States Federally (page 30)</i></p> <p><i>Section 17 – Risk Factors – Risks Specifically Related to the Regulation of Marijuana in the United States (page 91)</i></p>
	<p>Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana–related activities.</p>	<p><i>Section 3 – Regulation of Marijuana in the United States Federally (page 30)</i></p> <p><i>Section 3 – Regulation of Marijuana in California (page 34)</i></p> <p><i>Section 17 – Risk Factors – Risks Specifically Related to the Regulation of Marijuana in the</i></p>

		<i>United States (page 91)</i>
	Outline related risks including, among others, the risk that third party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.	<i>Cover page (disclosure in bold typeface) (page 1)</i> <i>Section 17 – Risk Factors – Risks Specifically Related to the Regulation of Marijuana in the United States (page 91)</i>
	Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	<i>Section 17 – Risk Factors – Risks Specifically Related to the Regulation of Marijuana in the United States – (page 91)</i>
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana related activities.	<i>There is currently no balance sheet or operating statement exposure to U.S. marijuana related activities.</i>
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	<i>Legal advice has been obtained.</i>
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	<i>Not applicable.</i>
	Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact	<i>Not applicable.</i>

	on the issuer's licence, business activities or operations.	
	Outline the regulations for U.S. states in which the issuer's investee(s) operate.	<i>Not applicable.</i>
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any noncompliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's licence, business activities or operations.	<i>Not applicable.</i>
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer's investee(s) operate.	<i>Not applicable.</i>
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any noncompliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's licence, business activities or operations.	<i>Not applicable.</i>
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	<i>Not applicable.</i>

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1.1 Narrative Description of the Business

Prior to the Business Combination, Pubco had no active business operations aside from seeking business opportunities. Upon completion of the Business Combination, the below descriptions of Irwin’s business became the business of the Resulting Issuer.

Business Objectives of the Resulting Issuer

The Resulting Issuer will continue to execute Irwin’s established business plans of: (i) promoting continued rapid growth of client base while leveraging existing customer brand loyalty, (ii) expanding shelf space and geographical reach with the goal of driving significant revenue growth over the next twelve months, (iii) funding research and development in order to further product development and (iv) expansion into the U.S. marijuana market. The Resulting Issuer’s business objectives are set out in greater detail below.

1. **Promote continued rapid growth of client base while leveraging existing customer brand loyalty:** While chains such as Vitamin Shoppe are currently carrying Irwin’s CBD products, many other large chains are slowly moving into the CBD space. Wal-Mart, Costco and Amazon, while not yet selling CBD products, are expected to join other traditional retailers in selling CBD products in the upcoming years. To capitalize on the rapid growth in new sales channels, the Resulting Issuer will invest heavily in sales and marketing to increase its client base while leveraging its existing brand loyalty.
2. **Expand shelf space and geographical reach:** Irwin currently maintains approximately one million shelf positions in over 100,000 store locations for all of its products lines. The available addressable market is expected to increase dramatically in the coming years when more mass retailers, including Wal-Mart and Costco, begin selling CBD products. Consequently, the Resulting Issuer will make a significant investment to expand distribution and capitalize on these new chain store opportunities.
3. **Investment in research and development:** With growing consumer awareness and consumption of CBD, consumers will demand additional products to address a variety of consumer needs. The Resulting Issuer will continue to invest in research and development to further product development of Hemp derived cannabinoid products to meet these customer needs.
4. **Expansion into the U.S. marijuana market:** The Resulting Issuer will explore opportunities it may have to enter the U.S. marijuana industry in the near future, including the potential to license intellectual property owned by the Resulting Issuer to firm(s) that derive substantially all of its/their revenues from the marijuana industry in the state of California. For more information, see Section 3.3 of this Listing Statement – “Trends, Commitments, Evens or Uncertainties” and Section 17 of this Listing Statement – “Risk Factors”.

The Resulting Issuer will use any excess funds for working capital needs over the next twelve months.

Significant Events or Milestones

Over the course of the forthcoming 24-month period, the Resulting Issuer’s business objectives will include the following specific milestones and require the following estimated amounts of time and cost:

Objective	Milestone	Time Period	Estimated Costs ⁽¹⁾ And Assumptions ⁽²⁾ (in 000’s)
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Promoting continued rapid growth of client base while leveraging existing customer brand loyalty	Invest in sales and marketing consistently throughout to acquire new customers and increase unit sales to over 10,000,000 units (including approximately 2,000,000 in CBD units sold) in the first year	Months 1 -12	\$2,500
	Continue investing in sales and promotion to grow client base and unit sales to over 13,000,000 in unit sales (including approximately 3,500,000 in CBD units sold) in the second year	Months 13 - 24	\$2,500
Expand shelf space and geographical reach	Invest in promotion and distribution over the next two years to expand store-front locations and shelf space and capitalize on continued mass-market adoption of CBD	Months 1 - 12	\$4,000
		Months 13 - 24	\$4,000
Investment in research and development	Continue to invest in research and development over the next two years to further product development of Hemp derived cannabinoid products to meet these customer needs	Months 1 - 12	\$200
		Months 13 - 24	\$200
Expansion into the U.S. marijuana market	Continue to explore opportunities to enter the U.S. marijuana industry, including the potential to license intellectual property owned by the Resulting Issuer to firm(s) that derive substantially all of its/their revenues from the marijuana industry in the state of California, and enter into negotiations and ultimately definitive agreements related to same, if deemed desirable	Months 1 – 3	\$300
		Months 6 - 12	\$300

Notes:

- (1) All costs are approximate and based on management’s best estimates.
- (2) Objectives being met depends on a number of factors. See Section 17 of this Listing Statement – “Risk Factors”.

Total Funds Available

As of June 30, 2021, the Resulting Issuer had approximately \$12,400, in net working capital in addition to \$11,500 in unused availability under Irwin’s existing line of credit for the purpose of financing its objectives and milestones as set out in the chart in this Section 4.1.1 – “Significant Events and Milestones”. Any surplus of cash upon the completion of the business objectives in this Section 4.1.1 – “Significant Events and Milestones” will be used for general working capital purposes.

Projected Sources of Funds

It is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer’s objectives for the forthcoming 12-month period. However, should such a need arise, the Resulting Issuer may have access to a variety of sources of public and private capital including, but not limited to, incremental senior secured debt financing, additional proceeds from issuance of equity in public markets or other private placement investment alternatives.

There can be no assurance that additional financing will be available to the Resulting Issuer when needed or that any such financing will be on terms which are acceptable. See Section 17 of this Listing Statement – “*Risk Factors*”.

Notwithstanding the foregoing, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve its objectives. The Resulting Issuer may also require additional funds in order to fulfill its expenditure requirements to meet existing and any new business objectives and expects to either issue additional securities or incur debt to do so.

Business of Irwin Naturals

Irwin Naturals was incorporated in Nevada on January 23, 2002, and is based in Los Angeles, California. Irwin Naturals develops vitamins and other health supplements and distributes these products primarily in the United States and Canada through two main channels: health food stores and mass-market retailers.

Irwin has developed a streamlined production process where it formulates products in-house based on current trends and the available science and research on vitamins, minerals and botanicals. From there, Irwin has developed a sophisticated and efficient supply chain using various trusted contract manufacturers to produce and package the products. Irwin then stores all products on-site at its facility in Los Angeles, California or other overflow facilities, if needed, and then works with its retailers and sales team to distribute the product accordingly.

All branding, label design and marketing are done in-house by an experienced marketing and design team. These marketing strategies are then carried out by sales representatives who are spread out throughout the United States, giving Irwin the ability to keep track of varying trends as they emerge and evolve. Irwin has sales in Canada of its Irwin Naturals and Applied Nutrition brands. Additionally, Irwin also has a small international department which facilitates sales to countries such as Russia, Egypt and the Philippines. Irwin Naturals has a strong presence in health food stores nationwide with its Irwin Naturals and Nature’s Secret brands, as well as strong presences within mass-market chains such as Wal-Mart, Costco, and CVS, and e-commerce retailers such as Amazon and iHerb wherein consumers will most likely see the Irwin Naturals and Applied Nutrition brands. More recently, Irwin Naturals launched a line of products containing FSHE (“full-spectrum Hemp extract”) with CBD. Since the initial launch of Irwin Naturals CBD soft-gels, Irwin has expanded into CBD topicals. Irwin Naturals currently distributes to more than 100,000 retail outlets.

4.1.2 Principal Products or Services

Irwin

Principal Products and Services

The principal products of Irwin stem from the core brand of over 100+ all-liquid soft-gel products that were the bedrock of Irwin from its beginning. Irwin also features other brands such as Applied Nutrition products, which have high visibility in the mass-market in the United States, including: Green Tea Fat Burner; Libido-Max; 14-Day Acai Berry Cleanse; Liquid Collagen; Nature’s Secret, a line of digestive care and cleansing products.

Irwin has grown using a strategy consisting of keeping advertising spending low and using those savings to purchase higher quality ingredients to make its products more effective, resulting in an extremely loyal following of its customers.

Marketing, Sales and Business Development

Irwin has a robust salesforce located throughout the United States Irwin has grown from a grass-roots level and penetrated ‘mom and pop’ health food and specialty stores throughout the United States, as well as mass-market




retailers such as Wal-Mart, SAMs Club, Costco, BJ's, CVS and Walgreens. Irwin has also grown internationally gaining distribution primarily throughout Canada and Russia. Irwin has also focused on growing its online business through platforms including Amazon, Wal-Mart.com, Costco.com, iherb.com and IrwinNaturals.com. Internationally, Irwin is also beginning to build a presence in China and is working with experts in the space to build out digital stores on the most popular Chinese based e-commerce sites. This effort began at the end of 2020.

Branding Strategy

Irwin’s brand strategy is to develop best quality supplement products at affordable prices that are accessible to the masses, focused on superior potency, bioavailability and absorption. Irwin’s extensive line of 100+ supplements use an all-liquid soft-gel delivery that offers many advantages over hard tablets and capsules that can often be difficult to digest. Irwin’s goal is to bring its consumers targeted formulas with quality ingredients, at effective levels, in high-end packaging that appeals to its broad ranging demographic at affordable prices. This strategy is also the foundational pillar for Irwin’s other brands across a diverse range of categories.

Portfolio of Brands

Irwin has a broad range of diverse products in the dietary supplement, CBD ingestible, CBD topical and CBD pet categories. With over 300 unique products, Irwin has distribution in all major channels (mass-market, specialty and online/e-commerce) throughout the United States as well as internationally. Irwin’s brands are featured throughout the United States in retailers ranging from Wal-Mart, CVS and Walgreens to Whole Foods, Vitamin Shoppe and Sprouts as well as independent health food specialty retailers.

BRAND	TARGET MARKET & DESCRIPTION	PRODUCT EXAMPLE
	<p>Irwin Naturals brand is a line of multi-pronged, all-liquid soft-gel supplements targeted for the health and wellness of men and women. The line features over 100+ formulas focusing on weight management, sexual health, mood, brain health and more. The brand has both national and international distribution in both the mass-market, specialty channels and e-commerce.</p>	
	<p>Irwin Naturals launched a broad range of CBD ingestible and topical products under the flagship brand starting in late 2018. Derived from FSHE these CBD products have gained national distribution within the United States ranging from health food specialty retailers like Vitamin Shoppe to mass-market retailers like CVS.</p>	

	<p>Applied Nutrition brand features some of our top selling products in the United States as well as internationally. Products such as Green Tea Fat Burner that has retailed in Costco for over 15 years, Libido-Max, one of the top selling sexual health products in the United States and Liquid Collagen, the number 1 best-selling Liquid Collagen in the United States.</p>	
	<p>For our Nature's Secret® brand, we believe that total body wellness is the key to overall health. We develop our life-changing products using this whole-body philosophy.. Using delicate mixtures of healing herbs and botanicals, we treat imbalance itself, not just the symptoms of imbalance. That is Nature's Secret, total body wholeness, and wellness.</p>	
	<p>floCHI for Pets, formerly Love My Pet, is a brand of CBD Pet products derived from THC-free FSHE. The line is sold in over 2,000 retail outlets in the U.S.</p>	

Research and Development

Irwin prides itself in creating multi-pronged solution-oriented products that address a multitude of health needs for men and women across all age categories and demographics. Irwin develops novel formulations that fill the white space in the health and wellness industry. Irwin applies cutting edge and industry-leading scientific research to each of its formulations, seeking to advance the standard within the industry.

Over the years Irwin has employed persons with backgrounds in botanical science, naturopathic medicine and biology to formulate its products. These experienced professionals are able to take the input from the marketing and sales team in terms of what consumers and the trade are demanding, and use it to choose the right mixture of vitamins, minerals and botanicals to appeal to a broad demographic. This formulation is backed by an experienced

team of legal and compliance professionals to ensure each product's manufacturing and advertising are compliant with current FDA, FTC and state regulations. From there, Irwin uses its supply chain working in tandem with contract manufacturers to produce and package the products. Irwin has rigorous testing protocols in place, with all of its products being rigorously third-party tested for both purity and potency by third-party accredited labs.

4.1.3 Production and Sales

Irwin

Sales

See Section 4.1.2 of this Listing Statement for more information related to Irwin's sales strategies. Irwin contains the specialized skills and knowledge requirements necessary to carry out the production processes described in Section 4.1.2.

Production

Irwin has formulated almost all of its complex formulas in-house with an experienced team comprised of naturopathic doctors, experts in the field of botanicals and biology and experts in the technical aspects of dietary supplement manufacturing. Irwin uses high-caliber contract manufacturers to produce its products and does not produce any products itself. Once the initial formulas are complete, Irwin works closely with its experienced contract manufacturers to make samples and ensure that the specific product will be functional for its intended purpose. When formulating these products, Irwin strives to stay on the cutting edge of consumer interests and combines either trending ingredients or classic botanicals with other complimentary ingredients to make the product as efficacious and enticing as possible. Irwin is known for packing its formulas with a complex blend of minerals, vitamins and botanicals.

During the formulation stage, Irwin uses its extensive relationships with ingredient suppliers to source top-quality ingredients for the featured ingredients in its products. Irwin's formulation experts generally pair ingredients that are complimentary to each other and can be combined without negative effects to the individual ingredients. If there are questions about the stability of certain ingredients or about how the ingredients act in conjunction to each other, Irwin works with its contract manufacturer to mix a pilot batch and product in its final form so it can be tested to ensure quality. Before production starts, Irwin works closely with its contract manufacturers who are able to order the various ingredients, and primary packaging directly in order take advantage of a more seamless supply chain, and take advantage of bulk discounts that are then passed on to Irwin. For the FSHE used by Irwin for its products, Irwin has taken a more active role in sourcing and ordering those ingredients directly as discussed in Section 3.3 of this Listing Statement.

Production of Irwin's soft-gel, tablet and liquid products are all carried out locally in Southern California. Its Hemp based food products, energy shots and pet products are made in various contract manufacturers throughout the United States. All contract manufacturers used by Irwin are audited by Irwin before production can begin, and they are all compliant with federal and state cGMP regulations. Irwin's products are made by contract manufacturers who are knowledgeable and experienced in their craft using proprietary processes owned and controlled by the individual manufacturers. The processes used to create these food and dietary supplement products are all consistent with the industry standards to create such products.

Throughout the production process, Irwin is frequently updated and physically inspects the processes at the local contract manufacturers. Once production is complete, Irwin receives samples of the products that go through quality checks and testing to ensure the product meets Irwin's specifications and are not adulterated. Once the products are manufactured, they are mostly delivered to Irwin's warehouse in Los Angeles, California where they are then shipped out, either directly or indirectly, to customers throughout the U.S. and Canada.

The raw materials used by Irwin in its production processes are readily available through a variety of sources. Barring fluctuations resulting from any drastic changes in the price of commodities, the prices paid by Irwin to procure its raw materials required to produce its products are relatively fixed.

Irwin has the specialized skills and knowledge necessary to carry out its role in the production processes described in this Section 4.1.3, including skills and knowledge relating to production, marketing, business, science and research.

Intellectual Property

As a consumer product company, Irwin's brands, product names and trade dress are a cornerstone of the brand. Irwin's packaging is unique to its brand and lets its loyal customers know where to find our products on the shelves. Irwin takes the protection of these trademarks very seriously and routinely searches the market for potential infringers. Irwin's trademarks are valid until such trademark is no longer used in commerce.

For a summary of the intellectual property held by Irwin, please see Schedule J – *Intellectual Property of Irwin*.

Employees

As of December 31, 2020, Irwin Naturals employs roughly 111 individuals mostly located at its headquarters in Los Angeles, California with a team of sales representatives spread throughout the United States.

Leases

Irwin's headquarters consist of an office building which most of its employees work out of and has an attached warehouse where most of Irwin's finished goods are stored until they are sent out for delivery. The term of the lease on this space expires on July 31, 2022. Irwin has an option to renew the lease for a 5 year period that must be exercised by October 31, 2021. The landlord is not a related person of Irwin.

Business Cycles

Irwin's business is not inherently cyclical or seasonal. Although there may be times in the year where certain products seem to be more popular (for example weight management products generally increase in popularity around the new year), overall the demand for Irwin's products is consistent throughout the year.

Material Contracts

There are no expected renegotiations or terminations of contracts expected to occur in the next 12 months that would materially affect Irwin's business. For more information on Material Contracts, see Section 22.1 of this Listing Statement.

Environmental Protection Requirements

There is no material effect on Irwin's financial and operational health in regards to environmental protection requirements, other than what is disclosed in Section 17 of this Listing Statement – "*Risk Factors*". Please see Section 17 of this Listing Statement – "*Risk Factors – Environmental, Health and Safety Laws*" for more information on this topic.

Foreign Operations

Irwin does not manufacture any of its products or have any operating assets outside of the United States. However, Irwin does have international sales, and some of the ingredients used in its products are sourced internationally by its contract manufacturers that are subject to certain risk factors set out in Section 17 of this Listing Statement. International sales of Irwin accounted for 1.1% of totals sales for the financial year ended December 31, 2020.

4.1.4 Competitive Conditions and Position

Irwin

Irwin has positioned itself as a leading legacy health and wellness company in the United States today based on its longevity in the marketplace and ability to keep pace with its competitors. With the introduction of its flagship Irwin Naturals brand into the mass-market in 2016, which previously had been exclusively sold to health food and specialty retailers, Irwin has continued to earn marketshare from ranking 127th on Nielsen to being in the top 20 of all dietary supplement companies in the United States today¹⁶. Part of this success has been in its ability to pivot quickly and develop “white space” fillers for its retail partners. One of its most successful stories to date has been introducing its men’s array of products into the dietary supplement aisle at CVS, bringing a whole new revenue stream to the store that had not been tapped into previously.

4.1.5 Lending and Investment Policies and Restrictions

This section is not applicable.

4.1.6 Bankruptcy and Receivership

Neither Pubco, Irwin, nor any of their respective subsidiaries, have been the subject of any bankruptcy or any receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings, within any of the three most recently completed financial years (as applicable) or the current financial year.

4.1.7 Material Restructuring

See Section 3.1 of this Listing Statement – “*General Development of the Business – The Business Combination*”.

4.1.8 Fundamental Social and Environmental Policies

Neither Pubco nor Irwin have implemented social or environmental policies that are fundamental to the Resulting Issuer’s operations.

4.2 Asset Backed Securities

This section is not applicable.

4.3 Companies with Mineral Projects

This section is not applicable.

4.4 Companies with Oil and Gas Operations

This section is not applicable.

¹⁶ AC Nielsen Data Through 11.29.2020

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Combined Financial Information – Annual Information

Irwin Annual Information

The following table sets out certain selected financial information of Irwin in summary form for the years ended December 31, 2020 and 2019. Such information is derived from the audited combined financial statements of Irwin and should be read in conjunction with such financial statements. All amounts presented are in thousands of United States dollars, except per share data.

Combined Statement of Profit and Comprehensive Income	As at and for the year ended December 31, 2020	As at and for the year ended December 31, 2019
Operating revenue	\$ 89,377	\$ 87,861
Income from operations	\$ 7,658	\$ 6,357
Income from operations per share (basic and diluted) ⁽¹⁾	\$ 0.024	\$ 0.020
Comprehensive Income	\$ 7,240	\$ 5,915
Comprehensive income per share (basic and diluted) ⁽¹⁾	\$ 0.023	\$ 0.018
Combined Statement of Financial Position		
Total assets	\$ 36,421	\$ 41,967
Total long-term liabilities	\$ 812	\$ 2,146
Cash dividends per share ⁽¹⁾	\$ 0.018	\$ 0.022

Notes:

(1) Per share calculations based on pro-forma shares outstanding following the Business Combination.

See Schedule “E” – *Audited Annual Financial Statements of Irwin as of and for the years ended December 31, 2020 and 2019.*

Pubco Annual Information

The following table sets out certain selected financial information of Pubco in summary form for the years ended December 31, 2020 and 2019. Such information is derived from the audited financial statements of Pubco and should be read in conjunction with such financial statements. All amounts presented are in thousands of Canadian dollars, except per share data.

Statement of Loss and Comprehensive Loss	As at and for the year ended December 31, 2020	As at and for the year ended December 31, 2019
Statement of Operations		
Total revenue	\$ -	\$ -
Loss from operations	\$ (117)	\$ (105)
Loss from operations per share (basic and diluted) ⁽¹⁾	\$ (0.098)	\$ (0.088)
Comprehensive loss	\$ (116)	\$ (105)
Comprehensive loss per share (basic and diluted) ⁽¹⁾	\$ (0.097)	\$ (0.088)

Statement of Financial Position		
Total assets	\$ 765	\$ 874
Total long-term liabilities	\$ -	\$ -
Cash dividends per share ⁽¹⁾	\$ -	\$ -

Notes:

(1) Per share calculations based on pro-forma shares outstanding following the Business Combination.

See Schedule “A” – *Audited Annual Financial Statements of Pubco for the years ended December 31, 2020 and 2019.*

Resulting Issuer Pro Forma Annual Information

As the Resulting Issuer has been formed as a result of the Business Combination, it does not have historical financial statements presented on a consolidated basis. The following table provides a brief summary of the *pro forma* financial information of the Resulting Issuer as at December 31, 2020.

	Irwin as at and for the year ended December 31, 2020 (\$US in ‘000’s, except per share data)	Pubco as at and for the year ended December 31, 2020 (\$C in ‘000’s, except per share data)	Resulting Issuer <i>pro forma</i> as at and for the year ended December 31, 2020 (\$US in ‘000’s, except per share data)
Statement of Profit and Loss and Comprehensive Income and Loss			
Operating revenue	\$ 89,377	\$ -	\$ 89,377
Income (loss) from operations	\$ 7,658	\$ (117)	\$ 7,514
Income (loss) from operations per share (basic and diluted) ⁽¹⁾	\$ 0.024	\$ (0.098)	\$ 0.020
Comprehensive income (loss)	\$ 7,240	\$ (116)	\$ 4,467
Comprehensive income (loss) per share (basic and diluted) ⁽¹⁾	\$ 0.023	\$ (0.097)	\$ 0.012
Statement of Financial Position			
Total assets	\$ 36,421	\$ 765	\$ 39,821
Total long-term liabilities	\$ 812	\$ -	\$ 812
Cash dividends per share ⁽¹⁾	\$ 0.018	\$ -	\$ -

Notes:

(1) Per share calculations based on pro-forma shares outstanding following the Business Combination.

See Schedule “I” – *Consolidated Pro Forma Financial Statements of the Resulting Issuer.*

5.2 Interim Financial Information

The following tables set forth selected financial information for Irwin and Pubco and selected *pro forma* financial statements of the Resulting Issuer as at and for the three months ended March 31, 2021. Such information is derived from the interim financial statements of Irwin and Pubco and should be read in conjunction with such financial statements.

Statement of Profit and Loss and Comprehensive Income and Loss	Irwin as at and for the three month period ended March 31, 2021 (\$US in '000's, except per share data)	Pubco as at and for the three month period ended March 31, 2021 (\$C in '000's, except per share data)	Resulting Issuer <i>pro forma</i> as at and for the three month period ended March 31, 2021 (\$US in 000's, except per share data)
Operating revenue	\$ 24,135	\$ -	\$ 24,135
Income (loss) from operations	\$ 3,803	\$ (30)	\$ 3,778
Income (loss) from operations per share (basic and diluted) ⁽¹⁾	\$ 0.012	\$ (\$0.025)	\$ 0.010
Comprehensive income (loss)	\$ 3,715	\$ (31)	\$ 750
Comprehensive income (loss) per share (basic and diluted) ⁽¹⁾	\$ 0.012	\$ (\$0.026)	\$ 0.002
Statement of Financial Position			
Total assets	\$ 35,943	\$ 738	\$ 39,329
Total long-term liabilities	\$ 466	\$ -	\$ 466
Cash dividends per share ⁽¹⁾	\$ 0.004	\$ -	\$ -

Notes:

(1) Per share calculations based on pro-forma shares outstanding following the Business Combination.

See Schedule “G” – *Interim Financial Statements of Irwin for the three months ended March 31, 2021 and 2020*, Schedule “C” – *Interim Financial Statements of Pubco for the three months ended March 31, 2021 and 2020* and Schedule “I” – *Consolidated Pro Forma Financial Statements of the Resulting Issuer*.

5.3 Dividends

The Resulting Issuer currently intends to reinvest all future earnings to finance the development and growth of its business. As a result, the Resulting Issuer does not intend to pay dividends on the Subordinate Voting Shares in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Resulting Issuer Board and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of distributions and any other factors that the Resulting Issuer Board deems relevant. The Resulting Issuer is not bound or limited in any way to pay dividends in the event that the Resulting Issuer Board determined that a dividend was in the best interest of its shareholders. See also “*Risk Factors – Certain Tax Risks – Dividends on the Resulting Issuer Shares may be subject to Canadian and/or United States withholding tax*”.

IFRS

The financial statements included in this Listing Statement have been, and the future financial statements of the Resulting Issuer shall be, prepared in accordance with IFRS.

6. MANAGEMENT’S DISCUSSION AND ANALYSIS

Please refer to Schedule “B” for Pubco’s MD&A for the years ended December 31, 2020 and 2019 and Schedule “D” for Pubco’s MD&A for the three months ended March 31, 2021 and 2020.

Please refer to Schedule “F” for Irwin’s MD&A for the years ended December 31, 2020 and 2019 and Schedule “H” for Irwin’s MD&A for the three months ended March 31, 2021 and 2020.

7. MARKET FOR SECURITIES

Prior to closing of the Business Combination, the Pubco Shares were listed on the NEX board of the TSXV, having been transferred to such board on August 12, 2003, and were trading under the symbol DAL.H. No securities of Irwin have been listed on any exchange or trade reporting system.

As a condition to closing of the Business Combination, the Subordinate Voting Shares were listed on the CSE and the Pubco Shares were delisted from the TSXV.

8. CONSOLIDATED CAPITALIZATION

The following table summarizes the consolidated capitalization of the Resulting Issuer's share and loan capital after giving effect to the Business Combination. The table should be read in conjunction with the financial statements of Pubco and Irwin, including the notes thereto, included elsewhere in this Listing Statement.

Description of Security	Number Issued and Outstanding	Number Outstanding, on an as-converted to Subordinate Voting Shares basis ⁽¹⁾
Subordinate Voting Shares	1,200,001	1,218,241 ⁽¹⁾⁽²⁾
Multiple Voting Shares	18,240	Nil
Proportionate Voting Shares	Nil	Nil

Notes:

- (1) Upon conversion of 18,240 Multiple Voting Shares into Subordinate Voting Shares on a 1:1 basis.
- (2) In addition, there are 320,000,000 Class B Non-Voting Shares of Irwin (of which 273,599,891 Class B Non-Voting Shares are held by Klee Irwin) exchangeable into 320,000,000 Subordinate Voting Shares on a 1:1 basis. Including the Class B Non-Voting Shares, on a fully-diluted, as-converted basis, there would be an aggregate of 321,218,241 Subordinate Voting Shares issued and outstanding (specifically, on conversion of 320,000,000 Class B Non-Voting Shares and 18,240 Multiple Voting Shares, each on a 1:1 basis). For more information, see Section 14.2 – “Convertible/Exchangeable Securities” and Section 14.3 – “Other Securities Reserved for Issuance” of this Listing Statement.

9. OPTIONS TO PURCHASE SECURITIES

Immediately following the completion of the Business Combination and as of the date hereof, there are no outstanding options to purchase securities of the Resulting Issuer.

Summary of Equity Incentive Plan of the Resulting Issuer

The Resulting Issuer has adopted the Resulting Issuer Equity Incentive Plan, which was approved by the Pubco Shareholders at the Pubco Meeting. As of the date hereof, no Awards have been granted under the Resulting Issuer Equity Incentive Plan.

Purpose

The purpose of the Resulting Issuer Equity Incentive Plan is to enable the Resulting Issuer and its affiliated companies to: (i) promote and retain employees, officers, consultants, advisors and directors capable of assuring the future success of the Resulting Issuer; (ii) to offer such persons incentives to put forth maximum efforts; and

(iii) to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership, thereby aligning the interests of such persons and Shareholders.

The Resulting Issuer Equity Incentive Plan permits the grant of: (i) Resulting Issuer NQSOs and Resulting Issuer ISOs; (ii) restricted stock awards; (iii) Resulting Issuer RSUs; (iv) Resulting Issuer SARs; and (v) other stock-based awards, as more fully described below.

Eligibility

Any of the Participants are eligible to participate in the Resulting Issuer Equity Incentive Plan if selected by the Board. The basis of participation of an individual under the Resulting Issuer Equity Incentive Plan, and the type and amount of any Award that an individual will be entitled to receive under the Resulting Issuer Equity Incentive Plan, will be determined by the Board taking into account the nature of the services rendered by the respective Participants, their historical contributions to the success of the Resulting Issuer's predecessor entities or affiliates, present and potential contributions to the success of the Resulting Issuer and/or such other factors as the Board determines, based on its judgment as to the best interests of the Resulting Issuer and its shareholders, and therefore cannot be determined in advance.

The maximum number of Subordinate Voting Shares that may be issued under the Resulting Issuer Equity Incentive Plan shall be determined by the Resulting Issuer Board from time to time, but in no case shall exceed, in the aggregate, 10% of the number of Resulting Issuer Shares then outstanding (whereby the Proportionate Voting Shares are calculated on an as-converted to Subordinate Voting Share basis). Any shares subject to an Award under the Resulting Issuer Equity Incentive Plan that are forfeited, cancelled, expire unexercised, are settled in cash, or are used or withheld to satisfy tax withholding obligations of a Participant shall again be available for Awards under the Resulting Issuer Equity Incentive Plan. Other than an award made pursuant to any election by the director to receive an award in lieu of all or a portion of annual and committee retainers and meeting fees, no non-employee director may be granted any award or Awards denominated in Subordinate Voting Shares that exceed in the aggregate \$1,000,000 (whole dollars) in any calendar year. If, and so long as, the Resulting Issuer is listed on the CSE, the aggregate number of Resulting Issuer Shares issued or issuable to persons providing investor relations activities (as defined in CSE policies) as compensation within a one-year period, shall not exceed 1% of the total number of Subordinate Voting Shares then outstanding. For the purposes of the Resulting Issuer Equity Incentive Plan, the term outstanding Subordinate Voting Shares includes the number of Subordinate Voting Shares issuable on conversion of the Proportionate Voting Shares.

Awards

Resulting Issuer Options

The Board is authorized to grant Resulting Issuer Options to purchase Subordinate Voting Shares or Proportionate Voting Shares that are either Resulting Issuer ISOs, meaning they are intended to satisfy the requirements of Section 422 of the Code, or Resulting Issuer NQSOs, meaning they are not intended to satisfy the requirements of Section 422 of the Code. Resulting Issuer Options granted under the Resulting Issuer Equity Incentive Plan will be subject to the terms and conditions established by the Board. Under the terms of the Resulting Issuer Equity Incentive Plan, in the case that a Resulting Issuer Option is substituted for another Resulting Issuer Option in connection with a corporate transaction described under "*Corporate Transactions*" in this Section 9, the exercise price of the Resulting Issuer Option will not be less than the greater of the closing market prices of the underlying securities on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. Resulting Issuer Options granted under the Resulting Issuer Equity Incentive Plan will be subject to such terms, including the exercise price and the conditions and timing of exercise, as may be determined by the Board and specified in the applicable award agreement. The maximum term of a Resulting Issuer Option granted under the Resulting Issuer Equity Incentive Plan will be ten years from the date of grant (or five years in

the case of a Resulting Issuer ISO granted to a Resulting Issuer Shareholder who holds more than 10% of Resulting Issuer Shares). Payment in respect of the exercise of a Resulting Issuer Option may be made in cash or by check, by surrender of unrestricted shares (at their fair market value on the date of exercise) or by such other method as the Board may determine to be appropriate. Additional minimum provisions set forth in the Resulting Issuer Equity Incentive Plan shall apply to awards granted to California participants if such award is granted in reliance on Section 25102(o) of the California Corporations Code.

In accordance with section 5.6 of CSE Policy 6, the terms of a Resulting Issuer Option may not be amended once issued. If a Resulting Issuer Option is cancelled prior to its expiry date, the Resulting Issuer will post notice of the cancellation and shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.

Restricted Stock

A restricted stock award is a grant of Subordinate Voting Shares or Proportionate Voting Shares, which are subject to forfeiture restrictions during a restriction period. The Board will determine the price, if any, to be paid by the Participant for each Subordinate Voting Shares or Proportionate Voting Shares, subject to a restricted stock award. The Board may condition the expiration of the restriction period, if any, upon: (i) the Participant's continued service over a period of time with the Resulting Issuer or its affiliates; (ii) the achievement by the Participant, the Resulting Issuer or its affiliates of any other performance goals set by the Board; or (iii) any combination of the above conditions as specified in the applicable award agreement. If the specified conditions are not attained, the Participant will forfeit the portion of the restricted stock award with respect to which those conditions are not attained, and the underlying Subordinate Voting Shares or Proportionate Voting Shares, will be forfeited. At the end of the restriction period, if the conditions, if any, have been satisfied, the restrictions imposed will lapse with respect to the applicable number of Subordinate Voting Shares or Proportionate Voting Shares. A restricted stock award will be subject to such restrictions as set forth in the applicable restricted stock award agreement, including, without limitation, any limitation on the right to vote the shares of restricted stock or the right to receive any dividend or other right or property with respect to the restricted shares. If the terms of the restricted stock award provide for rights to dividends, such dividends shall be accrued but will not be paid unless and until the date that all conditions or restrictions relating to the restricted stock have lapsed. The Board may, in its discretion, accelerate the vesting and delivery of shares of restricted stock. Unless otherwise provided in the applicable award agreement or as may be determined by the Board, upon a Participant's termination of service with the Resulting Issuer, the unvested portion of a restricted stock award will be forfeited.

Resulting Issuer RSUs

Resulting Issuer RSUs are granted in reference to a specified number of Subordinate Voting Shares or Proportionate Voting Shares and entitle the holder to receive, on achievement of specific performance goals established by the Board, after a period of continued service with the Resulting Issuer or its affiliates or any combination of the above as set forth in the applicable award agreement, one Resulting Issuer Subordinate Voting Share or Proportionate Voting Share, as applicable, for each such Resulting Issuer Subordinate Voting Share or Proportionate Voting Share, as applicable, covered by the Resulting Issuer RSU; provided, that the Board may elect to pay cash, or part cash and part Subordinate Voting Shares or Proportionate Voting Shares in lieu of delivering only Subordinate Voting Shares or Proportionate Voting Shares. The Board may, in its discretion, accelerate the vesting of Resulting Issuer RSUs. Unless otherwise provided in the applicable award agreement or as may be determined by the Board, upon a Participant's termination of service with the Resulting Issuer, the unvested portion of the Resulting Issuer RSUs will be forfeited.

Stock Appreciation Rights

A Resulting Issuer SAR entitles the recipient to receive, upon exercise of the Resulting Issuer SAR, the increase in the fair market value of a specified number of Subordinate Voting Shares or Proportionate Voting Shares from the date of the grant of the Resulting Issuer SAR and the date of exercise payable in cash or Subordinate Voting Shares or Proportionate Voting Shares. Any grant may specify a vesting period or periods before the Resulting Issuer SAR may become exercisable and permissible dates or periods on or during which the Resulting Issuer SAR shall be exercisable. No Resulting Issuer SAR may be exercised more than ten years from the grant date. Upon a Participant's termination of service, the same general conditions applicable to Resulting Issuer Options as described above would be applicable to the Resulting Issuer SAR.

Other Stock-Based Awards

The Board may grant other awards that are denominated or valued in whole or in part by reference to Subordinate Voting Shares or Proportionate Voting Shares. The Board shall determine the terms and condition of such awards, subject to compliance with CSE policies. No other stock-based Award shall contain a purchase right or option-like exercise feature.

General

The Board may impose restrictions on the grant, exercise or payment of an Award as it determines appropriate. Generally, Awards granted under the Resulting Issuer Equity Incentive Plan shall be non-transferable except by will or by the laws of descent and distribution. No Participant shall have any rights as a shareholder with respect to Subordinate Voting Shares or Proportionate Voting Shares covered by Resulting Issuer Options, Resulting Issuer SARs, restricted stock awards, Resulting Issuer RSUs or other stock-based awards, unless and until such Awards are settled in Subordinate Voting Shares or Proportionate Voting Shares.

No Resulting Issuer Option (or, if applicable, Resulting Issuer SARs) shall be exercisable, no Subordinate Voting Shares or Proportionate Voting Shares shall be issued, no certificates for Subordinate Voting Shares or Proportionate Voting Shares shall be delivered and no payment shall be made under the Resulting Issuer Equity Incentive Plan except in compliance with all applicable laws. In accordance with the policies of the CSE, no Award will confer an economic benefit to a holder that would exceed that which would be attributable to a holder of a Resulting Issuer Option granted on the same day as the Award.

The Resulting Issuer Board may amend, alter, suspend, discontinue or terminate the Resulting Issuer Equity Incentive Plan and the Board may amend any outstanding Award except for options, at any time, provided that (i) such amendment, alteration, suspension, discontinuation, or termination shall be subject to the approval of the Resulting Issuer's shareholders if such approval is necessary to comply with any tax or regulatory requirement applicable to the Resulting Issuer Equity Incentive Plan (including, without limitation, as necessary to comply with any rules or requirements of applicable securities exchange), and (ii) no such amendment or termination may adversely affect Awards then outstanding without the Award holder's permission.

Corporate Transactions

In the event of any reorganization, merger, consolidation, split-up, spin-off, combination, plan of arrangement, take over bid or tender offer, repurchase or exchange of Subordinate Voting Shares or other securities of the Resulting Issuer or any other similar corporate transaction or event involving the Resulting Issuer (or the Resulting Issuer shall enter into a written agreement to undergo such a transaction or event), the Resulting Issuer Board may make such adjustment which is appropriate in order to prevent dilution of the rights of Participants under the Resulting Issuer Equity Incentive Plan. Specifically, the Board may, in its sole discretion, provide for any (or a combination) of the following to be effective upon the consummation of the event (or effective

immediately prior to the consummation of the event, provided, however that the consummation of the event subsequently occurs):

- termination of the Award, whether or not vested, in exchange for cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights,
- the replacement of the Award with other rights or property selected by the Resulting Issuer Board, in its sole discretion,
- assumption of the Award by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices,
- that the Award shall be exercisable or payable or fully vested with respect to all Subordinate Voting Shares or Proportionate Voting Shares covered thereby, notwithstanding anything to the contrary in the applicable award agreement, or
- that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

Tax Withholding

The Resulting Issuer may take such action as it deems appropriate to ensure that all applicable federal, state, local and/or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant.

The above is a summary description of the material terms of the Resulting Issuer Equity Incentive Plan, with such description being qualified in its entirety by reference to the full text of the Resulting Issuer Equity Incentive Plan.

10. DESCRIPTION OF THE SECURITIES

10.1 Description of the Share Capital of the Resulting Issuer

The authorized share capital of the Resulting Issuer consists of an unlimited number of Subordinate Voting Shares, an unlimited number of Proportionate Voting Shares and an unlimited number of Multiple Voting Shares. As at the date hereof, the Subordinate Voting Shares represent approximately 99% of the voting rights attached to outstanding securities of the Resulting Issuer and the Multiple Voting Shares represent approximately 1% of the voting rights attached to outstanding securities of the Resulting Issuer.

The following is a summary of the rights, privileges, restrictions and conditions attached to the proposed Subordinate Voting Shares, the Proportionate Voting Shares and the Multiple Voting Shares.

Subordinate Voting Shares

Holders of Subordinate Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of Resulting Issuer Shares will have the right to vote. At each such meeting, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held.

As long as any Subordinate Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Subordinate Voting Shares.

Holders of Subordinate Voting Shares are entitled to receive as and when declared by the directors of the Resulting Issuer, dividends in cash or property of the Resulting Issuer. No dividend will be declared or paid on the Subordinate Voting Shares unless the Resulting Issuer simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratio) on the Proportionate Voting Shares and Multiple Voting Shares.

In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares will, subject to the prior rights of the holders of any Resulting Issuer Shares ranking in priority to the Subordinate Voting Shares, be entitled to participate rateably along with all other holders of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares (on an as-converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratio).

Holders of Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Resulting Issuer now or in the future.

No subdivision or consolidation of the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously: (i) the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes and (ii) the number of Subordinate Voting Shares into which the Class B Non-Voting Shares of Irwin may be exchanged are adjusted utilizing the same divisor or multiplier.

Proportionate Voting Shares

Holders of Proportionate Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of Resulting Issuer Shares will have the right to vote. At each such meeting, holders of Proportionate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share into which such Proportionate Voting Share could ultimately then be converted (one hundred votes per Proportionate Voting Share held).

As long as any Proportionate Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Proportionate Voting Shares and Multiple Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Proportionate Voting Shares. Consent of the holders of a majority of the outstanding Proportionate Voting Shares and Multiple Voting Shares shall be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Proportionate Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Proportionate Voting Shares will have one vote in respect of each Proportionate Voting Share held.

Holders of Proportionate Voting Shares are entitled to receive, as and when declared by the directors of the Resulting Issuer, dividends, out of any cash or other assets legally available therefor, *pari passu* (on an as converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratios) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Proportionate Voting Shares unless the Resulting Issuers simultaneously declares or pays, as applicable, equivalent dividends on the Subordinate Voting Shares and Multiple Voting Shares.

In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Proportionate Voting Shares will, subject to the prior rights of the holders of any Resulting Issuer Shares ranking in priority to the Proportionate Voting Shares, be entitled to participate ratably along with all other holders of Proportionate Voting Shares, Subordinate Voting Shares and Multiple Voting Shares (on an as-converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratios).

Holders of Proportionate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Resulting Issuer now or in the future.

No subdivision or consolidation of the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Each Proportionate Voting Share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Resulting Issuer or any transfer agent for such shares, into a number of fully paid and non-assessable Subordinate Voting Shares which shall represent the equivalent voting power of the converted Proportionate Voting Share and as shall be adjusted from time to time for distributions, recapitalizations and stock splits. The ability to convert the Proportionate Voting Shares is subject to a restriction that, unless the Board determines otherwise, the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the U.S. Exchange Act, may not exceed forty percent (40%) of the aggregate number of Subordinate Voting Shares, Proportionate Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions.

Multiple Voting Shares

Holders of Multiple Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Resulting Issuer, except a meeting of which only holders of another particular class or series of Resulting Issuer Shares will have the right to vote. At each such meeting, holders of Multiple Voting Shares will be entitled to 15,000 votes in respect of each Multiple Voting Share held.

Multiple Voting Shares are intended to provide voting control to Mr. Klee Irwin. As long as any Multiple Voting Shares remain outstanding, the Resulting Issuer will not, without the consent of the holders of the Multiple Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Multiple Voting Shares. Additionally, consent of the holders of a majority of the outstanding Multiple Voting Shares will be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Multiple Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Multiple Voting Shares will have one vote in respect of each Multiple Voting Share held.

Holders of Multiple Voting Shares are entitled to receive, as and when declared by the directors of the Resulting Issuer, dividends out of any cash or other assets legally available therefor, *pari passu* (on an as-converted basis, assuming conversion of all Multiple Voting Shares and Proportionate Voting Shares into Subordinate Voting Shares at the applicable conversion ratios) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Multiple Voting Shares unless the

Resulting Issuer simultaneously declares or pays, as applicable, equivalent dividends on the Subordinate Voting Shares and Proportionate Voting Shares.

In the event of the liquidation, dissolution or winding-up of the Resulting Issuer, whether voluntary or involuntary, or in the event of any other distribution of assets of the Resulting Issuer among its shareholders for the purpose of winding up its affairs, the holders of Multiple Voting Shares will, subject to the prior rights of the holders of any Resulting Issuer Shares ranking in priority to the Multiple Voting Shares, be entitled to participate rateably along with all other holders of Multiple Voting Shares, Proportionate Voting Shares and Subordinate Voting Shares (on an as-converted basis, assuming conversion of all Proportionate Voting Shares and Multiple Voting Shares into Subordinate Voting Shares at the applicable conversion ratio).

Holders of Multiple Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, Proportionate Voting Shares or bonds, debentures or other securities of the Resulting Issuer now or in the future.

No Multiple Voting Share are permitted to be transferred by the holder thereof without the prior written consent of the Resulting Issuer Board.

No subdivision or consolidation of the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Proportionate Voting Shares or Multiple Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Each Multiple Voting Share shall automatically convert, without any action on the part of the holder thereof, into Subordinate Voting Shares on the basis of one Subordinate Voting Share for one Multiple Voting Share upon the achievement of the Conversion Threshold (defined herein) in accordance with the following:

- (i) from time to time upon the exchange of a block of fifteen thousand (15,000) Class B Non-Voting Shares into fifteen thousand (15,000) Subordinate Voting Shares (“**Conversion Threshold**”) in accordance with the terms of the Support Agreement by Klee Irwin, the holder of Multiple Voting Share(s), provided that there shall be no fractional Subordinate Voting Shares issued as a result of any conversion of Class B Non-Voting Shares; and
- (ii) to the extent any Multiple Voting Shares remain outstanding after the conversions provided for in (i) above, then all such remaining Multiple Voting Shares shall convert on the date that is eight (8) years following the completion of the Business Combination.

For example and for greater clarity, upon the exchange of the first block of fifteen thousand (15,000) Class B Non-Voting Shares, Klee Irwin would receive fifteen thousand (15,000) Subordinate Voting Shares *and* one (1) of Klee Irwin’s Multiple Voting Shares would be converted into one (1) Subordinate Voting Share (and therefore, Klee Irwin’s aggregate Multiple Voting Share holdings would be reduced from 18,240 to 18,239 but his voting position in the Resulting Issuer would be maintained).

Coattail Provisions

In the event that an offer is made to purchase Proportionate Voting Shares, and such offer is:

- A. made to all or substantially all of the holders of Proportionate Voting Shares in a province or territory of Canada to which the requirement applies (such offer to purchase, an “**Offer**”); and
- B. not made to the holders of Subordinate Voting Shares for consideration per Subordinate Voting Share equal to 0.01 of the consideration offered per Proportionate Voting Share;

each Subordinate Voting Share shall become convertible at the option of the holder into Proportionate Voting Shares on the basis of one hundred Subordinate Voting Shares for one Proportionate Voting Share; at any time while the Offer is in effect until one day after the time prescribed by applicable securities legislation or stock exchange rules for the offeror to take up and pay for such shares as are to be acquired pursuant to the Offer (the “**Subordinate Voting Share Conversion Right**”). For avoidance of doubt, fractions of Proportionate Voting Shares may be issued in respect of any amount of Subordinate Voting Shares in respect of which the Subordinate Voting Share Conversion Right is exercised which is less than one hundred.

The Subordinate Voting Share Conversion Right may only be exercised for the purpose of depositing the Proportionate Voting Shares acquired upon conversion under such Offer, and for no other reason. If the Subordinate Voting Share Conversion Right is exercised, the Resulting Issuer will require that the transfer agent for the Subordinate Voting Shares shall deposit under such Offer the Proportionate Voting Shares acquired upon conversion, on behalf of the holder.

Coattail Agreement

In connection with the Business Combination, Klee Irwin and the transfer agent for the Subordinate Voting Shares entered into a coattail agreement (the “**Coattail Agreement**”) on August 13, 2021 pursuant to which the holders of Subordinate Voting Shares are granted rights similar to those to be granted to them in connection with the Proportionate Voting Shares as described above under “*Coattail Provisions*”.

10.2 Debt Securities

This section is not applicable.

10.3 Other Securities

This section is not applicable.

10.4 Modification of Terms

See Section 10.1 of this Listing Statement – “*Description of the Share Capital of the Resulting Issuer*”.

10.5 Other Attributes

See Section 10.1 of this Listing Statement – “*Description of the Share Capital of the Resulting Issuer*”.

10.6 Prior Sales

In the 12 months preceding the date of this Listing Statement, Pubco has not issued any securities.

On April 1, 2020, Irwin issued 26,316 Irwin Common Shares to each of Rebecca Pearman and Michael Berg at a price per share of \$61.56. Otherwise, in the 12 months preceding the date of this Listing Statement, Irwin has not issued any securities.

10.7 Stock Exchange Price

This section is not applicable.

11. ESCROWED SECURITIES

Pursuant to National Policy 46-201 – *Escrow for Initial Public Offerings*, the Resulting Issuer is not subject to escrow requirements.

12. PRINCIPAL SHAREHOLDERS

12.1 Principal Shareholders

Upon completion of the Business Combination, the following Persons beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Resulting Issuer:

Name, Jurisdiction of Residence	Number and Class of Shares	Method of Ownership	Percentage of Class	Percentage of Voting Rights of the Resulting Issuer Shares
Klee Irwin (Los Angeles, California)	18,240 Multiple Voting Shares	Beneficial and of Record	100%	99.56%
	1 Subordinate Voting Share ⁽¹⁾	Beneficial and of Record	0.00008%	0.0000004%

Note:

- (1) Klee Irwin also holds 273,599,891 Class B Non-Voting Shares of Irwin, which are each exchangeable on a 1:1 basis for 273,599,891 Subordinate Voting Shares. Upon such exchange, Klee Irwin would hold 92.00% of the voting rights of the Resulting Issuer.

12.2 Voting Trusts

No securities of the Resulting Issuer are subject to any voting trust or other similar agreement.

13. DIRECTORS AND OFFICERS

13.1 Directors and Officers

The following table sets forth the names of the directors and executive officers of the Resulting Issuer, their municipalities of residence, their positions with the Resulting Issuer, their principal occupations during the past five years, the number and percentage of Resulting Issuer Shares beneficially owned, directly or indirectly, or over which control or direction is exercised and, if such person was an existing director or officer of Irwin prior to the Business Combination, the date on which such person became a director or officer, as applicable. All of the directors of the Resulting Issuer will be elected annually and, unless re-elected, will retire from office at the end of the next annual general meeting of shareholders.

Name, Position with the Resulting Issuer and Municipality of Residence ⁽¹⁾	Irwin Director or Officer Since	Principal Occupation for Past Five Years	Number ⁽²⁾ and Percentage of Resulting Issuer Shares Beneficially Owned or Controlled ⁽³⁾	Number ⁽²⁾ and Percentage of Subordinate Voting Shares Beneficially Owned or Controlled (on a Fully Diluted Basis and as Exchanged / Converted Basis) ⁽⁴⁾
Klee Irwin, Chairman, Chief Executive Officer and Director, Los Angeles, California, USA	January 2002	CEO and Chairman of Irwin	18,240 Multiple Voting Shares (100%) 1 Subordinate Voting Share ⁽⁵⁾ (0.00008%)	273,618,132 ⁽⁵⁾ (85.18%)
Philippe Faraut, Chief Financial Officer, Corporate Secretary and	April 2021	CFO of Irwin, Managing Partner of Bastiat Partners	Nil	Nil

Director, Los Angeles, California, USA				
Marc-David Bismuth, Director, Los Angeles, California, USA	N/A	Operating Partner of L Catterton	Nil	Nil
Rod Kight, Director, Asheville, North Carolina, USA	N/A	Founder & Principal of Kight Law Office	Nil	Nil

Notes:

- (1) The information as to municipality of residence and principal occupation has been furnished by the respective proposed directors and officers of the Resulting Issuer individually.
- (2) The information as to shares beneficially owned or over which a proposed directors and officers of the Resulting Issuer exercises control or direction has been furnished by the respective directors and officers individually.
- (3) On an issued and undiluted basis, after giving effect to the Business Combination but not giving effect to the exercise of convertible securities held by such person, as applicable.
- (4) On a fully diluted basis, after giving effect to the Business Combination and the exercise of convertible and exchangeable securities held by such person, as applicable.
- (5) Includes 273,599,891 Class B Non-Voting Shares of Irwin, which are exchangeable on a 1:1 basis for 273,599,891 Subordinate Voting Shares.

All promoters, directors, officers and insiders, as a group, beneficially own, directly or indirectly, the following Resulting Issuer Shares: (i) 1 Subordinate Voting Share (or approximately 0.00008%) on an undiluted basis; and 18,240 Multiple Voting Shares (or 100%) on an undiluted basis. Klee Irwin also holds 273,599,891 Class B Non-Voting Shares of Irwin, which are each exchangeable on a 1:1 basis for 273,599,891 Subordinate Voting Shares. Upon such exchange, Klee Irwin would hold 92.00% of the voting rights of the Resulting Issuer.

Board Committees

The Resulting Issuer has an Audit Committee. A brief description of each committee is set out below. From time to time, the Resulting Issuer Board may establish such committees of the Resulting Issuer Board as determined to be appropriate, in addition to the Audit Committee.

Audit Committee

The Audit Committee assists the Resulting Issuer Board in fulfilling its responsibilities for oversight of financial and accounting matters. The Audit Committee reviews the financial reports and other financial information provided by the Resulting Issuer to regulatory authorities and its shareholders and reviews the Resulting Issuer's system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes.

The Resulting Issuer Board adopted a written charter setting forth the responsibilities, powers and operations of the Audit Committee consistent with National Instrument 52-110 – *Audit Committees* (“NI 52-110”). The principal duties and responsibilities of the Resulting Issuer's Audit Committee include assisting the Resulting Issuer Board in discharging the oversight of:

- the integrity of the Resulting Issuer's consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements;
- the Resulting Issuer's compliance with legal and regulatory requirements;

- the Resulting Issuer’s external auditors’ qualifications and independence;
- the work and performance of the Resulting Issuer’s financial management and its external auditors; and
- the Resulting Issuer’s system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance and risk management established by management and the Resulting Issuer Board.

The Audit Committee has access to all books, records, facilities, and personnel and may request any information about the Resulting Issuer as it may deem appropriate. It also has the authority to retain and compensate special legal, accounting, financial and other consultants, or advisors to advise the Audit Committee.

The Audit Committee also reviews and approves all related-party transactions and prepares reports for the Resulting Issuer Board on such related-party transactions and is responsible for the pre-approval of all non-audit services to be provided by our auditors.

The Resulting Issuer is a “venture issuer” as defined in NI 52-110 and relies upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110.

The Resulting Issuer has an Audit Committee consisting of the following members: Klee Irwin, Rod Kight, Marc-David Bismuth (Chair). Indicated below is whether they are “independent” and “financially literate” within the meaning of NI 52-110.

<u>Name of Member</u>	<u>Independent</u>	<u>Financially Literate</u>
Rod Kight	Yes	Yes
Marc-David Bismuth	Yes	Yes
Klee Irwin	No	Yes

13.2 Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies

No director or officer of the Resulting Issuer or a shareholder that holds a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is, or within ten years before the date hereof has been, a director or officer of any other company that, while the person was acting in that capacity:

- a. was the subject of a cease trade or similar order, or an order that denied the other company access to any exemptions under securities legislation, for a period of more than 30 consecutive days;
- b. was the subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- c. became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- d. within a year of that person ceasing to act in that capacity, because bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings,

arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Other than as described below, no director or officer of the Resulting Issuer, or a shareholder that holds sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons has, within ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

On February 18, 2011, Rod Kight filed a voluntary petition for bankruptcy relief with the United States (US) Bankruptcy Court for the District of South Carolina under Chapter 7 of Title 11 (the Bankruptcy Code). On March 18, 2011, his case was transferred to the US Bankruptcy Court for the Western District of North Carolina (the “WDNC”). On July 5, 2011, Mr. Kight was granted a discharge under section 727 of Title 11 by the US Bankruptcy Court for the WDNC.

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

13.3 Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Resulting Issuer also holding positions as directors or officers of other companies. Some of the directors and officers of Resulting Issuer have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the director and officers of the Resulting Issuer will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA.

There are no existing or potential material conflicts of interest between the Resulting Issuer or a subsidiary of the Resulting Issuer and a director or officer of the Resulting Issuer or a subsidiary of the Resulting Issuer.

13.4 Management

Brief descriptions of the biographies for all of the officers and directors of the Resulting Issuer are set out below. Each of the officers and non-independent directors work full time for the Resulting Issuer. The independent directors will have no other role with the Resulting Issuer other than sitting on the board and acting as committee members. Such independent directors are expected to devote sufficient time to the Resulting Issuer’s business in order to carry out their duties as directors of the Resulting Issuer, expected to be approximately 10% of such independent directors’ respective working times; however, being a director of the Resulting Issuer will not be the primary occupation of either of the independent directors. The independent directors are not employees of the Resulting Issuer, whereas each of the officers of the Resulting Issuer are considered employees. All of the directors and officers have entered into non-competition/non-disclosure agreements with the Resulting Issuer.

Klee Irwin, Age 55

Chairman, Chief Executive Officer and Director

Twenty-seven years ago, Klee Irwin founded Irwin Naturals with a simple mission – to heal the world with plant medicine. He built the company with no equity or bank financing and relied on his ingenuity, tenacious sales efforts, and a focus on product quality rather than advertising. A cult brand emerged over the years, and his company now leads in most categories in which it competes. In 2018 Klee authored the book Pain Nation, which educates on the science and uses of CBD, as well as launched a line of affordable CBD products compared to his

competitors. Klee is currently the Chief Executive Officer of Irwin, and has been for a majority of its existence aside from for a couple spells where he decided to expand his horizons and impact on society through other ventures. These ventures include the creation of Quantum Gravity Research (QGR), a non-profit theoretical research institute he founded in 2009 which has published numerous papers and journal articles laying out some of the mathematical building blocks and axiomatic ideas for their unification model. He has supported and invested in a wide range of people, causes and companies including [Change.org](https://www.change.org/), Upworthy, Donors Choose, Moon Express, Mayasil, the X PRIZE Foundation, and Singularity University, where he is an Associate Founder.

Philippe Faraut, Age 52

Chief Financial Officer, Corporate Secretary and Director

Philippe brings over 20 years of senior CPG financial management and leadership expertise to the Resulting Issuer. He was a Managing Partner of the investment banking services firm Bastiat Partners from 2016 to 2020, prior to serving as Chief Investment Officer for Knight Global, a leading family office with a diversified asset portfolio from 2015 to 2016. Mr. Faraut started his finance career at Merrill Lynch in the Consumer Retail group in New York and held senior positions at the Sage Group and Intrepid Investment bankers. He holds a Masters of Business Administration from the Anderson School at UCLA (1999).

Marc-David Bismuth, Age 61

Director

Marc-David is an Operating Partner at L Catterton, a private equity group, where he had been since 2004. Previously, he was the President of Danone Naya Waters North America, where he played a key role in the formation of the joint venture with The Coca-Cola Company as business partner to capture opportunities in the fast growing and highly competitive Bottled Still Water Category in North America. Prior to managing Danone, Marc-David was the Food Division General Manager (Corporate-Paris/Geneva) and a Member of the Corporate Strategic Committee for the Carrefour Group, where he led the \$40 billion Carrefour Global Grocery Sourcing and Vendor Negotiation efforts. Prior to his senior corporate responsibilities Marc-David led the retail growth of Carrefour in key countries in Europe and Asia. He holds a Master of Business Administration from the Paris Nanterre University, France (1984) and a Bachelor of Arts from the University Institute of Technology, France (1982).

Rod Kight, Esq., Age 49

Director

Rod leads Kight Law Office, PC, one of the most respected boutique Cannabis law firms in the United States which was founded in 2000. He is an AV Preeminent Peer Rated Lawyer, as designated by Martindale Hubbell. Rod has been quoted on Cannabis matters in the Wall Street Journal, Time, Politico and Business Insider. He serves on the advisory board of the American Journal of Endocannabinoid Medicine. North Carolina Super Lawyers Magazine calls him “The State’s Biggest Cannabis Advocate”.

14. CAPITALIZATION

14.1 Issued Capital

	Number of Subordinate Voting Shares (non- diluted)	Number of Subordinate Voting Shares (fully-diluted and as converted / exchanged basis)	% of Issued (non- diluted)	% of Issued (fully diluted and as converted / exchanged basis)
<u>Public Float</u>				
Total outstanding (A)	1,200,001	321,218,241 ⁽¹⁾	100%	100%
Held by Related Persons or employees of the Resulting Issuer or Related Person of the Resulting Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Resulting Issuer upon exercise or conversion of other securities held) (B)	1	273,618,132 ⁽¹⁾	0.00008%	85.18%
Total Public Float (A–B)	1,200,000	47,600,109	99.99992%	14.82%
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	1	273,618,132	0.00008%	85.18%
Total Tradeable Float (A–C)	1,200,000	47,600,109	99.99992%	14.82%

Note:

- (1) This figure includes 320,000,000 Class B Non-Voting Shares of Irwin exchangeable into 320,000,000 Subordinate Voting Shares on a 1:1 basis and 18,240 Multiple Voting Shares convertible into 18,240 Subordinate Voting Shares on a 1:1 basis.
- (2) This figure includes 1 Subordinate Voting Share, 273,599,891 Class B Non-Voting Shares of Irwin exchangeable into 273,599,891 Subordinate Voting Shares on a 1:1 basis and 18,240 Multiple Voting Shares convertible into 18,240 Subordinate Voting Shares on a 1:1 basis.

Public Securityholders (Registered)

Size of Holding	Number of holders	Total number of Subordinate Voting Shares
1 – 99 securities	75	1,426
100 – 499 securities	134	18,502
500 – 999 securities	1	667
1,000 – 1,999 securities	2	3,299
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	5	198,409
Total	<u>217</u>	<u>222,303</u>

Public Securityholders (Beneficial)

Size of Holding	Number of holders	Total number of Subordinate Voting Shares
1 – 99 securities	88	1,793
100 – 499 securities	157	23,737
500 – 999 securities	1	667

1,000 – 1,999 securities	2	3299
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	27	1,147,052
<i>Unable to determine</i>	43	23,452
Total	<u>318</u>	<u>1,200,000</u>

Non-Public Securityholders (Registered)

Size of Holding	Number of holders	Total number of Subordinate Voting Shares
1 – 99 securities	1	1
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	0	0
Total	<u>1</u>	<u>1</u>

14.2 Convertible/Exchangeable Securities

The Resulting Issuer has the following convertible securities outstanding that are convertible into Subordinate Voting Shares (see also Section 8 of this Listing Statement – “*Consolidated Capitalization*”):

Description of Security (including conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Multiple Voting Shares ⁽¹⁾	18,240	18,240

Notes:

- (1) Convertible into Subordinate Voting Shares on a 1:1 basis. See Section 10.1 of this Listing Statement – “*Description of the Share Capital of the Resulting Issuer*”.

14.3 Other Securities Reserved for Issuance

The Resulting Issuer has the following Subordinate Voting Shares reserved for issuance upon the exchange of Class B Non-Voting Shares of Irwin.

Description of Security	Number of Convertible/Exchangeable Securities Outstanding	Number of Subordinate Voting Shares Issuable Upon Conversion or Exercise
Class B Non-Voting Shares of Irwin ⁽¹⁾	320,000,000	320,000,000

Notes:

- (1) Exchangeable into Subordinate Voting Shares on a 1:1 basis.

15. EXECUTIVE COMPENSATION

The following table sets forth the compensation to be paid or awarded to the directors and executive officers of the Resulting Issuer: (i) the Chief Executive Officer; (ii) the Chief Financial Officer; (iii) the three most highly compensated executive officers of the Resulting Issuer (or a subsidiary), or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year, whose total compensation was more than C\$150,000 (whole dollars) for that financial year.

Table of Executive Compensation

Table of Compensation Excluding Compensation Securities⁽¹⁾ (SUS in 000's)							
Name & Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus ⁽²⁾ (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Klee Irwin, Chairman, Chief Executive Officer and Director	2021	\$400	\$200	Nil	Nil	Nil	\$600
Philippe Faraut, Chief Financial Officer, Corporate Secretary and Director	2021	\$250	\$125	Nil	Nil	Nil	\$375
Marc-David Bismuth, Director	2021	Nil	–	\$35	Nil	Nil	\$35
Rod Kight, Director	2021	Nil	–	\$35	Nil	Nil	\$35
Michael Berg	2021	\$292	\$450	Nil	Nil	Nil	\$742
Rebecca Pearman	2021	\$292	\$450	Nil	Nil	Nil	\$742
Dan Wing	2021	\$248	\$74.40	Nil	Nil	Nil	\$322.40

Notes:

- (1) This represents expected compensation, subject to the review and approval of the Resulting Issuer Board.
- (2) Bonuses are expected to be paid in the future based on performance goals as determined by the Resulting Issuer Board.

Compensation Securities

Compensation Securities							
Name & Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date (\$)
Klee Irwin, Chairman, Chief Executive Officer and Director ⁽¹⁾	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Philippe Faraut, Chief Financial Officer, Corporate Secretary and Director ⁽¹⁾	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Marc-David Bismuth, Director ⁽²⁾	Stock Options	TBD	TBD	TBD	TBD	TBD	TBD
Rod Kight, Director ⁽²⁾	Stock Options	TBD	TBD	TBD	TBD	TBD	TBD

Notes:

- (1) The issuance of compensation securities to Mr. Irwin and Mr. Faraut will be determined in the future based on performance goals as determined by the Resulting Issuer Board.
- (2) The Resulting Issuer has agreed to grant each of Mr. Bismuth and Kight Stock Options with a value equal to \$100,000. The number of Stock Options and the exercise price will be determined by the Resulting Issuer Board with reference to the market price of the Subordinate Voting Shares following the Listing Date.

Exercise of Compensation Securities

Exercise of Compensation Securities by Directors and Officers							
Name & position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise (\$)	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Klee Irwin, Chief Executive Officer and Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Philippe Faraut, Chief Financial Officer, Corporate Secretary and Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Marc-David Bismuth, Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rod Kight, Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Stock Option Plans and Other Incentive Plans

See Section 9 of this Listing Statement – “Options to Purchase Securities – Summary of Equity Incentive Plan of the Resulting Issuer”.

Employment, Consulting and Management Agreements

The Resulting Issuer does not have any contracts, agreements, plans or arrangements that provide for payments to an officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Resulting Issuer or a change in an officer’s responsibilities.

Compensation of Executive Officers

The Resulting Issuer’s compensation practices are designed to retain, motivate and reward its officers for their performance and contribution to the Resulting Issuer’s long-term success. The Resulting Issuer Board seeks to compensate the Resulting Issuer’s officers by combining short and long-term cash and equity incentives. These practices are intended to reward the achievement of corporate and individual performance objectives, and to align officers’ incentives with shareholder value creation. The Resulting Issuer Board seeks to tie individual goals to the area of the officer’s primary responsibility. These goals may include the achievement of specific financial or business development goals. The Resulting Issuer Board also seeks to set company performance goals that reach across all business areas and include achievements in finance/business development and corporate development.

The Board reviews and recommends the executive compensation arrangements for the Chief Executive Officer, Chief Financial Officer, and other officers of the Resulting Issuer.

Benchmarking

The executive team is expected to establish an appropriate comparator group for purposes of setting the future compensation of the named executive officers.

Elements of Compensation

The compensation of the named executive officers is expected to be comprised of the following major elements: (i) base salary; (ii) an annual, discretionary cash bonus; and (iii) Awards granted under the Resulting Issuer Equity Incentive Plan and any other equity plan that may be approved by the Resulting Issuer Board from time to time. These principal elements of compensation are described below.

Base Salary

The objective of base salary compensation is to reward and retain executive talent. The program is designed to reward individuals for maximizing shareholder value in a volatile and highly regulated environment. In setting base compensation levels, consideration is given to such factors as level of responsibility, experience, expertise and the amount of time devoted to the affairs of the Resulting Issuer. The goal of the Resulting Issuer is to pay base salary compensation to retain executive talent in the range of industry peers, while maintaining the overall goal that total compensation should be weighted toward variable and long-term performance-based rewards.

Annual Cash Bonus

Annual bonuses may be awarded based on qualitative and quantitative performance standards, and will reward performance of the named executive officers individually. The determination of a named executive officer's performance may vary from year to year depending on economic conditions and conditions in the Cannabis industry, and may be based on measures such as stock price performance, the meeting of financial targets against budget (such as adjusted funds from operations), the meeting of acquisition objectives and balance sheet performance.

Equity-Based Compensation

The Resulting Issuer's equity-based compensation is an important component of its total compensation program. Equity-based compensation is intended to create an ownership culture among executives that will provide an incentive to contribute to the continued growth and development of the Resulting Issuer's business and aligns the interests of its executive officers with those of its shareholders.

Compensation of Directors

The Resulting Issuer pays compensation to its directors, which may be comprised of cash (including annual fees for attending meetings of the Resulting Issuer Board and additional compensation for acting as chairs of committees of the Resulting Issuer Board) and Awards granted in accordance with the terms of the Resulting Issuer Equity Incentive Plan and the CSE Policies, or a combination of both. The directors will be reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the Resulting Issuer Board, committees of the Resulting Issuer Board or meetings of the shareholders of the Resulting Issuer. Compensation of the directors will be determined by the Board.

The Resulting Issuer has obtained customary insurance for the benefit of its directors and has entered into indemnification agreements with its directors pursuant to which the Resulting Issuer has agreed to indemnify its directors to the extent permitted by applicable law.

Distributions Paid to Klee Irwin

The below table summarizes the distributions that have been paid by Irwin to Klee Irwin, promoter of the Resulting Issuer, in the past 5 years.

Year	US\$
2021 (Q1)	\$1,096,981.71
2020	\$7,290,615.30
2019	\$5,739,536.86
2018	\$8,624,031.45
2017	\$12,454,980.26
2016	\$8,167,904.10
	<u><u>\$43,374,049.69</u></u>⁽¹⁾

Notes:

(1) These distributions include sizeable amounts due for S-Corporation taxes, which shareholders are responsible for.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or officers of the Resulting Issuer or proposed directors or officers of the Resulting Issuer, nor any of its Associates, are indebted to the Resulting Issuer or any of its subsidiaries, and neither will any indebtedness of any of these individuals or Associates to another entity be the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Resulting Issuer or any of its subsidiaries.

17. RISK FACTORS

The acquisition of any of the securities the Resulting Issuer is speculative, involving a high degree of risk and should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Resulting Issuer should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Investors should evaluate carefully the following risk factors associated with the Resulting Issuer's securities, along with the risk factors described elsewhere in this presentation.

An investment in the securities of the Resulting Issuer could affect your admissibility to the United States by virtue of business or financial involvement in the legal marijuana industry in Canada or in the United States. Because marijuana remains illegal under United States federal law, those who are not U.S. citizens employed at or investing in legal and licensed U.S. marijuana companies could face detention, denial of entry or lifetime bans from the United States for their business associations with marijuana U.S. businesses. Moreover, marijuana remains a Schedule 1 controlled substance under the CSA, and the penalties for violating the CSA may include criminal penalties of up to twenty (20) years in prison and/or a fine of up to \$2 million. In addition, the U.S. government can seize and seek the civil forfeiture of the real or personal property used to facilitate the sale of marijuana as well as the money or other proceeds received in connection with such sale. Thus, an investment in these securities could subject the investor to criminal and personal liabilities.

Risks Related to the Regulatory Environment

Changes to state laws pertaining to Hemp

The 2018 Farm Bill provides that states and Native American tribes may assume primary regulatory authority over the production of Hemp in their jurisdictions through a Hemp plan approved by the USDA. As of the date hereof, the USDA has approved twenty-four state Hemp production plans submitted after the IFR became effective. If a state does not elect to devise a Hemp regulatory program, Hemp cultivators in such states can apply for licenses under the program established by the USDA. Approximately 20 states have chosen not to submit plans to the USDA, instead relying on their pilot program authorizations from the 2014 Farm Bill. Continued development of the Hemp industry will be dependent upon new legislative authorization of Hemp at the state level, and further amendment or supplementation of legislation at the federal level. Any number of events or occurrences could slow or halt progress altogether in this space. While progress within the Hemp industry is currently encouraging, growth is not assured. While there appears to be ample public support for favorable legislative action at the state and federal levels, numerous factors may impact or negatively affect the legislative process(es) within the various states the Resulting Issuer has business interests in or anticipate having interests in in the future. For example, a growing number of states have issued guidance or passed laws prohibiting the sale of Hemp-derived consumable products. Any one of these factors could slow or halt use of Hemp or Hemp derived cannabinoids such as CBD, which would negatively impact the Resulting Issuer's business or growth, including possibly causing the Resulting Issuer to discontinue operations as a whole.

Changes to federal laws pertaining to Hemp

Federal regulations under the 2018 Farm Bill were promulgated in the IFR on October 31, 2019. On January 15, 2021, the USDA issued its Final Rule governing the domestic production of Hemp under the 2018 Farm Bill and also specified the provisions that a state or tribal Hemp plan must contain to be in compliance with the 2018 Farm Bill. The Final Rule is effective March 22, 2021, although certain portions of the final rule will not go into effect until December 31, 2022. However, some states are continuing to operate under the 2014 Farm Bill since states have until January 1, 2022 to operate under a state plan approved by the USDA. This means that states will continue to make changes to their Hemp plans prior to submitting them to the USDA for final approval. Should certain states' permanent regulations adopted pursuant to the 2018 Farm Bill or other regulations result in stricter requirements on the Resulting Issuer than those previously adopted under the 2014 or 2018 Farm Bills, such changes could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Risks associated with numerous laws and regulations

The manufacture, labeling and distribution of the products that the Resulting Issuer distribute are regulated by various federal, state and local agencies. These governmental authorities may commence regulatory or legal proceedings, which could restrict the permissible scope of the Resulting Issuer's product claims or the ability to sell its products in the future. The FDA regulates the Resulting Issuer's products to ensure that the products are not adulterated or misbranded.

The Resulting Issuer is subject to regulation by the U.S. federal government and other state and local agencies as a result of its Hemp-based CBD products. The shifting compliance environment and the need to build and maintain robust systems to comply with different regulations in multiple jurisdictions increase the possibility that the Resulting Issuer may violate one or more of the requirements. If the Resulting Issuer's operations are found to be in violation of any of such laws or any other governmental regulations, or perceived to be in violation, the Resulting Issuer may be subject to penalties including, without limitation, civil and criminal penalties, damages, fines, the curtailment or restructuring of the Resulting Issuer's operations, any of which could adversely affect the Resulting Issuer's business and financial results. In addition, the FDA is expected to make determinations as to how certain CBD products will be regulated and is expected to, in the long term, consider modernization in its regulation of dietary supplements generally.

Failure to comply with FDA requirements may result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions. The Resulting Issuer's advertising is subject to regulation by the FTC under the *Federal Trade Commission Act* as well as subject to regulation by the FDA under the DSHEA. In recent years, the FTC has initiated numerous investigations of dietary supplement products and companies based on allegedly deceptive or misleading claims. Notably, on December 17, 2020, the FTC announced its first law enforcement crackdown on deceptive claims in the growing market for CBD products. The FTC took action against six sellers of CBD products for allegedly making a wide range of scientifically unsupported claims about its ability to treat serious health conditions. Among other things, each of the companies, and individuals behind them, were required to stop making such unsupported health claims immediately, and several will pay monetary judgments to the agency. At any point, enforcement strategies of a given agency can change as a result of other litigation in the space or changes in political landscapes, and could result in increased enforcement efforts, which would materially impact the Resulting Issuer's business. Additionally, some states also permit advertising and labeling laws to be enforced by state attorney generals, who may seek relief for consumers, seek class-action certifications, seek class-wide damages and product recalls of products sold by the Resulting Issuer. Any actions against the Resulting Issuer by any governmental authorities (domestic or international) or private litigants could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Compliance with changes in legal, regulatory and industry standards may adversely affect the Resulting Issuer's businesses

The formulation, manufacturing, packaging, labeling, handling, distribution, importation, exportation, licensing, sale and storage of the Resulting Issuer's products are affected by extensive laws, governmental regulations, administrative determinations, court decisions and similar constraints. Such laws, regulations and other constraints may exist at the federal, provincial or local levels. There is currently no uniform regulation applicable to natural health products worldwide. There can be no assurance that the Resulting Issuer is currently in compliance with all of these laws, regulations and other constraints, and changes to such laws, regulations and other constraints may have a material adverse effect on operations. The cost of complying with the legal Cannabis industry cannot be known until the regulatory environment is made clear. In addition, special taxes or fees on businesses in the Cannabis industry may affect the Resulting Issuer's plans to enter the industry. If the Resulting Issuer is unable to respond appropriately to these changing federal and state regulations, it may not be successful in capturing significant market share.

Proposition 65 (California)

The Office of Environmental Health Hazard Assessment ("OEHHA") in California maintains a list of chemicals that allegedly may cause cancer or harm reproductive health when consumers are exposed to such chemicals. If a consumer product contains a chemical that is on this list of chemicals (the "**Prop 65 List**"), the attorney general, local district attorneys and/or private plaintiffs have the potential to apply substantial fines. If a chemical on the Prop 65 List is present in a consumer good, that company is responsible for providing a specific safe harbor warning identifying the presence of that chemical. Dietary supplements, food and cosmetics are a popular target for the enforcement of this regulation due to the presence of naturally occurring amounts of chemicals on the Prop 65 List that may be present in ingredients. Beginning in January 2021, THC has been added to the Prop 65 List, without a corresponding safe harbor amount. As noted elsewhere in this Listing Statement, Hemp is permitted to have up to 0.3% of THC. Although naturally occurring amounts of chemicals are exempted from the regulation in certain circumstances, there can be no assurances that a court of law or regulatory body will agree with the Resulting Issuer's reliance on this exemption.

Incorrect interpretation of the 2018 Farm Bill

The Resulting Issuer's position is that the 2018 Farm Bill permanently removed Hemp from the CSA and it is now deemed an agricultural commodity, and accordingly the DEA no longer has any claim to interfere with the interstate commerce of Hemp products, so long as the THC level is at or below 0.3% on a dry weight basis. There

is a risk that the Resulting Issuer's interpretation of the legislation is inaccurate or that it will be successfully challenged by federal or state authorities. A successful challenge to such position by a state or federal authority could have a material adverse effect on the Resulting Issuer, including civil and criminal penalties, damages, fines, the curtailment or restructuring of the Resulting Issuer's operations or asset seizures and the denial of regulatory applications.

Uncertainty caused by potential changes to regulatory framework

There is substantial uncertainty and different interpretations among federal, state and local regulatory agencies, legislators, academics and businesses as to the importation of derivatives from exempted portions of the Cannabis plant and the scope of 2018 Farm Bill- compliant Hemp programs relative to the 2014 Farm Bill and the emerging regulation of cannabinoids and Hemp-derived consumable products. While some states explicitly authorize and regulate the production and sale of Hemp-derived consumables or otherwise provide legal protection for authorized individuals to engage in such activities, other states restrict the sale of all Hemp consumable products to state medical or adult-use marijuana program licensees. Additionally, a number of state laws and policies prohibit the sale of certain consumable CBD products based on the FDA's position that, pursuant to the FD&C Act it is unlawful to introduce food containing added CBD into interstate commerce, or to market CBD products as, or in, dietary supplements, regardless of whether the substances are Hemp-derived. The uncertainties cannot be resolved without further federal, and potentially state-level, legislation, regulation or a definitive judicial interpretation of existing legislation and rules. If these uncertainties continue, they may have an adverse effect upon the introduction of the Resulting Issuer's products in different markets.

Although the Resulting Issuer believes that the Biden administration will appoint an FDA commissioner that will advance the much-needed regulations in connection with Hemp-derived CBD, the current transition period has slowed the pending regulatory changes being advanced by the prior FDA. There can be no assurance as to how or when the FDA will develop a regulatory regime permitting Hemp-derived compounds in foods or dietary supplements, or if Hemp-derived products will be further restricted. Further delay in the development of such a regulatory regime would have an adverse effect on the business of the Resulting Issuer.

New dietary ingredient objection by FDA

There is substantial uncertainty and different interpretations among state and federal regulatory agencies, legislators, academics and businesses as to whether cannabinoids were present in the food supply and marketed prior to October 15, 1994, or whether such inclusion of cannabinoids is otherwise approved by the FDA as dietary ingredients. In addition, there is substantial uncertainty and different interpretations as to whether cannabinoids are, by definition, an impermissible adulterant due to marijuana being a controlled substance under the CSA. The uncertainties cannot be resolved without further federal legislation, regulation or a definitive judicial interpretation of existing legislation and rules. A determination that Hemp products containing cannabinoids were not present in the food supply marketed prior to October 15, 1994, or are not otherwise permissible for use as a dietary ingredient or are adulterants would have a materially adverse effect upon the Resulting Issuer and its business.

On March 3, 2021, Irwin submitted an NDIN even though CBD has been available in the food supply for decades and it believe it was unnecessary to file the notice. Irwin, however, submitted the NDIN out of the abundance of caution and to ensure the burden shifts to the FDA regarding the legality of Irwin's FSHE. Indeed, Irwin has made its position clear to the FDA through multiple meetings and included a lengthy argument supporting the notion that the FSHE it uses is an old dietary ingredient and not pre-empted by any previously approved pharmaceutical products. Furthermore, Irwin explained that this submission was in response to the FDA's request for product manufacturers to submit safety data, and not because a notification is necessary as explained above. On July 23, 2021, Irwin received a response from the FDA which the agency raised two concerns, in the alternative: (1) the FDA stated it did not believe a product containing CBD is precluded from being marketed as a dietary ingredient; and (2) even if it is not precluded, it had concerns regarding the safety of CBD such that it "may" render the ingredient adulterated under FFDCA.

As stated, this letter does not cause the product to be considered unlawful. The FDA attempted to carefully craft the letter to avoid it being considered final agency action which would have permitted Irwin to sue the agency. Indeed, the letter attempts to simply state the FDA's opinion in an attempt to avoid costly litigation being instituted by Irwin. Accordingly, Irwin is free to market the product until such time the FDA institutes enforcement action (note a Warning Letter is not considered an enforcement action rather it requires the FDA to either seize the product or sue Irwin) and a court finds in favor of with FDA after a full trial on the merits. With that said, the FDA continues to exercise enforcement discretion regarding CBD for over 6 years and has limited its actions to warning letters to companies making egregious claims. Importantly, the FDA has not taken one company to court over the legality of CBD being sold as a dietary supplement. The FDA took a similar position regarding an NDIN filed for NAC, however, NAC has remained on the market and absent a few warning letter primarily related to claims, the FDA has not taken any steps to remove this ingredient from the marketplace. Regardless, all companies marketing CBD product in the United States understand the inherent risk associated with marketing such products and this risk is not any greater for Irwin than any other company. However, the risk exists and will continue to exist until either FDA moves forward with providing a regulatory pathway for these products or FDA institutes a legal action and prevail in court. Until such time, at least in the near future, we do not expect FDA to institute any lawsuits in an attempt to remove CBD products from the market. We cannot express an opinion on the ultimate outcome of such a case except to state that both sides have reasonable arguments to support their position. If the FDA were to instate a lawsuit against the Resulting Issuer in an attempt to remove CBD products from the market, this would have a material adverse effect on the Resulting Issuer and its business. See Section 3.3 of this Listing Statement – “*Trends, Commitments, Evens or Uncertainties – New Dietary Ingredient Submission for FSHE*” for more information.

FDA interpretation of the investigation as a new drug preclusion

The FDA has taken the position that CBD cannot be added to food or marketed in, or as, a dietary supplement because it has been the subject of investigation as a new drug, also known as the IND Preclusion. According to the FDA, the submission of the investigation as a new drug application for Epidiolex by Greenwich Biosciences, the U.S. subsidiary of London-based GW Pharmaceuticals, preceded the sales and marketing of CBD as a dietary supplement. It is the FDA's interpretation of the IND Preclusion that the preclusion date is the date in which it authorized the drug for investigation. If the FDA were to begin strict enforcement actions against manufacturers of products containing Hemp-derived CBD based on the IND Preclusion, this would materially and adversely impact the Resulting Issuer's business and financial condition.

FDA enforcement letters

The FDA continues to enforce against violations of the FD&C Act by issuing warning letters to companies marketing and selling Hemp-derived CBD products. As recently as March 2021, the FDA sent warning letters to two (2) companies (that are unrelated to the Resulting Issuer) for selling products labeled as containing CBD in ways that violate the FD&C Act. The letters reiterate the agency's position that CBD cannot be added to food and dietary supplements and targeted companies whose products violated the FD&C Act's prohibition against: i) marketing CBD as or in a dietary supplement, human and animal food, or food additives; ii) marketing a dietary supplement, human and animal food, or cosmetic with disease or drug claims (i.e., claims suggesting that a product is intended to treat, cure, or prevent disease); iii) including a substance in human or animal food when that substance is not generally recognized as safe; and iv) selling products that are misbranded due to their failure to include "adequate directions for use by a layperson". The FDA also issued a consumer update reaffirming its position that CBD cannot lawfully be added to a food or marketed in, or as, a dietary supplement due to existing provisions of the FD&C Act, and outlines the data and potential safety issues it is considering as part of its ongoing evaluation of potential regulatory frameworks for CBD. Notably, the FDA states that it could not conclude based on available data that CBD is "generally recognized as safe" for use in human or animal food. While this is broad and may not be applicable in all instances, it nevertheless could materially and adversely impact the Resulting Issuer's businesses and financial condition. Further, the FDA has recently stated that it will continue to police the market and enforce against CBD products. The FDA's enforcement against the unlawful

sale and marketing of CBD products has to date been limited to the issuance of warning letters, but they have a number of other enforcement means available to them, including civil and criminal penalties. The FDA's current prohibition on certain Hemp-derived products and the unknowns and associated risks of potential future regulations governing Hemp-derived CBD products create risk for the Resulting Issuer's businesses.

FTC enforcement actions

The FTC has issued more than 330 warning letters related to the pandemic, more than 90 of which were joint letters with the FDA. On December 17, 2020, the FTC announced its first law enforcement crackdown on deceptive claims in the growing market for CBD products. The FTC took action against six sellers of CBD products for allegedly making a wide range of scientifically unsupported claims about their ability to treat serious health conditions. Among other things, each of the companies, and individuals behind them, were required to stop making such unsupported health claims immediately, and several will pay monetary judgments to the agency. The crackdown, dubbed Operation CBDeceit by the FTC, is part of the agency's ongoing effort to protect consumers from false, deceptive, and misleading health claims made in advertisements on websites and through social media companies such as Twitter. While this enforcement action as well as all warning letters issued by the agency to date have been aimed at companies making unapproved health claims about CBD products and the Resulting Issuer makes no such claims regarding its products, the enforcement strategies of the FTC can change at any time, which could materially impact the Resulting Issuer's business. Additionally, some states also permit advertising and labeling laws to be enforced by state attorney generals, who may seek relief for consumers, seek class-action certifications, seek class-wide damages and product recalls of products sold by the Resulting Issuer. Any actions against the Resulting Issuer by any governmental authorities (domestic or international) or private litigants could have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

DEA Interpretation of the 2018 Farm Bill

On August 21, 2020, the DEA issued an interim final rule for public comment in order to officially codify the amendment to the CSA provided by the 2018 Farm Bill with regards to Hemp and its constituents. In addition to amending the definitions of THC and marijuana to comply with the 2018 Farm Bill, the DEA's rule also states that any material containing more than 0.3% THC on a dry-weight basis at any time is still classified as a Schedule I substance. This portion of the rule is potentially problematic for the Hemp industry because the Hemp cannabinoid extraction process can temporarily result in increased THC levels, causing the intermediary Hemp to be considered a Schedule I substance under the terms of the rule, even if the material returns to less than 0.3% THC by the conclusion of the process. The rule also provides that for synthetically derived tetrahydrocannabinols, the concentration of THC is not a determining factor in whether the material is a controlled substance. All synthetically derived tetrahydrocannabinols remain schedule I controlled substances. Enforcement of the DEA interim final rule may result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines, and criminal prosecutions. Additionally, enforcement of the DEA interim final rule could jeopardize the legality of the Resulting Issuer's intermediate Hemp products, such as in-process Hemp extract that is subsequently incorporated in the Resulting Issuer's finished products. Such enforcement would disrupt the Resulting Issuer's operations and would have an adverse effect on the business, financial condition and results of operations.

Regulatory approval and permits

The Resulting Issuer may be required to obtain and maintain certain permits, licenses and approvals in the jurisdictions where its products are sold. There can be no assurance that the Resulting Issuer will be able to obtain or maintain any necessary licenses, permits or approvals. Any material delay or inability to receive these items is likely to delay and/or inhibit the Resulting Issuer's ability to conduct business, and would have an adverse effect on its businesses, financial condition and results of operations.

Environmental, health and safety laws

The Resulting Issuer is subject to environmental, health and safety laws and regulations in each jurisdiction in which the Resulting Issuer operates. Such regulations govern, among other things, emissions of pollutants into the air, wastewater discharges, waste disposal, the investigation and remediation of soil and groundwater contamination, and the health and safety of the Resulting Issuer's employees. For example, the Resulting Issuer's products and the raw materials used in its production processes are subject to numerous environmental laws and regulations. The Resulting Issuer may be required to obtain environmental permits from governmental authorities for certain of its current or proposed operations. The Resulting Issuer may not have been, nor may it be able to be at all times, in full compliance with such laws, regulations and permits. If the Resulting Issuer violates or fails to comply with these laws, regulations or permits, the Resulting Issuer could be fined or otherwise sanctioned by regulators.

As with other companies engaged in similar activities or that own or operate real property, the Resulting Issuer faces inherent risks of environmental liability at its current and historical production sites. Certain environmental laws impose strict and, in certain circumstances, joint and several liability on current or previous owners or operators of real property for the cost of the investigation, removal or remediation of hazardous substances as well as liability for related damages to natural resources. In addition, the Resulting Issuer may discover new facts or conditions that may change its expectations or be faced with changes in environmental laws or its enforcement that would increase its liabilities. Furthermore, the costs of complying with current and future environmental and health and safety laws, or the Resulting Issuer's liabilities arising from past or future releases of, or exposure to, regulated materials, may have a material adverse effect on its businesses, financial condition and results of operations.

Anti-money laundering laws and regulations

The Resulting Issuer is subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the *U.S. Currency and Foreign Transactions Reporting Act of 1970* (commonly known as the Bank Secrecy Act), as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (USA PATRIOT Act), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Criminal Code* (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In February 2014, the FCEN Memo was issued. The FCEN Memo states that in some circumstances, it may not be appropriate to prosecute banks that provide services to marijuana-related businesses for violations of federal money laundering laws. It refers to supplementary guidance that former Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on marijuana-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FCEN Memo. Under U.S. federal law, banks or other financial institutions that provide a marijuana-related business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting or conspiracy.

Banking

Since the production and possession of marijuana is currently illegal under U.S. federal law and the Resulting Issuer relies on exemptions promulgated pursuant to the 2014 and the 2018 Farm Bills, it is possible that banks may refuse to open bank accounts for the deposit of funds from businesses involved with the Hemp industry. The inability to open bank accounts with certain institutions could materially and adversely affect the business of the Resulting Issuer.

On December 3, 2019, the Federal Reserve Board, Federal Deposit Insurance Corporation, FCEN, and Office of the Comptroller of the Currency in consultation with the Conference of State Bank Supervisors, issued a statement to provide clarity regarding the legal status of commercial growth and production of Hemp and relevant requirements for banks under the *Bank Secrecy Act*. The statement emphasized that banks were no longer required to file suspicious activity reports for customers solely because they are engaged in the growth or cultivation of Hemp in accordance with applicable laws and regulations. Regulatory uncertainty in respect of the laws, rules, regulations and directives facing banks which provide services to Hemp and marijuana industry participants, if revised or resolved unfavorably to the Resulting Issuer's interest, may materially and adversely affect the business of the Resulting Issuer.

There may be unknown additional regulatory fees and taxes that may be assessed in the future

Multiple states in the U.S. are considering or may be considering special taxes or fees on businesses in the Hemp industry. The imposition of such additional taxes or fees could adversely affect the Resulting Issuer's operating results and expected returns on future investments and/or business opportunities.

Liability for actions of employees, contractors and consultants

The Resulting Issuer could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Resulting Issuer.

The Resulting Issuer is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Resulting Issuer that violate: (i) government regulations; (ii) manufacturing standards; (iii) U.S. federal fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Resulting Issuer to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Resulting Issuer to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Resulting Issuer from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Resulting Issuer, and they are not successful in defending themselves or asserting their rights, those actions could have a significant impact on its business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, the curtailment of the Resulting Issuer's operations or asset seizures, any of which could have a material adverse effect on the Resulting Issuer's businesses, financial condition and results of operations.

Business and Operational Risks

Difficulty to forecast

The Resulting Issuer will need to rely largely on its own market research to forecast industry trends and statistics as detailed forecasts are, with certain exceptions, not generally available from other sources at this early stage of the Cannabis industry. A failure in the demand for the Resulting Issuer's products to materialize as a result of competition, technological change, change in the regulatory or legal landscape or other factors could have a material adverse effect on the Resulting Issuer's businesses, financial condition and results of operations.

Product price decreases

The markets for businesses in the CBD and Hemp extracts industries are highly competitive and becoming increasingly saturated. The prices for both CBD isolate and distillate have fluctuated significantly and most recently have shown a decreasing trend. While the Resulting Issuer believes market prices will stabilize, a continued decline in the price of CBD isolate and distillate may have a material adverse effect on the Resulting Issuer's results of operations and financial condition.

Management of growth

The ability to achieve desired growth will depend on the Resulting Issuer's ability to identify, evaluate and successfully negotiate investment opportunities with target companies. Achieving this objective in a cost-effective manner will be a product of the Resulting Issuer's sourcing capabilities, the management of the investment process, the ability to provide capital on terms that are attractive to target companies and access to financing on acceptable terms. Failure to effectively manage any future growth and successfully negotiate suitable investments could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

As the Resulting Issuer grows, the Resulting Issuer will also be required to hire, train, supervise and manage new employees. The Resulting Issuer may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Their future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Resulting Issuer's personnel, systems, procedures and controls may be inadequate to support its future operations. Failure to effectively manage any future growth could have a material adverse effect on the businesses, financial condition or results of operations of the Resulting Issuer.

Operation permits and authorizations

The Resulting Issuer may not be able to obtain or maintain the necessary licenses, permits, certificates, authorizations or accreditations, or may only be able to do so at great cost, to operate its business. In addition, the Resulting Issuer may not be able to comply fully with the wide variety of laws and regulations applicable to the Hemp industry. Failure to comply with or to obtain the necessary licenses, permits, certificates, authorizations or accreditations could result in restrictions on the Resulting Issuer's ability to operate in the Hemp industry, which could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer relies to a great extent on the expertise of its board of directors and officers, and any departures may impair the Resulting Issuer's businesses and investments

The successful ongoing operation of the Resulting Issuer requires substantial expertise. The members of the board of directors of the Resulting Issuer have exclusive authority to make decisions and to exercise investment acquisition discretion on behalf of the Resulting Issuer. The success of the Resulting Issuer depends to a great extent upon the expertise of the Resulting Issuer Board and officers. The loss of the services of any member of the board of directors or one or more of the officers could have a material adverse effect on the businesses, financial condition or results of operations of the Resulting Issuer.

Credit risk and concentration

Credit risk is the risk that the Resulting Issuer will incur a loss because its customers, clients or counterparties fail to discharge its contractual obligations. Financial instruments that potentially subject the Resulting Issuer to a significant concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable. The maximum amount of credit risk exposure is limited to carrying amounts of these balances in the consolidated financial statements.

The Resulting Issuer's largest credit risk arises from the fact that three customers accounted for approximately 38% of the Irwin's sales for the year ended December 31, 2020 and 36% of Irwin's sales for the year ended December 31, 2019. Two of these customers and another customer represented approximately 50% of the accounts receivable balance of Irwin as of December 31, 2020 and approximately 44% of the accounts receivable balance as of December 31, 2019. Payments to one major vendor accounted for approximately 76% of Irwin's inventory purchases for the year ended December 31, 2020 and approximately 73% for the year ended December

31, 2019. This vendor represented approximately 51% of the accounts payable balance as of December 31, 2020 and approximately 27% as of December 31, 2019.

At March 31, 2021, less than 3% of accounts receivable from these three customers were overdue, and the Resulting Issuer considers that the risk of default associated with these customers is low. The Resulting Issuer mitigates its exposure to credit risk arising from other accounts receivable by subjecting customers to credit verification procedures and monitoring accounts receivable balances on an ongoing basis.

Uncertainty regarding the potential phase-out of LIBOR may negatively impact the Resulting Issuer's operating results

LIBOR, the interest rate benchmark used as a reference rate on the Resulting Issuer's line of credit, is expected to be phased out after 2021, when private-sector banks are no longer required to report the information used to set the rate. Without this data, LIBOR may no longer be published, or the lack of quality and quantity of data may cause the rate to no longer be representative of the market. At this time, no consensus exists as to what rate or rates will become accepted alternatives to LIBOR, although the US Federal Reserve, in connection with the Alternative Reference Rates Committee ("ARRC"), a steering committee comprised of large US financial institutions, is considering replacing US dollar LIBOR with the Secured Overnight Financing Rate ("SOFR"). SOFR is a more generic measure than LIBOR and considers the cost of borrowing cash overnight, collateralized by US Treasury securities. Given the inherent differences between LIBOR and SOFR or any other alternative benchmark rate that may be established, there are many uncertainties regarding a transition from LIBOR, including but not limited to the need to amend all contracts with LIBOR as the referenced rate and how this will impact the Resulting Issuer's cost of debt. The Resulting Issuer will also need to consider new contracts and if they should reference an alternative benchmark rate or include suggested fallback language, as published by the ARRC. The consequences of these developments with respect to LIBOR cannot be entirely predicted and span multiple future periods but could result in an increase in the cost of the Resulting Issuer's debt which may be negatively impact the Resulting Issuer's financial position or operating results.

Security risks

The business premises of the Resulting Issuer's operating locations may be targets for theft. While the Resulting Issuer has implemented security measures at each location and continue to monitor and improve its security measures, its facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and the Resulting Issuer fell victim to a robbery or theft, the loss of Hemp plants, cultivation and production equipment or other products could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Talent pool

The Resulting Issuer's future success largely depends upon the continued services of their executive officers and management team. If one or more of the Resulting Issuer's executive officers are unable or unwilling to continue in their present positions, the Resulting Issuer may not be able to replace them readily, if at all. Additionally, the Resulting Issuer may incur additional expenses to recruit and retain new executive officers. If any of the Resulting Issuer's executive officers joins a competitor or forms a competing company, it may lose some or all of its customers. Finally, the Resulting Issuer does not maintain "key person" life insurance on any of its executive officers. Because of these factors, the loss of the services of any of these key persons could adversely affect its business, financial condition and results of operations, and thereby an investment in its stock.

As the Resulting Issuer grows, it will need to hire additional human resources to continue to develop its businesses. However, experienced talent in the areas of Hemp and CBD research and development, growing Hemp and extraction, as well as senior management, are difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable. Without adequate personnel and expertise, the growth of the business of the Resulting Issuer may suffer. There can be no assurance that any of the Resulting Issuer will

be able to effectively manage growth, and any failure to do so could have a material adverse effect on the businesses, financial condition or results of operations of the Resulting Issuer.

Reliance on key inputs

The cultivation, extraction and production of Hemp and Hemp derivative products is dependent on a number of key inputs and their related costs including raw materials, electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could have a material adverse effect on the anticipated businesses, financial condition or results of operations of the Resulting Issuer. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Resulting Issuer might be unable to find a replacement for such source in a timely manner or at all. Any inability to secure required supplies and services or to do so on appropriate terms could have a material adverse effect on the businesses, financial condition or results of operations of the Resulting Issuer.

In addition, Hemp growing operations consume considerable energy, making the Resulting Issuer vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Resulting Issuer and its ability to operate profitably.

Product sustainability

If the products the Resulting Issuer sells do not have the physiological effects intended, the business may suffer. The Resulting Issuer's products may contain innovative ingredients or combinations of ingredients. There is little long-term experience with human or other animal consumption of certain of these ingredients or combinations thereof in concentrated form. The Resulting Issuer's products could have certain side effects if not taken as directed or if taken by a consumer that has certain medical conditions. Furthermore, there can be no assurance that any of the products, even when used as directed, will have the effects intended or will not have harmful side effects.

Changing consumer preferences and customer retention

As a result of changing consumer preferences, many dietary supplements and other innovative products attain financial success for a limited period of time. Even if the Resulting Issuer's products find retail success, there can be no assurance that any of its products will continue to see extended financial success. The Resulting Issuer's success will be significantly dependent upon its ability to develop new and improved product lines. Even if they are successful in introducing new products or developing its current products, a failure to gain consumer acceptance or to update products with compelling content could cause a decline in its products' popularity that could reduce revenues and harm the Resulting Issuer's business, operating results and financial condition. Failure to introduce new features and product lines and to achieve and sustain market acceptance could result in the Resulting Issuer being unable to meet consumer preferences and generate revenue which would have a material adverse effect on its profitability and financial results from operations.

Product liability

The Resulting Issuer manufactures, processes and/or distributes products designed to be ingested by humans, and therefore faces an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused loss or injury. In addition, the manufacture and sale of Cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of Hemp products alone or in combination with other medications or substances could occur. Although the Resulting Issuer has quality control procedures in place, the Resulting Issuer may be subject to various product liability claims, including, among others, that the products produced by the Resulting Issuer, or the products purchased by the Resulting Issuer from a third party,

caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

In addition, there has been consumer class action litigation initiated against various companies selling food and dietary supplements containing CBD, based on the argument that the products are not compliant dietary supplement and food products, and labeling the products as such is itself a false claim. It is also very common for dietary supplement, food and cosmetic products to be the subject of consumer class actions initiated on the premise that such products are making false claims in the products' labeling and advertising. Litigation of this nature needs to be evaluated on a case by case basis to ascertain validity of the claims, and the resulting impact on a company that is the subject of such litigation.

Although the Resulting Issuer is insured against such claims, a product liability claim or regulatory action could result in increased costs, could adversely affect the reputation of the Resulting Issuer, and could have a material adverse effect on the businesses, financial condition or results of operations of the Resulting Issuer. There can be no assurances that product liability insurance will be obtained or maintained on acceptable terms or with adequate coverage against potential liabilities.

Product recalls

Despite the Resulting Issuer's quality control procedures, cultivators, manufacturers and distributors of products are sometimes subject to the recall or return of its products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Resulting Issuer, or any of the products purchased by the Resulting Issuer from a third party, are recalled due to an alleged product defect or for any other reason, the Resulting Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall and may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. Additionally, if one of the products produced by the Resulting Issuer, or one of the products purchased by the Resulting Issuer from a third party, were subject to recall, the image of that product and the Resulting Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products produced by the Resulting Issuer or purchased from a third party and could have a material adverse effect on the anticipated businesses, financial condition or results of operations of the Resulting Issuer.

Positive test for THC or banned substances

The Resulting Issuer's products are made from Hemp, which contains trace amounts of THC. As a result, certain of the Resulting Issuer's products contain low levels of THC. THC is considered a banned substance in many jurisdictions. Moreover, the regulatory framework for legal amounts of consumed THC is evolving. Whether or not ingestion of THC (at low levels or otherwise) is permitted in a particular jurisdiction, there may be adverse consequences to end users who test positive for trace amounts of THC attributed to use of the Resulting Issuer's products. In addition, certain metabolic processes in the body may cause certain molecules to convert to other molecules which may negatively affect the results of drug tests. A claim or regulatory action against the Resulting Issuer based on such positive test results could adversely affect the Resulting Issuer's reputation and could have a material adverse effect on its business and operational results.

Reputational risk

The Resulting Issuer believes that the CBD industry (and the Cannabis industry in general) is highly dependent upon consumer perception regarding the safety, efficacy and quality of the products. Consumer perception can be significantly influenced by scientific research or findings, regulatory proceedings, litigation, media attention and other publicity regarding the consumption of CBD or Cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the CBD or Cannabis markets or any particular product, are consistent with

currently held views. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the Cannabis industry and demand for its products and services, which could affect the Resulting Issuer's business, financial condition and results of operations and cash flows. The Resulting Issuer's dependence upon consumer perception means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Resulting Issuer, its businesses, financial condition, results of operations and cash flows. Further, adverse publicity, reports or other media attention regarding the safety, efficacy and quality of CBD or Cannabis in general, or the Resulting Issuer's products specifically, or associating the consumption of CBD or Cannabis with illness or other negative effects or events, could have a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately, or as directed.

In addition, parties outside of the CBD or Cannabis industries with which the Resulting Issuer does business may perceive that they are exposed to reputational risk as a result of the Resulting Issuer's Cannabis related business activities. For example, the Resulting Issuer could receive a notification from a financial institution advising it that they would no longer maintain banking relationships with those in the CBD and/or Cannabis industry. Similarly, e-commerce platforms may refuse to carry or continue to carry the Resulting Issuer's products on its platforms. The Resulting Issuer may, in the future, have difficulty establishing or maintaining bank accounts or other business relationships that they need to operate its businesses. Failure to establish or maintain business relationships could have a material adverse effect on the Resulting Issuer.

In addition, certain international jurisdictions in which the Resulting Issuer may sell products may not differentiate between Hemp and recreational or medical marijuana. In particular, the Resulting Issuer's products may be categorized and labelled as marijuana, medical marijuana or a similar category notwithstanding that the product is, by U.S. regulatory standards, an industrial hemp-based product. This may cause confusion among customers, industry partners such as financial institutions, institutional investors, retailers and distributors as well as other parties upon whom the Resulting Issuer's business relies.

The Resulting Issuer may be subject to significant competition

A number of other companies engage in, and could engage in, a business similar to the business of the Resulting Issuer, operate businesses in competition with the Resulting Issuer and purchase assets or make investments that the Resulting Issuer will also seek to purchase or make. This competition may increase the price the Resulting Issuer will have to pay for assets or make it more difficult for the Resulting Issuer to operate at a profit and to purchase assets. The inability to operate at a profit and acquire assets on terms favorable to the Resulting Issuer may adversely impact the revenue stream that the Resulting Issuer receives and, thus, adversely impact the ability of the Resulting Issuer to pay distributions.

If the number of users of Cannabis products in Canada and the United States increases, the demand for products will increase and the Resulting Issuer expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. In addition, the Resulting Issuer expects to face competition from new entrants due to the early stage of the industry in which the Resulting Issuer operates. There could be future regulatory or legislative changes which increase the amount of available Cannabis licenses in jurisdictions in which the Resulting Issuer will operate, which could have the effect of increasing competition. To be competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could have a material adverse effect on the businesses, financial condition or results of operations of the Resulting Issuer.

Internal controls

Effective internal controls are necessary for the Resulting Issuer to provide reliable financial reports and to help prevent and detect fraud. Although the Resulting Issuer undertakes a number of procedures and implements a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Resulting Issuer under Canadian securities law, the Resulting Issuer cannot be certain that such measures will ensure that the Resulting Issuer will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Resulting Issuer's results of operations or cause it to fail to meet its reporting obligations. The Resulting Issuer has identified, as of December 31, 2020, the following material weaknesses in its internal controls: (i) lack of sufficient accounting resources with adequate technical experience around applicable accounting and financial reporting; (ii) lack of a formal process to review and authorize manually-prepared journal entries with appropriate segregation of duties; and (iii) lack of a sufficient process to capitalize certain inventoriable costs and rebates related to inventory purchases. If not remediated, these material weaknesses could result in material misstatements to the Resulting Issuer's annual or interim financial statements that might not be prevented or detected on a timely basis, or in delayed filing of required periodic reports. This could reduce the market's confidence in the Resulting Issuer's consolidated financial statements and materially adversely affect the trading price of the Subordinate Voting Shares.

Potential disclosure of personal information to government or regulatory entities

At some point in the future, the Resulting Issuer may own, manage or provide services to various U.S. state licensed marijuana operations. Acquiring even a minimal and/or indirect interest in a U.S. state-licensed marijuana business can trigger requirements to disclose investors' personal information. While these requirements vary by jurisdiction, some require interest holders to apply for regulatory approval and to provide tax returns, compensation agreements, fingerprints for background checks, criminal history records and other documents and information. Some states require disclosures of directors, officers and holders of more than a certain percentage of equity of the applicant. While certain states include exceptions for investments in publicly traded entities, not all states do so, and some such exceptions are confined to companies traded on a U.S. securities exchange. If the Resulting Issuer were to become involved in the marijuana industry and these regulations were to extend to the Resulting Issuer, investors would be required to comply with such regulations, or face the possibility that the relevant marijuana license could be revoked or cancelled by the state licensing authority.

Promoting and maintaining brands

The Resulting Issuer believes that establishing and maintaining the brand identities of products is a critical aspect of attracting and expanding a large customer base. Promotion and enhancement of brands will depend largely on success in providing high quality products. If customers and end users do not perceive the Resulting Issuer's products to be of high quality, or if the Resulting Issuer introduces new products or enter into new business ventures that are not favorably received by customers and end users, the Resulting Issuer will risk diluting brand identities and decreasing its attractiveness to existing and potential customers. Moreover, in order to attract and retain customers and to promote and maintain brand equity in response to competitive pressures, the Resulting Issuer may have to substantially increase financial commitment to creating and maintaining a distinct brand loyalty among customers. If the Resulting Issuer incurs significant expenses in an attempt to promote and maintain brands, this could cause a material adverse effect on the businesses, financial condition or results of operations of the Resulting Issuer.

The elimination of monetary liability against the Resulting Issuer's directors, officers, and employees under British Columbia law and the existence of indemnification rights for the Resulting Issuer's obligations to its directors, officers, and employees may result in substantial expenditures by the Resulting Issuer and may discourage lawsuits against its directors, officers, and employees

The Resulting Issuer's articles contain a provision permitting it to eliminate the personal liability of its directors to it and its stockholders for damages incurred as a director or officer to the extent provided by British Columbia law. The Resulting Issuer may also have contractual indemnification obligations under employment agreements with its officers or agreements entered into with its directors. The foregoing indemnification obligations could result in it incurring substantial expenditures to cover the cost of settlement or damage awards against directors and officers, which the Resulting Issuer may be unable to recoup. These provisions and the resulting costs may also discourage it from bringing a lawsuit against directors and officers for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by its stockholders against its directors and officers even though such actions, if successful, might otherwise benefit it and its stockholders.

Enforceability of judgments against foreign Corporations

Certain subsidiaries of the Resulting Issuer are organized under the laws of various U.S. states. All of the assets of these entities are located outside of Canada and certain of the experts that will be retained by the Resulting Issuer or its affiliates are residents of countries other than Canada. As a result, it may be difficult or impossible for the eventual shareholders of the Resulting Issuer to effect service within Canada upon such persons, or to realize against them in Canada upon judgments of courts of Canada predicated upon the civil liability provisions of applicable Canadian provincial securities laws or otherwise. There is some doubt as to the enforceability in the U.S. by a court in original actions, or in actions to enforce judgments of Canadian courts, of civil liabilities predicated upon such applicable Canadian provincial securities laws or otherwise. A court in the U.S. may refuse to hear a claim based on a violation of Canadian provincial securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a court in the U.S. agrees to hear a claim, it may determine that the local law in the U.S., and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by foreign law in such circumstances.

The directors and officers of the Resulting Issuer reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for Resulting Issuer shareholders to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for Resulting Issuer shareholders to effect service of process within Canada upon such persons. Courts in the United States may refuse to hear a claim based on a violation of Canadian securities laws on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a United States court agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process.

Past performance not indicative of future results

The prior investment and operational performance of the Resulting Issuer is not indicative of the future operating results of the Resulting Issuer. There can be no assurance that the historical operating results achieved by Irwin or its affiliates will be achieved by the Resulting Issuer, and the Resulting Issuer's performance may be materially different.

Results of future clinical research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of Cannabis or isolated cannabinoids (such as CBD, THC and delta-8 tetrahydrocannabinol) remains in early stages. There have been relatively few clinical trials on the benefits of Cannabis or isolated cannabinoids (such as CBD, THC and delta-8 tetrahydrocannabinol). Although the Resulting Issuer will rely on the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing

and social acceptance of Cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, Cannabis.

Future research studies and clinical trials may reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to Cannabis, which could have a material adverse effect on the demand for the Resulting Issuer's products with the potential to lead to a material adverse effect on the businesses, financial condition or results of operations of the Resulting Issuer. There is no assurance that such adverse publicity reports or other media attention will not arise.

Intellectual property generally

The success of the Resulting Issuer will depend, in part, on the ability of the Resulting Issuer to maintain and enhance trade secret protection over its existing and potential proprietary techniques and processes. The Resulting Issuer may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the Resulting Issuer. In addition, effective future patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions. Failure of the Resulting Issuer to adequately maintain and enhance protection over its proprietary techniques and processes, as well as over its unregistered intellectual property, including the policies and procedures and training manuals, could have a material adverse effect on the businesses, financial condition or results of operations of the Resulting Issuer.

Limited trademark protection

The Resulting Issuer may not be able to register United States federal trademarks for certain of its CBD products. Because the FDA continues to prohibit the use of Hemp or Hemp-derived CBD as an ingredient in food, the USPTO will not permit the registration of any trademark for a CBD product intended to be ingested. As a result, the Resulting Issuer likely will be unable to protect certain of its CBD product trademarks beyond the geographic areas in which it conducts business. The use of its trademarks outside the states in which it operates by one or more other persons could have a material adverse effect on the value of such trademarks.

The Resulting Issuer's trade secrets may be difficult to protect

The Resulting Issuer's success depends upon the skills, knowledge and experience of its scientific and technical personnel, its consultants and advisors, as well as its licensors and contractors. Because the Resulting Issuer operates in several highly competitive industries, the Resulting Issuer relies in part on trade secrets to protect its proprietary technology and processes. However, trade secrets are difficult to protect. The Resulting Issuer enters into confidentiality or non-disclosure agreements with its corporate partners, employees, consultants, outside scientific collaborators, developers and other advisors. These agreements generally require that the receiving party keep confidential and not disclose to third parties confidential information developed by the receiving party or made known to the receiving party by it during the course of the receiving party's relationship with it. These agreements also generally provide that inventions conceived by the receiving party in the course of rendering services to it will be its exclusive property, and the Resulting Issuer enters into assignment agreements to perfect its rights.

These confidentiality, inventions, and assignment agreements may be breached and may not effectively assign intellectual property rights to the Resulting Issuer. The Resulting Issuer's trade secrets also could be independently discovered by competitors, in which case the Resulting Issuer would not be able to prevent the use of such trade secrets by its competitors. The enforcement of a claim alleging that a party illegally obtained and was using its trade secrets could be difficult, expensive, and time consuming and the outcome would be unpredictable. In addition, courts outside the United States may be less willing to protect trade secrets. The failure to obtain or maintain meaningful trade secret protection could adversely affect its competitive position.

The Resulting Issuer may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to the Resulting Issuer, could subject the Resulting Issuer to significant liabilities and other costs

The Resulting Issuer's success will likely depend on its ability to use and develop new extraction technologies, recipes, know-how and new strains of Cannabis without infringing the intellectual property rights of third parties. The Resulting Issuer cannot assure that third parties will not assert intellectual property claims against them. The Resulting Issuer will be subject to additional risks if entities licensing to them intellectual property do not have adequate rights in any such licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against the Resulting Issuer, the Resulting Issuer will be required to defend itself in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which the Resulting Issuer may become a party could subject them to significant liability to third parties, require them to seek licenses from third parties, to pay ongoing royalties or subject the Resulting Issuer to injunctions prohibiting the development and operation of its applications.

If the Resulting Issuer is unable to continually innovate and increase efficiencies, its ability to attract new customers may be adversely affected

In the area of innovation, the Resulting Issuer will have to be able to develop new technologies and products that appeal to its customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to protect its intellectual property rights. The Resulting Issuer may not be successful in the development, introduction, marketing, and sourcing of new technologies or innovations, that satisfy customer needs, achieve market acceptance, or generate satisfactory financial returns.

Operational risks

The Resulting Issuer may be affected by a number of operational risks and may not be adequately insured for certain risks, including: labor disputes; catastrophic accidents; fires; blockades or other acts of social activism; equipment defects, malfunction and failures, changes in the regulatory environment; impact of non-compliance with laws and regulations; outbreak of a global pandemic (including COVID-19) that can cause interruption of operations, shortage of staff, disruption of supply chain and market volatility; and natural phenomena, such as inclement weather conditions, floods, earthquakes, ground movements, accidents and explosions that can cause personal injury, loss of life, suspension of operations, damage to facilities, business interruption and damage to or destruction of property, equipment and the environment. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Resulting Issuer's properties, grow facilities and extraction facilities, personal injury or death, environmental damage, or have an adverse impact on the Resulting Issuer's operations, costs, monetary losses, potential legal liability and adverse governmental action, any of which could have a material adverse effect on the businesses, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer will continuously monitor its operations for quality control and safety. However, there are no assurances that the Resulting Issuer's safety procedures will always prevent such damages and the Resulting Issuer may be affected by liability or sustain loss in respect of certain risks and hazards. Although the Resulting Issuer will maintain insurance coverage that they believe to be adequate and customary in the industry, there can be no assurance that such insurance will be adequate to cover the liabilities. In addition, there can be no assurance that the Resulting Issuer will be able to maintain adequate insurance in the future at rates they considers reasonable and commercially justifiable. The Resulting Issuer may elect not to insure against certain risks due to cost of or ease of procuring such insurance. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits then maintained by the Resulting Issuer, or a claim at a time when they are not able to obtain liability insurance, could have a material adverse effect on the businesses, financial condition or results of

operations of the Resulting Issuer. This lack of insurance coverage could have a material adverse effect on the anticipated businesses, financial condition or results of operations of the Resulting Issuer.

Emerging industry risk

The relatively new development of the Hemp and Cannabis industry nationally presents numerous and material risks. Many of these risks are not inherent in other developing or mature industries. Many of the risks are unknown, as are its potential consequences. The risks range from the potential collapse of the Cannabis industry that might result from changes in laws or the enforcement of existing laws to the failure of individual businesses that might result from volatile market conditions that sometimes accompany the development of new markets and industries. Additionally, the Cannabis industry is currently characterized by an absence of industry and product standards, ever-shifting legal landscapes with multiple frameworks (from state to state), rapidly shifting public opinion, and a scarcity of capital. Realization of any of these risks could have a material adverse effect on the anticipated businesses, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer is operating its businesses in a relatively new industry and market, and the Resulting Issuer's success will depend in part on its ability to attract and retain customers, develop and maintain commercial relationships and develop innovative products. In addition to being subject to general business risks applicable to a business involving a regulated consumer product, the Resulting Issuer will need to make significant investments in its business strategy. The Resulting Issuer expects that competitors will undertake similar investments. Competitive conditions, consumer preferences, customer requirements and spending patterns in this industry and market are relatively unknown and may have unique circumstances that differ from other existing industries and markets and cause the Resulting Issuer's future efforts to develop its business to be unsuccessful or to have undesired consequences for it. As a result, the Resulting Issuer may not be successful in its efforts to attract customers, leverage commercial partnerships or develop new Cannabis products and produce and distribute these Cannabis products, or these activities may require significantly more resources than currently anticipated in order to be successful.

Information technology systems and cyber security risks

The Resulting Issuer's use of technology is expected to be critical in its continued operations. The Resulting Issuer is expected to be susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions. Successful cyber-attacks and/or technological malfunctions affecting the Resulting Issuer or its service providers can result in, among other things, financial losses, the inability to process transactions, the unauthorized release of customer information or confidential information and litigation arising therefrom, and reputational risk.

The Resulting Issuer has not experienced any material losses to date relating to cybersecurity attacks, other information breaches or technological malfunctions. However, there can be no assurance that the Resulting Issuer will not incur such losses in the future. As cybersecurity threats continue to evolve, the Resulting Issuer may be required to use additional resources to continue to modify or enhance protective measures or to investigate security vulnerabilities.

The Resulting Issuer may be subject to risks associated with financial leverage

The Resulting Issuer may incur debt. As funds are borrowed, such financing will increase the risk of an investment in the Resulting Issuer Shares because debt service increases the expense of operation of the Resulting Issuer. In addition, lenders may require restrictions on future borrowing, distributions and operating policies. The Resulting Issuer's ability to meet its debt obligations will depend upon the Resulting Issuer's future performance and will be subject to financial, business and other factors affecting the Resulting Issuer's business and operations, including general economic conditions. There are no assurances that the Resulting Issuer will be able to meet its debt obligations.

Constraints on marketing products

The development of the Resulting Issuer's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environments in the United States and Canada limit the Resulting Issuer's ability to compete for market share in a manner similar to other industries. If the Resulting Issuer is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Resulting Issuer's sales and operating results could be adversely affected.

Personal information breaches

The Resulting Issuer collects and stores personal information about its customers and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly customer lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

Geo-political risk

Aside from business factors arising from the marketplace, the Resulting Issuer or its customers, partners, suppliers or vendors may operate in foreign countries and as such they may be impacted by political decisions and other factors beyond its control. There are a variety of decisions governments make that can affect individual businesses, industries, and the overall economy. These include taxes, spending, regulation, currency valuation, trade tariffs, labor laws such as the minimum wage, and environmental regulations. The laws, even if just proposed, can have an impact. Regulations can be set at all levels of government, including federal, state and local, as well as in other countries that can have an impact on the Resulting Issuer's business plans and intended installation and operation of network equipment, including environmental regulations and permitting. Other factors such as acts of terrorism and government responses to terrorism, and changes in government regulation of the products and services to be developed and offered by the Resulting Issuer may negatively impact the Resulting Issuer. The Resulting Issuer may expand to additional countries and markets in the future which would also be subject these and other geo-political risks.

Force majeure

One or more of the Resulting Issuer's current or planned operations or its assets may be negatively impacted by weather, climate disturbances, cybercrime, sabotage, terrorism, or other acts or conditions beyond the Resulting Issuer's control, which may have a material impact on the Resulting Issuer's ability to operate one or more or all of its businesses.

Risks related to COVID-19

The novel coronavirus or COVID-19 was declared a pandemic by the World Health Organization on March 12, 2020 and has caused significant economic uncertainty and consequently it is difficult to reliably measure the potential impact of this uncertainty on the Resulting Issuer's future financial results. While global vaccination rates are on the rise, significant uncertainty remains with respect to the future impact of COVID-19 on the Resulting Issuer's business, particularly as the efficacy of vaccines against variants of COVID-19 are determined. As a result, the Resulting Issuer cannot accurately estimate the severity of any such impact.

The overall severity and duration of COVID-19-related adverse impacts on the Resulting Issuer will depend on future developments which cannot currently be predicted, including directives of government and public health authorities, the speed at which suppliers and logistics providers can return to full production, the status of labor

availability, the ability to staff operations and facilities and the impact of supplier prioritization of backlog. Even after the COVID-19 outbreak has subsided, the Resulting Issuer may continue to experience material adverse impacts to its businesses as a result of its global economic impact, including any related recession, as well as lingering impacts on demand for or oversupply of the Resulting Issuer's products, its suppliers, third-party service providers and/or customers.

Depending on the duration and severity of the current COVID-19 pandemic, it may also have the effect of heightening many of the other risks described herein, such as risks relating to the successful completion of the Resulting Issuer's growth and expansion projects, including the Resulting Issuer's ability to obtain regulatory approvals on the expected timelines or at all; the Resulting Issuer's ability to maintain its credit ratings; the Resulting Issuer's ability to maintain adequate internal controls in the event that its employees are restricted from accessing its regular offices for a significant period of time; restricted access to capital and increased borrowing costs; the Resulting Issuer's ability to service obligations under its debt securities and other debt obligations; and complying with the covenants contained in the agreements that govern the Resulting Issuer's existing indebtedness.

Risks Specifically Related to the Regulation of Marijuana in the United States

The Resulting Issuer does not presently conduct business in the U.S. marijuana industry. However, one of the business objectives of the Resulting Issuer is to explore various opportunities it may have to enter the United States marijuana industry in the upcoming year, including the potential to license intellectual property owned by the Resulting Issuer to firm(s) that derive substantially all of its/their revenues from the marijuana industry in the state of California. Accordingly, although the Resulting Issuer does not currently have direct, indirect or material ancillary involvement in the marijuana industry in the United States, we have included the following risk factors regarding conducting business in the U.S. marijuana industry. If the Resulting Issuer does not engage in the U.S. marijuana industry, the risk factors contained in this section would not be applicable.

The Resulting Issuer Might Never Enter into the U.S. Marijuana Industry

The extent of Resulting Issuer's potential entry into the U.S. marijuana industry is subject to a number of factors, including but not limited to the federal legalization of marijuana in the U.S., a lucrative opportunity for entry into the industry presenting itself, decisions of management regarding the profitability of entry into the U.S. marijuana market and the entering into of negotiations and, ultimately, definitive agreements with other U.S. marijuana participants. The Resulting Issuer might never enter into the U.S. marijuana industry for a variety of reasons, including if the federal regulatory landscape in the U.S. does not evolve to allow the legal sale of the marijuana or if the appropriate opportunity does not arise, some of which are not within the control of the Resulting Issuer. In addition, even if the Resulting Issuer does enter into the U.S. marijuana industry, it may not be on the terms currently expected. For example, Resulting Issuer is contemplating entering the U.S. Marijuana industry pursuant to an intellectual property licensing agreement with a current participant in the U.S. Marijuana industry. The terms of such arrangement will be affected by the status of Marijuana as a controlled substance under Federal Law.

The United States federal government has not legalized marijuana for medical or adult-use

Marijuana is currently illegal under United States federal law. The federal government of the United States regulates drugs through the CSA, which places controlled substances on one of five schedules. Currently, marijuana is classified as a Schedule I controlled substance. This means it has a high potential for abuse and currently has no accepted medical use in treatment in the United States. Schedule I substances are subject to production quotas imposed by the DEA. Thus, the federal government of the United States has specifically reserved the right to enforce federal law in regards to the sale and disbursement of medical or adult-use marijuana even if such sale and disbursement is sanctioned by state law.

Currently, 33 U.S. states, the District of Columbia and the U.S. territories of Guam and Puerto Rico, allow the use of medical marijuana. Additionally, the states of Alaska, California, Colorado, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont, Washington, the District of Columbia, Arizona, Illinois, New Jersey and North Dakota have legalized marijuana for adult recreational use. However, since marijuana is a Schedule I controlled substance, the development of a legal marijuana industry under the laws of these states is in conflict with the CSA. In light of this conflict between state and federal law, the United States Department of Justice (the “**DOJ**”) Deputy Attorney General of the Obama Administration, James Cole, issued a memorandum (the “**Cole Memorandum**”), dated August 29, 2013, providing updated guidance to federal prosecutors concerning marijuana enforcement under the CSA. The Cole Memorandum provided, in part, that when states have implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of marijuana, conduct in compliance with those laws and regulations is less likely to threaten the federal priorities. Indeed, a robust system may affirmatively address those priorities by, for example, implementing effective measures to prevent diversion of marijuana outside of the regulated system and to other states, prohibiting access to marijuana by minors, and replacing an illicit marijuana trade that funds criminal enterprises with a tightly regulated market in which revenues are tracked and accounted for. In those circumstances, consistent with the traditional allocation of federal-state efforts in this area, the Cole Memorandum provided that enforcement of state law by state and local law enforcement and regulatory bodies should remain the primary means of addressing marijuana-related activity. In contrast, if the state enforcement efforts are not sufficient to protect against the harms set forth above, the federal government may seek to challenge the regulatory structure itself in addition to continuing to bring individual enforcement actions, including criminal prosecutions, focused on those harms.

In 2014, the United States House of Representatives passed an amendment (commonly known as the Rohrabacher-Blumenauer Amendment, the Rohrabacher-Leahy Amendment or the “**Rohrabacher-Farr Amendment**”) to the Commerce, Justice, Science, and Related Agencies Appropriations Bill, which funds the DOJ. The Rohrabacher-Farr Amendment prohibits the DOJ from using funds to prevent states with medical marijuana laws from implementing such laws. In August 2016, the U.S. Court of Appeals for the Ninth Circuit ruled in *United States v. McIntosh* that the Rohrabacher-Farr Amendment bars the DOJ from spending funds on the prosecution of conduct that is allowed by state medical marijuana laws, provided that such conduct is in strict compliance with applicable state law. In March 2015, bipartisan legislation titled the *Compassionate Access, Research Expansion, and Respect States Act* (the “**CARERS Act**”) was introduced, proposing to allow states to regulate the medical use of marijuana by changing applicable federal law, including by reclassifying marijuana under the CSA to a Schedule II controlled substance and thereby changing the plant from a federally-criminalized substance to one that has recognized medical uses. More recently, the *Respect State Marijuana Laws Act of 2017* has been introduced in the U.S. House of Representatives, which proposes to exclude persons who produce, possess, distribute, dispense, administer or deliver marijuana in compliance with state laws from the regulatory controls and administrative, civil and criminal penalties of the CSA.

Although these developments have been met with a certain amount of optimism in the marijuana industry, neither the CARERS Act nor the *Respect State Marijuana Laws Act of 2017* have yet been adopted, and the Rohrabacher-Farr Amendment must be renewed annually and has currently been renewed until September 30, 2019. Furthermore, the ruling in *United States v. McIntosh* is only applicable in the Ninth Circuit, which includes the states of Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon and Washington. Verano has, and the Resulting Issuer plans to have, operations in states outside of the Ninth Circuit.

In early 2017, President Donald J. Trump nominated Alabama Republican Jeff Sessions as the United States Attorney General. In addition to the election of President Trump, the Republican party retained control of United States Congress. On January 4, 2018, then Attorney General Sessions issued a written memorandum (the “**Sessions Memorandum**”) to all U.S. Attorneys stating that the Cole Memorandum was rescinded, effectively immediately. In particular, Attorney General Sessions stated that “prosecutors should follow the well-established principles that govern all federal prosecutions,” which require “federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney

General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community.” Attorney General Sessions went on to state in the Sessions Memorandum that given the Justice Department’s well-established general principles, “previous nationwide guidance specific to marijuana is unnecessary and is rescinded, effective immediately.” Attorney General Sessions reiterated that the cultivation, distribution and possession of marijuana continues to be a crime under the CSA.

On November 7, 2018, Mr. Sessions tendered his resignation as Attorney General at the request of President Trump. Following Mr. Sessions’ resignation, William Barr was confirmed as the new Attorney General. Mr. Barr stated during his confirmation hearings in a response to a question from Senator Cory Booker, “I’m not going to go after companies that have relied on Cole Memorandum.” Mr. Barr also reconfirmed this response in writing as part of the formal confirmation proceedings.

On or about December 14, 2020, Mr. Barr announced a planned resignation from the Trump administration, effective the following week. On December 24, 2020, Deputy Attorney General Mr. Jeffrey Rosen became Acting Attorney General. On January 7, 2021, President Joe Biden announced Judge Merrick Garland as his nomination for the next U.S. Attorney General. On January 20, 2021, Robert Wilkinson replaced Mr. Jeffrey Rosen as the Acting Attorney General.

On December 27, 2020, President Trump signed the *Consolidated Appropriations Act of 2021*, which included the Rohrabacher-Farr Amendment, which prohibits the funding of federal prosecutions with respect to medical marijuana activities that are legal under state law. The *Consolidated Appropriations Act of 2021* makes appropriations for the fiscal year ending September 30, 2021. There can be no assurances that the Rohrabacher-Farr Amendment will be included in future appropriations bills or budget resolutions.

On January 6, 2021, President Joseph Biden announced his intent to nominate Merrick Garland as U.S. Attorney General. Mr. Garland was subsequently confirmed by the United States Senate on March 10, 2021 and was sworn in the following day. It is still unclear what impact the new U.S. Attorney General will have on U.S. federal government enforcement policy.

Currently, Democrats control 50 seats in the U.S. Senate and Republicans control 50 seats, and Vice President Kamala Harris carries the tie-breaking vote. Consequently, for the first time since January 3, 2009, Democrats now control the U.S. Senate. As a result, and in conjunction with Democrat control of the U.S. House of Representatives and the White House, marijuana legislation, including the *Marijuana Opportunity Reinvestment and Expungement Act* and others, may now face a realistic chance of passage. This and other legislation has the potential to deschedule marijuana, improve access to banking and other financial resources for marijuana companies, and remove the effects of I.R.C. § 280E on marijuana businesses. There is no guarantee that any such legislation will pass, however.

The United States federal government might not legalize marijuana

Marijuana currently remains illegal under United States federal law. The federal government of the United States regulates drugs through the CSA, which places controlled substances on one of five schedules. Currently, marijuana is classified as a Schedule I controlled substance. This means it has a high potential for abuse and currently has no accepted medical use in treatment in the United States. Schedule I substances are subject to production quotas imposed by the DEA. Thus, the federal government of the United States has specifically reserved the right to enforce federal law in regard to the sale and disbursement of marijuana even if such sale and disbursement is sanctioned by state law.

There can be no guarantee that the federal government will change the current laws as they relate to marijuana. It is currently unclear whether the Biden administration intends to or will enforce federal laws regarding marijuana, or which types of activities will be targeted for enforcement.

In the future, the strategic growth strategy of the Resulting Issuer might evolve to include various methods of entry into the marijuana industry upon certain federal and state regulations being enacted to facilitate the federal

legalization of marijuana, or even relax restrictions on financial institutions which wish to participate in the Marijuana industry at some point in the future. If such regulations are not enacted, or enacted but subsequently repealed or amended, or enacted with prolonged phase-in periods, the growth strategy of the Resulting Issuer could be affected. There can be no assurance when and how the outcome of these complex, legal, regulatory, and legislative proceedings will affect the business and growth of the Resulting Issuer.

Risk of Civil Asset Forfeiture

Because the marijuana industry remains illegal under U.S. federal law, any property owned by participants in the marijuana industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Banks often refuse to provide banking services to businesses involved in the marijuana industry due to the present state of the laws and regulations governing financial institutions in the United States

The lack of banking and financial services presents unique and significant challenges to businesses in the marijuana industry. The lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services.

No guarantee or assurances can be given by the Resulting Issuer that it will be able to secure and/or maintain stable banking services arrangements, nor can the Resulting Issuer guarantee or provide assurances that it will be able to secure an alternative to traditional banking services should the Resulting Issuer not be able to secure and maintain traditional banking services with a national or state chartered banking institution.

Lack of access to U.S. bankruptcy protections; other bankruptcy risks

Because the use of marijuana is illegal under federal law, many courts have denied marijuana businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the marijuana industry in the event of a bankruptcy. If the Resulting Issuer were to participate in the marijuana industry in the U.S. and were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available, which would have a material adverse effect on any restructuring transaction.

Additionally, there is no guarantee that the Resulting Issuer will be able to effectively enforce any interests it may have in such marijuana businesses. A bankruptcy or other similar event related to a marijuana-related entity in which the Resulting Issuer holds an interest that precludes such entity from performing its obligations under an agreement may have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer. Further, should a marijuana-related entity in which the Resulting Issuer holds an interest have insufficient assets to pay its liabilities, it is possible that other liabilities will be satisfied prior to the liabilities or equity owed to the Resulting Issuer.

The Resulting Issuer may be subject to heightened scrutiny by Canadian authorities

Should the Resulting Issuer engage in the U.S. marijuana industry, the business, operations and investments of the Resulting Issuer in the U.S., and any future businesses, operations and investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Resulting Issuer could be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Resulting Issuer's ability to invest or hold interests in other entities in the U.S. or any other jurisdiction, in addition to those described herein.

On February 8, 2018, the CSA published Staff Notice 51-352 describing the CSA's disclosure expectations for specific risks facing issuers with marijuana-related activities in the U.S. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. marijuana-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. marijuana-related activities, including those with direct and indirect involvement in the cultivation and distribution of marijuana, as well as issuers that provide goods and services to third parties involved in the U.S. marijuana industry.

CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. On February 8, 2018, following discussions with the Canadian Securities Administrators and the TMX Group, who is the owner and operator of CDS, CDS announced the signing of a Memorandum of Understanding ("**TMX MOU**") with Aequitas NEO Exchange Inc., the CSE and the Toronto Stock Exchange confirming that it relies on such exchanges to review the conduct of listed issuers. The TSX MOU notes that securities regulation requires that the rules of each of the exchanges must not be contrary to the public interest and that the rules of each of the exchanges have been approved by the securities regulators. Pursuant to the TSX MOU, CDS will not ban accepting deposits of or transactions for clearing and settlement of securities of issuers with marijuana-related activities in the U.S.

Even though the TSX MOU indicated that there are no plans of banning the settlement of securities of marijuana issuers through the CDS, there can be no guarantee that the settlement of such securities will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Subordinate Voting Shares to make and settle trades. In particular, the Subordinate Voting Shares would become highly illiquid until an alternative was implemented, and shareholders would have no ability to effect a trade of the Subordinate Voting Shares through the facilities of a stock exchange.

The Resulting Issuer would be subject to applicable anti-money laundering laws and regulations

Should the Resulting Issuer engage in the U.S. marijuana industry, the Resulting Issuer would be subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial record-keeping and proceeds of crime, including the *U.S. Currency and Foreign Transactions Reporting Act of 1970* (commonly known as the "**Bank Secrecy Act**"), as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001*, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)*, as amended, and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a marijuana business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

The Financial Crimes Enforcement Network ("**FinCEN**") of the U.S. Department of the Treasury issued a memorandum on February 14, 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with federal enforcement priorities (the "**FinCEN Memorandum**"). The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to marijuana-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance included in the Cole Memorandum.

Attorney General Sessions' revocation of the Cole Memorandum has not yet affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself.

Although the FinCEN Memorandum remains intact, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum. The DOJ continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state including states that have in some form legalized the sale of marijuana. Further, the conduct of the DOJ's enforcement priorities could change for any number of reasons. A change in

the DOJ's priorities could result in the DOJ's prosecuting banks and financial institutions for crimes that were not previously prosecuted.

If the Resulting Issuer engages in the U.S. marijuana industry, and any operations, any proceeds thereof, any dividend distributions or any profits or revenues derived from these operations were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds from a crime under one or more of the statutes noted above. In such event, this may restrict the ability of the Resulting Issuer to declare or pay dividends in the future, effect other distributions or subsequently repatriate such funds back to Canada.

Reliable data on the medical and adult-use marijuana industry is not available

As a result of recent and ongoing regulatory and policy changes in the medical and adult-use marijuana industry, the market data available is limited and unreliable. Federal and state laws prevent widespread participation and hinder market research. Therefore, any market research and projections by the Resulting Issuer of estimated total retail sales, demographics, demand, and similar consumer research, are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of the Resulting Issuer's anticipated management team members as of the date of this Listing Statement.

There are general regulatory risks that may have a material effect on the Resulting Issuer

Should the Resulting Issuer engage in the U.S. marijuana industry, the operations of the businesses of the Resulting Issuer or the business(es) with which the Resulting Issuer has entered into an intellectual property license agreement, may be subject to various U.S. federal, state and local statutes, ordinances, rules and regulations, including, among others, zoning and land use ordinances, building, plumbing and electrical codes, contractors' licensing laws and health and safety regulations and laws. Various localities have imposed (or may in the future impose) fees to fund, among other things, schools, road improvements and low and moderate income housing. Additionally, various localities have proposed or enacted additional initiatives restricting the growth and expansion of marijuana dispensaries and cultivation facilities. There are no assurances that these general regulatory issues will not have a material adverse effect on the business, financial condition or results of business(es) with which the Resulting Issuer has entered into an intellectual property license agreement, and consequently, on the financial condition of the Resulting Issuer.

Inconsistent public opinion and perception of the medical and adult-use marijuana industry hinders market growth and state adoption

Public opinion and support for medical and adult-use marijuana has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use marijuana, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical marijuana as opposed to legalization in general). Inconsistent public opinion and perception of the medical and adult-use marijuana may hinder growth and state adoption which could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer's ability to generate revenue and be successful in the implementation of its business plan is dependent on consumer acceptance and demand of its product lines. Proposed management of the Resulting Issuer believes the adult-use marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the adult-use marijuana produced. Acceptance of the Resulting Issuer's products will depend on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety, and reliability. If customers do not accept the Resulting Issuer's products, or if the Resulting Issuer fails to meet customers' needs and expectations adequately, its ability to continue generating revenues could be reduced. Consumer perception of the Resulting Issuer's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of adult-use marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be

favourable to the adult-use marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Resulting Issuer's proposed products and the business, results of operations, financial condition and cash flows of the Resulting Issuer. The Resulting Issuer's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Resulting Issuer, the demand for the Resulting Issuer's proposed products, and the business, results of operations, financial condition and cash flows of the Resulting Issuer. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of adult-use marijuana in general, or the Resulting Issuer's proposed products specifically, or associating the consumption of adult-use marijuana with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Restrictions at the Canada-United States border

Investors in the Resulting Issuer and the Resulting Issuer's directors, officers and employees may be subject to risk of being barred from entry into the United States. Because marijuana remains illegal under United States federal law, those who are not U.S. citizens employed at or investing in legal and licensed U.S. marijuana companies could face detention, denial of entry or lifetime bans from the United States for their business associations with marijuana U.S. businesses. Entry happens at the sole discretion of CBP officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The government of Canada has started warning travelers on its website that previous use of marijuana, or any substance prohibited by United States federal laws, could mean denial of entry to the United States. Business or financial involvement in the legal marijuana industry in Canada or in the United States could also be reason enough for United States border guards to deny entry. On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada's legalization of marijuana will not change CBP enforcement of United States laws regarding controlled substances and because marijuana continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal marijuana industry in U.S. states where it is deemed legal or Canada may affect admissibility to the United States. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to marijuana in the United States or Canada (such as the Resulting Issuer), who are not United States citizens face the risk of being barred from entry into the United States for life. As described above, on October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal marijuana industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal marijuana industry in Canada coming into the United States for reasons unrelated to the marijuana industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the marijuana industry, such person may be deemed inadmissible.

The application of Section 280E of the Code may substantially limit the Resulting Issuer's ability to deduct certain expenses for United States tax purposes

Pursuant to Section 280E of the Code, the ability of any business involved in any trade or business consisting of the trafficking in controlled substances within the meaning of Schedule I and II of the CSA which is prohibited by federal law to take certain deductions for U.S. federal income tax purposes is severely limited. Marijuana is currently a controlled substance within the meaning of Schedule I of the CSA. As a result, should the Resulting Issuer pursue business opportunities in the marijuana industry, the U.S. federal taxable income of such business opportunities would likely exceed its actual profits.

Risks Related to Sales in International Jurisdictions

International regulatory risks

The Resulting Issuer has conducted sales in various international jurisdictions and intends to expand internationally. As a result, they are and will become further subject to the laws and regulations of (as well as international treaties among) the foreign jurisdictions in which they operate or import or export products or materials. In addition, the Resulting Issuer may avail itself of proposed legislative changes in certain jurisdictions to expand its product portfolio, which expansion may include business and regulatory compliance risks as yet undetermined. Failure by the Resulting Issuer to comply with the current or evolving regulatory framework in any jurisdiction could have a material adverse effect on the Resulting Issuer's businesses, financial condition and results of operations. There is the possibility that any such international jurisdiction could determine that the Resulting Issuer was not or is not compliant with applicable local regulations. If the Resulting Issuer's historical or current sales or operations were found to be in violation of such international regulations, the Resulting Issuer may be subject to enforcement actions in such jurisdictions including, but not limited to civil and criminal penalties, damages, fines, the curtailment or restructuring of the Resulting Issuer's operations or asset seizures and the denial of regulatory applications.

Cannabis-related financial transactions are subject to a variety of laws that vary by jurisdiction, many of which are unsettled and still developing. While the interpretations of these laws are unclear, in some jurisdictions, financial benefit, directly or indirectly, arising from conduct that would be considered unlawful in such jurisdiction may be viewed to be within the purview of such laws, and persons receiving any such benefit, including investors in an applicable jurisdiction, may be subject to liability. Each prospective investor should contact his, her or its own legal advisor.

There has been an increasing movement in certain foreign markets to increase the regulation of natural health products, which will impose additional restrictions or requirements. In addition, there has been increased regulatory scrutiny of nutritional supplements and marketing claims under existing and new regulations. Such anticipated regulatory and standards changes may introduce some risk and harm the Resulting Issuer's operations if its products or advertising activities are found to violate existing or new regulations or if the Resulting Issuer is not able to affect necessary changes to its products in a timely and efficient manner to respond to new regulations.

The Resulting Issuer's operations in foreign countries may be subject to a higher degree of political, social, regulatory and economic risk

A number of risks are inherent in international operations, including risks associated with: (i) foreign currency fluctuations and devaluations; (ii) political, social, security and economic instability in foreign countries; (iii) changes in and compliance with local laws and regulations or uncertainty regarding the interpretation and/or application of applicable laws, including export and import control laws, sanctions regulations, tax laws, labour laws, employee benefits, currency restrictions and other requirements; (iv) differences in tax regimes and potentially adverse tax consequences of operating in foreign countries or unfavourable or arbitrary tax enforcement; (v) customizing products for foreign countries; (vi) legal uncertainties regarding liability, export and import restrictions, tariffs and other trade barriers; (vii) changes in governmental regulations regarding currency or price controls, profit repatriation, labour, or health and safety matters; (viii) hiring qualified foreign employees; and (viii) difficulty in accounts receivable collection and longer collection periods. Accordingly, as the Resulting Issuer distributes some of its products internationally, its exposure to risks involved with operating in foreign countries is heightened, which could have a material adverse effect on the Resulting Issuer's business, prospects, financial condition and results of operations.

Currency fluctuations

The Resulting Issuer's revenues and expenses are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations. Fluctuations in the exchange rate between the Canadian dollar relative to the U.S. dollar or other foreign currencies may have a material adverse effect on the businesses, financial condition or results of operations of the Resulting Issuer. The Resulting Issuer may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Resulting Issuer develops a hedging program, there can be no assurance that it will effectively mitigate currency risks. Failure to adequately manage foreign exchange risk could therefore have a material adverse effect on the businesses, financial condition or results of operations of the Resulting Issuer.

Risks inherent to international expansion

The Resulting Issuer may continue to expand into other geographic areas, product categories or market segments, which could increase regulatory, compliance, reputational and foreign exchange rate risks. The failure of the Resulting Issuer's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require the Resulting Issuer to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The Resulting Issuer may not be able to successfully identify suitable acquisitions, investment and/or expansion opportunities or integrate such operations successfully with existing operations.

If the Resulting Issuer succeeds in expanding its existing businesses, that expansion may place increased demands on management, operating systems, internal controls and financial and physical resources. If not managed effectively, these increased demands may adversely affect the services provided to customers. In addition, the Resulting Issuer's personnel, systems, procedures and controls may be inadequate to support future operations, particularly with respect to operations in countries outside of North America. Consequently, in order to manage growth effectively, the Resulting Issuer may be required to increase expenditures to increase its physical resources, expand, train and manage its employee base, improve management, financial and information systems and controls, or make other capital expenditures. The Resulting Issuer's business, financial condition and results of operations could be adversely affected if they encounter difficulties in effectively managing the budgeting, forecasting and other process control issues presented by future growth.

Market, Securities and Other Risks

Foreign Private Issuer Status

The Business Combination has been structured so that the Resulting Issuer is a Foreign Private Issuer following the closing of the Business Combination as that concept is defined in Rule 405 under the U.S. Securities Act and Rule 3b-4 of the U.S. Exchange Act. The term "Foreign Private Issuer" is defined as any non-U.S. corporation, other than a foreign government, except any issuer meeting the following conditions:

- more than 50% of the outstanding voting securities of such issuer are, directly or indirectly, held of record by residents of the United States; and
- any one of the following:
 - a) the majority of the executive officers or directors are United States citizens or residents, or
 - b) more than 50% of the assets of the issuer are located in the United States, or
 - c) the business of the issuer is administered principally in the United States.

For purposes of determining whether more than 50% of its outstanding voting securities are held "of record" by U.S. residents, the Resulting Issuer will have to "look through" the record ownership of brokers, dealers, banks, or nominees holding securities for the accounts of its customers, and also consider any beneficial ownership reports or other information available to the Resulting Issuer. It will have to conduct this "look through" in three

jurisdictions: the United States; the Resulting Issuer's home jurisdiction; and the primary trading market for the Resulting Issuer's voting securities, if different from the Resulting Issuer's home jurisdiction. Additionally, if the Resulting Issuer is not able to obtain information about the record holders' accounts after reasonable inquiry, the Resulting Issuer may rely on the presumption that such accounts are held in the broker's, dealer's, bank's, or nominee's principal place of business.

In December 2016, the SEC issued a Compliance and Disclosure Interpretation to clarify that issuers with multiple classes of voting stock carrying different voting rights may, for the purposes of calculating compliance with this threshold, examine either (i) the combined voting power of its share classes, or (ii) the number of voting securities, in each case held of record by U.S. residents. Based on this interpretation, each issued and outstanding Proportionate Voting Share is counted as one voting security and each issued and outstanding Resulting Issuer Subordinate Voting Share is counted as one voting security for the purposes of determining the 50% U.S. resident threshold. Accordingly, the Resulting Issuer is expected to be treated as a "Foreign Private Issuer". However, should the SEC's guidance and interpretation change, the Resulting Issuer may lose its Foreign Private Issuer status.

Loss of Foreign Private Issuer Status

The Resulting Issuer may lose its expected status as a Foreign Private Issuer if, as of the last business day of the Resulting Issuer's second fiscal quarter for any year, more than 50% of the Resulting Issuer's outstanding voting securities (as determined under Rule 405 of the U.S. Securities Act) are directly or indirectly held of record by residents of the United States. Loss of Foreign Private Issuer status may have adverse consequences on the Resulting Issuer's ability to raise capital in private placements or Canadian prospectus offerings. In addition, loss of the Resulting Issuer's Foreign Private Issuer status would likely result in increased reporting requirements and increased audit, legal and administration costs. Further, should the Resulting Issuer seek to list on a securities exchange in the United States, loss of Foreign Private Issuer status may increase the cost and time required for such a listing. These increased costs may have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

The Resulting Issuer could lose its status as a Foreign Private Issuer if all or a portion of the Proportionate Voting Shares and Multiple Voting Shares directly or indirectly held of record by U.S. residents are converted into Subordinate Voting Shares. The conversion rights attached to the Proportionate Voting Shares and Multiple Voting Shares contain restrictions on conversion that are intended to avoid such a result, however there can be no guarantee that such restrictions on conversion will be implemented, effective to prevent the Resulting Issuer from potentially losing Foreign Private Issuer status if a sufficient number of Proportionate Voting Shares or Multiple Voting Shares are converted into Subordinate Voting Shares and such Subordinate Voting Shares are acquired, either upon conversion or pursuant to a subsequent transaction, by U.S. residents. In addition, the Resulting Issuer could potentially lose its Foreign Private Issuer status as a result of future issuances of Resulting Issuer Shares from treasury to the extent such shares are acquired by U.S. residents.

The Resulting Issuer is a holding company

The Resulting Issuer is a holding company and essentially all of its assets are expected to be the capital stock or ownership interests of its subsidiaries in each of the markets the company operates in. As a result, shareholders of the Resulting Issuer are subject to the risks attributable to its subsidiaries. As a holding company, the Resulting Issuer conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Resulting Issuer's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Resulting Issuer. The ability of these entities to pay dividends and other distributions will depend on its operating results and are subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing its debt. In the event of a bankruptcy, liquidation or reorganization of any of the Resulting Issuer's material

subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of its claims from the assets of those subsidiaries before the Resulting Issuer.

Voting Control of the Irwin Founder

As a result of the Multiple Voting Shares held by Mr. Irwin, the Irwin Founder, he exercises a significant majority of the voting power in respect of the Resulting Issuer Shares outstanding upon completion of the Business Combination. The holders of the Subordinate Voting Shares are entitled to one vote per share, the holders of the Proportionate Voting Shares are entitled to one hundred votes per share, and the holders of the Multiple Voting Shares are entitled to up to fifteen thousand votes per share. As a result, Mr. Irwin has the ability to control the outcome of all matters submitted to the Resulting Issuer's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Resulting Issuer. This concentrated control could delay, defer, or prevent a change of control of the Resulting Issuer, arrangement or amalgamation involving the Resulting Issuer or sale of all or substantially all of the assets of the Resulting Issuer that its other shareholders support. Conversely, this concentrated control could allow Mr. Irwin, as the holder of the Multiple Voting Shares, to consummate such a transaction that the Resulting Issuer's other shareholders do not support. In addition, the holder of the Multiple Voting Shares may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Resulting Issuer's business.

Additional capital requirements

The Resulting Issuer will likely need additional capital to sustain its operations and will likely need to seek further financing, which the Resulting Issuer may not be able to obtain on acceptable terms or at all. If the Resulting Issuer fails to raise additional capital, as needed, its ability to implement its business models and strategies could be compromised. To date, the Resulting Issuer's operations and expansion of its business have been funded primarily from cash-flow from operations as substantially supplemented by the proceeds of debt and equity financings. The Resulting Issuer expects to require substantial additional capital to commence the expansion of its business into additional states in the United States, expand its product lines, develop its intellectual property base, and establish its targeted levels of commercial production.

Even if the Resulting Issuer is able to obtain financing for its near-term operations and expansion, the Resulting Issuer expects that it will require additional capital thereafter. The Resulting Issuer's capital needs will depend on numerous factors including: (i) its profitability; (ii) the release of competitive products by competition; (iii) the level of investment in research and development; (iv) the amount of capital expenditures, including acquisitions; and (v) refinancing debt and debt servicing.

If the Resulting Issuer raises additional funds through the issuance of equity or convertible debt securities, the percentage ownership held by its existing stockholders will be reduced and its stockholders may experience significant dilution. In addition, new securities may contain rights, preferences or privileges that are senior to those of its securities. If the Resulting Issuer raises additional capital by incurring debt, this will result in increased interest expense. If the Resulting Issuer raises additional funds through the issuance of securities, market fluctuations in the price of its securities could limit its ability to obtain equity financing.

No assurance can be given that any additional financing will be available to the Resulting Issuer or, if available, will be on terms favorable to it. If the Resulting Issuer is unable to raise capital when needed, its businesses, financial condition, and results of operations would be materially adversely affected, and they could be forced to reduce or discontinue its operations.

Additional issuance of Subordinate Voting Shares and/or Proportionate Voting Shares will result in dilution

The Resulting Issuer may issue additional securities in the future in connection with acquisitions, offerings and financing transactions (including through the sale of securities convertible into or exchangeable or exercisable for Subordinate Voting Shares, which would dilute a shareholder's holdings in the Resulting Issuer. The Resulting

Issuer's articles permit the issuance of an unlimited number of Subordinate Voting Shares and Proportionate Voting Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The Resulting Issuer Board has the discretion to determine the price and the terms of further issuances. The Resulting Issuer cannot predict the effect that future issuances and sales of its securities will have on the market price of the Subordinate Voting Shares. Issuances of a substantial number of additional securities of the Resulting Issuer, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subordinate Voting Shares. With any additional issuance of the Resulting Issuer's securities, investors will suffer dilution to its voting power and the Resulting Issuer may experience dilution in its revenue per share.

Sales of substantial amounts of Subordinate Voting Shares may have an adverse effect on the market price of the Subordinate Voting Shares

Sales of substantial amounts of Subordinate Voting Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Subordinate Voting Shares. A decline in the market prices of the Subordinate Voting Shares could impair the Resulting Issuer's ability to raise additional capital through the sale of securities should it desire to do so.

The Resulting Issuer may face potential conflicts of interest

The Resulting Issuer's operations may present potential conflicts of interest, including, but not limited to, the following:

- *Other Personal Investments.* Certain officers and/or members of the board of directors of the Resulting Issuer may serve in advisory capacities to businesses engaged in the Cannabis industry and may have equity interests in a business engaged in various aspects of the Cannabis industry.
- *Time Commitment.* Officers are employed on a full-time basis with the Resulting Issuer and will devote substantially all of its business time to the Resulting Issuer's affairs. The Resulting Issuer Board and the officers of the Resulting Issuer may spend a portion of its personal time managing other business endeavors, subject to the condition that such personal time not interfere with its respective duties to the Resulting Issuer.

Shareholders of the Resulting Issuer will not be represented by the Resulting Issuer's legal counsel. Shareholders should consult with its own legal counsel and other advisors when considering the transaction.

Price volatility of publicly traded securities

The market price for the Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Resulting Issuer's control, including, but not limited to the following:

- actual or anticipated fluctuations in the Resulting Issuer's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Resulting Issuer will operate;
- addition or departure of the Resulting Issuer's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Subordinate Voting Shares;
- sales or perceived sales of additional Subordinate Voting Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Resulting Issuer's industry generally and its business and operations both domestically and abroad;
- announcements of developments and other material events by the Resulting Issuer or its competitors;
- fluctuations to the costs of vital production materials and services;

- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Resulting Issuer or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Resulting Issuer or from a lack of market comparable companies;
- dual class or multiple voting share structure of the Resulting Issuer; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Resulting Issuer's industry or target markets.

In recent years, the securities markets in the U.S. and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in price of the Subordinate Voting Shares will not occur. The market price of the Subordinate Voting Shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Resulting Issuer makes, general economic conditions, and other factors. Increased levels of volatility (including as a result of the COVID-19 pandemic) and resulting market turmoil may adversely impact the price of the Subordinate Voting Shares.

Investment by offshore investors

Cannabis-related financial transactions are subject to a variety of laws that vary by jurisdiction, many of which are unsettled and still developing. While the interpretations of these laws are unclear, in some jurisdictions, financial benefit, directly or indirectly, arising from conduct that would be considered unlawful in such jurisdiction may be viewed to be within the purview of such laws, and persons receiving any such benefit, including investors in an applicable jurisdiction, may be subject to liability. Each prospective investor should contact his, her or its own legal advisor.

The Resulting Issuer's businesses, financial condition, results of operations and cash flow may in the future be negatively impacted by challenging global economic conditions

Future disruptions and volatility in global financial markets and declining consumer and business confidence could lead to decreased levels of consumer spending. The Resulting Issuer's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and spending and, consequently, impact the Resulting Issuer's sales and profitability. These macroeconomic developments could negatively impact the Resulting Issuer's business, which depends on the general economic environment and levels of consumer spending. As a result, the Resulting Issuer may not be able to maintain its existing customers or attract new customers, or the Resulting Issuer may be forced to reduce the price of its products. The Resulting Issuer is unable to predict the likelihood of the occurrence, duration, or severity of such disruptions in the credit and financial markets and adverse global economic conditions. Any general or market-specific economic downturn could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations and cash flow.

It is not possible to foresee all risks which may affect the Resulting Issuer. Moreover, the Resulting Issuer cannot predict whether they will successfully effectuate its current business plans. Each prospective investor is encouraged to carefully analyze the risks and merits of an investment in the Resulting Issuer and should take into consideration when making such analysis, among others, the Risk Factors discussed herein.

Liquidity

The Resulting Issuer cannot predict at what prices the Subordinate Voting Shares will trade and there can be no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the Resulting Issuer.

Also, the Cannabis industry is emerging. There can be no assurance that an active and liquid market for Resulting Issuer Shares will develop and shareholders may find it difficult to resell its Subordinate Voting Shares. Accordingly, no assurance can be given that the Resulting Issuer will be successful.

Shareholders will have little or no rights to participate in the Resulting Issuer's affairs

With the exception of the limited rights of shareholders under applicable laws, the day-to-day decisions regarding the management of the Resulting Issuer's affairs will be made exclusively by the officers and board of directors of the Resulting Issuer. Shareholders will have little or no control over the Resulting Issuer's future business and investment decisions, its business, and its affairs, including, without limitation, cultivation operations and real estate. The Resulting Issuer may also retain other officers and agents to provide various services to the Resulting Issuer, over which the shareholders will have no control. There can be no assurance that the officers, board of directors or other agents of the Resulting Issuer will effectively manage and direct the affairs of the Resulting Issuer.

Dividends

Holders of the Resulting Issuer Shares will not have a right to dividends on such shares unless declared by the board of directors of the Resulting Issuer. It is not anticipated that the Resulting Issuer will pay any dividends in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings. The declaration of dividends is at the discretion of the board of directors of the Resulting Issuer, even if the Resulting Issuer has sufficient funds, net of its liabilities, to pay such dividends, and the declaration of any dividend will depend on the Resulting Issuer's financial results, cash requirements, future prospects and other factors deemed relevant by the board of directors of the Resulting Issuer.

Costs of maintaining a public listing

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. The Resulting Issuer may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Certain Tax Risks

THE FOLLOWING IS A DISCUSSION OF CERTAIN MATERIAL TAX RISKS ASSOCIATED WITH THE ACQUISITION AND OWNERSHIP OF THE SECURITIES OF THE RESULTING ISSUER. THIS PRESENTATION DOES NOT DISCUSS RISKS ASSOCIATED WITH ANY APPLICABLE STATE, PROVINCIAL, LOCAL OR FOREIGN TAX LAWS. THE TAX RELATED INFORMATION IN THIS PRESENTATION DOES NOT CONSTITUTE TAX ADVICE AND IS FOR INFORMATIONAL PURPOSES ONLY. FOR ADVICE ON TAX LAWS APPLICABLE TO A SHAREHOLDER'S INDIVIDUAL TAX SITUATIONS, SHAREHOLDERS SHOULD SEEK THE ADVICE OF THEIR TAX ADVISORS. NO REPRESENTATION OR WARRANTY OF ANY KIND IS MADE BY THE COMPANIES OR ANY OF THE BOARDS OF DIRECTORS, OFFICERS, LEGAL COUNSEL, OTHER AGENTS OR AFFILIATES WITH RESPECT TO THE TAX TREATMENT APPLICABLE TO ANY PERSON WHO ACQUIRES SECURITIES OR RESULTING ISSUER SHARES PURSUANT TO THE BUSINESS COMBINATION. EACH PROSPECTIVE SHAREHOLDER IS URGED TO REVIEW THIS PRESENTATION IN ITS ENTIRETY AND TO CONSULT HIS OR HER OWN TAX ADVISOR WITH RESPECT TO THE FEDERAL, STATE, PROVINCIAL, LOCAL AND FOREIGN TAX CONSEQUENCES ARISING IN CONNECTION WITH THE ACQUISITION AND OWNERSHIP OF SECURITIES OF THE RESULTING ISSUER.

The Resulting Issuer is expected to be subject to Canadian and United States tax on its worldwide income

The Resulting Issuer is expected to be a resident of Canada for Canadian federal income tax purposes by virtue of being organized under the laws of a province of Canada. Accordingly, the Resulting Issuer is subject to Canadian taxation on its worldwide income, in accordance with the rules in the Tax Act generally applicable to corporations resident in Canada.

Notwithstanding that the Resulting Issuer is expected to be a resident of Canada for Canadian federal income tax purposes, the Resulting Issuer also intends to be treated as a United States corporation for United States federal income tax purposes, pursuant to Section 7874(b) of the Code, and is expected to be subject to United States federal income tax on its worldwide income. As a result, the Resulting Issuer is subject to taxation both in Canada and the United States, which could have a material adverse effect on the business, financial condition or results of operations of the Resulting Issuer.

Dividends on the Resulting Issuer Shares may be subject to Canadian and/or United States withholding tax

It is currently not anticipated that the Resulting Issuer will pay any dividends on the Resulting Issuer Shares in the foreseeable future.

To the extent dividends are paid on the Resulting Issuer Shares, dividends received by shareholders who are residents of Canada for purpose of the Tax Act will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a Canadian foreign tax credit or a deduction in respect of such U.S. withholding taxes paid may not be available.

Dividends received by U.S. holders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. For U.S. federal income tax purposes, a U.S. holder may elect for any taxable year to receive either a credit or a deduction for all foreign income taxes paid by the holder during the year. Dividends paid by the Resulting Issuer will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Code. Accordingly, U.S. holders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax. Subject to certain limitations, a U.S. holder should be able to take a deduction for the U.S. holder's Canadian tax paid, provided that the U.S. holder has not elected to credit other foreign taxes during the same taxable year.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Resulting Issuer, subject to examination of the relevant treaty. These dividends may, however, qualify for a reduced rate of Canadian withholding tax under any income tax treaty otherwise applicable to a shareholder of the Resulting Issuer, subject to examination of the relevant treaty.

Transfers of Resulting Issuer Shares may be subject to United States gift, estate and transfer taxes

Because the Resulting Issuer Shares are treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally will apply to a Non-U.S. holder of Resulting Issuer Shares.

If enacted, the proposed "Made in America Tax Plan" would increase the Resulting Issuer's U.S. federal corporate tax rate requiring the Resulting Issuer to pay more in federal taxes, thus reducing the Resulting Issuer's net revenue

On March 31, 2021, the current U.S. presidential administration proposed the "American Jobs Plan" to create domestic jobs, rebuild national infrastructure and increase American competitiveness. To fund its expected \$2 trillion cost, the administration also proposed the "Made in America Tax Plan," which is intended to raise that amount or more over 15 years through several methods including higher income tax rates on corporations. If enacted, the Resulting Issuer's U.S. federal corporate income tax rate would increase from 21% to 28%. Any

increase in the Resulting Issuer's federal corporate tax rate would require the Resulting Issuer to pay more in federal taxes, thus reducing the Resulting Issuer's net revenue.

The Resulting Issuer Shares may not be qualified investments for registered plans if the Subordinate Voting Shares are not listed on a designated stock exchange

If the Subordinate Voting Shares are not listed on a designated stock exchange in Canada before the filing–due date for Resulting Issuer's first income tax return, or if Resulting Issuer does not otherwise satisfy the conditions in the Tax Act to be a “public corporation”, the Resulting Issuer Shares will not be considered to be a qualified investment for a registered plan. Where a registered plan acquires a Resulting Issuer Share in circumstances where the Resulting Issuer Share is not a qualified investment under the Tax Act for the registered plan, adverse tax consequences may arise for the registered plan and the controlling individual (within the meaning of the Tax Act) under the registered plan, including that the registered plan may become subject to penalty taxes and the controlling individual of such registered plan may be deemed to have received income therefrom or be subject to a penalty tax.

18. PROMOTERS

Klee Irwin may be considered a promoter of the Resulting Issuer, as he has taken the initiative in reorganizing and financing the business of Irwin and the Resulting Issuer. Other than the distributions paid to Klee Irwin by Irwin discussed in Section 15 – “*Executive Compensation*” of this Listing Statement, there is nothing of value, including money, property, contracts, options or rights of any kind received or to be received by Mr. Irwin directly or indirectly from Irwin, the Resulting Issuer or any of its subsidiaries, nor any assets, services or other consideration received or to be received by the Resulting Issuer or a subsidiary thereof in return. Other than the assigned and contribution of 5310 Holdings, LLC to Irwin by Klee Irwin discussed in Section 3.1 – “*General Development of the Business – General Development of Irwin's Business – Acquisitions*” of this Listing Statement, no asset has been acquired, within the two years before the date of this document, or is to be acquired by the Resulting Issuer or any subsidiary thereof, from Mr. Irwin. Additional information about Mr. Irwin is disclosed elsewhere in this Listing Statement, including in connection with his capacity as an officer and director of the Resulting Issuer. See Section 13 of this Listing Statement – “*Directors and Officers*” and Section 15 of this Listing Statement – “*Executive Compensation*” for further details.

19. LEGAL PROCEEDINGS

19.1 Legal Proceedings

Other than as disclosed below, there are no actual or contemplated legal proceedings material to Pubco, Irwin, or any of its respective subsidiaries or properties.

Batista v Irwin Naturals, Case No. 2:20–cv–10737 (U.S. District Court, Central District California)

Isabella Batista filed a class action lawsuit in the United States District Court for the Central District of California on November 24, 2020. Batista alleges that Irwin makes false and misleading claims on the packaging of its nutritional supplement product Ginkgo Smart. Batista alleges that ginkgo biloba, Ginkgo Smart's main ingredient, does not improve cognitive function, memory or concentration and therefore Ginkgo Smart's label claims are false and misleading. Batista seeks to represent a nationwide class of consumers and a New York subclass who purchased Ginkgo Smart. Batista lives, and purchased the product, in New York. Batista's prayer for relief includes damages, restitution, and/or disgorgement; compensatory and punitive damages; declaratory and injunctive relief; reasonable attorneys' fees and expenses and costs of the suit; and prejudgment interest on all amounts awarded. Irwin submitted its response to plaintiff's opposition to the motion on March 26, 2021.

Batista did not allege an enumerated amount of damages as is common with consumer class actions, as such amount is dependant on whether a class is certified, the potential size of the class and the sales of the product. In

order to obtain subject matter jurisdiction with the Federal Court, Batista alleged her claim was over five million dollars (\$5,000,000.00). Notwithstanding the foregoing, Batista is asking the court or a jury to determine the amount of potential damages and/or attorney fees. Certain New York state statutes provide a minimum of fifty (\$50 or \$500) per consumer in a class action lawsuit, but any potential total amount is dependent upon a class being certified and an adverse ruling against Irwin.

19.2 Regulatory Actions

As of the date of this Listing Statement, none of Pubco or Irwin have been subject to any:

- (a) penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;
- (b) other penalties or sanctions imposed by a court or regulatory body necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; or
- (c) settlement agreements entered into by Pubco or Irwin before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than Klee Irwin's previously held interest in 5310 Holdings, LLC, which has since been assigned and contributed to Irwin by Klee Irwin as discussed in Section 3.1 – "*General Development of the Business – General Development of Irwin's Business – Acquisitions*" of this Listing Statement, no director or executive officer of the Resulting Issuer, or person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of the outstanding voting securities of the Resulting Issuer, or any associate or affiliate of any of the foregoing, has or had any material interest, direct or indirect, in any transaction within the three years before the date hereof, or in any proposed transaction, which has materially affected or will materially affect the Resulting Issuer or any of its subsidiaries.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

Prior to completion of the Business Combination, the auditors of Pubco were Sam S. Mah Inc., at its office located at 1066 W Hastings St, Vancouver, BC V6E 3X2.

The auditors of Irwin are Deloitte & Touche LLP, at its office located at 555 West 5th Street, Suite 2700, Los Angeles, California 90013-1010.

Upon completion of the Business Combination, the auditors of the Resulting Issuer are Armanino LLP, at its office located at 21650 Oxnard Street, Suite 2400, Woodland Hills, California 91367.

21.2 Transfer Agent and Registrar

The transfer agent and registrar of the Resulting Issuer's securities is Odyssey Trust Company, at its offices located at 835 – 409 Granville Street, Vancouver, British Columbia V6C 1T2.

22. MATERIAL CONTRACTS

22.1 Material Contracts

During the course of the two years prior to the date of this Listing Statement, Pubco and Irwin and any of their subsidiaries have entered into the following material contracts, other than contracts entered into in the ordinary course of business:

- (a) the Business Combination Agreement (see the definition of same in Section 1.1 – “*Glossary of Terms*” of this Listing Statement for further details);
- (b) the Coattail Agreement (see Section 10.1 – “*Description of the Share Capital of the Resulting Issuer – Coattail Agreement*” of this Listing Statement for further details); and
- (c) the Irwin Support Agreement (see the definition of same in Section 1.1 – “*Glossary of Terms*” of this Listing Statement for further details).

22.2 Special Agreements

This section is not applicable.

23. INTEREST OF EXPERTS

No person or company whose profession or business gives authority to a statement made by the person or corporation and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement received or will receive any interest or beneficial ownership, direct or indirect, in any securities or property of the Resulting Issuer or of a Related Person of the Resulting Issuer and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an Associate or Affiliate of the Resulting Issuer. Armanino LLP is independent of the Resulting Issuer, and will perform its services in accordance with the rules of professional conduct of International Auditing Standards.

24. OTHER MATERIAL FACTS

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Resulting Issuer or its securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Resulting Issuer and its securities.

25. FINANCIAL STATEMENTS

Please refer to Schedule “A” for Pubco’s annual audited financial statements as at and for the years ended December 31, 2020 and 2019, and to Schedule “C” for Pubco’s interim financial statements as at and for the three months ended March 31, 2021 and 2020.

Please refer to Schedule “E” for Irwin’s annual audited financial statements as at and for the years ended December 31, 2020 and 2019, and to Schedule “G” for Irwin’s interim financial statements as at and for the three months ended March 31, 2021 and 2020.

Please refer to Schedule “I” for consolidated *pro forma* financial statements of the Resulting Issuer.

SCHEDULE "A"
AUDITED ANNUAL FINANCIAL STATEMENTS OF PUBCO FOR THE
YEARS ENDED DECEMBER 31, 2020 AND 2019
(See attached)

DATINVEST INTERNATIONAL LTD.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

DATINVEST INTERNATIONAL LTD.

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SAM S. MAH INC.
CHARTERED PROFESSIONAL ACCOUNTANT
UNIT 114B
8988 FRASERTON COURT
BURNABY, BC, V5J 5H8

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INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Datinvest International Ltd.

Opinion

I have audited the financial statements of Datinvest International Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statement of loss and comprehensive loss, statement of cash flows and statement of changes in shareholders' equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flow for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement

of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

The engagement practitioner on the audit resulting in this independent auditor's report is Sam S. Mah, CPA, CA.

(Signed) "Sam S. Mah Inc."

Chartered Professional Accountant

Unit 114B-8988 Fraserton Court
Burnaby, BC, Canada V5J 5H8
April 26, 2021

DATINVEST INTERNATIONAL LTD.

Statements of Financial Position

(Expressed in Canadian Dollars)

As of December 31

	Note	2020	2019
ASSETS			
Current			
Cash		\$ 763,677	\$ 867,595
Marketable securities	3	1,750	1,125
Receivables		-	5,310
TOTAL ASSETS		\$ 765,427	\$ 874,030
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	4	\$ 18,599	\$ 10,807
Loans and borrowing	5	12,000	12,000
TOTAL LIABILITIES		30,599	22,807
Shareholders' Equity			
Share capital	6	4,281,875	4,281,875
Contributed surplus	6	194,619	326,466
Deficit		(3,741,666)	(3,757,118)
TOTAL EQUITY		734,828	851,223
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 765,427	\$ 874,030

Subsequent event (Note 11)

Approved on behalf of the Board:

"Leighton Bocking"
Leighton Bocking, Director

"Kyle Stevenson"
Kyle Stevenson, Director

The accompanying notes are an integral part of these financial statements.

DATINVEST INTERNATIONAL LTD.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
For the Years Ended December 31

	Note	2020	2019
Consulting, corporate and administrative fees		\$ 94,500	\$ 75,000
Office		542	297
Professional fees		11,232	16,850
Transfer and filing fees		10,746	13,267
		(117,020)	(105,414)
Other			
Unrealized gain on investments	3	625	-
Net and comprehensive loss for the year		\$ (116,395)	\$ (105,414)
Loss per share		\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding		9,979,407	5,912,643

The accompanying notes are an integral part of these financial statements.

DATINVEST INTERNATIONAL LTD.Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, December 31, 2018	5,979,407	\$ 3,681,875	\$ 326,466	\$ (3,651,704)	\$ 356,637
Shares issued pursuant to warrant exercise	4,000,000	600,000	-	-	600,000
Net and comprehensive loss for the year	-	-	-	(105,414)	(105,414)
Balance, December 31, 2019	9,979,407	4,281,875	326,466	(3,757,118)	851,223
Cancellation of stock options	-	-	(131,847)	131,847	-
Net and comprehensive loss for the year	-	-	-	(116,395)	(116,395)
Balance, December 31, 2020	9,979,407	\$ 4,281,875	\$ 194,619	\$ (3,741,666)	\$ 734,828

The accompanying notes are an integral part of these financial statements.

DATINVEST INTERNATIONAL LTD.

Statements of Cash Flows

For the Years Ended December 31

(Expressed in Canadian Dollars)

	2020	2019
Cash provided by (used in):		
Operating activities		
Net loss for the year	\$ (116,395)	\$ (105,414)
Items not affecting cash:		
Unrealized gain on investments	(625)	-
Changes in non-cash working capital items:		
Receivables	5,310	2,048
Accounts payable and accrued liabilities	7,792	(9,319)
Net cash used in operating activities	(103,918)	(112,685)
Financing activities		
Change in restricted cash	-	272,266
Cash received for the issuance of shares	-	600,000
Subscriptions received	-	(272,266)
Net cash from financing activities	-	600,000
Change in cash	(103,918)	487,315
Cash and Cash Equivalents, beginning of the year	867,595	380,280
Cash and Cash Equivalents, ending of the year	\$ 763,677	\$ 867,595

The accompanying notes are an integral part of these financial statements.

DATINVEST INTERNATIONAL LTD.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the Years Ended December 31, 2020 and 2019

1. Nature of Operations and Going Concern

Nature of Operations

Datinvest International Inc. (the “Company”) was incorporated under the British Columbia Company Act on May 1, 1987.

The Company was unable to meet Tier Maintenance Requirements pursuant to the policies of the Exchange and was designated as Inactive on September 28, 2001. The Company’s shares are trading under the symbol DAI.H and are regulated by the NEX policies.

The address of the Company’s corporate office and principal place of business is Suite 918, 1030 West Georgia Street, Vancouver, British Columbia, Canada V6E 2Y3.

The Company’s financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the year ended December 31, 2020, the Company reported a net loss of \$116,395 (2019: \$105,414) and as at that date had an accumulated deficit of \$3,741,666 (2019: \$3,757,118). As of December 31, 2020, the Company’s current assets exceeded its current liabilities by \$734,828 (2019: \$851,223). While in the past, the Company has been successful in obtaining funding from equity financings, option agreements, loans or through other arrangements, there is no assurance that these initiatives will be successful in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods, including the possible impact on future financing opportunities.

2. Summary of Significant Accounting Policies

a) Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”).

The policies applied in these financial statements are based on IFRS issued and outstanding as of April 26, 2021, the date the Board of Directors approved the financial statements.

b) Basis of Presentation

These financial statements were prepared on an accrual basis, except for cash flow, and are based on historical costs, except for certain financial instruments, which are measured at fair value.

DATINVEST INTERNATIONAL LTD.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the Years Ended December 31, 2020 and 2019

2. Summary of Significant Accounting Policies - continued

c) Critical Accounting Estimates, Judgments and Uncertainties

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Critical Accounting Estimates and Assumptions

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

d) Functional and Presentation Currency

The Company's functional currency is the Canadian Dollar ("CAD"). The financial statements are presented in CAD which is the Company's presentation currency, unless otherwise noted.

All amounts in these financial statements are rounded to the nearest dollar.

e) Income Taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

DATINVEST INTERNATIONAL LTD.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the Years Ended December 31, 2020 and 2019

2. Summary of Significant Accounting Policies - continued

e) Income Taxes - continued

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

f) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event, and it is probably that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

g) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Diluted loss per share is not separately presented, as the effect of securities exercisable into common shares would reduce the amount presented as loss per share.

h) Financial Instruments

The Company has adopted IFRS 9, Financial Instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income (“OCI”), or through profit or loss), and
- Those to be measured after initial recognition at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

DATINVEST INTERNATIONAL LTD.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the Years Ended December 31, 2020 and 2019

2. Summary of Significant Accounting Policies - *continued*

h) Financial Instruments – *continued*

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI (“FVOCI”): Assets that are held for collection of contractual cash flows and for selling the financial assets where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented in the Statement of Loss and Comprehensive Loss in the period which it arises.

Impairment of Financial Assets at amortized cost

Impairment and uncollectibility of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if objective evidence that can be estimated reliably indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If a financial asset measured at amortized cost is impaired, an amount equal to the difference between its carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate is recognized as an impairment loss in the consolidated statement of operations. If it has been determined that the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount to a maximum of the carrying amount that would have been determined had no impairment charge been recognized in prior periods. Reversals of impairment charges are recognized in the consolidated statements of operations and comprehensive loss in the period in which they occur.

DATINVEST INTERNATIONAL LTD.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the Years Ended December 31, 2020 and 2019

2. Summary of Significant Accounting Policies - continued

h) Financial Instruments – continued

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method.

The Company classifies its accounts payable and accrued liabilities, loans and borrowing are classified as financial liabilities held at amortized cost.

The table below illustrates the classification of the Company's financial instruments under IFRS 9.

Cash	FVTPL
Marketable securities	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Loans and borrowings	Amortized cost

i) Recent Accounting Pronouncements

At the date of authorization of these financial statements, the IASB and International Financial Reporting Committee (“IFRIC”) have issued the following revised and new standards, amendments and interpretations which became effective during the year ended December 31, 2020:

Effective for periods beginning on or after January 1, 2020, the Company adopted the following new accounting standard and amendment:

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendment had no impact on the Company.

DATINVEST INTERNATIONAL LTD.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the Years Ended December 31, 2020 and 2019

2. Summary of Significant Accounting Policies - continued

j) Share Capital

- (i) Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments.
- (ii) Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.
- (iii) The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the measurement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

k) Share-based Payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. On the exercise of stock options, the applicable amounts of reserves are transferred to share capital and consideration paid for the shares on the exercise of stock options is credited to share capital. On the expiry or cancellation of stock options, the applicable amounts of reserves are transferred to deficit.

In situations where equity instruments, such as stock options and warrants, are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

l) Cash Equivalents

Cash equivalents are highly liquid investments, such as term deposits with major financial institutions, having a term to maturity of three months or less at acquisition, that are readily convertible to specified amounts of cash.

m) Risk Instruments and Risk Management

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The fair values of cash, other receivables, marketable securities, loan receivables, accounts payable and accrued liabilities, and loans and borrowings; approximate their book values because of the short-term nature of these instruments.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

DATINVEST INTERNATIONAL LTD.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the Years Ended December 31, 2020 and 2019

2. Summary of Significant Accounting Policies – continued

m) Risk Instruments and Risk Management – continued

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to its bank accounts and accounts receivable. Bank accounts are with Canadian Schedule 1 banks. Management believes that the credit risk with respect to accounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company manages its liquidity risk through private placements.

The Company's operating cash requirements including amounts projected to complete its existing capital expenditure program are continuously monitored and adjusted as input variables change. These variables include but are not limited to commodity prices, cost overruns on capital projects and changes to government regulations relating to land tenure, allowable production and availability of markets. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk at December 31, 2020.

n) Leases

On January 1, 2019, the company, adopted on a modified retrospective basis, for the first time, IFRS 16 - Leases. Under this approach, the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application. Comparative figures are not restated to reflect the adoption of IFRS 16.

IFRS 16 introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases, except when the term is 12 months or less or when the underlying asset has a low value. The Company recognizes a right-of-use asset and a lease liability for its leases with lease terms greater than one year. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot readily be determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is remeasured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

DATINVEST INTERNATIONAL LTD.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the Years Ended December 31, 2020 and 2019

3. Marketable Securities

The Company's other investments, which are classified as FVTPL have been valued at their market prices.

2020		2019	
Cost	Market	Cost	Market
\$10,000	\$1,750	\$10,000	\$1,125

On August 12, 2010, the Company received 250,000 shares of Orestone Mining Corp. in settlement of the \$25,000 owed by Intuitive Exploration Inc., which was acquired by Orestone on June 3, 2010. On September 18, 2012 Orestone consolidated its shares on 1 for 4 basis as a result the Company now hold 12,500 shares. The Company classifies these shares as FVTPL and, accordingly; any unrealized gains and losses in fair value are included in net income or loss for the year.

4. Accounts Payable and Accrued Liabilities

	December 31, 2020	December 31, 2019
Trade accounts payable	\$ 10,599	\$ 2,807
Accrued liabilities	8,000	8,000
	\$ 18,599	\$ 10,807

5. Loans and Borrowings

As at December 31, 2020, the Company owes \$12,000 (December 31, 2019: \$12,000) to certain shareholders. The loans are without interest and are due on demand. Since these loans are non-interest bearing and have no fixed terms, their carrying costs approximate the amortized costs.

6. Share Capital and Contributed Surplus

Authorized: Unlimited common shares without par value

On January 30, 2019, the Company issued 4,000,000 common shares at a price of \$0.15 per share pursuant to the exercise of warrants.

Stock Options

On March 16, 2018, the Company granted 500,000 stock options to consultants and directors of the Company. The stock options vested immediately at the grant date. The fair value of the stock options granted was determined to be \$202,842 using the following assumptions: Risk-free rate of 1.73%; Expected life of 5 years, Expected volatility of 227% and dividend yield of nil.

Of the 500,000 incentive stock options granted on March 16, 2018; 450,000 of the incentive stock options were granted to directors and officers of the Company.

During the year ended December 31, 2020, 325,000 stock options were cancelled unexercised and accordingly, \$131,847 was reclassified from contributed surplus to deficit.

Warrants

As at December 31, 2020, the Company had no warrants outstanding (December 31, 2019 - nil). During the year ended December 31, 2019, all 4,000,000 warrants were exercised at a price of \$0.15 per warrant.

DATINVEST INTERNATIONAL LTD.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the Years Ended December 31, 2020 and 2019

7. Income Taxes

The Company has accumulated non-capital losses for Canadian income tax purposes of approximately \$1,448,000 which expire in various years to 2040 as follows:

2026	67,000
2027	191,000
2028	133,000
2029	51,000
2030	50,000
2031	62,000
2032	72,000
2033	77,000
2034	54,000
2035	83,000
2036	126,000
2037	88,000
2038	157,000
2039	113,000
2040	124,000
	\$ 1,448,000

The Company also has capital losses of approximately \$1,086,777 which may be carried forward indefinitely.

The reconciliation of income tax provision at the federal and provincial statutory rate of 27% to the reported income tax provision is as follows:

	2020	2019
	27.0%	27.0%
Net loss for the year	\$ (116,395)	\$ (105,414)
Income tax benefits computed at Canadian statutory rates	31,427	27,407
Unrecognized tax losses	(31,427)	(27,407)
	\$ -	\$ -

DATINVEST INTERNATIONAL LTD.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the Years Ended December 31, 2020 and 2019

7. Income Taxes -continued

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates are as follows:

	2020	2019
Future income tax assets		
Temporary differences in assets	\$ 1,000	\$ 1,000
Non-capital losses carried forward	391,000	357,000
Net capital losses carried forward	293,000	293,000
Cumulative resource development costs	16,000	16,000
	701,000	667,000
Valuation allowance for future income tax assets	(701,000)	(667,000)
Future income tax assets	\$ -	\$ -

The conditions required to recognize potential future tax assets based on establishment of likely future profitability have not been met. Accordingly, a 100% valuation allowance has been provided.

8. Capital Risk Management

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern; to maintain optimal capital structure, while ensuring the Company's strategic objectives are met and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, stock options, contributed surplus and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, selling and/or acquiring assets, and controlling its capital expenditures program.

The Company has no business or operations and is currently reviewing new projects. As such, the Company is dependent on external financing to fund its activities. In order to pay for its operating expenses, the Company will spend its existing working capital and raise additional amounts as needed and if available.

Management reviews its capital management approach on an ongoing basis.

9. Fair Value Measurement

Measurement of the fair value of financial instruments is made under a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data.

DATINVEST INTERNATIONAL LTD.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
For the Years Ended December 31, 2020 and 2019

9. Fair Value Measurement - *continued*

At December 31, 2020, the levels in the fair value hierarchy into which the Company's financial assets and liabilities measured and recognized in the balance sheet at fair value are categorized are as follows:

	2020	2019
	<u>Level 1</u>	<u>Level 1</u>
Cash	\$ 763,677	\$ 867,595
Marketable securities	\$ 1,750	\$ 1,125

10. Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Key management personnel compensation

During the year ended December 31, 2020, cash compensation of key management personnel and share-based compensation were \$nil (2019 - \$nil) and \$nil (2019 - \$nil); respectively.

11. Subsequent Event

On March 31, 2021, the Company signed a non-binding letter of intent with GVB Biopharma (“GVB”) and Irwin Naturals (“Irwin”) to complete a business combination (the “Transaction”). The Transaction will result in a reverse-takeover of the Company and upon completion of the Transaction, the Companies will become subsidiaries of the Company and the combined entity (the “Resulting Issuer”) will continue to carry on the businesses of Irwin and GVB. The closing of the Transaction will be subject to a number of terms and conditions including the receipt of all necessary regulatory and third-party consents and approvals, the listing of the Resulting Issuer on the Canadian Securities Exchange (the “CSE”) and the concurrent delisting of the Company from the TSX Venture Exchange (the “TSXV”). Each of the Company, Irwin and GVB are arm’s length from one another. The LOI is expected to be superseded by a definitive agreement (the “Definitive Agreement”) to be signed by the parties on or before June 30, 2021.

SCHEDULE "B"
ANNUAL MD&A OF PUBCO FOR THE
YEARS ENDED DECEMBER 31, 2020 AND 2019
(See attached)

DATINVEST INTERNATIONAL LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
For the year ended December 31, 2020

The following discussion and analysis, prepared as of April 26, 2021, should be read together with the audited financial statements for the year ended December 31, 2020 and related notes attached thereto, which are in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated. This Management's Discussion and Analysis ("MD&A") provides relevant information on the operations and financial condition of Datinvest International Ltd. (the "Company") during the year ended December 31, 2020.

Forward-Looking Statements

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. The Company assumes no obligation to update its forward-looking statements to reflect results, changes in assumptions or changes in other factors affecting such statements. Additional information related to Datinvest International Ltd. is available for view on SEDAR at www.sedar.com.

The Company

The Company has no business or operations and continues to be designated as "Inactive" by the TSX Venture Exchange since September 28, 2001. The Company is currently reviewing new projects. The Company's shares are trading under the symbol DAI.H and are regulated by the NEX polices.

Effective January 11, 2018, the Company consolidated its shares on a 10 old for 1 new basis.

On January 31, 2018, the Company completed a private placement whereby it issued 4,000,000 units for gross proceeds of \$500,000. Each unit consists of one common share of the Company and one common share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.15 for a period of twelve months. All of the securities issued under the private placement are subject to a four-month hold period. A finder's fee of \$40,000 was paid.

On March 16, 2018, the Company granted 500,000 stock options with an exercise price of \$0.41 and expiring on March 16, 2023. During the year ended December 31, 2020, 325,000 stock options were cancelled unexercised and accordingly, \$131,847 was reclassified from contributed surplus to deficit.

Selected Annual Information

	Years ended December 31,		
	2020	2019	2018
Revenue	\$ -	\$ -	\$ -
Basic and Diluted Loss per Share	\$ 0.01	\$ 0.02	\$ 0.05
Loss for the Year	\$ 116,395	\$ 105,414	\$ 352,056
Total Assets	\$ 765,427	\$ 874,030	\$ 661,029
Liabilities (long-term)	\$ -	\$ -	\$ -
Cash dividends	\$ -	\$ -	\$ -

Liquidity and Capital Resources

Working Capital

As at December 31, 2020, the Company's current assets exceeded its current liabilities of \$734,828 (December 31, 2019: \$851,223) and deficit of \$3,741,666 (December 31, 2019: \$3,757,118).

The Company has no commitment for capital expenditures as of April 26, 2021.

Cash and Cash Equivalents

On December 31, 2020, the Company had cash of \$763,677 (December 31, 2019 - \$867,595).

Cash Used in Operating Activities

Cash used in operating activities during the year ended December 31, 2020 was \$103,918 (2019: \$112,685) due to the operating expenditures. Cash was mostly spent on management fees, consulting, corporate and administrative fees, professional fees, office, and transfer agent and filing fees.

Cash Used from Financing Activities

Cash from financing activities during the year ended December 31, 2020 was \$Nil, compared to \$600,000 in 2019 which resulted from the issuance of 4,000,000 common shares through the exercise of warrants at a price of \$0.15 per warrant.

During the year ended December 31, 2020, 325,000 stock options were cancelled unexercised.

Off-Balance Sheet Arrangements

The Company is not committed to any off-balance sheet arrangements.

Outstanding Share Data as April 26, 2021

9,979,407 Common Shares (after consolidation of 10 to 1 common shares)

Warrants: None.

Stock Options: 175,000 exercisable at \$0.41 expiring March 16, 2023

Proposed Transactions

On March 31, 2021, the Company signed a non-binding letter of intent with GVB Biopharma ("GVB") and Irwin Naturals ("Irwin") to complete a business combination (the "Transaction"). The Transaction will result in a reverse-takeover of the Company and upon completion of the Transaction, the Companies will become subsidiaries of the Company and the combined entity (the "Resulting Issuer") will continue to carry on the businesses of Irwin and GVB. The closing of the Transaction will be subject to a number of terms and conditions including the receipt of all necessary regulatory and third-party consents and approvals, the listing of the Resulting Issuer on the Canadian Securities Exchange (the "CSE") and the concurrent delisting of the Company from the TSX Venture Exchange (the "TSXV"). Each of the Company, Irwin and GVB are arm's length from one another. The LOI is expected to be superseded by a definitive agreement (the "Definitive Agreement") to be signed by the parties on or before June 30, 2021.

Critical Accounting Estimates, Judgments and Uncertainties

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Critical Accounting Estimates and Assumptions

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

Transactions with Related Parties

None.

Recent Accounting Pronouncements

Effective for periods beginning on or after January 1, 2020, the Company adopted the following new accounting standard and amendment:

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendment had no impact on the Company.

SCHEDULE "C"
INTERIM FINANCIAL STATEMENTS OF PUBCO FOR THE
THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(See attached)

DATINVEST INTERNATIONAL LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars – unaudited)

DATINVEST INTERNATIONAL LTD.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars - unaudited)

	Note	March 31, 2021	December 31, 2020
ASSETS			
Current			
Cash		\$ 736,956	\$ 763,677
Marketable securities	3	1,250	1,750
Receivables		-	-
TOTAL ASSETS		\$ 738,206	\$ 765,427
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		\$ 22,348	\$ 18,599
Loans	3	12,000	12,000
TOTAL LIABILITIES		34,348	30,599
Shareholders' Equity			
Share capital	4	4,281,875	4,281,875
Contributed surplus	4	194,619	194,619
Deficit		(3,772,636)	(3,741,666)
TOTAL EQUITY		703,858	734,828
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 738,206	\$ 765,427

Approved on behalf of the Board:

"Leighton Bocking"
Leighton Bocking, Director

"Kyle Stevenson"
Kyle Stevenson, Director

The accompanying notes are an integral part of these condensed interim financial statements.

DATINVEST INTERNATIONAL LTD.Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars - unaudited)

	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
Consulting, corporate and administrative fees		\$ 23,625	\$ 22,500
Transfer and filing fees		5,100	2,081
Professional fees		1,721	264
Office		24	180
		(30,470)	(25,025)
Other			
Unrealized loss on marketable securities	3	(500)	-
Net and comprehensive loss for the period		\$ (30,970)	\$ (25,025)
Loss per share		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		9,979,407	9,979,407

The accompanying notes are an integral part of these condensed interim financial statements.

DATINVEST INTERNATIONAL LTD.

Condensed Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars – unaudited)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, December 31, 2019	9,979,407	\$ 4,281,875	\$ 326,466	\$ (3,757,118)	\$ 851,223
Net and comprehensive loss for the period	-	-	-	(25,025)	(25,025)
Balance, March 31, 2020	9,979,407	4,281,875	326,466	(3,782,143)	826,198
Balance, December 31, 2020	9,979,407	4,281,875	194,619	(3,741,666)	734,828
Net and comprehensive loss for the period	-	-	-	(30,970)	(30,970)
Balance, March 31, 2021	9,979,407	\$ 4,281,875	\$ 194,619	\$ (3,772,636)	\$ 703,858

The accompanying notes are an integral part of these condensed interim financial statements.

DATINVEST INTERNATIONAL LTD.
 Statements of Cash Flows
 (Expressed in Canadian Dollars – unaudited)

	Three months ended March 31, 2021	Three months ended March 31, 2020
Cash provided by (used in):		
Operating activities		
Net loss for the period	\$ (30,970)	\$ (25,025)
Items not affecting cash:		
Unrealized loss on marketable securities	500	-
Changes in non-cash working capital items:		
Receivables	-	(1,246)
Accounts payable and accrued liabilities	3,749	(1,271)
Net cash used in operating activities	(26,721)	(27,542)
Change in cash	(26,271)	(27,542)
Cash and Cash Equivalents, beginning of the year	763,677	867,595
Cash and Cash Equivalents, ending of the year	\$ 736,956	\$ 840,053

The accompanying notes are an integral part of these condensed interim financial statements.

DATINVEST INTERNATIONAL LTD.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended March 31, 2021
(Expressed in Canadian Dollars – unaudited)

1. Nature of Operations and Going Concern

Datinvest International Inc. (the “Company”) was incorporated under the British Columbia Company Act on May 1, 1987. The Company was unable to meet Tier Maintenance Requirements pursuant to the policies of the Exchange and was designated as Inactive on September 28, 2001. The Company's shares are trading under the symbol DAI.H and are regulated by the NEX policies.

The address of the Company’s corporate office and principal place of business is Suite 918, 1030 West Georgia Street, Vancouver, British Columbia, Canada V6E 2Y3.

On March 31, 2021, the Company signed a non-binding letter of intent with GVB BioPharma and Irwin Naturals to complete a business combination (Note 7).

On March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods, including the possible impact on future financing opportunities.

2. Summary of Significant Accounting Policies

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed, and therefore these unaudited condensed interim financial statements should be read in conjunction with the Company’s December 31, 2020 audited annual financial statements and the notes to such financial statements.

The preparation of the Company’s unaudited condensed interim financial statements in accordance with IFRS requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

These unaudited condensed interim financial statements are based on the IFRS issued and effective as of May 19, 2021, the date these condensed interim financial statements were authorized for issuance by the Company’s Board of Directors, and follow the same accounting policies and methods of computation as the most recent annual consolidated financial statements.

DATINVEST INTERNATIONAL LTD.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended March 31, 2021
(Expressed in Canadian Dollars – unaudited)

3. Marketable Securities

The Company's other investments, which are classified as FVTPL have been valued at their market prices.

March 31, 2021		December 31, 2020	
Cost	Market	Cost	Market
\$10,000	\$1,250	\$10,000	\$1,750

On August 12, 2010, the Company received 250,000 shares of Orestone Mining Corp. in settlement of the \$25,000 owed by Intuitive Exploration Inc., which was acquired by Orestone on June 3, 2010. On September 18, 2012 Orestone consolidated its shares on 1 for 4 basis and as a result the Company now holds 12,500 shares. The Company classifies these shares as FVTPL and, accordingly; any unrealized gains and losses in fair value are included in net income or loss for the period.

4. Share Capital and Contributed Surplus

Share Capital

Authorized: Unlimited common shares without par value

As at March 31, 2021, the Company had 9,979,407 common shares outstanding (December 31, 2020 – 9,979,407).

Stock Options

A continuity schedule of the Company's outstanding stock options for the three months ended March 31, 2021 and 2020 are as follows:

	March 31, 2021		March 31, 2020	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
Outstanding, beginning of period	175,000	\$ 0.41	500,000	\$ 0.41
Granted	-	-	-	-
Outstanding and exercisable, end of period	175,000	\$ 0.41	500,000	\$ 0.41

At March 31, 2020, the Company had outstanding stock options exercisable to acquire common shares of the Company as follows:

Expiry date	Options outstanding	Exercise price	Weighted average remaining contractual life (in years)
March 16, 2023	175,000	\$ 0.41	1.96

DATINVEST INTERNATIONAL LTD.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended March 31, 2021
(Expressed in Canadian Dollars – unaudited)

5. Fair Value Measurement

Measurement of the fair value of financial instruments is made under a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - inputs for the asset or liability that are not based on observable market data.

At March 31, 2021 and December 31, 2020, the levels in the fair value hierarchy into which the Company's financial assets and liabilities measured and recognized in the balance sheet at fair value are categorized are as follows:

	2020	2019
	<u>Level 1</u>	<u>Level 1</u>
Cash	\$ 736,956	\$ 763,677
Marketable securities	\$ 1,250	\$ 1,750

6. Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the three months ended March 31, 2021 and 2020, cash compensation of key management personnel and share-based compensation were \$nil.

7. Business Combination

On March 31, 2021, the Company signed a non-binding letter of intent with GVB Biopharma (“GVB”) and Irwin Naturals (“Irwin”) to complete a business combination (the “Transaction”), subject to regulatory approval. The Transaction will result in a reverse-takeover of the Company and, upon completion of the Transaction, the Companies will become subsidiaries of the Company and the combined entity (the “Resulting Issuer”) will continue to carry on the businesses of Irwin and GVB. The closing of the Transaction will be subject to a number of terms and conditions, including the receipt of all necessary regulatory and third-party consents and approvals, the listing of the Resulting Issuer on the Canadian Securities Exchange (the “CSE”) and the concurrent delisting of the Company from the TSX Venture Exchange (the “TSXV”). Each of the Company, Irwin and GVB are arm’s length from one another. The LOI is expected to be superseded by a definitive agreement (the “Definitive Agreement”) to be signed by the parties on or before June 30, 2021.

SCHEDULE "D"
INTERIM MD&A OF PUBCO FOR THE
THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(See attached)

DATINVEST INTERNATIONAL LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
For the three months ended March 31, 2021

This Management's Discussion and Analysis ("MD&A") provides relevant information on the operations and financial condition of Datinvest International Ltd. (the "Company") for the three months ended March 31, 2021. This MD&A is prepared as of May 19, 2021 and should be read together with the audited financial statements and related notes attached thereto for the year ended December 31, 2020 and our condensed interim financial statements for the three months ended March 31, 2021, which have been prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise indicated.

Forward-Looking Statements

This MD&A includes "forward-looking statements" and "forward-looking information" within the meaning of Canadian securities legislation. All statements included in this MD&A, other than statements of historical fact, are forward-looking statements. When used in this MD&A, words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict", "foresee" and other similar terminology, or sentences/statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance.

These statements reflect the Company's current expectations regarding future events, performance and results, and is accurate only at the time of this MD&A, and may be superseded by more current information. Forward-looking statements also involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company or its mineral projects to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or information.

Although the forward-looking statements or information contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. They should not be read as guarantees of future performance or results. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to: unanticipated changes in general business and economic conditions or conditions in the financial markets; stock market volatility; the availability of capital and financing generally; changes in national and local government legislation; changes to taxation; changes in interest or currency exchange rates; loss of key personnel; competition; and unanticipated events related to health, safety and environmental matters, including the impact of epidemics.

Forward-looking information is designed to help readers understand management's current views of the Company's near and longer-term prospects, and it may not be appropriate for other purposes. The Company will not update any forward-looking statements or forward-looking information unless required to by applicable securities laws.

The Company

The Company has no business or operations and since September 28, 2001, is designated as inactive by the TSX Venture Exchange. The Company's shares are trading under the symbol DAI.H and are regulated by NEX polices.

On January 30, 2019, the Company issued 4,000,000 common shares at a price of \$0.15 per share pursuant to the exercise of warrants.

On March 31, 2021, the Company signed a non-binding letter of intent with GVB BioPharma and Irwin Naturals to complete a business combination.

Results of Operations

Results of Operations for the three months ended March 31, 2021 and 2020

The net loss for the three months ended March 31, 2021 was \$30,970 compared to \$25,025 for the same period in 2020, representing an increase in loss of \$5,945. The increase in loss was primarily the result of increases in transfer agent and filing fees and professional fees and consulting fees, as well as the unrealized loss on marketable securities. Other costs remained consistent with prior periods.

Summary of Quarterly Results

	2021	2020	2020	2020	2020	2019	2019	2019
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss for the Period	\$ 30,970	\$ 33,680	\$ 29,913	\$ 27,777	\$ 25,025	\$ 34,051	\$ 26,135	\$ 25,529
Basic Loss per Share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Diluted Loss per Share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Losses have remained consistent from period to period as the Company's operations are minimal.

Liquidity and Capital Resources

Working Capital

As at March 31, 2021, the Company's current assets exceeded current liabilities by \$703,858 (December 31, 2020: \$734,828) and deficit of \$3,772,636 (December 31, 2020: \$3,741,666).

The Company has no commitment for capital expenditures as of the date of this MD&A.

Cash and Cash Equivalents

On March 31, 2021 the Company had cash and cash equivalents of \$736,956 (December 31, 2020: \$763,677).

Cash Used in Operating Activities

Cash used by operating activities during the three months ended March 31, 2021 was \$26,721 (2020: \$27,542). Cash used in operating activities was focused on general corporate and administrative activities, including consulting fees, professional fees, office, and transfer agent and filing fees.

Proposed Transactions

On March 31, 2021, the Company signed a non-binding letter of intent with GVB Biopharma ("GVB") and Irwin Naturals ("Irwin") to complete a business combination (the "Transaction"), subject to regulatory approval. The Transaction will result in a reverse-takeover of the Company and, upon completion of the Transaction, the Companies will become subsidiaries of the Company and the combined entity (the "Resulting Issuer") will continue to carry on the businesses of Irwin and GVB. The closing of the Transaction will be subject to a number of terms and conditions, including the receipt of all necessary regulatory and third-party consents and approvals, the listing of the Resulting Issuer on the Canadian Securities Exchange (the "CSE") and the concurrent delisting of the Company from the TSX Venture Exchange (the "TSXV"). Each of the Company, Irwin and GVB are arm's length from one another. The

LOI is expected to be superseded by a definitive agreement (the “Definitive Agreement”) to be signed by the parties on or before June 30, 2021.

Critical Accounting Estimates, Judgments and Uncertainties

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Critical Accounting Estimates and Assumptions

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

Transactions with Related Parties

None.

Recent Accounting Pronouncements

None.

Off-Balance Sheet Arrangements

The Company is not committed to any off-balance sheet arrangements.

Financing Activities

There were no financing activities during the three months ended March 31, 2021 or 2020.

Outstanding Share Data as March 31, 2021

9,979,407 Common Shares

Warrants: None.

Stock Options: 175,000 exercisable at \$0.41 expiring March 16, 2023

SCHEDULE "E"
AUDITED ANNUAL FINANCIAL STATEMENTS OF IRWIN FOR THE
YEARS ENDED DECEMBER 31, 2020 AND 2019
(See attached)

Combined Financial Statements

For the years ended December 31, 2020 and 2019

Expressed in thousands of United States dollars,
except share and per share amounts

Irwin Naturals





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Independent Auditor's Report

To the Shareholders of
Irwin Naturals

Opinion

We have audited the combined financial statements of Irwin Naturals (the "Company"), which comprise the combined statements of financial position as at December 31, 2020 and 2019 and January 1, 2019, and the combined statements of profit and comprehensive income, changes in shareholders' equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the combined financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019 and January 1, 2019, and its financial performance and its cash flows for the years ended December 31, 2020 and 2019 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS") and auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and the United States of America, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As discussed in Note 18 to the financial statements, subsequent to December 31, 2020, the Company has entered a definitive business combination agreement with Datinvest International Ltd. Our opinion is not modified with respect to this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS or U.S. GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS and U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies and material weaknesses in internal control that we identify during our audit.

Deloitte & Touche LLP

Los Angeles, California

August 9, 2021

Irwin Naturals

Combined Statements of Financial Position

As of December 31, 2020, 2019 and January 1, 2019

(Expressed in US Dollars, rounded in thousands except share data)

	Notes	31-Dec-20	31-Dec-19	Date of Transition to IFRS (1-Jan-19)
ASSETS				
Current Assets:				
Cash		\$ 442	\$ 371	\$ 5
Other Financial Assets		-	-	328
Trade Receivables	2,13	17,214	15,742	15,611
Inventory	4	14,577	19,503	15,325
Prepaid Expenses and Other	3	1,656	1,397	1,785
Total Current Assets		33,889	37,013	33,054
Non-Current Assets:				
Property and Equipment	5	262	241	410
Right-of-Use Asset	7	2,047	3,340	-
Other Non-Current Assets		136	136	136
Note Receivable from Shareholder	16	-	1,150	1,673
Intangible Assets		87	87	87
Total Non-Current Assets		2,532	4,954	2,306
TOTAL ASSETS		\$ 36,421	\$ 41,967	\$ 35,360
LIABILITIES				
Current Liabilities:				
Trade and Other Payables	8	11,616	13,183	13,096
Reserve for Returns		387	552	420
Lease Liability- Current	7	\$ 1,334	\$ 1,254	\$ -
Line of Credit	6	7,500	9,200	5,758
Total Current Liabilities		20,837	24,189	19,274
Non-Current Liabilities:				
Lease Liability - Non Current	7	812	2,146	-
TOTAL LIABILITIES		21,649	26,335	19,274
SHAREHOLDERS' EQUITY				
Common stock; \$0.001 par value; 1,500,000 shares authorized;				
1,000,000 shares issued and outstanding	10	1	1	1
Additional Paid In Capital		14,771	15,631	16,093
Retained Earnings		-	-	-
Accumulated Other Comprehensive Loss		-	-	(8)
Total Shareholders' Equity		14,772	15,632	16,086
TOTAL LIABILITIES & EQUITY		\$ 36,421	\$ 41,967	\$ 35,360

Approved on behalf of the Board on August 5, 2021

The accompanying notes are an integral part of these audited Combined Financial Statements

Irwin Naturals

Combined Statements of Profit and Comprehensive Income

For the Years Ended December 31

(Expressed in US Dollars, rounded in thousands except share data)

	For the twelve months ended	
	31-Dec-20	31-Dec-19
Operating Revenue	\$ 89,377	\$ 87,861
Cost of Sales	(52,876)	(48,874)
Gross Profit	36,501	38,987
Operating Expenses:		
Selling, General and Administrative Expenses	28,896	32,678
Gain on Sale of Property and Equipment	(53)	(48)
Income from Operations	7,658	6,357
Other Income/(Expense):		
Interest Income	10	42
Interest Expense	(312)	(440)
Realized gain on sale of investments	-	30
Total Other Expense, net	(302)	(368)
Profit before Income Taxes	7,356	5,989
Provision for Income Taxes	(116)	(74)
Net Income	7,240	5,915
Unrealized gain on securities	-	8
Total Comprehensive Income	\$ 7,240	\$ 5,923
Earnings per common share - basic	\$ 7.24	\$ 5.92
Earnings per common share - diluted	\$ 7.24	\$ 5.92

The accompanying notes are an integral part of these audited Combined Financial Statements

Irwin Naturals

Combined Statements of Changes in Shareholders' Equity

For the Years Ended December 31

(Expressed in US Dollars, rounded in thousands except share data)

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Accum Other</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Paid-In-Capital</u>	<u>Earnings</u>	<u>Comp Loss</u>	<u>Equity</u>
Balance at January 1, 2019	1,000,000	\$ 1	\$ 16,093	\$ -	\$ (8)	\$ 16,086
Net Income				5,915		5,915
Other comprehensive income					8	8
Settlement of note receivable from shareholder through non-cash distribution				(523)		(523)
Distributions to Shareholders			(462)	(5,392)		(5,854)
Balance at December 31, 2019	1,000,000	\$ 1	\$ 15,631	\$ -	\$ -	\$ 15,632
Net Income				7,240		7,240
Settlement of note receivable from shareholder through non-cash distribution				(1,150)		(1,150)
Distributions to Shareholders			(860)	(6,090)		(6,950)
Balance at December 31, 2020	1,000,000	\$ 1	\$ 14,771	\$ -	\$ -	\$ 14,772

The accompanying notes are an integral part of these audited Combined Financial Statements

Irwin Naturals

Combined Statements of Cash Flows

For the Years Ended December 31

(Expressed US Dollars, rounded in thousands)

	For the twelve months ended	
	31-Dec-20	31-Dec-19
Net Income from Operations	\$ 7,240	\$ 5,915
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and Amortization	1,406	852
Change in Allowance for Doubtful Accounts	134	(66)
Realized Gain on Sale of Property and Equipment	(53)	(48)
Realized Gain on Sale of Investments	-	(30)
Gain on PPP Loan Forgiveness	(1,838)	-
Interest Income	(10)	(42)
Interest Expense	312	440
Current Income Tax	116	74
Changes in Working Capital:		
Trade Receivables	(1,606)	(65)
Inventories	4,926	(4,178)
Prepaid Expenses and Other	(259)	388
Trade and Other Payables	(1,578)	490
Reserve for Returns	(165)	132
Cash Generated from Operations	8,625	3,862
Interest Received	10	42
Interest Paid	(305)	(436)
Income Taxes Paid	(112)	(74)
Net Cash Generated from Operating Activities	8,218	3,394
Cash Flow from Investing Activities:		
Purchases of Investments	-	(43)
Proceeds from Sale of Investments	-	409
Purchases of Property and Equipment	(134)	(37)
Proceeds from Disposal of Property and Equipment	53	48
Net Cash (Used In) Generated from Investing Activities	(81)	377
Cash Flow from Financing Activities:		
Proceeds from Line of Credit	22,828	27,856
Payments of Line of Credit	(24,528)	(24,414)
Bank Overdraft	-	(407)
Proceeds from PPP Loan	1,838	-
Distributions to Shareholder	(6,950)	(5,854)
Payments on Lease Liability	(1,254)	(586)
Net Cash Used In Financing Activities	(8,066)	(3,405)
Net Increase in Cash	71	366
Cash at Beginning of the Year	371	5
Cash at end of the Year	\$ 442	\$ 371

The accompanying notes are an integral part of these audited Combined Financial Statements

Irwin Naturals

Notes on the Combined Financial Statements

As of and For the Years Ended December 31, 2020 and 2019

(Expressed in US Dollars, rounded in thousands except share amounts)

1. NATURE OF OPERATIONS

Irwin Naturals was incorporated in Nevada on January 23, 2002, and is based in Los Angeles, California. Irwin Naturals develops vitamins and other health supplements and distributes these products in the United States and Canada through two main channels: health food stores and mass market retailers.

5310 Holdings, LLC (“5310 Holdings”) was formed as a California limited liability company based in Los Angeles, California to hold intellectual property related to products sold by Irwin Naturals. Irwin Naturals has a licensing agreement for worldwide licenses to use, market, sell and promote certain trademarks held by 5310 Holdings. 5310 Holdings has been determined to be a “related party” of Irwin Naturals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These combined financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The combined financial statements of the Company for the years ended December 31, 2020 and 2019 were authorized for issue by the Board of Directors on August 5, 2021.

Basis of measurement

These combined financial statements have been prepared on the accrual basis of accounting except for cash flow information, and on a historical cost basis except for certain financial assets measured at the lower of cost or net realizable value. The financial statements are presented in thousands of United States (“US”) dollars, which is also the Company’s functional currency, unless otherwise noted.

Critical accounting estimates and judgments

IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) *Fair value of equity-like instruments:* Fair value of financial assets and financial liabilities recorded in the combined statements of financial position, which cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. Judgment

Irwin Naturals

Notes on the Combined Financial Statements

As of and For the Years Ended December 31, 2020 and 2019

(Expressed in US Dollars, rounded in thousands except share amounts)

includes, but is not limited to, consideration of model inputs such as volatility, estimated life, and discount rates.

- ii) *Estimating variable consideration for returns and sales promotion incentives:* The Company uses historical customer return data to determine the expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company provides for estimated payments to its customers based on various trade programs and sales promotional incentives. The Company estimates the most likely amount payable for its largest customers for each trade and incentive program separately using (i) the projected level of sales volume for the relevant period; (ii) customer rates for allowances, discounts, and rebates; (iii) historical spending patterns; and (iv) sales lead time. These arrangements are complex and there are a significant number of customers and products affected. Management has systems and processes in place to estimate and value these obligations.

- iii) *Valuation of non-cash transactions:* The valuation of shares and other equity instruments issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.
- iv) *Amortization:* Amortization of property, plant and equipment and intangible assets are dependent upon the estimated useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.
- v) *Inventory:* Inventory is carried at the lower of cost or net realizable value. The determination of net realizable value involves significant management judgement and estimates, including the estimation of future selling prices.

COVID-19 estimation uncertainty

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) a global pandemic. This has resulted in governments worldwide, including the American government, to enact emergency measures to combat the spread of the virus. These measures, which include social distancing, the implementation of travel bans, and closures of non-essential businesses, have caused material disruption to businesses globally, resulting in an economic slowdown. The production and sale of hemp and cannabidiol ("CBD") have been recognized as essential services across the United States. As of December 31, 2020, the Company has observed negative downward pressure on its sales growth due to the COVID-19 pandemic.

The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the full financial effect on the Company's business, financial position and operating results remain uncertain at this time. In addition, it is possible that estimates in the Company's combined financial statements will change in the near term as a result of COVID-19 and the effect of any such

Irwin Naturals

Notes on the Combined Financial Statements

As of and For the Years Ended December 31, 2020 and 2019

(Expressed in US Dollars, rounded in thousands except share amounts)

changes could be material, which could result in, among other things, impairment of long-lived assets. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

New IFRS Standards that are effective for the current year

Leases (“IFRS 16”)

In January 2016, the IASB issued IFRS 16, Leases, which replaces IAS 17, Leases (“IAS 17”) and related interpretations. The standard introduces a single, on-balance sheet accounting model for lessees. A lessee is required to recognize a right-of-use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company adopted the standard on January 1, 2019 using the modified retrospective method, with the cumulative effect initially recognized in retained earnings, and no restatement of prior comparative periods. There were no ROU assets or lease liabilities recognized upon adoption and no impact to the Company’s retained earnings as of January 1, 2019.

Definition of a lease

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys this right the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or reassessment of a contract that contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Accounting as a lessee under IFRS 16

The Company recognizes a right-of-use asset and lease liability on the combined statements of financial position at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of its useful life or the end of the lease term. The

Irwin Naturals

Notes on the Combined Financial Statements

As of and For the Years Ended December 31, 2020 and 2019

(Expressed in US Dollars, rounded in thousands except share amounts)

estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. The lease liability is subsequently increased by interest costs on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in the combined statements of profit and loss and comprehensive income if the carrying amount of the right-of-use asset has been reduced to \$nil.

Payments associated with short-term leases are recognized as an expense on a straight-line basis in facility costs in the combined statements of profit and loss and comprehensive income. Short-term leases are defined as leases with a lease term of 12 months or less. Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred and recognized in facility costs.

Transition to IFRS 16

Practical expedients

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions represent leases. The Company applied IFRS 16 only to contracts that were previously identified as leases under IAS 17 and IFRIC 4. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into, or changed, on or after January 1, 2019.

The Company used the additional practical expedient to not recognize a right-of-use asset or lease liability to leases for which the remaining lease term ends within 12 months of the date of initial application.

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As a result of the practical expedient, the Company did not require adjustments to the opening balances as of January 1, 2019 or to deficit resulting from the initial adoption of IFRS 16.

The following table reconciles the operating lease commitments as of December 31, 2018 to the opening balance of lease liability at January 1, 2019:

Operating lease commitments as at December 31, 2018	\$	661
Finance lease liabilities recognized as of January 1, 2019	-	-
Effect of discounting using the lessee's incremental borrowing rate	-	-
Lease commitments not yet in effect	-	-
Short term, low-value asset leases		(661)
Lease liabilities recognized as of January 1, 2019		-

IFRIC 23, Uncertainty over income tax treatments ("IFRIC 23")

IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12, Income taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable income or losses, tax bases, unused tax losses, unused tax credits and tax rates, and how an entity considers a change in facts and circumstances. The Company adopted this interpretation on January 1, 2019, applied retrospectively, with no material impact resulting from the adoption.

Amendments to IFRS 16: COVID-19 Related Rent Concessions

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The amendment is effective June 1, 2020 but, to ensure the relief is available when needed most, lessees can apply the amendment immediately in any financial statements not yet authorized for issue. The Company adopted this amendment during the year ended December 31, 2020, however it did not have a material impact to the Company's combined financial statements.

Amendments to IFRS 3, Business combination ("IFRS 3")

In October 2018, the IASB issued "Definition of a Business (Amendments to IFRS 3)". The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. The amendments provide an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company adopted this amendment during the year ended December 31, 2020, however it did not have a material impact to the Company's combined financial statements.

IFRS Standards in effect but not previously applicable:

IAS 20 – Accounting for government grants and disclosure of government assistance ("IAS 20")

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IAS 20 provides a comprehensive accounting model for government grants. In April 2020, the Company received loan proceeds in the amount of \$1,838 under the Paycheck Protection Program (“PPP”), and the Company applied guidance from IAS 20 in accounting for the PPP loan and the expected forgiveness, which can be presented as either 1) Other Income, or 2) a reduction in the expenses the PPP loan was intended to defray. The Company has chosen to credit the entire loan proceeds as a reduction to payroll costs and group health care benefits costs, which are included in Selling and Marketing, and General and Administrative expenses on the combined statements of profit and loss and comprehensive Income. The Company used all of the proceeds for purposes consistent with the PPP Loan and it is reasonably assured that the Company has met all the conditions for forgiveness on the entire loan. See Note 11 for more details.

New IFRS Standards in issue but not yet effective:

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract

The amendment specifies that ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company’s combined financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the combined statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company’s combined financial statements.

Interbank Offered Rate (“IBOR”) Reform

In August 2020, the IASB published amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases.

The amendments address issues that arise from implementation of IBOR reform, where IBORs are replaced with alternative benchmark rates and enable entities to reflect the effects of transitioning from benchmark interest rates to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments are effective for fiscal years beginning on or after January 1, 2021 with early adoption permitted. As of December 31, 2020 there has been no impact to the Company’s combined financial statements, however the Company is in the process of evaluating potential changes to its secured credit line as it transitions from IBORs to alternative rates prior to the cessation of IBORs. As at December 31, 2020 the amount of debt subject to IBOR reform is \$7,500 (See note 6, “Credit Facility”).

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Basis of presentation

These combined financial statements include the accounts of the Company and 5310 Holdings, LLC. This presentation reflects a common-controlled combination of previously existing entities. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the entities are included in the combined financial statements from the date that control commences until the date that control ceases. Irwin Naturals is the primary beneficiary of 5310 Holdings through the use of trademarks held by that entity. 5310 Holdings has no operations apart from ownership of the trademarks, and these intangibles are fully integrated into the operations of Irwin Naturals. Irwin Naturals has not provided financial or other support to 5310 Holdings in the years ended December 31, 2020 and 2019. As of December 31, 2020 and 2019, amounts included in the combined financial statements include intangible assets of \$87 and additional-paid-in-capital of \$87. Apart from these amounts, creditors and beneficial holders of 5310 Holdings have no recourse to the assets or general credit of Irwin Naturals. All intra-company transactions, balances, income and expenses were eliminated for presentation.

Functional and presentation currency

The functional currency of the Company is the United States' dollar as this is the principal currency of the economic environment in which it operates. The United States' dollar is also the Company's presentation currency. Transactions in foreign currencies are recorded in the Company's functional currency at the exchange rate at the date of the transaction. Total foreign sales in 2020 accounted for 3% (2019 – 6%) of the Company's revenue, meaning foreign transactions recorded at the spot rate had minimal impact on the company's financial performance and there is negligible foreign exchange risk. Gains and losses on foreign currency translation were immaterial for the years ended December 31, 2020 and 2019.

Segmented reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components.

The Company has a single reportable segment, which is the way the Company reports information to its chief decision makers and Board of Directors.

Revenue (“IFRS 15”)

In May 2014, the IASB issued IFRS 15, Revenue, which replaces IAS 11 (“IAS 11”), IAS 18 (“IAS 18”), IFRIC 13 (“IFRIC 13”), IFRIC 15 (“IFRIC 15”), IFRIC 18 (“IFRIC 18”), and SIC-31 (“SIC-31”) and related interpretations. The standard introduces a single, on-balance sheet accounting model for revenue. Under IFRS 15, a company is required to recognize revenue depicting the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

In 2019, the Company adopted IFRS 15 using the modified retrospective method. Under the modified retrospective method, an entity records a cumulative-effect adjustment on the opening balance sheet to retained earnings. The opening adjustment to retained earnings is determined on the basis of the impact of the revenue standard's application on contracts that were not completed as of the date of initial application. There was no impact to opening retained earnings, therefore there was no adjustment to retained earnings for a cumulative adjustment. However, the Company

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previously classified customer incentives as a selling and marketing expense in the combined statements of profit and loss and comprehensive income. In accordance with the new guidance, these incentives are now recorded as a reduction of sales. The amount of customer incentives reclassified and recorded against sales for the year ended December 31, 2019, totaled approximately \$19,000,000. In 2020, the total was approximately \$21,000,000. The new standard does not impact the timing of recognition of these incentives.

The Company generates revenue primarily from finished product sales. The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

1. Identify the contract with a customer;
2. Identify the obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the obligation(s).

The Company accounts for a contract with a customer when it has approval and commitment from all parties, the rights of the parties, including payment terms, are identified, the contract has commercial substance and consideration is probable of collection. At the inception of each contract, the Company evaluates the promised goods and services to determine whether the contract should be accounted for as having one or more performance obligations. A performance obligation is a promise to transfer a distinct good or service to a customer and represents the unit of accounting for revenue recognition.

Revenue is recognized when, or as, control of a promised product or service (referred to above as a performance obligation) transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products or services. The transaction price is determined including estimated for variable consideration and consideration payable to the customer based on the terms of sale, which include primarily customer discounts and incentives, actual and estimated for returns, and any other penalties or discounts paid to the customer associated with the sale of products. The estimates for variable consideration are subject to the concept of constraint. Variable consideration and consideration payment to the customer is a reduction of transaction price and therefore classified in operating revenue on the combined statements of profit and loss and other comprehensive income.

Operating revenue represent product sales for which revenue is recognized generally upon shipment to the customer, which is when control transfers to the customer in line with the transfer of title of product, ownership and risk of loss transfer to the customer, and the Company has a present right to payment. To arrive at operating revenue, gross sales are reduced by customer discounts, customer incentives, actual customer returns and a provision for estimated returns, which is based on historical return rates.

Sales to customers are primarily made in the United States of America, however a portion of the Company's sales transactions occur in foreign jurisdictions that levy consumption taxes. In these instances, the Company collects applicable taxes from their customers and remits the collected amounts to the appropriate government entity. The Company does not include consumption taxes in its transaction price as it is determined that the Company is acting as a collecting agent on behalf

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of the government entity.

Customer payments on contracts recorded in revenue are typically due within 30 – 60 days of billing depending on the contract.

Trade Receivables

Trade receivables are recognized initially at fair value less any provisions for impairment. Estimates of expected credit losses take into account the Company's collection history, deterioration of collection rates during the average credit period, as well as observable changes in and forecasts of future economic conditions that affect default risk. Where applicable, the carrying amount of a trade receivable is reduced for any expected credit losses through the use of an allowance for doubtful accounts ("AFDA") provision. When the Company determines that no recovery of the amount owing is possible, the amount is deemed irrecoverable and the financial asset is written off. For the year ended December 31, 2020 there was an AFDA of \$390 (December 31, 2019 - \$256, January 1, 2019 - \$322).

Inventory

Inventory is stated at the lower of cost (first in, first out) and net realizable value. Inventory consists primarily of vitamins and other supplement products. A write-down adjustment is recorded for obsolete and slow-moving inventory to write down cost to net realizable value, if necessary. The write-down adjustment is calculated by identifying specific products that are expired, quarantined for quality control, and by analyzing the aging of the inventory and identifying those products that are over a certain age or too close to the expiration date. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. Packaging and supplies are initially valued at cost and subsequently at the lower of cost and net realizable value.

Property and equipment, and right-of-use assets

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. The estimated useful lives are as follows:

Automobile	5 years
Furniture and fixtures	5 - 7 years
Machinery and equipment	2 - 5 years
Computer equipment	5 years
Leasehold improvements	5 years
Right-of-Use Assets	3 - 5 years

The determination of appropriate useful lives and residual values are based on management's judgement; therefore, the resulting depreciation is subject to estimation uncertainty.

Items of equipment are derecognized upon disposal or when no future economic benefits are expected to arise from their continued use. Any gain or loss arising from disposal or retirement is

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determined as the difference between the consideration received and the carrying amount of the asset and is recognized in the combined statements of profit and loss and comprehensive income in the year the asset is derecognized.

Impairment of non-financial assets

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

For the year ended December 31, 2020 there was a provision of \$nil (December 31, 2019 - \$nil, January 1, 2019- \$nil).

Cost of sales

Cost of sales represents costs directly related to manufacturing and distribution of the Company's products and services. Primary costs include raw materials, packaging, direct labor, overhead, shipping and the depreciation of production equipment and facilities. Manufacturing overhead and related expenses include salaries, wages, employee benefits, utilities, maintenance, and property taxes. The Company recognizes the cost of sales as the associated revenue is recognized.

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Income taxes

Irwin Naturals has elected to be treated under the provisions of subchapter S of the Internal Revenue Code. Under the provisions of subchapter S, Irwin Naturals does not pay federal income taxes on its taxable income. Instead, shareholders are liable for federal and state income taxes on Irwin Naturals' net income on their individual tax returns. Accordingly, no provision or liability for federal income taxes has been included in the accompanying combined financial statements.

However, California imposes a tax at the corporate level at a rate of 1.5% of the Irwin Naturals taxable income adjusted for California purposes.

5310 Holdings is a limited liability company and as a result is not subject to federal income taxes; however, it is subject to a California gross receipts fee. Taxable income of the entity is passed through to the member on the individual's tax returns.

The Company evaluates its tax positions and recognizes a liability for any positions that would not be considered "more likely than not" to be upheld under a tax authority examination. If such issues exist, the Company's policy will be to recognize any tax liability, including applicable interest and penalties, as a component of income tax expense. The Company has evaluated its tax positions and management believes there are no uncertain positions required to be recorded or disclosed for the years ended December 31, 2020 and 2019.

By statute, the Company's federal and state income tax returns generally remain subject to examination by taxing authorities for three and four years, respectively, from the date the return is filed.

Fair value of financial instruments

Fair value measurements are categorized into Level 1 or 2 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a) Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- b) Level 2 inputs are unobservable inputs for the asset or liability.

The carrying amounts of cash, accounts receivable, notes receivable from shareholder and accounts payable and accrued expenses approximate their fair values due to their short-term nature.

3. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following as of December 31, 2020 and 2019 and January 1, 2019:

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	31-Dec-20	31-Dec-19	1-Jan-19
Prepaid expenses	\$ 620	\$ 300	\$ 254
Prepaid insurance	260	282	118
Prepaid marketing	131	165	126
Prepaid inventory	453	375	1,267
Other receivables	192	275	20
	\$ 1,656	\$ 1,397	\$ 1,785

4. INVENTORY

Inventory consists of the following as of December 31, 2020 and 2019 and January 1, 2019:

	31-Dec-20	31-Dec-19	1-Jan-19
Raw materials	\$ 3,337	\$ 3,530	\$ 4,993
Finished goods	11,240	15,973	10,332
Inventory, net of reserve	\$ 14,577	\$ 19,503	\$ 15,325

The amounts of additional reserve and reversals that are recognized during the years ended December 31, 2020 and 2019, are included in cost of sales in the combined statements of profit and loss and comprehensive income as follows:

	31-Dec-20	31-Dec-19
Beginning balance	\$3,125	\$2,310
Provisions made during the year	5,374	1,892
Disposals and sales during the year	(2,467)	(1,077)
Ending balance	\$6,032	\$3,125

5. PROPERTY and EQUIPMENT

Property and Equipment consists of the following for the years ended December 31, 2020 and 2019:

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	Furniture and Fixtures	Computers and Equipment	Machinery and Equipment	Vehicles	Leasehold Improvements	Total
Cost						
Balance, January 1, 2019	\$ 406	\$ 1,221	\$ 298	\$ 307	\$ 1,175	\$ 3,407
Additions	-	20	-	-	17	37
Disposals	-	(404)	(161)	(133)	-	(698)
Balance, December 31, 2019	406	837	137	174	1,192	2,746
Additions	-	19	-	115	-	134
Disposals	-	-	-	(154)	-	(154)
Balance, December 31, 2020	\$ 406	\$ 856	\$ 137	\$ 135	\$ 1,192	\$ 2,726
Accumulated Depreciation						
Balance, January 1, 2019	\$ 369	\$ 906	\$ 283	\$ 279	\$ 1,160	\$ 2,997
Depreciation	15	132	4	28	27	206
Disposals	-	(404)	(161)	(133)	-	(698)
Balance, December 31, 2019	384	634	126	174	1,187	2,505
Depreciation	13	89	3	6	2	113
Disposals	-	-	-	(154)	-	(154)
Balance, December 31, 2020	\$ 397	\$ 723	\$ 129	\$ 26	\$ 1,189	\$ 2,464
Net Book Value						
December 31, 2019	\$ 22	\$ 203	\$ 11	\$ -	\$ 5	\$ 241
December 31, 2020	\$ 9	\$ 133	\$ 8	\$ 109	\$ 3	\$ 262

6. CREDIT FACILITY

In 2019, the Company maintained a line of credit with a financial institution in the amount of the lesser of \$20,000 or the Company's borrowing base, as defined in the agreement. The Company has the option of borrowing under a LIBOR loan (LIBOR based on the interest period selected by the Company) or a Prime loan. Under LIBOR loans, borrowings bear interest at the greater of 1.35% or 30 day LIBOR interest rate plus 1.35% (3.10% at December 31, 2019). Under Prime loans, borrowings bear interest at the greater of 2% or the fluctuating Prime rate minus 1% (3.75% at December 31, 2019).

In September 2020, the Company renewed the line of credit with the same financial institution in the amount of the lesser of \$17,500 or the Company's borrowing base, as defined in the agreement. The Company has the option of borrowing under a LIBOR loan (LIBOR based on the interest period selected by the Company) or a Prime loan. Under LIBOR loans, borrowings bear interest at the greater of 1.35% or 30 day LIBOR interest rate plus 1.35% (1.5375% at December 31, 2020). Under Prime loans, borrowings bear interest at the greater of 2% or the fluctuating Prime rate minus 1% (2.25% at December 31, 2020). The Company is in negotiation to replace the benchmark rate with an alternative benchmark rate with the financial institution as part of IBOR reform.

The line of credit is secured by all of the Company's assets, is guaranteed by the Company's shareholder and matures on August 1, 2022. The line of credit agreement contains certain restrictive covenants, for which the Company was in compliance at December 31, 2020 and 2019.

7. LEASES

Right-of-Use Assets

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The Company's right-of-use ("ROU") assets consist primarily of building, where the office and warehouse of its principal operations are located. The lease has a term of 36 months, from August 2019 to July 2022. The following is a continuity schedule of the right-of-use asset for the years ended December 31, 2020 and 2019.

	31-Dec-20	31-Dec-19
Balance - Beginning of Period	\$ 3,340	\$ -
IFRS 16 Transition Adj.	-	-
Lease Additions	-	3,986
ROU Amortization	(1,293)	(646)
Balance - End of Period	\$ 2,047	\$ 3,340

Lease Liabilities

The following is a continuity schedule of lease liabilities for the years ended December 31, 2020 and 2019.

	31-Dec-20	31-Dec-19
Balance - Beginning of Year	\$ 3,400	\$ -
Lease Additions	-	3,986
Lease Payments	(1,342)	(644)
Interest Expense on Lease Liabilities	88	58
Balance - End of Year	\$ 2,146	\$ 3,400
Current Portion	1,334	1,254
Non-current Portion	812	2,146

The following is a maturity schedule of leases as of December 31, 2020.

Maturity analysis for lease liabilities	Scheduled payments	
One year or less	\$	1,383
One to five years		821
More than five years		-
Total undiscounted lease liability		2,204
Impact of discount		(58)
Lease liability at December 31, 2020		2,146
Less: current portion of lease liability		(1,334)
Lease liability net of current portion	\$	812

When measuring lease liabilities, the Company discounts lease payments using its incremental borrowing rate. For leases recognized in the year ended December 31, 2020 and 2019, the weighted average rate applied is 3.11%. During the year ended December 31, 2020, the Company recorded rent expense of \$1,493 (December 31, 2019 - \$1,424), which included \$200 (\$778 in 2019) for short-term leases.

8. TRADE AND OTHER PAYABLES

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Trade and other payables consist of the following as of December 31, 2020 and 2019 and January 1, 2019:

	31-Dec-20	31-Dec-19	1-Jan-19
Trade Payables	\$ 3,518	\$ 5,784	\$ 6,023
Accrued Compensation	1,806	2,327	1,746
Customer Refunds	131	235	157
Interest Payable	10	25	21
Accrued Promotions	5,483	4,159	3,873
Other Accrued Expenses	668	653	1,276
	\$ 11,616	\$ 13,183	\$ 13,096

9. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company has defined key management personnel to include the CEO, CFO, COO, President, Executive Vice Presidents and directors of the Company. The remuneration and other payments to the Company's directors and other key management personnel are as follows:

	31-Dec-20	31-Dec-19
Wages and salaries	\$ 2,585	\$ 3,295
Rent	38	102
Post employment compensation	75	22
	\$ 2,698	\$ 3,419

Wages and salaries for 2020 above are presented in gross of PPP loan proceeds (Note 12).

In 2018, the Company issued a promissory note receivable to its majority shareholder of the Company in the amount of \$1,150 (See Note 16, "Note Receivable from Shareholder").

10. SHARE CAPITAL AND RESERVES

Authorized and Issued share capital

The Company is authorized to issue 1,500,000 of common and shares at \$0.001 par value, at the discretion of the Board of Directors. As of December 31, 2020, there were 1,000,000 shares outstanding (2019 - 1,000,000 shares).

The Company had basic and diluted earnings per common share of \$7.24 for the year ended December 31, 2020 (2019 - \$5.92).

The Company made distributions per common share of \$6.95 for the year ended December 31, 2020 (2019 - \$5.85).

11. CAPITAL STRUCTURE

The Company defines capital that it manages as shareholders' equity and debt.

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The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to maintain operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable to ensure optimal capital structure to reduce the cost of capital.

12. PAYCHECK PROTECTION PROGRAM

On April 20, 2020, the Company received loan proceeds in the amount of \$1,838 under the PPP. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. Funds from the loan may only be used for payroll costs and costs used to continue group health care benefits; they may also be used for mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The funds shall be spent within 24 weeks of the date of initial disbursement of the loan. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Company used all of the proceeds for purposes consistent with the PPP Loan and it is reasonably assured that the Company has met all the conditions for forgiveness on the entire loan.

In accounting for the PPP loan and the expected forgiveness, the Company chose to apply guidance from IAS 20 (Accounting for Government Grants). IAS 20 provides a comprehensive accounting model for government grants, and the PPP loan forgiveness can be presented as either 1) Other Income, or 2) a reduction in the expenses the PPP loan was intended to defray. The Company has chosen to credit the entire loan proceeds as a reduction to payroll costs and group health care benefits costs, which are included in Selling and Marketing, and General and Administrative expenses on the combined statements of profit and loss and comprehensive income.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants. The Company records certain financial instruments at fair value. The Company's financial instruments include cash, accounts receivable, note receivable from shareholder, and accounts payable and accrued expenses.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, and trade receivables. The

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Company's cash is held in large American financial institutions and no losses have been incurred in relation to these items.

The aging of the Company's accounts receivables as of January December 31, 2020 and 2019 and January 1, 2019 is the following:

	Current	1 - 30 days past due	31 - 60 days past due	61 - 90 days past due	91+ days past due	Expected credit losses	Total
December 31, 2020	\$ 12,785	3,767	257	219	576	(390)	\$ 17,214
December 31, 2019	\$ 12,553	2,559	504	200	182	(256)	\$ 15,742
January 1, 2019	\$ 11,046	3,657	487	191	552	(322)	\$ 15,611

Three customers accounted for approximately 38% of the Company's sales for the year ended December 31, 2020. Two of these customers and another customer represented approximately 50% of the accounts receivable balance as of December 31, 2020.

Three customers accounted for approximately 36% of the Company's sales for the year ended December 31, 2019. Two of these customers and another customer represented approximately 44% of the accounts receivable balance as of December 31, 2019.

Three customers represented approximately 47% of the accounts receivable balance as of January 1, 2019.

The carrying amount of cash and trade receivables represent the maximum exposure to credit risk, and as of December 31, 2020, this amounted to \$17,656 (2019 - \$16,113 1/1/2019 - \$15,616).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. As of December 31, 2020, the Company has \$442 of cash (2019 - \$371, 1/1/2019 - \$5). The Company is obligated to pay trade and other payables, line of credit, and the current portion of the lease liability with a carrying amount as of December 31, 2020 of \$21,649 (2019 - \$26,335, 1/1/2019 - \$19,274).

	Carrying Amount	Contracted Cash Flows	Within 1 year	1 - 2 years	2 - 5 years	>5 years
Trade and other payables	\$ 11,616	\$ 11,616	\$ 11,616	\$ -	\$ -	\$ -
Accrued liabilities	387	387	387	-	-	-
Lease liability	2,146	2,204	1,383	821	-	-
Line of credit	7,500	7,500	7,500	-	-	-
	\$ 21,649	\$ 21,707	\$ 20,886	\$ 821	\$ -	\$ -

Measurement of fair value

The Company's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are:

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Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

When the inputs used to measure fair value fall within more than one level of the hierarchy, the level within the fair value measurement is categorized is based on the Company's assessment of the lowest-level input that is the most significant to the fair value measurement.

The carrying amounts of cash, other financial assets, trade receivables, line of credit, trade and other payables, and reserve for returns approximate fair market value due to the short-term maturity of these instruments.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Non-cash transactions relate to the following:

	Year ended December 31,	
	2020	2019
Noncash investing and financing activities:		
Right-of-Use Assets acquired through lease liabilities	\$ -	\$ 3,986
Settlement of note receivable from shareholder through distribution to shareholder	\$ 1,150	\$ 523
Fulfillment of grant requirements related to PPP Loan	\$ 1,838	-

15. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) plan (the "Plan") which allows all employees meeting the minimum service eligibility requirement to defer up to the maximum amount allowed by the Internal Revenue Code limits on a pre-tax or post-tax basis, or a combination thereof. The Company currently contributes a match equal to the lesser of \$1.5 per employee or 50% of an employee's contribution capped at 4% of their compensation. The Plan also allows for discretionary profit-sharing contributions, and no such contributions were made during the years ended December 31, 2020

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and 2019. Employer matching contributions totaled \$95 and \$100 for the years ended December 31, 2020 and 2019, respectively.

16. NOTE RECEIVABLE FROM SHAREHOLDER

In March 2018, the Company issued a promissory note receivable to its majority shareholder of the Company in the amount of \$1,150 that was outstanding as of December 31, 2019. The note receivable was due and payable on March 15, 2021. The Company settled the note through a reduction in distributions to the shareholder on December 31, 2020, ahead of the maturity date of March 15, 2021. The note bears interest at the lower of the applicable federal term rate or the alternate federal rate using monthly compounding in effect for the month in which the note is made (2.18%). Interest payments were due on the last day of each year that the balance is outstanding. As the terms of the note do not provide an unconditional right to avoid delivering cash or other financial asset to settle, the note receivable is presented as an asset on the combined statements of financial position.

17. COMMITMENTS AND CONTINGENCIES

Commitments

Supplier Agreements

In 2019, the Company entered into a 36-month supply agreement for CBD-related materials ending July 2022. The agreement does not require any annual commitments. The approximate outstanding balance as of December 31, 2020 is \$350 based on current prices (\$nil for 2019).

Contingencies

Claims and Litigation

The Company is party to litigation from time to time in the normal course of business. The Company accrues liabilities related to litigation only when it concludes that it is probable that it will incur costs related to such litigation and can reasonably estimate the amount of such costs. In cases where the Company determines that it is not probable, but reasonably possible that it has a material obligation, it discloses such obligations and the possible loss or range of loss, if such estimate can be made. The Company maintains insurance to cover certain actions and believes that resolution of such litigation in the normal course of business will not have a material adverse effect on the Company's combined financial statements.

Batista v Irwin Naturals, Case No. 2:20-cv-10737 (U.S. District Court, Central District California)

Isabella Batista filed a class action lawsuit in the United States District Court for the Central District of California on November 24, 2020. Batista alleges that Irwin makes false and misleading claims on the packaging of its nutritional supplement product Ginkgo Smart. Batista alleges that ginkgo biloba, Ginkgo Smart's main ingredient, does not improve cognitive function, memory or concentration and therefore Ginkgo Smart's label claims are false and misleading. Batista seeks to represent a nationwide class of consumers and a New York subclass who purchased Ginkgo Smart. Batista lives, and purchased the product, in New York. Batista's prayer for relief includes damages, restitution, and/or disgorgement; compensatory and punitive damages; declaratory and injunctive relief; reasonable attorneys' fees and expenses and costs of the suit; and prejudgment interest on all amounts awarded. Irwin submitted its response to plaintiff's opposition to the motion on March 26, 2021.

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Batista did not allege an enumerated amount of damages as is common with consumer class actions, as such amount is dependant on whether a class is certified, the potential size of the class and the sales of the product. In order to obtain subject matter jurisdiction with the Federal Court, Batista alleged her claim was over \$5 million. Notwithstanding the foregoing, Batista is asking the court or a jury to determine the amount of potential damages and/or attorney fees. Certain New York state statutes provide a minimum of fifty (\$50 or \$500) per consumer in a class action lawsuit, but any potential total amount is dependent upon a class being certified and an adverse ruling against Irwin.

18. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Company has evaluated events occurred after the reporting period. The Company is not aware of any significant events that occurred subsequent to the reporting period that would have a material impact on its combined financial statements, other than what is noted below.

As of April 1, 2021, Klee Irwin contributed his interest in 5310 Holdings, LLC and all assets owned by such LLC to the Company. Klee and Irwin Naturals intend for the contribution to constitute a tax-free contribution to the capital of Irwin Naturals under Section 351 of the Internal Revenue Code based on the fact that Klee owns more than 80% of Irwin Naturals' and is the sole owner and managing member of 5310 Holdings.

As of April 1, 2021, the Company issued previously authorized common shares to two executives representing an aggregate 5% interest in the Company as part of an amendment to the executives' profit-sharing employment agreements. In exchange for the stock issuance, the Company will receive a promissory note from each executive in the amount of \$1,620.

In May 2021, the Company amended its line of credit to extend the maturity date to August 1, 2022 and amended the provision requiring that Klee Irwin, the majority shareholder of the Company, retain at least a 75% interest in the Company to at least a 55% interest in the Company.

In June, 2021, the Company received notice from the Small Business Administration that the loans received in the amount of \$1,838 under the PPP have been forgiven.

In July 2021, Irwin and their financial institution executed an amendment to their agreement that extends the line of credit to December 1, 2022 (see Note 6 for information on the existing line of credit).

On August 9, 2021, the Company entered into a definitive business combination agreement with Datinvest International Ltd. ("DAI"). Upon completion of the transaction, the combined entity (the "Resulting Issuer") will carry on the business of Irwin. The closing of the transaction is subject to the receipt of all necessary regulatory and third-party consents and approvals, including without limitation, the listing of the subordinate voting shares of the Resulting Issuer on the Canadian Securities Exchange and the concurrent delisting of the common shares of DAI from the NEX Board of the TSX Venture Exchange.

19. First-time Adoption of International Financial Reporting Standards

Transition to Financial Reporting in Accordance with IFRS

The Company prepared the combined financial statements for the fiscal year ended December 31, 2019 as its first IFRS financial statements.

According to IFRS 1, an entity applying IFRS for the first time must apply it retrospectively. However, retrospective application is exceptionally prohibited for certain standards under IFRS 1,

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for which IFRS is applied prospectively from the date of transition to IFRS. Additionally, certain exemptions under IFRS 1 may be voluntarily applied to a part of the standards required to be applied under IFRS. The effect of applying these provisions has been recognized at the IFRS transition date in additional paid-in capital.

The major voluntary exemptions stipulated in IFRS 1 and applied by the Company are described below.

Business Combinations

The Company has not applied IFRS 3 retrospectively to business combinations that arose before January 1, 2019. Goodwill resulting from business combinations that arose before April 1, 2002 has been recognized at the carrying amount based on the accounting principal generally accepted in the United States (U.S. GAAP). For goodwill generated in business combinations that occurred before the date of transition to IFRS, impairment testing was implemented as of the date of transition to IFRS, January 1, 2019, regardless of whether there was any indication of impairment. There was no impairment recognized on the transition date.

Deemed Cost

For certain items of property, plant and equipment and investment property, the Company uses the fair value as of the date of transition to IFRS as deemed cost, which is a surrogate for cost at that date.

Operating Revenues

The Company has retrospectively applied IFRS 15 using the practical expedient set out in (d) under paragraph C5 of IFRS 15. In accordance with the provisions of the standard, information related to the date of transition to IFRS and the fiscal year ended December 31, 2019 is omitted for the amounts of consideration for goods or services to be provided from the next fiscal year and the explanation of when these amounts are expected to be recognized as revenue.

Exemption from Restatement of Comparative Information in the Application of IFRS 9

At the date of transition to IFRS and for the fiscal year ended December 31, 2019, items included within the scope of application of IFRS 9 have been restated in accordance with IFRS 9. These were recognized and measured in accordance with the previous accounting standards (U.S. GAAP).

Reconciliations from U.S. GAAP to IFRS

Upon transition to IFRS, The Company has adjusted the amounts in the combined financial statements that were prepared based on the U.S. GAAP. The impact of transition from the U.S. GAAP to IFRS on the Group's financial position, profit and loss and comprehensive income, and cash flows is explained in the following reconciliation tables and the notes to these tables.

In the reconciliation tables, "Reclassification" shows those items that have no impact on equity and comprehensive income, and "Recognition and measurement difference" shows those items that have an impact on equity and comprehensive income.

Reconciliation of Combined Statement of Financial Position at the Date of Transition to IFRS (January 1, 2019)

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Notes on the Combined Financial Statements

As of and For the Years Ended December 31, 2020 and 2019

(Expressed in US Dollars, rounded in thousands except share amounts)

Line Items for U.S. GAAP	U.S. GAAP	Reclass	Recognition and Measurement Differences	IFRS	Line Item under IFRS
ASSETS					
Current Assets:					
Cash	\$ 5	\$ -	\$ -	\$ 5	Cash
Investments	328	-	-	328	Other Financial Assets
Accounts Receivable, net	15,454	157 (1)	-	15,611	Trade Receivables
Inventory	15,325	-	-	15,325	Inventory
Prepaid Expenses and Other	1,655	130 (2)	-	1,785	Prepaid Expenses and Other
Total Current Assets	32,767	287	-	33,054	Total Current Assets
Non-Current Assets:					
Property and Equipment, net	410	-	-	410	Property and Equipment
Deposits	-	136 (3)	-	136	Other Non-Current Assets
Notes Receivable from Shareholder	-	1,673 (7)	-	1,673	Note Receivable from Shareholder
Intangible Assets and Other Assets	223	(136) (3)	-	87	Intangible Assets
Total Non-Current Assets	633	-	-	2,306	Total Non-Current Assets
TOTAL ASSETS	\$ 33,400	\$ 1,960	\$ -	\$ 35,360	TOTAL ASSETS
Current Liabilities:					
Bank Overdraft	\$ 407	\$ (407) (4)	\$ -	\$ -	Bank Overdraft
Line of Credit	5,758	-	-	5,758	Line of Credit
Accounts Payable	5,831	7,265 (1),(2), (4), (5)	-	13,096	Trade and Other Payables
Accrued Expenses	6,571	(6,571) (5)	-	-	
Reserve for Returns	420	-	-	420	Reserve for Returns
Total Liabilities	18,987	287	-	19,274	Total Current Liabilities
SHAREHOLDERS' EQUITY					
Common Stock	1	-	-	1	Common Stock
Additional Paid In Capital	16,006	87 (6)	-	16,093	Additional Paid In Capital
Member's Equity	87	(87) (6)	-	-	
Notes Receivable from Shareholder	(1,673)	1,673 (7)	-	-	
Accumulated Other Comprehensive Loss	(8)	-	-	(8)	Accumulated Other Comprehensive Loss
Total Shareholders' Equity	14,413	1,673	-	16,086	Total Shareholders' Equity
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 33,400	\$ 1,960	\$ -	\$ 35,360	TOTAL LIABILITIES & SHAREHOLDERS' EQUITY

(1)

A reclassification entry was made to present customer refund as Trade and Other Payables.

(2)

A reclassification entry was made to deposit to vendors as Prepaid Expenses and Others.

(3)

A reclassification entry was made to present Deposits as a separate item in the statement of financial position.

(4)

A reclassification entry was made to present Bank Overdraft as a component of Trade and Other Payables in the statement of financial position.

(5)

A reclassification entry was made to present Accrued Expenses as a component of Trade and Other Payables in the statement of financial position.

(6)

A reclassification entry was made to present Member's equity as a component of Additional Paid in Capital in the statement of financial position.

(7)

A reclassification entry was made to present Notes Receivable from Shareholder as an asset.

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As of and For the Years Ended December 31, 2020 and 2019

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Reconciliation of Combined Statement of Financial Position December 31, 2019 Consolidated Statement of Financial Position

Line Items for U.S. GAAP	U.S. GAAP	Reclassification	Recognition and Measurement Differences	IFRS	Line Item under IFRS
ASSETS					
Current Assets:					
Cash	\$ 371	\$ -	\$ -	\$ 371	Cash
Accounts Receivable, net	15,742	-	-	15,742	Trade Receivables
Inventory	19,503	-	-	19,503	Inventory
Prepaid Expenses and Other	1,397	-	-	1,397	Prepaid Expenses and Other
Total Current Assets	37,013	-	-	37,013	Total Current Assets
Non-Current Assets:					
Property and Equipment, net	241	-	-	241	Property and Equipment
Right-of-Use Assets	-	-	3,340 (4)	3,340	Right-of-Use Assets
Deposits	-	136 (1)	-	136	Other Non-Current Assets
Notes Receivable from Shareholder	-	1,150 (5)	-	1,150	Note Receivable from Stockholder
Intangible Assets and Other Assets	223	(136) (1)	-	87	Intangible Assets
Total Non-Current Assets	464	1,150	3,340	4,954	Total Non-Current Assets
TOTAL ASSETS	\$ 37,477	\$ 1,150	\$ 3,340	\$ 41,967	TOTAL ASSETS
Current Liabilities:					
Lease Liabilities - Current	\$ -	\$ -	\$ 1,254 (4)	1,254	Lease Liabilities - Current
Line of Credit	9,200	-	-	9,200	Line of Credit
Accounts Payable	5,775	7,408 (2)	-	13,183	Trade and Other Payables
Accrued Expenses	7,408	(7,408) (2)	-	-	
Reserve for Returns	552	-	-	552	Reserve for Returns
Total Current Liabilities	22,935	-	1,254	24,189	Total Current Liabilities
Non-Current Liabilities:					
Lease Liabilities - Non Current	-	-	2,146 (4)	2,146	Lease Liabilities - Non Current
Total Liabilities	22,935	-	3,400	26,335	Total Liabilities
SHAREHOLDERS' EQUITY					
Common Stock	1	-	-	1	Common Stock
Additional Paid In Capital	15,604	87 (3)	(60) (4)	15,631	Additional Paid In Capital
Member's Equity	87	(87) (3)	-	-	
Notes Receivable from Shareholder	(1,150)	1,150	-	-	
Total Shareholders' Equity	14,542	1,150	(60)	15,632	Total Shareholders' Equity
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 37,477	\$ 1,150	\$ 3,340	\$ 41,967	TOTAL LIABILITIES & SHAREHOLDERS' EQUITY

(1)

A reclassification entry was made to present Deposits as a separate item in the statement of financial position.

(2)

A reclassification entry was made to present Accrued Expenses as a component of Trade and Other Payables in the statement of financial position.

(3)

A reclassification entry was made to present Member's equity as a component of Additional Paid in Capital in the statement of financial position.

(4)

An adjusting entry was made to record right of use asset, lease liability, and related amortization and interest expense under IFRS 16 (Note 7)

(5)

A reclassification entry was made to present Notes Receivable from Stockholder as an asset.

Irwin Naturals

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Reconciliation of Comprehensive Income for the Fiscal Year Ended December 31, 2019 Consolidated Statement of Profit or Loss

	U.S. GAAP	Reclassification	Recognition and Measurement Differences	IFRS	Line Item under IFRS
Net Sales	\$ 87,861	-	-	\$ 87,861	Operating Revenue
Cost of Sales	48,874			48,874	Cost of Sales
Gross Profit	38,987	-	-	38,987	
Operating Expenses:					Operating Expenses:
Selling, General and Administrative Expenses	32,676	-	2 (1)	32,678	Selling, General and Administrative Expenses
Gain/(Loss) on Disposals of Fixed Assets	(48)			(48)	Gain/(Loss) on Sales of Property & Equipmen
Income from Operations	6,359	-	(2)	6,357	Income from Operations
Other Income /(Expenses):					Other Income /(Expenses):
Interest (Received)	42			42	Interest Income
Interest Paid & Financing LOC	(382)		(58) (1)	(440)	Interest Expense
Interest Expense, Net	(340)	-	(58)	(398)	
Realized gain on sale of investments	30			30	Realized gain on sale of investments
Total Other Income/(Expenses)	(310)	-	(58)	(368)	Total Other Income/(Expenses)
Income Before Provision of Income Taxes	6,049	-	(60)	5,989	Profit Before Provision for Income Taxes
Provision for Income taxes	74			74	Provision for Income taxes
Net Income	5,975	-	(60)	5,915	Net Income
Other Comprehensive Income/Unrealized (Gains)/Losses	8			8	Unrealized gain (loss) on securities
Total Comprehensive Income	\$ 5,983	\$ -	\$ (60)	\$ 5,923	Total Comprehensive Income

(1)

An adjusting entry was made to record right of use asset, lease liability, and related amortization and interest expense under IFRS 16 (Note 7)

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(Expressed in US Dollars, rounded in thousands except share amounts)

Reconciliation of Cash Flow for the Fiscal Year Ended December 31, 2019

	U.S. GAAP Reclassification		Recognition / Measurement Differences	IFRS	Line Item under IFRS
Cash flows from operating activities	\$ 5,975	\$ -	\$ (60) (5)	\$ 5,915	Net Income From Operations
Adjustments to reconcile net income to net cash provided by operating activities:					Adjustments to reconcile net income to net cash provided by operating activities:
Depreciation and amortization	206	-	646 (5)	852	Depreciation and Amortization
Provision for bad debt	(66)	-	-	(66)	Change in Allowance for Doubtful Accounts
Gain on sale of property and equipment	(48)	-	-	(48)	Realized Gain on Sale of Property and Equipment
Realized gains on sale of investments	(30)	-	-	(30)	Realized Gain on Sale of Investments
Interest Income	-	-	(42) (4)	(42)	Interest Income
Interest Expense	-	-	440 (4)	440	Interest Expense
Income Taxes	-	-	74 (4)	74	Income Taxes
Changes in operating assets and liabilities:					Changes in Working Capital:
Accounts receivable	(222)	157 (1)	-	(65)	Trade Receivables
Inventory	(4,178)	-	-	(4,178)	Inventories
Prepaid expenses and other	258	130 (2)	-	388	Prepaid Expenses and Other
Accounts payable	(56)	550 (3)	(4) (4)	490	Trade and Other Payables
Accrued expenses	837	(837) (3)	-	-	Trade and Other Payables
Reserve for returns	132	-	-	132	Reserve for Returns
Subtotal	2,808	-	1,054	3,862	Subtotal
Interest received	-	-	42 (4)	42	Interest Received
Interest paid	-	-	(436) (4)	(436)	Interest Paid
Income taxes paid	-	-	(74) (4)	(74)	Income Taxes Paid
Net cash provided by operating activities	2,808	-	586	3,394	Net Cash flow From Operating Activities
Cash flows from investing activities:					Cash Flow From Investing Activities:
Purchases of investments	(43)	-	-	(43)	Purchases of Investments
Proceeds from sale of investments	409	-	-	409	Proceeds from Sale of Investments
Purchases of property and equipment	(37)	-	-	(37)	Purchases of Property and Equipment
Proceeds from sale of property and equipment	48	-	-	48	Proceeds from Disposal of Property and Equipment
Net cash used in investing activities	377	-	-	377	Net Cash flow From Investing Activities
Cash flows from financing activities:					Cash flow From Financing Activities:
Proceeds from line of credit	27,856	-	-	27,856	Proceeds from Line of Credit
Payments on line of credit	(24,414)	-	-	(24,414)	Payments of Line of Credit
Bank overdraft	(407)	-	-	(407)	Bank Overdraft
Distributions to stockholder	(5,854)	-	-	(5,854)	Distributions to Stockholder
Payment on Lease Liability	-	-	(586) (5)	(586)	Payments on Lease Liability
Net cash used in financing activities	(2,819)	-	(586)	(3,405)	Net Cash flow From Financing Activities
NET INCREASE IN CASH	366	-	-	366	NET INCREASE IN CASH
Cash at Beginning of the Year	5	-	-	5	Cash at Beginning of the Year
Cash at End of the Year	\$ 371	\$ -	\$ -	\$ 371	Cash at End of the Year

(1)

A reclassification entry was made to present customer refund as Trade and Other Payables.

(2)

A reclassification entry was made to deposit to vendors as Prepaid Expenses and Others.

(3)

A reclassification entry was made to present Accrued Expenses as a component of Trade and Other Payables in the statement of financial position.

(4)

In accordance with IAS 7, *Statement of cash flows*, payment for interest income, interest expense, and income taxes are presented separately.

(5)

An adjusting entry was made to record right of use asset, lease liability, and related amortization and interest expense under IFRS 16 (note 7). In accordance with IFRS 16, payment for Lease Liability is presented in financing activities.

SCHEDULE "F"
ANNUAL MD&A OF IRWIN FOR THE
YEARS ENDED DECEMBER 31, 2020 AND 2019
(See attached)



Irwin Naturals

Management's Discussion and Analysis

For the Year Ended December 31, 2020

This Management's Discussion and Analysis ("MD&A") of the financial condition and performance of Irwin Naturals (the "Company" or "Irwin") for twelve-months ended December 31, 2020 and December 31, 2019 was prepared by management as of August 4, 2021. Throughout this MD&A, unless the context indicates or requires otherwise, the terms "the Company", "we", "us" and "our" means Irwin Naturals. This MD&A should be read in conjunction with our audited combined financial statements for the years ended December 31, 2020 and December 31, 2019 (collectively, 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* ("NI 51-102") of the Canadian Securities Administrators. This MD&A contains commentary from the Company's management regarding the Company's strategy, operating results, financial position and outlook. 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 interpretations of the IFRS Interpretations Committee ("IFRIC") 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 US dollars 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 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;
- 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;
- 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 Company 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, including in the listing statement dated August 13, 2021 (the “**Listing Statement**”). 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.

Company Overview

Irwin Naturals was incorporated in Nevada on January 23, 2002, and is based in Los Angeles, California. Irwin Naturals develops vitamins and other health supplements and distributes these products primarily in the United States and Canada through two main channels: health food stores and mass-market retailers.

Irwin has developed a streamlined production process where it formulates products in-house based on current trends and the available science and research on vitamins, minerals and botanicals. From there, Irwin has developed a sophisticated and efficient supply chain using various trusted contract manufacturers to produce and package the products. Irwin then stores all products on-site at its facility in Los Angeles, California or other overflow facilities, if needed, and then works with its retailers and sales team to distribute the product accordingly.

All branding, label design and marketing are done in-house by an experienced marketing and design team. These marketing strategies are then carried out by sales representatives who are spread out throughout the United States, giving Irwin the ability to keep track of varying trends as they emerge and evolve. Additionally, Irwin also has a small international division. The Company has a strong presence in health food stores nationwide with its Irwin Naturals and Nature's Secret brands, as well as strong presences within mass-market chains such as Wal-Mart, Costco, and CVS, and e-commerce retailers such as Amazon and iHerb wherein consumers will most likely see the Irwin Naturals and Applied Nutrition brands. More recently, Irwin Naturals launched a line of products containing FSHE ("full-spectrum hemp extract") with CBD. Since the initial launch of Irwin Naturals CBD soft-gels, Irwin has expanded into CBD topicals. Irwin Naturals currently distributes to more than 100,000 retail outlets.

Principal Products and Services

The principal products of Irwin stem from the core brand of over 100+ all-liquid soft-gel products that were the bedrock of Irwin from its beginning. Irwin also features other brands such as Applied Nutrition. Applied Nutrition products have high visibility in the mass-market in the U.S., including: Green Tea Fat Burner; Libido-Max; 14-Day Acai Berry Cleanse; Liquid Collagen; Nature's Secret, a line of digestive care and cleansing products.

- Irwin Naturals - a line of multi-pronged, all-liquid soft-gel supplements targeted for the health and wellness of men and women. The line features over 100+ formulas focusing on weight management, sexual health, mood, brain health and more. The brand has both national and international distribution in both the mass-market, specialty channels and e-commerce.
- Irwin Naturals CBD - a broad range of CBD ingestible and topical products under the flagship brand starting in late 2018. Derived from FSHE these CBD products have gained national distribution within the U.S. ranging from health food specialty retailers like Vitamin Shoppe to mass-market retailers like CVS.
- Applied Nutrition – a dynamic brand featuring products such as Green Tea Fat Burner that has retailed in Costco for over 15 years, Libido-Max, one of the top selling sexual health products in the U.S. and Liquid Collagen, the number 1 best-selling Liquid Collagen in the U.S.
- Nature's Secret – brand with products that address total body wellness. Using delicate mixtures of healing herbs and botanicals to address imbalance itself, not just the symptoms of imbalance.

Irwin has grown using a strategy consisting of keeping advertising spending low, and using those savings to purchase higher quality ingredients to make its products more effective, resulting in an extremely loyal following of its customers.

Marketing, Sales and Business Development

Irwin has a robust salesforce located throughout the U.S. Irwin has grown from a grass-roots level and penetrated ‘mom and pop’ health food and specialty store throughout the U.S., as well as mass-market retailers such as Wal-Mart, SAMs Club, Costco, BJ’s, CVS and Walgreens. Irwin has also grown internationally gaining distribution throughout Canada and Russia. Irwin also focuses on growing its online business through platforms including Amazon, Wal-Mart.com, Costco.com, iherb.com and IrwinNaturals.com.

Branding Strategy

The Irwin’s brand strategy is to develop best quality supplement products at affordable prices that are accessible to the masses, focused on superior potency, bioavailability and absorption. Irwin’s extensive line of 100+ supplements use an all-liquid soft-gel delivery that offers many advantages over hard tablets and capsules that can often be difficult to digest. Irwin’s goal is to bring its consumers targeted formulas with quality ingredients, at effective levels, in high-end packaging at affordable prices that appeal to its broad ranging demographic. This strategy is also the foundational pillar for Irwin’s other brands across a diverse range of categories.

Research and Development

Irwin prides itself in creating multi-pronged solution-oriented products that address a multitude of health needs for men and women across all age categories and demographics. Irwin develops novel formulations that fill the white space in the health and wellness industry. Irwin applies cutting edge and industry-leading scientific research to each of its formulations, seeking to advance the standard within the industry.

Over the years Irwin has employed persons with backgrounds in botanical science, naturopathic medicine and biology to formulate its products. These experienced professionals are able to take the input from the marketing and sales team in terms of what consumers and the trade are demanding, and use it to choose the right mixture of vitamins, minerals and botanicals to appeal a broad demographic. This formulation is backed by an experienced team of legal and compliance professionals to ensure each product’s manufacturing and advertising are compliant with current FDA, FTC and state regulations. From there, Irwin uses its supply chain working in tandem with contract manufacturers to produce and package the products. Irwin has rigorous testing protocols in place, with all of its products being rigorously third-party tested for both purity and potency by third-party accredited labs.

Production

Irwin has formulated almost all of its complex formulas in-house with an experienced team composed of naturopathic doctors, experts in the field of botanicals and biology and experts in the technical aspects of dietary supplement manufacturing. Irwin uses high-caliber contract manufacturers to produce all of its products. Irwin does not produce its products itself. Once the initial formulas are complete, Irwin works hand in hand with its experienced contract manufacturers to make samples and ensure that the specific product will be functional for its intended purpose. When formulating these products, Irwin stays on the

cutting edge of consumer interests and combines either trending ingredients or classic botanicals with other complimentary ingredients, to make the product as efficacious or enticing as possible. Irwin is known for packing its formulas with a complex blend of minerals, vitamins and botanicals.

During the formulation stage, Irwin uses its extensive relationships with ingredient suppliers to source top-quality ingredients for the featured ingredients in its products. Irwin's formulation experts generally pair ingredients that are complimentary to each other and can be combined without negative effects to the individual ingredients. If there are questions about the stability of certain ingredients or about how the ingredients act in conjunction to each other, Irwin works with its contract manufacturer to mix a pilot batch of product in its final form so it can be tested to ensure quality. Before production starts, Irwin works closely with its contract manufacturers who are able to order the various ingredients, and primary packaging directly in order take advantage of a more seamless supply chain, and take advantage of bulk discounts that are then passed on to Irwin. For the FSHE used by Irwin for its products, Irwin has taken a more active role in sourcing and ordering those ingredients directly.

The actual method of producing Irwin's soft-gel, tablet and liquid products are all carried locally in Southern California. All contract manufacturers used by Irwin are audited by Irwin before production can begin, and they are all compliant with federal and state cGMP regulations. Irwin's products are made by contract manufacturers who are knowledgeable and experienced in their craft using proprietary processes owned and controlled by the individual manufacturers. The processes used to create these food and dietary supplement products are all consistent with the industry standards to create such products.

Throughout the production process, Irwin is updated throughout the process and physically inspects the processes at the local contract manufacturers. Once production is complete, Irwin receives samples of the products that go through quality checks and testing to ensure the product meets Irwin's specifications and are not adulterated. Once the products are manufactured, they are mostly delivered to Irwin's warehouse in Los Angeles, California where they are then shipped out, either directly or indirectly, to customers throughout the U.S.

Intellectual Property

As a consumer product company, Irwin's brands, product names and trade dress are a cornerstone of the brand. Our packaging is unique to our brand and lets our loyal customers know where to find our products on the shelves. We take the protection of these trademarks very seriously and routinely search the market for potential infringers. Irwin's trademarks are valid until such trademark is no longer used in commerce.

Employees

As of December 31, 2020, Irwin Naturals employs roughly 111 individuals mostly located at their headquarters in Los Angeles, California with a team of sales representatives spread throughout the United States.

Leases

Irwin's headquarters consist of an office building which most of its employees work out of and has an attached warehouse where most of Irwin's finished goods are stored until they are sent out for delivery. The term of the lease on this space expires on July 31, 2022. Irwin has an option to renew the lease for a 5 year period that must be exercised by October 31, 2021. The landlord is not a related person of the issuer.

Business Cycles

Irwin's business is not inherently cyclical or seasonal. Although there may be times in the year where certain products seem to be more popular (for example weight management products generally increase in popularity around the new year), overall, the demand for Irwin's products is consistent throughout the year.

Summary of Trends and Factors Affecting Performance

Change in Revenue Mix: Irwin's strategic decision to establish a CBD product line in 2018 helped grow revenue in both fiscal years 2019 and 2020 and will drive sales going forward. Irwin generated \$7.0 million and \$9.6 million in net CBD product sales respectively for fiscal years 2019 and 2020. CBD products sold were primarily softgel supplements sold primarily through Irwin's network of health food stores and some retail pharmacy chains. CBD softgel supplements are forecasted to grow substantially going forward as nationwide outlets and platforms may enter the CBD market. These retailers may choose Irwin as one of their vendors based on their long-standing relationship with Irwin Natural and sales success with Irwin's non-CBD products.

Introduction of new CBD product lines: In addition to developing and adding new CBD products, Irwin added new products to its non-CBD product portfolio including topicals, balms, roll-ons and creams.

Competition: Irwin continues to be a successful seller of CBD products in the mass market and HFS retail channels. The Company's competitive positioning reflects Irwin's cult status and brand loyalty with consumers, as well as the Company's competitive pricing, which is one of the best value propositions in the market. Irwin is expected to capture more CBD market share as other traditional and online retailers, such as Wal-Mart, Costco and Amazon, are expected to begin selling CBD products.

COVID-19 Pandemic: On January 30, 2020, the World Health Organization (the "WHO") declared the ongoing COVID-19 outbreak a global health emergency, and on March 11, 2020, the WHO expanded its classification of the outbreak to a worldwide pandemic. Federal, state, provincial and municipal governments in North America enacted measures to combat the spread of COVID-19. The COVID-19 outbreak continues to evolve and is causing business disruptions across the entire global economy and society. The Company is closely monitoring the evolution of COVID-19. The Company has taken various measures to prioritize the health and safety of our employees, customers and partners, including restricted work travel and site access and improved safety and hygiene, including monitoring and following the most up to date guidelines.

The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the full financial effect on the Company's business, financial position and operating results remain uncertain at this time. In addition, it is possible that estimates in the Company's combined financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

To date, COVID-19 has not materially impacted Irwin's ability to meet customer demand and product delivery under existing distribution agreements despite a very challenging operating environment, particularly with traditional retailers.

Selected Combined Financial Information:

The following is a summary of the Company's operational highlights for the years ended December 31, 2020 and December 31, 2019.

<i>(in thousands)</i> Combined Statement of Profit and Comprehensive Income	Twelve months ended December 31			
	2020	2019	\$ Change	% Change
Non-CBD operating revenue	79,735	80,816	(1,081)	-1.3%
CBD operating revenue	9,642	7,045	2,597	36.9%
Total Operating Revenue	89,377	87,861	1,516	1.7%
Gross Profit	36,501	38,897	(2,396)	-6.2%
Income from Operations	7,658	6,357	1,301	20.5%
Comprehensive Income	7,240	5,923	1,317	22.2%
Statement of Financial Position				
Total assets	36,421	40,817	(4,396)	-10.8%
Liabilities	21,649	26,335	(4,686)	-17.8%

Operating Revenue

2019 - Operating revenue increased to \$87.9 million reflecting growing revenue from Irwin's newly launched cannabidiol ("CBD") softgel supplement products established in 2018. Sales of Irwin's CBD product portfolio grew rapidly during the first full year of operations by leveraging Irwin's extensive distribution network among health food stores and the largest retail pharmacy chains in the U.S. Irwin generated \$7.0 million in CBD sales for fiscal year 2019 which was 8% of 2019 operating revenue. Net non-CBD sales remained relatively unchanged year over year at \$80.8 million for fiscal year 2019 reflecting the cult brand status and customer loyalty of Irwin's traditional products despite very limited sales and marketing expenses.

2020 - Operating revenue increased moderately by 1.7% to \$89.4 million primarily due to continued revenue growth from Irwin's newly launched CBD softgel supplement products. Net CBD product sales grew over 36% in fiscal year 2020 to approximately \$9.6 million compared to \$7.0 million in 2019, reflecting continued adoption by retailers of CBD products. Net non-CBD sales remained relatively unchanged at \$79.7 million for fiscal year 2020 due to continued customer loyalty and recurring revenue despite marginal increases in sales promotions and a reduction in retail foot traffic due to COVID-19.

Gross Profit

2019 - Gross profit in 2019 decreased by approximately 4.6% to \$39.0 million primarily due to higher sales' promotion expenses related to Irwin's CBD product line.

2020 - Gross profit decreased by approximately 6.2% to \$36.5 million, primarily due to higher inventory obsolescence provision expense related to new CBD products under the HydroCanna and FloChi brands that experienced less than anticipated acceptance from large retailers during the COVID-19 pandemic.

Income from Operations

2019 - Income from operations decreased compared to 2018 to \$6.4 million primarily due to lower gross profit and higher selling, general and administrative expenses reflecting increased spending on developing and producing new CBD products.

2020 - Income from operations increased by 20.5% to \$7.7 million due to a \$3.8 million decrease in selling, general and administrative expenses primarily due to anticipated compensation for Paycheck Protection Program (“PPP”) loan forgiveness (ref “PPP Loan” below), as well as substantial decrease in travel and trade show costs.

Comprehensive Income

2019 - Comprehensive income decreased to \$5.9 million primarily due to increased expenses related to new CBD products.

2020 - Comprehensive income increased by 22.2% to \$7.2 million primarily due to increased income generated from a rapidly growing CBD product line and aforementioned decreases to selling, general and administrative expenses due to PPP support.

Summary of Combined Quarterly Results:

The following is a summary of selected unaudited combined financial information for each of the eight most recently completed quarters prepared in accordance with IFRS.

<i>(in thousands)</i>	2020				2019			
Combined Statement of Profit and Comprehensive Income	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating Revenue	24,487	24,712	20,622	19,556	23,227	22,049	21,500	21,085
Income From Operations	2,231	1,817	2,556	1,054	1,495	1,665	1,757	1,440
Comprehensive Income	2,145	1,673	2,472	950	1,397	1,525	1,604	1,397
Statement of Financial Position								
Total assets	36,421	41,957	39,408	37,796	41,967	40,168	35,091	36,143
Total liabilities	21,649	27,513	24,256	24,799	26,335	25,643	21,655	21,407

Operating Revenue

Operating revenue for the last eight quarters were impacted by factors including the following:

- accelerated demand for CBD softgel supplement product sales;
- an expanding distribution network;
- the impact of innovation within our core product portfolio;
- the timing and volume of sales promotions and discounts;
- COVID-19 and the impact to foot-traffic at retailers;

- sales and marketing campaigns;
- seasonality.

In Q1 and Q2 2020, operating revenue was less than 2019 primarily due to the onset of the COVID pandemic and its impact on retail foot traffic and sales appointments requiring travel. 2020 operating revenue picked up in the second half of the year primarily due to pent up demand from the first half and seasonal impacts.

Income from Operations

Income from Operations for the last eight quarters were impacted by factors including the following:

- operating revenue factors noted above;
- employee compensation and staffing;
- travel and trade show costs;
- timing of marketing expenses.

Income from operations fluctuated in 2020 in comparison to 2019, which was relatively consistent. Fluctuations in 2020 were primarily due to furloughs granted in Q2 due to COVID and recognition of PPP loan forgiveness in Q4.

Total assets decreased from \$42.0 million at Q4 2019 to \$36.4 million at Q4 2020 primarily due to an increase in inventory obsolescence reserve related to new CBD products under the HydroCanna and FloChi brands that experienced less than anticipated acceptance from large retailers during the COVID-19 pandemic.

Total liabilities decreased from \$26.3 million at Q4 2019 to \$21.6 million at Q4 2020 primarily due to a reduction in line of credit borrowings, a decrease in lease liabilities, and the timing of large payments to the Company's primary product manufacturer.

Liquidity and Capital Resources

Summary of Cash Flows for the twelve months ended 2020 and 2019

<i>(in thousands)</i>	Twelve months ended		\$ Change	% Change
	2020	2019		
Cash, beginning of period	371	5	366	7320%
Cash flows from (used in)				
Operating activities	8,218	3,394	4,824	142%
Investing activities	(81)	377	(458)	(121%)
Financing activities	(8,066)	(3,405)	(4,661)	137%
Cash, end of period	442	371	71	19%

Cash Flows from Operating Activities

Irwin generated \$8.2 million and \$3.4 million in operating cash flows for fiscal years 2020 and 2019, respectively, due to higher operating revenue from CBD sales, partially offset by higher working capital requirements for CBD product inventory.

Irwin continues to generate substantial operating cash flow reflecting:

- **Consistent and growing revenue stream:** The Company has a steady, growing revenue base reflecting Irwin's loyal customer base that continues to purchase Irwin products on a consistent basis year over year.
- **Competitive pricing:** Irwin sells high quality products with comprehensive formulas that are competitively priced for the mass market thereby building customer loyalty.
- **Strong operating results and profitability:** Irwin's strong operating results generate significant return on sales and steady cash flow from operations that enhances the Company's liquidity position.
- **Healthy working capital position:** Irwin defines net working capital as total current assets less total current liabilities. The Company has a consistently strong net working capital position with a year-end balance of over \$13 million in 2020 and over \$12 million in 2019. The Company's accounts receivables are of high quality with strong credit counterparties including large retailers. Irwin's allowance for doubtful accounts provision has been less than 0.5% of operating revenue for both fiscal years 2020 and 2019. A valuation allowance is provided for obsolete and slow-moving inventory to write down the cost to net realizable value (market), if necessary. The Company's net inventory balance decreased from \$19.5 million at December 31, 2019 to \$14.6 million at December 31, 2020 primarily due to a \$2.9 million increase in reserves for obsolete and slow-moving inventory related to the underperformance of new CBD products under the HydroCanna and FloChi brands that experienced less than anticipated acceptance from large retailers during the COVID-19 pandemic. Trade and other payables decreased from \$13.2 million at December 31, 2019 to \$11.6 million at 2020 year-end primarily due to the timing of payments to the Company's primary product manufacturer.

Cash Flows from Investing Activities

Irwin has a relatively low fixed asset base with a net fixed asset balance of \$0.3 million as of year-end 2020 reflecting the asset-light nature of the Company's business model, which includes the utilization of right-to-use assets obtained through leases. The Company develops its products internally and outsources the raw material purchasing, production and packaging to contract manufacturers, who in turn produce and ship finished products to Irwin, who in turn distribute products to their customers. Based on this traditional consumer brand marketing model, Irwin has limited capital expenditure commitments in the future.

Cash Flows from Financing Activities

The Company used \$4.7 million additional cash on 2020 financing activities compared to 2019 primarily due to net repayments on the Company's line of credit.

In 2019, the Company maintained a line of credit with a financial institution in the amount equal to the lesser of \$20.0 million or the Company's borrowing base, as defined in the agreement. The Company has the option of borrowing under a LIBOR loan (LIBOR based on the interest period selected by the Company) or a Prime loan. Under a LIBOR loan, borrowings bear interest equal to the greater of 1.35% or the 30-day LIBOR interest rate plus 1.35% (3.10% at December 31, 2019). Under a Prime loan, borrowings bear interest equal to the greater of 2% or the fluctuating Prime rate minus 1% (3.75% at December 31, 2019). Irwin had substantial liquidity at December 31, 2019 with \$10.8 million in remaining borrowing availability under the credit facility.

In September 2020, the Company renewed the line of credit with the same financial institution in the amount of the lesser of \$17.5 million or the Company's borrowing base, as defined in the agreement. The Company has the option of borrowing under a LIBOR loan (LIBOR based on the interest period selected by the Company) or a Prime loan. Under LIBOR loans, borrowings bear interest at the greater of 1.35% or 30-day LIBOR interest rate plus 1.35% (1.5375% at December 31, 2020). Under Prime loans, borrowings bear interest at the greater of 2% or the fluctuating Prime rate minus 1% (2.25% at December 31, 2020). The Company is in negotiation to replace the benchmark rate with an alternative benchmark rate with the financial institution as part of IBOR reform. The line of credit is secured by all of the Company's assets, is guaranteed by the Company's shareholder. Irwin had substantial liquidity at December 31, 2020 with \$10.0 million in remaining borrowing availability under the credit facility.

In May 2021, the Company amended the provision requiring that Klee Irwin, the majority shareholder of the Company, retain at least a 75% interest in the Company to at least a 55% interest. Furthermore, in July 2021, Irwin and the financial institution executed an amendment to their agreement that extends the line of credit to December 1, 2022. The Company has remained compliant with all restrictive covenants as of December 31, 2020 and 2019.

PPP Loan: On April 20, 2020, the Company received loan proceeds in the amount of \$1.8 million (the “**Irwin PPP Loan**”) under the Paycheck Protection Program (“**PPP**”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“**CARES Act**”), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. Funds received under the PPP may only be used for payroll costs and costs used to continue group health care benefits, mortgage payments, rent, utilities and interest on other debt obligations incurred before February 15, 2020. The funds shall be spent within 24 weeks of the date of initial disbursement of the Irwin PPP Loan. Under the terms of the PPP, certain amounts of the Irwin PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The unforgiven portion of the Irwin PPP Loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Company used all of the proceeds for purposes consistent with the PPP and it was reasonably assured that the Company met all the conditions for forgiveness on the entire loan.

In accounting for the PPP loan and the expected forgiveness, the Company chose to apply guidance from IAS 20 (Accounting for Government Grants). IAS 20 provides a comprehensive accounting model for government grants, and the PPP loan forgiveness can be presented as either 1) Other Income, or 2) a reduction in the expenses the PPP loan was intended to defray. The Company has chosen to credit the entire loan proceeds as a reduction to payroll costs and group health care benefits costs, which are included in Selling and Marketing, and General and Administrative expenses on the combined statements of profit and loss and comprehensive income.

In June, 2021, the Company received notice from the Small Business Administration that the loans received in the amount of \$1.8 million under the PPP have been forgiven.

Fixed Obligations:

Rent Expense

The Company leases its office and warehouse facilities, and office equipment under various operating leases which expired or will expire between February 2020 and July 2022. Under the facility lease agreement, the Company is also obligated to pay real estate taxes, general liability insurance, property insurance and periodic rent escalation.

Aggregate future minimum rent and lease payments for each of the remaining years are as follows:

2021	\$ 1.4 million
2022	\$ 0.8 million
2023	\$ -

Rent expense for office and warehouse facilities for the year ended December 31, 2020 and 2019, totaled \$1.5 million and \$1.4 million respectively.

Off-Balance Sheet Items

Claims and Litigation

The Company is party to litigation from time to time in the normal course of business. The Company accrues liabilities related to litigation only when it concludes that it is probable that it will incur costs related to such litigation and can reasonably estimate the amount of such costs. In cases where the Company determines that it is not probable, but reasonably possible that it has a material obligation, it discloses such obligations and the possible loss or range of loss, if such estimate can be made. The Company maintains insurance to cover certain actions and believes that resolution of such litigation in the normal course of business will not have a material adverse effect on the Company's combined financial statements.

Batista v Irwin Naturals, Case No. 2:20-cv-10737 (U.S. District Court, Central District California)

Isabella Batista filed a class action lawsuit in the United States District Court for the Central District of California on November 24, 2020. Batista alleges that Irwin makes false and misleading claims on the packaging of its nutritional supplement product Ginkgo Smart. Batista alleges that ginkgo biloba, Ginkgo Smart's main ingredient, does not improve cognitive function, memory or concentration and therefore Ginkgo Smart's label claims are false and misleading. Batista seeks to represent a nationwide class of consumers and a New York subclass who purchased Ginkgo Smart. Batista lives, and purchased the product, in New York. Batista's prayer for relief includes damages, restitution, and/or disgorgement; compensatory and punitive damages; declaratory and injunctive relief; reasonable attorneys' fees and expenses and costs of the suit; and prejudgment interest on all amounts awarded. Irwin submitted its response to plaintiff's opposition to the motion on March 26, 2021.

Batista did not allege an enumerated amount of damages as is common with consumer class actions, as such amount is dependent on whether a class is certified, the potential size of the class and the sales of the product. In order to obtain subject matter jurisdiction with the Federal Court, Batista alleged her claim was

over \$5 million. Notwithstanding the foregoing, Batista is asking the court or a jury to determine the amount of potential damages and/or attorney fees. Certain New York state statutes provide a minimum of fifty (\$50 or \$500) per consumer in a class action lawsuit, but any potential total amount is dependent upon a class being certified and an adverse ruling against Irwin.

Supplier Agreements

In 2019 the Company entered into a 36-month supply agreement for CBD related materials ending July 2022. The agreement does not require any annual commitments. The approximate outstanding balance as of December 31, 2020 is \$0.4 million based on current prices and zero for 2019.

Irwin has no other guarantee contracts, derivative instruments, off-balance sheet arrangements or contingent liabilities or obligations.

Related Party Transactions

Note Receivable from Shareholder

In March 2018, the Company issued a promissory note receivable to its majority shareholder of the Company in the amount of \$1.2 million that was outstanding as of December 31, 2019. The note receivable was due and payable on March 15, 2021. The Company settled the note through a reduction in distributions to the shareholder on December 31, 2020, ahead of the maturity date of March 15, 2021. The note bears interest at the lower of the applicable federal term rate or the alternate federal rate using monthly compounding in effect for the month in which the note is made (2.18%). Interest payments were due on the last day of each year that the balance is outstanding.

Shareholder Distributions

The Company distributed a total of \$7.0 million to its majority shareholder in 2020 and \$5.9 million in 2019.

Affiliate

5310 Holdings, LLC (“5310 Holdings”) was formed as a California limited liability company based in Los Angeles, California to hold intellectual property related to products sold by Irwin Naturals. Irwin Naturals has a licensing agreement for worldwide licenses to use, market, sell and promote certain trademarks held by 5310 Holdings. 5310 Holdings has been determined to be a “related party” of Irwin Naturals.

These combined financial statements include the accounts of the Company and 5310 Holdings, LLC. This presentation reflects a common-controlled combination of previously existing entities. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the entities are included in the combined financial statements from the date that control commences until the date that control ceases. Irwin Naturals is the primary beneficiary of 5310 Holdings through the use of trademarks held by that entity. 5310 Holdings has no operations apart from ownership of the trademarks, and these intangibles are fully integrated into the operations of Irwin Naturals. Irwin Naturals has not provided financial or other support to 5310 Holdings in the years ended December 31, 2020 and 2019.

As of December 31, 2020 and 2019, amounts included in the combined financial statements include intangible assets of \$0.1 million and additional-paid-in-capital of \$0.1 million. Apart from these amounts,

creditors and beneficial holders of 5310 Holdings have no recourse to the assets or general credit of Irwin Naturals. All intra-company transactions, balances, income and expenses were eliminated for presentation.

Authorized and Issued Share Capital

The Company is authorized to issue 1,500,000 of common and shares at \$0.001 par value, at the discretion of the Board of Directors. As of December 31, 2020, there were 1,000,000 shares outstanding (2019 - 1,000,000 shares).

The Company had basic and diluted income from operations per common share of \$7.66 for the year ended December 31, 2020 (2019 - \$6.36).

The Company had basic and diluted earnings per common share of \$7.24 for the year ended December 31, 2020 (2019 - \$5.92).

The Company made distributions per common share of \$6.95 for the year ended December 31, 2020 (2019 - \$5.85).

Critical Accounting Estimates and Judgements

IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) *Fair value of equity-like instruments:* Fair value of financial assets and financial liabilities recorded in the combined statements of financial position, which cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. Judgment includes, but is not limited to, consideration of model inputs such as volatility, estimated life, and discount rates.
- ii) *Estimating variable consideration for returns and sales promotion incentives:* The Company uses historical customer return data to determine the expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company provides for estimated payments to its customers based on various trade programs and sales promotional incentives. The Company estimates the most likely amount payable for its largest customers for each trade and incentive program separately using (i) the projected level of sales volume for the relevant period; (ii) customer rates for allowances, discounts, and rebates; (iii)

historical spending patterns; and (iv) sales lead time. These arrangements are complex and there are a significant number of customers and products affected. Management has systems and processes in place to estimate and value these obligations.

- iii) *Valuation of non-cash transactions:* The valuation of shares and other equity instruments issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.
- iv) *Amortization:* Amortization of property, plant and equipment and intangible assets are dependent upon the estimated useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.
- v) *Inventory:* Inventory is carried at the lower of cost or net realizable value. The determination of net realizable value involves significant management judgement and estimates, including the estimation of future selling prices.

COVID-19 estimation uncertainty

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) a global pandemic. This has resulted in governments worldwide, including the American government, to enact emergency measures to combat the spread of the virus. These measures, which include social distancing, the implementation of travel bans, and closures of non-essential businesses, have caused material disruption to businesses globally, resulting in an economic slowdown. The production and sale of hemp and cannabidiol (“CBD”) have been recognized as essential services across the United States. As of December 31, 2020, the Company has observed negative downward pressure on its sales growth due to the COVID-19 pandemic.

The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the full financial effect on the Company’s business, financial position and operating results remain uncertain at this time. In addition, it is possible that estimates in the Company’s combined financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

Summary of Significant Accounting Policies

The combined annual financial statements were prepared using the same accounting policies as described in Note 2 in the accompanying notes of our audited combined annual financial statements for the year ended December 31, 2020.

Risk Factors

A full list of Risk Factors can be referenced in the listing statement dated August 13, 2021 (the “Listing Statement”).

SCHEDULE "G"
INTERIM FINANCIAL STATEMENTS OF IRWIN FOR THE
THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(See attached)

Condensed Combined Interim Financial Statements

For the three months ended March 31, 2021 and 2020

Unaudited, expressed in thousands of United States dollars,
except share and per share amounts

Irwin Naturals





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Irwin Naturals

Condensed Combined Interim Statement of Financial Position

As of March 31, 2021 and December 31, 2020

(Unaudited, expressed in US Dollars, rounded in thousands except share data)

	Notes	31-Mar-21	31-Dec-20
ASSETS			
Current Assets:			
Cash		\$ 34	\$ 442
Trade Receivables	2, 13	16,953	17,214
Inventory	4	15,343	14,577
Prepaid Expenses and Other	3	1,406	1,656
Total Current Assets		33,736	33,889
Non-Current Assets:			
Property and Equipment	5	231	262
Right-of-Use Assets	7	1,724	2,047
Other Non-Current Assets		165	136
Intangible Assets		87	87
Total Non-Current Assets		2,207	2,532
TOTAL ASSETS		\$ 35,943	\$ 36,421
LIABILITIES			
Current Liabilities:			
Trade and Other Payables	8	\$ 15,352	\$ 11,616
Reserve for Returns		380	387
Lease Liability - Current	7	1,355	1,334
Line of Credit	6	1,000	7,500
Dividend Payable		122	-
Total Current Liabilities		18,209	20,837
Non-Current Liabilities:			
Lease Liability - Non Current	7	466	812
TOTAL LIABILITIES		18,675	21,649
SHAREHOLDERS' EQUITY			
Common stock; \$0.001 par value; 1,500,000 shares authorized;	10	1	1
1,000,000 shares issued and outstanding			
Additional Paid In Capital		14,771	14,771
Retained Earnings		2,496	-
Total Shareholders' Equity		17,268	14,772
TOTAL LIABILITIES & EQUITY		\$ 35,943	\$ 36,421

Approved on behalf of the Board on August 5, 2021

The accompanying notes are an integral part of these unaudited Condensed Combined Interim Financial Statements

Irwin Naturals

Condensed Combined Interim Statement of Profit

For the Three Months Ended March 31, 2021 and March 31, 2020

(Unaudited, expressed in US Dollars, rounded in thousands except share data)

	Three Months Ended	
	31-Mar-21	31-Mar-20
Operating Revenue	\$ 24,135	\$ 19,556
Cost of Sales	<u>(12,388)</u>	<u>(11,036)</u>
Gross Profit	11,747	8,520
Operating Expenses:		
Selling, General and Administrative Expenses	7,944	7,466
Income from Operations	3,803	1,054
Other Expense:		
Interest Expense	<u>(28)</u>	<u>(103)</u>
Total Other Expense	<u>(28)</u>	<u>(103)</u>
Profit before income taxes	3,775	951
Provision for Income taxes	(60)	(1)
Net Income	<u>\$ 3,715</u>	<u>\$ 950</u>
Earnings per common share - basic	\$ 3.72	\$ 0.95
Earnings per common share - diluted	\$ 3.72	\$ 0.95
Weighted average number of shares outstanding- basic	1,000,000	1,000,000
Weighted average number of shares outstanding - diluted	1,000,000	1,000,000

The accompanying notes are an integral part of these unaudited Condensed Combined Interim Financial Statements

Irwin Naturals

Condensed Combined Interim Statement of Changes in Shareholders' Equity

For the three months ended March 31, 2021, and March 31, 2020

(Unaudited, expressed in US Dollars, rounded in thousands except share data)

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In-Capital	Earnings	Equity
Balance at January 1, 2020	1,000,000	\$ 1	\$ 15,631	\$ -	\$ 15,632
Net Income				950	950
Distributions to Shareholders			(2,635)	(950)	(3,585)
Balance at March 31, 2020	1,000,000	\$ 1	\$ 12,996	\$ -	\$ 12,997
Balance at January 1, 2021	1,000,000	\$ 1	\$ 14,771	\$ -	\$ 14,772
Net Income				3,715	3,715
Distributions to Shareholders				(1,219)	(1,219)
Balance at March 31, 2021	1,000,000	\$ 1	\$ 14,771	\$ 2,496	\$ 17,268

The accompanying notes are an integral part of these unaudited Condensed Combined Interim Financial Statements

Irwin Naturals

Condensed Combined Interim Statements of Cash Flows
For the Three Months Ended of March 31, 2021 and March 31, 2020
(Unaudited, expressed US Dollars, rounded in thousands)

	Three Months Ended	
	31-Mar-21	31-Mar-20
Net Income from Operations	\$ 3,715	\$ 950
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation & Amortization	354	348
Change in Allowance for Doubtful Accounts	69	59
Interest Expense	28	103
Income Taxes	60	1
Changes in Working Capital:		
Trade Receivables	192	4,968
Inventories	(766)	(839)
Prepaid Expenses & Other	242	(284)
Trade and Other Payables	3,744	(2,815)
Reserve for Returns	(7)	-
Changes in Other Non-current Assets	(29)	-
Cash Generated from Operations	7,602	2,491
Interest Paid	(28)	(103)
Income Taxes Paid	(60)	(1)
Net Cash Generated from Operating Activities	7,514	2,387
Cash Flow from Investing Activities:		
Purchases of Property and Equipment	-	(8)
Net Cash Used in Investing Activities	-	(8)
Cash Flow from Financing Activities:		
Proceeds from Line of Credit	622	10,107
Payments of Line of Credit	(7,122)	(8,523)
Distributions to stockholder	(1,097)	(3,585)
Payments on Lease Liability	(325)	(305)
Net Cash Used in Financing Activities	(7,922)	(2,306)
Net Increase / (Decrease) In Cash	(408)	73
Cash at Beginning of the Period	442	371
Cash at end of the Period	\$ 34	\$ 444

The accompanying notes are an integral part of these unaudited Condensed Combined Interim Financial Statements

Irwin Naturals

Notes on the Condensed Combined Interim Financial Statements

For the Three Months Ended March 31, 2021 and March 31, 2020

(Unaudited, expressed in US Dollars, rounded in thousands except share amounts)

1. NATURE OF OPERATIONS

Irwin Naturals was incorporated in Nevada on January 23, 2002, and is based in Los Angeles, California. Irwin Naturals develops vitamins and other health supplements and distributes these products in the United States and Canada through two main channels: health food stores and mass market retailers.

5310 Holdings, LLC (“5310 Holdings”) was formed as a California limited liability company based in Los Angeles, California to hold intellectual property related to products sold by Irwin Naturals. Irwin Naturals has a licensing agreement for worldwide licenses to use, market, sell and promote certain trademarks held by 5310 Holdings. 5310 Holdings has been determined to be a “related party” of Irwin Naturals.

The Company has agreed to enter into a Business Combination to be completed in August 2021 by Irwin Naturals Inc. (“Resulting Issuer”) comprised of a reverse-takeover of Datinvest International Ltd. (“Pubco”) by Irwin. Upon completion of the Business Combination, Irwin became a wholly-owned, indirect subsidiary of Pubco and the Resulting Issuer continues to carry on the businesses of Irwin. The closing of the Business Combination was subject to a number of terms and conditions including the receipt of all necessary regulatory and third-party consents and approvals, the listing of the Resulting Issuer on the Canadian Securities Exchange and the concurrent delisting of Pubco from the TSXV.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). The financial statements do not contain all disclosures required by International Financial Reporting Standards (“IFRS”) and accordingly should be read in conjunction with the audited combined financial statements for the year ended December 31, 2020 and the notes thereto. The financial statements were authorized for issuance by the Company’s Board of Directors on August 5, 2021.

These financial statements have been prepared under the historical cost method except for certain financial assets that are measured at fair value, as detailed in the Company’s accounting policies within the audited combined financial statements for the year ended December 31, 2020.

Critical accounting estimates and judgments

The preparation of these condensed combined interim financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment

Irwin Naturals

Notes on the Condensed Combined Interim Financial Statements

For the Three Months Ended March 31, 2021 and March 31, 2020

(Unaudited, expressed in US Dollars, rounded in thousands except share amounts)

to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) *Fair value of equity-like instruments:* Fair value of financial assets and financial liabilities recorded in the combined statements of financial position, which cannot be derived from active markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. Judgment includes, but is not limited to, consideration of model inputs such as volatility, estimated life, and discount rates.
- ii) *Estimating variable consideration for returns and sales promotion incentives:* The Company uses historical customer return data to determine the expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company provides for estimated payments to its customers based on various trade programs and sales promotional incentives. The Company estimates the most likely amount payable for its largest customers for each trade and incentive program separately using (i) the projected level of sales volume for the relevant period; (ii) customer rates for allowances, discounts, and rebates; (iii) historical spending patterns; and (iv) sales lead time. These arrangements are complex and there are a significant number of customers and products affected. Management has systems and processes in place to estimate and value these obligations.

- iii) *Valuation of non-cash transactions:* The valuation of shares and other equity instruments issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.
- iv) *Amortization:* Amortization of property, plant and equipment and intangible assets are dependent upon the estimated useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.
- v) *Inventory:* Inventory is carried at the lower of cost or net realizable value. The determination of net realizable value involves significant management judgement and estimates, including the estimation of future selling prices.

COVID-19 estimation uncertainty

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) a global pandemic. This has resulted in governments worldwide, including the American government, to enact emergency measures to combat the spread of the virus. These measures, which include social distancing, the implementation of travel bans, and closures of non-essential businesses, have caused material disruption to businesses globally, resulting in an

Irwin Naturals

Notes on the Condensed Combined Interim Financial Statements

For the Three Months Ended March 31, 2021 and March 31, 2020

(Unaudited, expressed in US Dollars, rounded in thousands except share amounts)

economic slowdown. The production and sale of hemp and cannabidiol (“CBD”) have been recognized as essential services across the United States. As of March 31, 2021, the Company has observed positive sales trends after experiencing negative downward pressure on its sales growth in 2020 due to the COVID-19 pandemic.

The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the full financial effect on the Company’s business, financial position and operating results remain uncertain at this time. In addition, it is possible that estimates in the Company’s combined financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

New IFRS Standards that are effective for the current period

Interbank Offered Rate (“IBOR”) Reform

In August 2020, the IASB published amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases.

The amendments address issues that arise from implementation of IBOR reform, where IBORs are replaced with alternative benchmark rates and enable entities to reflect the effects of transitioning from benchmark interest rates to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments are effective for fiscal years beginning on or after January 1, 2021 with early adoption permitted. The Company adopted this amendment on January 1, 2021. As of March 31, 2021, there has been no impact to the Company’s condensed combined interim financial statements, however the Company is in the process of evaluating potential changes to its secured credit line as it transitions from IBORs to alternative rates prior to the cessation of IBORs. As at March 31, 2021 the amount of debt subject to IBOR reform is \$1,000 (reference note 6, “Credit Facility”).

New IFRS Standards in issue but not yet effective:

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract

The amendment specifies that ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company’s combined financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the condensed combined interim statement of financial position. Under

Irwin Naturals

Notes on the Condensed Combined Interim Financial Statements

For the Three Months Ended March 31, 2021 and March 31, 2020

(Unaudited, expressed in US Dollars, rounded in thousands except share amounts)

the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's combined financial statements.

3. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following as of March 31, 2021 and December 31, 2020:

	31-Mar-21		31-Dec-20	
Prepaid expenses	\$	532	\$	620
Prepaid insurance		225		260
Prepaid marketing		122		131
Prepaid inventory		305		453
Other receivables		222		192
	\$	1,406	\$	1,656

4. INVENTORY

Inventory consists of the following as of March 31, 2021 and December 31, 2020:

	31-Mar-21		31-Dec-20	
Raw materials	\$	3,765	\$	3,337
Finished goods	\$	11,578	\$	11,240
Inventory, net of reserve	\$	15,343	\$	14,577

The amounts of additional reserve and reversals that are recognized during the three months ended March 31, 2021 and 2020, are included in cost of sales in the condensed combined interim statements of profit as follows:

	31-Mar-21		31-Mar-20	
Beginning balance	\$	6,032	\$	3,194
Provisions made during the period		463		412
Disposals and sales during the period		(125)		(344)
Ending balance	\$	6,370	\$	3,262

Irwin Naturals

Notes on the Condensed Combined Interim Financial Statements

For the Three Months Ended March 31, 2021 and March 31, 2020

(Unaudited, expressed in US Dollars, rounded in thousands except share amounts)

5. PROPERTY and EQUIPMENT

Property and Equipment consists of the following as of March 31, 2021 and March 31, 2020:

	Furniture & Fixtures	Computers & Equipment	Machinery & Equipment	Vehicles	Leasehold Improvements	Total
Cost						
Balance, December 31, 2019	\$ 406	\$ 837	\$ 137	\$ 174	\$ 1,192	\$ 2,746
Additions		8				8
Disposals						-
Balance, March 31, 2020	\$ 406	\$ 845	\$ 137	\$ 174	\$ 1,192	\$ 2,754
Cost						
Balance, December 31, 2020	\$ 406	\$ 856	\$ 137	\$ 135	\$ 1,192	\$ 2,726
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance, March 31, 2021	\$ 406	\$ 856	\$ 137	\$ 135	\$ 1,192	\$ 2,726
Accumulated Depreciation						
Balance, December 31, 2019	\$ 384	\$ 634	\$ 126	\$ 174	\$ 1,187	\$ 2,505
Depreciation	3	21	1	-	-	25
Disposals						-
Balance, March 31, 2020	387	655	127	174	1,187	2,530
Accumulated Depreciation						
Balance, December 31, 2020	\$ 397	\$ 723	\$ 129	\$ 26	\$ 1,189	\$ 2,464
Depreciation	2	15	3	11	-	31
Disposals	-	-	-	-	-	-
Balance, March 31, 2021	399	738	132	37	1,189	2,495
Net Book Value						
March 31, 2020	\$ 19	\$ 190	\$ 10	\$ -	\$ 5	\$ 224
March 31, 2021	\$ 7	\$ 118	\$ 5	\$ 98	\$ 3	\$ 231

6. CREDIT FACILITY

In 2019, the Company maintained a line of credit with a financial institution in the amount of the lesser of \$20,000 or the Company's borrowing base, as defined in the agreement. The Company has the option of borrowing under a LIBOR loan (LIBOR based on the interest period selected by the Company) or a Prime loan. Under LIBOR loans, borrowings bear interest at the greater of 1.35% or 30 day LIBOR interest rate plus 1.35% (3.10% at December 31, 2019). Under Prime loans, borrowings bear interest at the greater of 2% or the fluctuating Prime rate minus 1% (3.75% at December 31, 2019).

In September 2020, the Company renewed the line of credit with the same financial institution in the amount of the lesser of \$17,500 or the Company's borrowing base, as defined in the agreement. The Company has the option of borrowing under a LIBOR loan (LIBOR based on the interest period selected by the Company) or a Prime loan. Under LIBOR loans, borrowings bear interest at the greater of 1.35% or 30 day LIBOR interest rate plus 1.35% (1.5375% at December 31, 2020). Under Prime loans, borrowings bear interest at the greater of 2% or the fluctuating Prime rate minus 1% (2.25% at December 31, 2020). The Company is in negotiation to replace the benchmark rate with an alternative benchmark rate with the financial institution as part of IBOR reform.

Irwin Naturals

Notes on the Condensed Combined Interim Financial Statements

For the Three Months Ended March 31, 2021 and March 31, 2020

(Unaudited, expressed in US Dollars, rounded in thousands except share amounts)

The line of credit is secured by all of the Company's assets, is guaranteed by the Company's shareholder and matures on August 1, 2022. The line of credit agreement contains certain restrictive covenants, for which the Company was in compliance at March 31, 2021 and December 31, 2020.

7. LEASES

Right-of-Use Assets

The Company's right-of-use ("ROU") assets consist primarily of building, where the office and warehouse of its principal operations are located. The lease has a term of 36 months from commencement of August 2019 to July 2022. The following is a continuity schedule of the right-of-use asset for the three months ended March 31, 2021 and the year ended December 31, 2020.

	31-Mar-21	31-Dec-20
Balance - Beginning of Period	\$ 2,047	\$ 3,340
ROU Amortization	(323)	(1,293)
Balance - End of Period	\$ 1,724	\$ 2,047

Lease Liabilities

The following is a continuity schedule of lease liabilities for three months ended March 31, 2021 and the year ended December 31, 2020.

	31-Mar-21	31-Dec-20
Balance - Beginning of Period	\$ 2,146	\$ 3,400
Lease Payments	(341)	(1,342)
Interest Expense on Lease Liabilities	16	88
Balance - End of Period	\$ 1,821	\$ 2,146
Current Portion	1,355	1,334
Non-current Portion	466	812

The following is a maturity schedule of leases as of March 31, 2021.

Maturity analysis for lease liabilities	Scheduled payments
One year or less	\$ 1,392
One to five years	469
More than five years	-
Total undiscounted lease liability	1,861
Impact of discount	(40)
Lease liability at March 31, 2021	1,821
Less: current portion of lease liability	(1,355)
Lease liability net of current portion	\$ 466

Irwin Naturals

Notes on the Condensed Combined Interim Financial Statements

For the Three Months Ended March 31, 2021 and March 31, 2020

(Unaudited, expressed in US Dollars, rounded in thousands except share amounts)

When measuring lease liabilities, the Company discounts lease payments using its incremental borrowing rate. For leases recognized in the quarter ended March 31, 2021 and the year ended December 31, 2020, the weighted average rate applied is 3.11% for both periods. During the three months ended March 31, 2021, the Company recorded rent expense of \$392 (March 31, 2020 - \$359), which included \$69 (\$36 in 2020) for short-term leases.

8. TRADE AND OTHER PAYABLES

Trade and other payables consists of the following as of March 31, 2021 and December 31, 2020:

Trade & Other Payables	31-Mar-21	31-Dec-20
Trade Payables	\$ 7,492	\$ 3,518
Accrued Compensation	1,535	1,806
Customer Refunds	325	131
Interest Payable	1	10
Accrued Promotions	5,080	5,483
Other Accrued Expenses	919	668
	\$ 15,352	\$ 11,616

9. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company has defined key management personnel to include the CEO, CFO, COO, President, Executive Vice Presidents and directors of the Company. During the three months ended March 31, 2021, and March 31, 2020 the remuneration and other payments to the Company's directors and other key management personnel are as follows:

	31-Mar-21	31-Dec-20
Wages and salaries	\$ 843	\$ 819
Rent	-	18
	\$ 843	\$ 837

10. SHARE CAPITAL AND RESERVES

Authorized and Issued share capital

The Company is authorized to issue 1,500,000 of common and shares at \$0.001 par value, at the discretion of the Board of Directors. As of March 31, 2021 there were 1,000,000 shares outstanding (December 31, 2020 - 1,000,000 shares).

The Company had basic and diluted earnings per common share of \$3.72 for the three months ending March 31, 2021 (March 31, 2020 - \$0.95).

Irwin Naturals

Notes on the Condensed Combined Interim Financial Statements

For the Three Months Ended March 31, 2021 and March 31, 2020

(Unaudited, expressed in US Dollars, rounded in thousands except share amounts)

The Company made distributions per common share of \$1.22 for the quarter ended March 31, 2021 (March 31, 2020 - \$3.59).

11. CAPITAL STRUCTURE

The Company defines capital that it manages as shareholders' equity and debt.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to maintain operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable to ensure optimal capital structure to reduce the cost of capital.

12. PAYCHECK PROTECTION PROGRAM

On April 20, 2020, the Company received loan proceeds in the amount of \$1,838 under the PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The Company used all of the proceeds for purposes consistent with the PPP Loan guidelines and it is reasonably assured that the Company has met all of the conditions for forgiveness on the entire loan. There have been no adjustments or updates to the loan during the three months ended March 31, 2021.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants. The Company records certain financial instruments at fair value. The Company's financial instruments include cash, accounts receivable, accounts payable and accrued expenses.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and trade receivables. The Company's cash is held in large American financial institutions and no losses have been incurred in relation to these items.

The aging of the Company's accounts receivables as of March 31, 2021 and December 31, 2020 is as follows:

Irwin Naturals

Notes on the Condensed Combined Interim Financial Statements

For the Three Months Ended March 31, 2021 and March 31, 2020

(Unaudited, expressed in US Dollars, rounded in thousands except share amounts)

	Current	1 - 30 days past due	31 - 60 days past due	61 - 90 days past due	91+ days past due	Expected Credit Loss	Total
March 31, 2021	\$ 11,066	5,345	383	101	517	(459)	\$ 16,953
December 31, 2020	\$ 12,785	3,767	257	219	576	(390)	\$ 17,214

The carrying amount of cash and trade receivables represent the maximum exposure to credit risk, and as of March 31, 2021, this amounted to \$16,987 (December 31, 2020 - \$17,656).

For three months ended March 31, 2021 two customers accounted for 31% of the Company's sales, which represented approximately 42% of the accounts receivable balance. For three months ended March 31, 2020 a single customer accounted for 12% of the Company's sales.

As of December 31, 2020, three customers represented approximately 50% of the accounts receivable balance.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. As of March 31, 2021, the Company has \$34 of cash (December 31, 2020 - \$442). The Company is obligated to pay trade and other payables, line of credit, and the current portion of the lease liability with a carrying amount as of March 31, 2021 of \$18,553 (December 31, 2020 - \$21,649).

	Carrying Amount	Contracted Cash Flows	Within 1 year	1 - 2 years	2 - 5 years	>5 years
Trade and other payables	\$ 15,352	\$ 15,352	\$ 15,352	\$ -	\$ -	\$ -
Accrued liabilities	380	380	380	-	-	-
Lease liabilities	1,821	1,861	1,392	469	-	-
Line of credit	1,000	1,000	1,000	-	-	-
	\$ 18,553	\$ 18,593	\$ 18,124	\$ 469	\$ -	\$ -

14. EMPLOYEE BENEFIT PLAN

The Company has a 401(k) plan (the "Plan") which allows all employees meeting the minimum service eligibility requirement to defer up to the maximum amount allowed by the Internal Revenue Code limits on a pre-tax or post-tax basis, or a combination thereof. The Company currently contributes a match equal to the lesser of \$1.5 per employee or 50% of an employee's contribution capped at 4% of their compensation. The Plan also allows for discretionary profit-sharing contributions, and no such contributions were made during the three months ended March 31, 2021 and 2020.

15. COMMITMENTS AND CONTINGENCIES

Irwin Naturals

Notes on the Condensed Combined Interim Financial Statements

For the Three Months Ended March 31, 2021 and March 31, 2020

(Unaudited, expressed in US Dollars, rounded in thousands except share amounts)

Commitments

Supplier Agreements

In 2019, the Company entered into a 36-month supply agreement for CBD-related materials ending July 2022. The agreement does not require any annual commitments. The approximate outstanding balance as of March 31, 2021 is \$nil based on current prices (December 31, 2020 - \$350).

Contingencies

Claims and Litigation

The Company is party to litigation from time to time in the normal course of business. The Company accrues liabilities related to litigation only when it concludes that it is probable that it will incur costs related to such litigation and can reasonably estimate the amount of such costs. In cases where the Company determines that it is not probable, but reasonably possible that it has a material obligation, it discloses such obligations and the possible loss or range of loss, if such estimate can be made. The Company maintains insurance to cover certain actions and believes that resolution of such litigation in the normal course of business will not have a material adverse effect on the Company's condensed combined interim financial statements.

Batista v Irwin Naturals, Case No. 2:20-cv-10737 (U.S. District Court, Central District California)

Isabella Batista filed a class action lawsuit in the United States District Court for the Central District of California on November 24, 2020. Batista alleges that Irwin makes false and misleading claims on the packaging of its nutritional supplement product Ginkgo Smart. Batista alleges that ginkgo biloba, Ginkgo Smart's main ingredient, does not improve cognitive function, memory or concentration and therefore Ginkgo Smart's label claims are false and misleading. Batista seeks to represent a nationwide class of consumers and a New York subclass who purchased Ginkgo Smart. Batista lives, and purchased the product, in New York. Batista's prayer for relief includes damages, restitution, and/or disgorgement; compensatory and punitive damages; declaratory and injunctive relief; reasonable attorneys' fees and expenses and costs of the suit; and prejudgment interest on all amounts awarded. Irwin submitted its response to plaintiff's opposition to the motion on March 26, 2021.

Batista did not allege an enumerated amount of damages as is common with consumer class actions, as such amount is dependent on whether a class is certified, the potential size of the class and the sales of the product. In order to obtain subject matter jurisdiction with the Federal Court, Batista alleged her claim was over \$5 million. Notwithstanding the foregoing, Batista is asking the court or a jury to determine the amount of potential damages and/or attorney fees. Certain New York state statutes provide a minimum of fifty (\$50 or \$500) per consumer in a class action lawsuit, but any potential total amount is dependent upon a class being certified and an adverse ruling against Irwin.

16. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The Company has evaluated events occurring after the reporting period. The Company is not aware of any significant events that occurred subsequent to the reporting period, that would have a material impact on its condensed combined interim financial statements, other than what is noted below.

As of April 1, 2021, Klee Irwin contributed his interest in 5310 Holdings, LLC and all assets owned by such LLC to the Company. Klee and Irwin Naturals intend for the contribution to constitute a

Irwin Naturals

Notes on the Condensed Combined Interim Financial Statements

For the Three Months Ended March 31, 2021 and March 31, 2020

(Unaudited, expressed in US Dollars, rounded in thousands except share amounts)

tax-free contribution to the capital of Irwin Naturals under Section 351 of the Internal Revenue Code based on the fact that Klee owns more than 80% of Irwin Naturals' and is the sole owner and managing member of 5310 Holdings.

As of April 1, 2021, the Company issued previously authorized common shares to two executives representing an aggregate 5% interest in the Company as part of an amendment to the executives' profit-sharing employment agreements. In exchange for the stock issuance, the Company received a promissory note from each executive in the amount of \$1,620.

In May 2021, the Company amended its line of credit to extend the maturity date to August 1, 2022 and amended the provision requiring that Klee Irwin, the majority shareholder of the Company, retain at least a 75% interest in the Company to at least a 55% interest in the Company.

In June 2021, the Company received notice from the Small Business Administration that the loans received in the amount of \$1,838 under the PPP have been forgiven.

In July 2021, Irwin and their financial institution executed an amendment to their agreement that extends the line of credit to December 1, 2022 (see Note 6 for information on the existing line of credit).

On August 9, 2021, the Company entered into a definitive business combination agreement with Datinvest International Ltd. ("DAI"). Upon completion of the transaction, the combined entity (the "Resulting Issuer") will carry on the business of Irwin. The closing of the transaction is subject to the receipt of all necessary regulatory and third-party consents and approvals, including without limitation, the listing of the subordinate voting shares of the Resulting Issuer on the Canadian Securities Exchange and the concurrent delisting of the common shares of DAI from the NEX Board of the TSX Venture Exchange.

SCHEDULE "H"
INTERIM MD&A OF IRWIN FOR THE
THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(See attached)



Irwin Naturals

Management's Discussion and Analysis

For the three months ended March 31, 2021

This Management's Discussion and Analysis ("MD&A") of the financial condition and performance of Irwin Naturals (the "Company" or "Irwin") for the three-months ended March 31, 2021 and March 31, 2020 was prepared by management as of August 4. Throughout this MD&A, unless the context indicates or requires otherwise, the terms "the Company", "we", "us" and "our" means Irwin Naturals. This MD&A should be read in conjunction with our unaudited combined interim financial statements for the period ended March 31, 2021 (collectively, 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* ("NI 51-102") of the Canadian Securities Administrators. This MD&A contains commentary from the Company's management regarding the Company's strategy, operating results, financial position and outlook. 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 interpretations of the IFRS Interpretations Committee ("IFRIC") 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 US dollars 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 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;
- 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;
- 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 Company 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, including in the listing statement dated August 13, 2021 (the “**Listing Statement**”). 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.

Company Overview

Irwin Naturals was incorporated in Nevada on January 23, 2002, and is based in Los Angeles, California. Irwin Naturals develops vitamins and other health supplements and distributes these products primarily in the United States and Canada through two main channels: health food stores and mass-market retailers, and e-commerce.

Irwin has developed a streamlined production process where it formulates products in-house based on current trends and the available science and research on vitamins, minerals and botanicals. From there, Irwin has developed a sophisticated and efficient supply chain using various trusted contract manufacturers to produce and package the products. Irwin then stores all products on-site at its facility in Los Angeles, California or other overflow facilities, if needed, and then works with its retailers and sales team to distribute the product accordingly.

All branding, label design and marketing are done in-house by an experienced marketing and design team. These marketing strategies are then carried out by sales representatives who are spread out throughout the United States, giving Irwin the ability to keep track of varying trends as they emerge and evolve. Additionally, Irwin also has a small international division. The Company has a strong presence in health food stores nationwide with its Irwin Naturals and Nature's Secret brands, as well as strong presences within mass-market chains such as Wal-Mart, Costco, and CVS, and e-commerce retailers such as Amazon and iHerb wherein consumers will most likely see the Irwin Naturals and Applied Nutrition brands. More recently, Irwin Naturals launched a line of products containing FSHE ("full-spectrum hemp extract") with CBD. Since the initial launch of Irwin Naturals CBD soft-gels, Irwin has expanded into CBD topicals. Irwin Naturals currently distributes to more than 100,000 retail outlets.

Principal Products and Services

The principal products of Irwin stem from the core brand of over 100+ all-liquid soft-gel products that were the bedrock of Irwin from its beginning. Irwin also features other brands such as Applied Nutrition. Applied Nutrition products have high visibility in the mass-market in the U.S., including: Green Tea Fat Burner; Libido-Max; 14-Day Acai Berry Cleanse; Liquid Collagen; Nature's Secret, a line of digestive care and cleansing products.

- Irwin Naturals - a line of multi-pronged, all-liquid soft-gel supplements targeted for the health and wellness of men and women. The line features over 100+ formulas focusing on weight management, sexual health, mood, brain health and more. The brand has both national and international distribution in both the mass-market, specialty channels and e-commerce.
- Irwin Naturals CBD - a broad range of CBD ingestible and topical products under the flagship brand starting in late 2018. Derived from FSHE these CBD products have gained national distribution within the U.S. ranging from health food specialty retailers like Vitamin Shoppe to mass-market retailers like CVS.
- Applied Nutrition – a dynamic brand featuring products such as Green Tea Fat Burner that has retailed in Costco for over 15 years, Libido-Max, one of the top selling sexual health products in the U.S. and Liquid Collagen, the number 1 best-selling Liquid Collagen in the U.S.
- Nature's Secret – brand with products that address total body wellness. Using delicate mixtures of healing herbs and botanicals to address imbalance itself, not just the symptoms of imbalance.

Irwin has grown using a strategy consisting of keeping advertising spending low, and using those savings to purchase higher quality ingredients to make its products more effective, resulting in an extremely loyal following of its customers.

Marketing, Sales and Business Development

Irwin has a robust salesforce located throughout the U.S. Irwin has grown from a grass-roots level and penetrated ‘mom and pop’ health food and specialty store throughout the U.S., as well as mass-market retailers such as Wal-Mart, SAMs Club, Costco, BJ’s, CVS and Walgreens. Irwin has also grown internationally gaining distribution throughout Canada and Russia. Irwin also focuses on growing its online business through platforms including Amazon, Wal-Mart.com, Costco.com, iherb.com and IrwinNaturals.com.

Branding Strategy

The Irwin’s brand strategy is to develop best quality supplement products at affordable prices that are accessible to the masses, focused on superior potency, bioavailability and absorption. Irwin’s extensive line of 100+ supplements use an all-liquid soft-gel delivery that offers many advantages over hard tablets and capsules that can often be difficult to digest. Irwin’s goal is to bring its consumers targeted formulas with quality ingredients, at effective levels, in high-end packaging at affordable prices that appeal to its broad ranging demographic. This strategy is also the foundational pillar for Irwin’s other brands across a diverse range of categories.

Research and Development

Irwin prides itself in creating multi-pronged solution-oriented products that address a multitude of health needs for men and women across all age categories and demographics. Irwin develops novel formulations that fill the white space in the health and wellness industry. Irwin applies cutting edge and industry-leading scientific research to each of its formulations, seeking to advance the standard within the industry.

Over the years Irwin has employed persons with backgrounds in botanical science, naturopathic medicine and biology to formulate its products. These experienced professionals are able to take the input from the marketing and sales team in terms of what consumers and the trade are demanding, and use it to choose the right mixture of vitamins, minerals and botanicals to appeal a broad demographic. This formulation is backed by an experienced team of legal and compliance professionals to ensure each product’s manufacturing and advertising are compliant with current FDA, FTC and state regulations. From there, Irwin uses its supply chain working in tandem with contract manufacturers to produce and package the products. Irwin has rigorous testing protocols in place, with all of its products being rigorously third-party tested for both purity and potency by third-party accredited labs.

Production

Irwin has formulated almost all of its complex formulas in-house with an experienced team composed of naturopathic doctors, experts in the field of botanicals and biology and experts in the technical aspects of dietary supplement manufacturing. Irwin uses high-caliber contract manufacturers to produce all of its products. Irwin does not produce its products itself. Once the initial formulas are complete, Irwin works hand in hand with its experienced contract manufacturers to make samples and ensure that the specific product will be functional for its intended purpose. When formulating these products, Irwin stays on the

cutting edge of consumer interests and combines either trending ingredients or classic botanicals with other complimentary ingredients, to make the product as efficacious or enticing as possible. Irwin is known for packing its formulas with a complex blend of minerals, vitamins and botanicals.

During the formulation stage, Irwin uses its extensive relationships with ingredient suppliers to source top-quality ingredients for the featured ingredients in its products. Irwin's formulation experts generally pair ingredients that are complimentary to each other and can be combined interim without negative effects to the individual ingredients. If there are questions about the stability of certain ingredients or about how the ingredients act in conjunction to each other, Irwin works with its contract manufacturer to mix a pilot batch of product in its final form so it can be tested to ensure quality. Before production starts, Irwin works closely with its contract manufacturers who are able to order the various ingredients, and primary packaging directly in order take advantage of a more seamless supply chain, and take advantage of bulk discounts that are then passed on to Irwin. For the FSHE used by Irwin for its products, Irwin has taken a more active role in sourcing and ordering those ingredients directly.

The actual method of producing Irwin's soft-gel, tablet and liquid products is all carried out locally in Southern California. All contract manufacturers used by Irwin are audited by Irwin before production can begin, and they are all compliant with federal and state cGMP regulations. Irwin's products are made by contract manufacturers who are knowledgeable and experienced in their craft using proprietary processes owned and controlled by the individual manufacturers. The processes used to create these food and dietary supplement products are all consistent with the industry standards to create such products.

Throughout the production process, Irwin is updated throughout the process and physically inspects the processes at the local contract manufacturers. Once production is complete, Irwin receives samples of the products that go through quality checks and testing to ensure the product meets Irwin's specifications and are not adulterated. Once the products are manufactured, they are mostly delivered to Irwin's warehouse in Los Angeles, California where they are then shipped out, either directly or indirectly, to customers throughout the U.S.

Intellectual Property

As a consumer product company, Irwin's brands, product names and trade dress are a cornerstone of the brand. Our packaging is unique to our brand and lets our loyal customers know where to find our products on the shelves. We take the protection of these trademarks very seriously and routinely search the market for potential infringers. Irwin's trademarks are valid until such trademark is no longer used in commerce.

Employees

As of March 31, 2021, Irwin Naturals employs roughly 110 individuals mostly located at their headquarters in Los Angeles, California with a team of sales representatives spread throughout the United States.

Leases

Irwin's headquarters consist of an office building which most of its employees work out of and has an attached warehouse where most of Irwin's finished goods are stored until they are sent out for delivery. The term of the lease on this space expires on July 31, 2022. Irwin has an option to renew the lease for a 5 year period that must be exercised by October 31, 2021. The landlord is not a related person of the issuer.

Business Cycles

Irwin's business is not inherently cyclical or seasonal. Although there may be times in the year where certain products seem to be more popular (for example weight management products generally increase in popularity around the new year), overall, the demand for Irwin's products is consistent throughout the year.

Summary of Trends and Factors Affecting Performance

Change in Revenue Mix: Irwin's strategic decision to establish a CBD product line in 2018 helped grow revenue for the three months ended March 31, 2021 and 2020 and will drive sales going forward. Irwin generated \$2.8 million and \$1.5 million in net CBD product sales, respectively, during the first quarter of 2021 and 2020. CBD products sold were primarily softgel supplements sold primarily through Irwin's network of health food stores and some retail pharmacy chains. CBD softgel supplements are forecasted to grow substantially going forward as nationwide outlets and platforms may enter the CBD market. These retailers may choose Irwin as one of their vendors based on their long-standing relationship with Irwin Naturals and sales success with Irwin's non-CBD products.

Introduction of new CBD product lines: In addition to developing and adding new CBD products, Irwin continues to add new products to its non-CBD product portfolio including topicals, balms, roll-ons and creams.

Competition: Irwin continues to be a successful seller of CBD products in the mass market and health food store retail channels. The company's competitive positioning reflects Irwin's cult status and brand loyalty with consumers, as well as the Company's competitive pricing, which is one of the best value propositions in the market. Irwin is expected to capture more CBD market share as other traditional and online retailers, such as Wal-Mart, Costco and Amazon, are expected to begin selling CBD products.

COVID-19 Pandemic: On January 30, 2020, the World Health Organization (the "WHO") declared the ongoing COVID-19 outbreak a global health emergency, and on March 11, 2020, the WHO expanded its classification of the outbreak to a worldwide pandemic. Federal, state, provincial and municipal governments in North America enacted measures to combat the spread of COVID-19. The COVID-19 outbreak continues to evolve and is causing business disruptions across the entire global economy and society. The Company is closely monitoring the evolution of COVID-19. The Company has taken various measures to prioritize the health and safety of our employees, customers and partners, including restricted work travel and site access and improved safety and hygiene, including monitoring and following the most up to date guidelines.

The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the full financial effect on the Company's business, financial position and operating results remain uncertain at this time. In addition, it is possible that estimates in the Company's combined interim financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

To date, COVID-19 has not materially impacted Irwin's ability to meet customer demand and product delivery under existing distribution agreements despite a very challenging operating environment, particularly with traditional retailers.

Selected Combined Interim Financial Information:

The following is a summary of the Company's operational highlights for the three months ended March 31, 2021 and March 31, 2020.

<i>(Unaudited, in thousands)</i> Combined Statement of Profit and Comprehensive Income	Three months ended March 31			
	2021	2020	\$ Change	% Change
Non-CBD operating revenue	21,335	18,029	3,306	18.3%
CBD operating revenue	2,800	1,527	1,273	83.4%
Total Operating Revenue	24,135	19,556	4,579	23.4%
Gross Profit	11,747	8,520	3,227	37.9%
Income from Operations	3,803	1,054	2,749	260.8%
Net Income	3,715	950	2,765	291.1%

Statement of Financial Position	As of	As of	\$ Change	% Change
	March 31, 2021	December 31, 2020		
Total assets	35,943	36,421	(478)	-1.3%
Total liabilities	18,675	21,649	(2,974)	-13.7%

Operating Revenue

Three Months Ended March 31, 2021 compared to March 31, 2020

Operating revenue increased \$4.6 million or 23% to \$24.1 million for the three months ended March 31, 2021, compared to revenues of \$19.5 million during the same period in fiscal 2020. The increase was primarily due to growing revenue from Irwin's cannabidiol ("CBD") softgel supplement products established in 2018, as well as non-CBD sales increases of 18% due to continued sales growth from a retailer within the mass market sales channel. Non-CBD sales continue to perform due to the cult brand status and customer loyalty of Irwin's traditional products despite very limited sales and marketing expenses. Sales of Irwin's CBD product portfolio continued to grow during the period by leveraging Irwin's extensive distribution network among health food stores and the largest retail pharmacy chains in the U.S. Irwin generated \$2.8 million in CBD sales during the three months ended March 31, 2021, which was 12% of operating revenue and reflects over an 80% increase compared to the same period in fiscal 2020.

Gross Profit

Three Months Ended March 31, 2021 compared to March 31, 2020

Gross profit increased \$3.2 million or 38% to \$11.7 million for the three months ended March 31, 2021, compared to gross profit of \$8.5 million during the same period in fiscal 2020. The increase is primarily due to higher operating revenue, as well as enhanced margins from improved production processes on newer products and a shift in product mix to items with higher margins.

Income from Operations

Three Months Ended March 31, 2021 compared to March 31, 2020

Income from operations increased \$2.7 million to \$3.8 million for the three months ended March 31, 2021, compared to income from operations of \$1.1 million during the same period in fiscal 2020. The increase was primarily due to higher gross profit of \$3.2 million, partially offset by the timing of selling and marketing expenses.

Net Income

Three Months Ended March 31, 2021 compared to March 31, 2020

Net income increased \$2.8 million to \$3.7 million for the three months ended March 31, 2021, compared to net income of \$0.9 million during the same period in fiscal 2020. The increase was primarily due to higher gross profit, as described above, as well as minimal impacts due to lower interest expense related to lease liabilities and slightly higher income taxes.

Summary of Combined Interim Quarterly Results:

The following is a summary of selected combined interim financial information for each of the eight most recently completed quarters prepared in accordance with IFRS.

<i>(Unaudited, in thousands)</i>	<u>2021</u>		<u>2020</u>		<u>2020</u>		<u>2019</u>	
Combined Statement of Profit and Comprehensive Income	<u>Q1</u>	<u>Q4</u>	<u>Q3</u>	<u>Q2</u>	<u>Q1</u>	<u>Q4</u>	<u>Q3</u>	<u>Q2</u>
Operating Revenue	24,135	24,487	24,712	20,622	19,556	23,227	22,049	21,500
Income From Operations	3,803	2,231	1,817	2,556	1,054	1,495	1,665	1,757
Comprehensive Income	3,715	2,145	1,673	2,472	950	1,397	1,525	1,604
Statement of Financial Position								
Total assets	35,943	36,421	41,957	39,408	37,796	41,967	40,168	35,091
Total liabilities	18,675	21,649	27,513	24,256	24,799	26,335	25,643	21,655

Operating Revenue

Operating revenue for the last eight quarters were impacted by factors including the following:

- accelerated demand for CBD softgel supplement product sales;
- an expanding distribution network;
- the impact of innovation within our core product portfolio;
- the timing and volume of sales promotions and discounts;
- COVID-19 and the impact to foot-traffic at retailers;
- sales and marketing campaigns;
- seasonality.

Operating revenue during the past four quarters exceeded the preceding four quarters primarily due to the continued growth of CBD product sales throughout the period, as well as favorable results in Q3 and Q4

2020 due to the release of pent up demand caused by COVID in the first half of the year. Sales in Q1 2021 improved year over year due to non-CBD sales with a major customer within the mass market sales channel.

Income from Operations

Income from Operations for the last eight quarters were impacted by factors including the following:

- operating revenue factors noted above;
- employee compensation and staffing;
- travel and trade show costs;
- timing of marketing expenses.

Income from operations fluctuated during the past four quarters in comparison to the preceding four quarters, primarily due to furloughs granted in Q2 2020 due to COVID and recognition of PPP loan forgiveness in Q4 2020.

Total assets decreased from \$36.4 million at Q4 2020 to \$35.9 million at Q1 2021 primarily due to amortization of right-of-use assets and lower cash after distributions to shareholders.

Total liabilities decreased from \$21.6 million at Q4 2020 to \$18.7 million at Q1 2021 primarily due to a \$6.5 million decrease in borrowings against the line of credit, partially offset by an increase in payables driven by the timing of payments to the Company's primary product manufacturer.

Liquidity and Capital Resources

Summary of Cash Flows for the three months ended March 31, 2021 and March 31, 2020

<i>(Unaudited in thousands)</i>	Three months ended		\$ Change	% Change
	March 31			
	2021	2020		
Cash, beginning of period	442	371	71	19%
Cash flows from (used in)				
Operating activities	7,514	2,387	5,127	215%
Investing activities	-	(8)	8	(100%)
Financing activities	(7,922)	(2,306)	(5,616)	244%
Cash, end of period	34	444	(410)	(92%)

Cash Flows from Operating Activities

Irwin generated \$7.5 million and \$2.4 million in operating cash flows for the three months ended March 31, 2021 and 2020, respectively. The increase in operating cash flows is primarily due to higher operating revenue from CBD and non-CBD sales, as well as temporary favourability to working capital due to the timing of payments to the Company's primary product manufacturer.

Irwin continues to generate substantial operating cash flow reflecting:

- **Consistent and growing revenue stream:** The Company has a steady, growing revenue base reflecting Irwin's loyal customer base that continues to purchase Irwin products on a consistent basis year over year.
- **Competitive pricing:** Irwin sells high quality products with comprehensive formulas that are competitively priced for the mass market thereby building customer loyalty.
- **Strong operating results and profitability:** Irwin's strong operating results generate significant return on sales and steady cash flow from operations that enhances the Company's liquidity position.
- **Healthy working capital position:** Irwin defines net working capital as total current assets less total current liabilities. The Company has a consistently strong net working capital position with a March 31, 2021 balance of over \$15 million, and over \$13 million at December 31, 2020. The Company's accounts receivables are of high quality with strong credit counterparties including large retailers. Irwin's allowance for bad debt provision has been less than 0.5% of operating revenue for the past four quarters. The Company's net inventory balance of \$15.3 million at March 31, 2021 remained relatively flat compared to \$14.6 million net inventory as of December 31, 2020. Net inventory includes a reserve for obsolete and slow-moving inventory to write down the cost to net realizable value (market) and was \$6.4 million and \$6.0 million as of March 31, 2021 and December 31, 2020, respectively. Trade and other payables, which are normally consistent due to low seasonality and consistent cash flow generation, increased \$3.8 million during the period ended March 31, 2021, from \$11.6 million at December 31, 2020 to \$15.4 million primarily due to the timing of payments to the Company's primary product manufacturer.

Cash Flows from Investing Activities

Irwin has a relatively low fixed asset base with a net fixed asset balance of \$0.2 million as of March 31, 2021 reflecting the asset-light nature of the Company's business model, which includes the utilization of right-to-use assets obtained through leases. The Company develops its products internally and outsources the raw material purchasing, production and packaging to contract manufacturers, who in turn produce and ship finished products to Irwin, who in turn distribute products to their customers. Based on this traditional consumer brand marketing model, Irwin has limited capital expenditure commitments in the future.

Cash Flows from Financing Activities

The company used \$5.6 million additional cash on financing activities during the three months ended March 31, 2021 compared to the same period during the 2020 fiscal year, primarily due to activity on the Company's line of credit.

In 2019, the Company maintained a line of credit with a financial institution in the amount equal to the lesser of \$20.0 million or the Company's borrowing base, as defined in the agreement. The Company has the option of borrowing under a LIBOR loan (LIBOR based on the interest period selected by the

Company) or a Prime loan. Under a LIBOR loan, borrowings bear interest equal to the greater of 1.35% or the 30-day LIBOR interest rate plus 1.35% (3.10% at December 31, 2019). Under a Prime loan, borrowings bear interest equal to the greater of 2% or the fluctuating Prime rate minus 1% (3.75% at December 31, 2019). Irwin had substantial liquidity at March 31, 2020 with \$9.2 million in remaining borrowing availability under the credit facility.

In September 2020, the Company renewed the line of credit with the same financial institution in the amount of the lesser of \$17.5 million or the Company's borrowing base, as defined in the agreement. The Company has the option of borrowing under a LIBOR loan (LIBOR based on the interest period selected by the Company) or a Prime loan. Under LIBOR loans, borrowings bear interest at the greater of 1.35% or 30-day LIBOR interest rate plus 1.35% (1.5375% at December 31, 2020). Under Prime loans, borrowings bear interest at the greater of 2% or the fluctuating Prime rate minus 1% (2.25% at December 31, 2020). The Company is in negotiation to replace the benchmark rate with an alternative benchmark rate with the financial institution as part of IBOR reform. The line of credit is secured by all of the Company's assets, and is guaranteed by the Company's shareholder. The Company had substantial liquidity at March 31, 2021 with \$16.5 million in remaining borrowing availability under the credit facility.

In May 2021, the Company amended the provision requiring that Klee Irwin, the majority shareholder of the Company, retain at least a 75% interest in the Company to at least a 55% interest. Furthermore, in July 2021, the Company received approval from the financial institution for an extension of its line of credit to December 31, 2022, pending the executed amendment. The Company has remained compliant with all restrictive covenants as of March 31, 2021 and December 31, 2020.

The Company's use of cash on their line of credit was partially offset by a \$2.5 million decrease in shareholder distributions, for which the Company distributed \$1.1 million during the three months ended March 31, 2021 and \$3.6 million during the same period in fiscal 2020.

Fixed Obligations:

Rent Expense

The Company leases its office and warehouse facilities, and office equipment under various operating leases which expired or will expire between February 2020 and July 2022. Under the facility lease agreement, the Company is also obligated to pay real estate taxes, general liability insurance, property insurance and periodic rent escalation.

Aggregate future minimum rent and lease payments as of March 31, 2021 for each of the remaining years are as follows:

2021	\$ 1.0 million
2022	\$ 0.8 million
2023	\$ -

Rent expense for office and warehouse facilities for the three months ended March 31, 2021 and 2020, totaled \$0.4 million for both periods.

Claims and Litigation

The Company is party to litigation from time to time in the normal course of business. The Company accrues liabilities related to litigation only when it concludes that it is probable that it will incur costs related to such litigation and can reasonably estimate the amount of such costs. In cases where the Company determines that it is not probable, but reasonably possible that it has a material obligation, it discloses such obligations and the possible loss or range of loss, if such estimate can be made. The Company maintains insurance to cover certain actions and believes that resolution of such litigation in the normal course of business will not have a material adverse effect on the Company's combined interim financial statements.

Batista v Irwin Naturals, Case No. 2:20-cv-10737 (U.S. District Court, Central District California)

Isabella Batista filed a class action lawsuit in the United States District Court for the Central District of California on November 24, 2020. Batista alleges that Irwin makes false and misleading claims on the packaging of its nutritional supplement product Ginkgo Smart. Batista alleges that ginkgo biloba, Ginkgo Smart's main ingredient, does not improve cognitive function, memory or concentration and therefore Ginkgo Smart's label claims are false and misleading. Batista seeks to represent a nationwide class of consumers and a New York subclass who purchased Ginkgo Smart. Batista lives, and purchased the product, in New York. Batista's prayer for relief includes damages, restitution, and/or disgorgement; compensatory and punitive damages; declaratory and injunctive relief; reasonable attorneys' fees and expenses and costs of the suit; and prejudgment interest on all amounts awarded. Irwin submitted its response to plaintiff's opposition to the motion on March 26, 2021.

Batista did not allege an enumerated amount of damages as is common with consumer class actions, as such amount is dependent on whether a class is certified, the potential size of the class and the sales of the product. In order to obtain subject matter jurisdiction with the Federal Court, Batista alleged her claim was over \$5 million. Notwithstanding the foregoing, Batista is asking the court or a jury to determine the amount of potential damages and/or attorney fees. Certain New York state statutes provide a minimum of fifty (\$50 or \$500) per consumer in a class action lawsuit, but any potential total amount is dependent upon a class being certified and an adverse ruling against Irwin.

Supplier Agreements

In 2019 the Company entered into a 36-month supply agreement for CBD related materials ending July 2022. The agreement does not require any annual commitments. The approximate outstanding balance as of March 31, 2021 is \$nil based on current prices.

Irwin has no other guarantee contracts, derivative instruments, off-balance sheet arrangements or contingent liabilities or obligations.

Related Party Transactions

Shareholder Distributions

The Company distributed a total of \$1.1 million to its majority shareholder for the three months ended March 31, 2021 and \$3.6 million during the same period in fiscal 2020.

Affiliate

5310 Holdings, LLC ("5310 Holdings") was formed as a California limited liability company based in Los Angeles, California to hold intellectual property related to products sold by Irwin Naturals. Irwin Naturals

has a licensing agreement for worldwide licenses to use, market, sell and promote certain trademarks held by 5310 Holdings. 5310 Holdings has been determined to be a “related party” of Irwin Naturals.

These combined interim financial statements include the accounts of the Company and 5310 Holdings, LLC. This presentation reflects a common-controlled combination of previously existing entities. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the entities are included in the combined interim financial statements from the date that control commences until the date that control ceases. Irwin Naturals is the primary beneficiary of 5310 Holdings through the use of trademarks held by that entity. 5310 Holdings has no operations apart from ownership of the trademarks, and these intangibles are fully integrated into the operations of Irwin Naturals. Irwin Naturals has not provided financial or other support to 5310 Holdings for the period ended March 31, 2021.

As of March 31, 2021 and December 31, 2020, amounts included in the combined interim financial statements include intangible assets of \$0.1 million and member's equity of \$0.1 million. Apart from these amounts, creditors and beneficial holders of 5310 Holdings have no recourse to the assets or general credit of Irwin Naturals. All intra-company transactions, balances, income and expenses were eliminated for presentation.

Authorized and Issued Share Capital

The Company is authorized to issue 1,500,000 of common and shares at \$0.001 par value, at the discretion of the Board of Directors. As of March 31, 2021 there were 1,000,000 shares outstanding (December 31, 2020 - 1,000,000 shares).

The Company had basic and diluted income from operations per common share of \$3.80 for the three months ending March 31, 2021 (March 31, 2020 - \$1.05).

The Company had basic and diluted earnings per common share of \$3.72 for the three months ending March 31, 2021 (March 31, 2020 - \$0.95).

The Company made distributions per common share of \$1.22 for the quarter ended March 31, 2021 (March 31, 2020 - \$3.59).

Critical Accounting Estimates and Judgements

IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) *Fair value of equity-like instruments*: Fair value of financial assets and financial liabilities recorded in the combined interim statements of financial position, which cannot be derived from active

markets, are determined using a variety of techniques including the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair values. Judgment includes, but is not limited to, consideration of model inputs such as volatility, estimated life, and discount rates.

- ii) *Estimating variable consideration for returns and sales promotion incentives:* The Company uses historical customer return data to determine the expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company provides for estimated payments to its customers based on various trade programs and sales promotional incentives. The Company estimates the most likely amount payable for its largest customers for each trade and incentive program separately using (i) the projected level of sales volume for the relevant period; (ii) customer rates for allowances, discounts, and rebates; (iii) historical spending patterns; and (iv) sales lead time. These arrangements are complex and there are a significant number of customers and products affected. Management has systems and processes in place to estimate and value these obligations.

- iii) *Valuation of non-cash transactions:* The valuation of shares and other equity instruments issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.
- iv) *Amortization:* Amortization of property, plant and equipment and intangible assets are dependent upon the estimated useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.
- v) *Inventory:* Inventory is carried at the lower of cost or net realizable value. The determination of net realizable value involves significant management judgement and estimates, including the estimation of future selling prices.

COVID-19 estimation uncertainty

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) a global pandemic. This has resulted in governments worldwide, including the American government, to enact emergency measures to combat the spread of the virus. These measures, which include social distancing, the implementation of travel bans, and closures of non-essential businesses, have caused material disruption to businesses globally, resulting in an economic slowdown. The production and sale of hemp and cannabidiol (“CBD”) have been recognized as essential services across the United States. As of March 31, 2021, the Company has observed positive sales trends after experiencing negative downward pressure on its sales growth due to the COVID-19 pandemic.

The situation is dynamic and the ultimate duration and magnitude of the impact of COVID-19 on the economy and the full financial effect on the Company's business, financial position and operating results remain uncertain at this time. In addition, it is possible that estimates in the Company's combined interim financial statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

Summary of Significant Accounting Policies

The combined interim financial statements were prepared using the same accounting policies as described in Note 2 of the audited combined financial statements for the years ended December 31, 2020 and 2019.

Risk Factors

A full list of Risk Factors can be referenced in the listing statement dated August 13, 2021 (the "Listing Statement").

SCHEDULE "I"
CONSOLIDATED PRO FORMA FINANCIAL STATEMENTS
OF THE RESULTING ISSUER
(See attached)

Irwin Naturals Inc.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL
STATEMENTS**

March 31, 2021

(IN UNITED STATES DOLLARS)

Irwin Naturals Inc.
Unaudited Pro Forma Consolidated Statement of Financial Position
As at March 31, 2021
(Expressed in United States (\$), unless otherwise noted)

	Irwin	Datinvest	Datinvest	US HoldCo	Ref.	Adjustment	Ref.	Consolidated
	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21		31-Mar-21		31-Mar-21
	US\$	CAD \$	US\$	US\$		US\$		US\$
ASSETS								
Current Assets:								
Cash	34,000	736,956	586,027		1 a	(500,000)	c	179,310
						(1)	a	
						3	g	
						59,280	g	
Investment in Subsidiary (US HOLDCO)						1	a	-
						(1)	h	
Investment in Irwin Class A shares						16,326,530	e	-
						(16,326,530)	h	
Trade Receivables	16,953,000	-	-	-				16,953,000
Promissory note	-	-	-	-		3,240,026	b	3,240,026
						16,326,530	e	
						(16,326,530)	h	
Marketable securities	-	1,250	995	-				995
Inventory	15,343,000	-	-	-				15,343,000
Prepaid Expenses and Other	1,406,000	-	-	-				1,406,000
Total Current Assets	33,736,000	738,206	587,022	1				37,122,330
Non-Current Assets:								
Property and Equipment	231,000	-	-	-				231,000
Right-of-Use Assets	1,724,000	-	-	-				1,724,000
Other Non-Current Assets	165,000	-	-	-				165,000
Intangible Assets	87,000	-	-	-				87,000
Total Non-Current Assets	2,207,000	-	-	-				2,207,000
TOTAL ASSETS	35,943,000	738,206	587,022	1				39,329,330

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

Irwin Naturals Inc.
Unaudited Pro Forma Consolidated Statement of Financial Position
As at March 31, 2021
(Expressed in United States (\$), unless otherwise noted)

	Irwin	Datinvest	Datinvest	US HoldCo	Ref.	Adjustment	Ref.	Consolidated
	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21		31-Mar-21		31-Mar-21
	US\$	CAD \$	US\$	US\$		US\$		US\$
LIABILITIES								
Current Liabilities:								
Trade and Other Payables	15,352,000	34,348	27,314	-				15,379,314
Promissory note payable						16,326,530	e	-
						(16,326,530)	h	
Reserve for Returns	380,000	-	-	-				380,000
Lease Liability - Current	1,355,000	-	-	-				1,355,000
Line of Credit	1,000,000	-	-	-				1,000,000
Dividend Payable	122,000	-	-	-				122,000
Total Current Liabilities	18,209,000	34,348	27,314	-				18,236,314
Non-Current Liabilities:								
Lease Liability - Non-Current	466,000	-	-	-				466,000
TOTAL LIABILITIES	18,675,000	34,348	27,314	-				18,702,314
SHAREHOLDERS' EQUITY								
Common stock	1,000	4,281,875	3,404,947	1	a	(3,404,947)	d	-
						3,240,026	b	
						(3,240,026)	f	
						(1,000)	h	
						(1,000)	f	
Subordinate voting shares						3,000,000	c	3,000,003
						3	g	
Class A voting shares						16,326,530	e	-
						(16,326,530)	h	
Class B non-voting shares						12,672,893	f	12,672,893
						2,099,107	f	
						3,240,026	f	
						(3,240,026)	h	
						(2,099,107)	h	
Multi voting shares						59,280	g	59,280
Additional Paid in Capital	14,771,000					(14,771,000)	f	-
Contributed surplus	-	194,619	154,761	-		(154,761)	d	-
Retained Earnings	2,496,000	(3,772,636)	(3,000,000)	-		3,000,000	h	(798,974)
						(354,682)	h	
						(2,440,292)	c	
						(500,000)	c	
Non-controlling interest						3,240,026	h	5,693,815
						354,682	h	
						2,099,107	h	
Total Shareholders' Equity	17,268,000	703,858	559,708	1				20,627,016
TOTAL LIABILITIES & EQUITY	35,943,000	738,206	587,022	1				39,329,330

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

Irwin Naturals Inc.
Unaudited Pro Forma Consolidated Statement of Profit and Loss
For the three months ended March 31, 2021
(Expressed in United States (\$), unless otherwise noted)

	Irwin	DAT Invest	Datinvest	US HoldCo	Adjustment	Ref.	Consolidated
	Three months ended	Three months ended	Year ended	Year ended	Three months ended		Three months ended
	31-Mar-21	31-Mar-21	31-Dec-20	31-Dec-20	31-Mar-21		31-Mar-21
	US\$	CAD \$	US\$	US\$	US\$		US\$
Operating Revenue	24,135,000	-	-				24,135,000
Cost of Sales	(12,388,000)	-	-				(12,388,000)
Gross Profit	11,747,000	-	-				11,747,000
Operating Expenses:							
Selling, General and Administrative Expenses	(7,944,000)	(30,970)	(24,627)				(7,968,627)
Income from Operations	3,803,000	(30,970)	(24,627)				3,778,373
Other Income/(Expenses):							
Interest Expense	(28,000)	-	-				(28,000)
Listing expense	-	-	-		(2,940,292)	c	(2,940,292)
Total Other Income/(Expenses)	(28,000)	-	-				(2,968,292)
Profit (loss) before income taxes	3,775,000	(30,970)	(24,627)				810,081
Provision for Income taxes	(60,000)	-	-				(60,000)
Net Income	3,715,000	(30,970)	(24,627)				750,081
Profit attributable to:							
Shareholders of the parent							643,494
Non controlling interests							106,587
							750,081
Earnings per share - basic							0.00200
Earnings per share - diluted							0.00200
Weighted average number of shares outstanding- basic							321,218,241
Weighted average number of shares outstanding - diluted							321,218,241

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

Irwin Naturals Inc.
Unaudited Pro Forma Consolidated Statement of Profit and Loss
For the year ended December 31, 2020
(Expressed in United States (\$), unless otherwise noted)

	Irwin	DAT Invest	Datinvest	US HoldCo	Adjustment	Ref. Consolidated
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31-Dec-20	31-Dec-20	31-Dec-20	31-Dec-20	31-Dec-20	31-Dec-20
	US\$	CAD \$	US\$	US\$	US\$	US\$
Operating Revenue	89,377,000	-	-			89,377,000
Cost of Sales	(52,876,000)	-	-			(52,876,000)
Gross Profit	36,501,000	-	-			36,501,000
Operating Expenses:						
Selling, General and Administrative Expenses	(28,896,000)	(116,395)	(91,417)			(28,987,417)
Gain on Sale of property and equipment	53,000					53,000
Income from Operations	7,658,000	(116,395)	(91,417)			7,566,583
Other Income/(Expenses):						
Interest Income	10,000	-	-			10,000
Interest Expense	(312,000)					(312,000)
Listing expense	-	-	-		(2,940,292) c	(2,940,292)
Total Other Income/(Expenses)	(302,000)	-	-			(3,242,292)
Profit (loss) before income taxes	7,356,000	(116,395)	(91,417)			4,324,291
Provision for Income taxes	(116,000)	-	-			(116,000)
Net Income	7,240,000	(116,395)	(91,417)			4,208,291
Profit attributable to:						
Shareholders of the parent						3,610,292
Non controlling interests						598,000
						4,208,291
Earnings per share - basic						0.01124
Earnings per share - diluted						0.01124
Weighted average number of shares outstanding- basic						321,218,241
Weighted average number of shares outstanding - diluted						321,218,241

The accompanying notes are an integral part of these unaudited pro forma consolidated financial statements.

Irwin Naturals Inc.
Notes to the Unaudited Pro Forma Consolidated Financial Statements
For the three months ended March 31, 2021
(Expressed in United States (\$), unless otherwise noted)

1. Basis of Presentation

The accompanying unaudited pro forma consolidated financial statements (the “**Pro Forma Financial Statements**”) of **Irwin Naturals Inc.** (“**Irwin**”), **U.S. Holdco** (“**US Holdco**”) and **Datainvest International Ltd.** (“**DAT**”) have been prepared in connection with the qualifying transaction among **Irwin, US Holdco** and **DAT** (the “**Transaction**”).

The Pro Forma Financial Statements have been prepared from information derived from and should be read in conjunction with the following:

1. the unaudited financial statements of Irwin for the three months ended March 31, 2021;
2. the unaudited financial statements of US HoldCo for the period from May 12, 2021 (date of incorporation) to May 31, 2021; and
3. the unaudited interim financial statements of DAT for the three months ended March 31, 2021.
4. the audited financial statements of Irwin for the year ended December 31, 2020;

All financial data in the Pro Forma Financial Statements are presented in United States dollar (\$), unless stated otherwise.

DAT presentation and functional currency is Canadian dollars and for the purpose of the Pro Forma Financial Statements the statement of financial position and the statement of profit and loss were converted to United States dollars applying the March 31, 2021 Canadian dollar to US dollar exchange rate of \$0.7952 as per Bank of Canada. The statement of profit and loss for the year ended December 31, 2020 was converted to United States dollars applying the December 31, 2020 Canadian dollar to US dollar exchange rate of \$0.7854 as per Bank of Canada.

The Pro Forma Financial Statements are presented assuming the Transaction had been completed as at March 31, 2021 pursuant to the terms of the Definitive Agreement (as defined herein) for statement of financial position and as at January 1, 2020 and January 1, 2021 for the statement of profit and loss.

On March 2021, DAT, Irwin, US HoldCo entered into a qualifying transaction agreement (the “**Definitive Agreement**”) which outlines the terms and conditions of the Transaction. Pursuant to the terms of the Definitive Agreement, DAT will merge with Irwin and US HoldCo, and DAT will change its name to “**Irwin Naturals Inc.**” (the “**Resulting Issuer**”) or such other similar name as may be accepted by the relevant regulatory authorities and approved by the board of directors.

The Transaction will result in a reverse takeover of DAT by the shareholders of Irwin..

The Transaction has been accounted for in accordance with IFRS 2, Share Based-Payments. A reverse takeover transaction involving a non-public operating entity and a non-operating company is in substance a share-based payment transaction, rather than a business combination. The Transaction is equivalent to the issuance of equity instruments (shares, stock options and warrants) by Irwin for the net assets and the eventual public listing status of the non-operating company, DAT.

Irwin Naturals Inc.
Notes to the Unaudited Pro Forma Consolidated Financial Statements
For the three months ended March 31, 2021
(Expressed in United States (\$), unless otherwise noted)

The Pro Forma Financial Statements have been prepared by management, and, in the opinion of management, include all adjustments necessary for fair presentation. No adjustments have been made to reflect additional costs or cost savings that could result from the combination of the operations of Irwin and DAT.

The Pro Forma Financial Statements have been prepared for illustration purposes only and may not be indicative of the combined results or financial position had the Transaction been in effect at the date and for the period indicated.

2. Accounting Policies

The accounting policies used in the preparation of these unaudited Pro Forma Financial Statements are consistent with those described in the financial statements of Irwin and DAT. Irwin has conducted a review of the proposed Transaction's accounting policies and has not identified any differences in accounting policies that were applied historically by these entities. Additional accounting policies related to the reverse takeover transaction will be included in the Irwin's consolidated financial statements on going forward basis.

3. Pro Forma Assumptions and Adjustments

The Pro Forma Financial Statements give effect to the following assumptions and adjustments. The adjustments on statement of financial position assume the transactions happened as at March 31, 2021. The adjustments on statement of profit and loss assume the transactions happened as at January 1, 2021 and January 1, 2020.

- a) US HoldCo was incorporated with a nominal share capital of US \$1.
- b) Irwin issued 52,632 common shares to two executives at Irwin in exchange for a promissory note from each executive amounting to a total of US \$3,240,026.
- c) In connection with the Transaction, DAT Shareholders will retain 1,200,000 shares of the Resulting Issuer with a fair value of US \$2.50 per share, amounting to US \$3million. The net working capital of DAT as at the March 31, 2021 amounted to US \$559,708. Additional transaction costs of US \$500,000 are expected to be incurred. In line with IFRS 2, total transaction costs incurred by Irwin in connection with the proposed Transaction amounted to \$2,940,292 as calculated below.

	US \$
Deemed issuance of 1,200,000 shares to the former shareholders of DAT	3,000,000
Net working capital	559,708
	<hr/>
	2,440,292
Other listing costs	500,000
Listing expense	<hr/> 2,940,292 <hr/>

- d) DAT's pre transaction share capital and contributed surplus amounting to US \$3.4mn and US \$0.154mn, respectively, were eliminated.
- e) US Holdco subscribed for 6.53 million Class A voting shares of Irwin and took back a promissory note in the amount of US \$16,326,530.

Irwin Naturals Inc.
Notes to the Unaudited Pro Forma Consolidated Financial Statements
For the three months ended March 31, 2021
(Expressed in United States (\$), unless otherwise noted)

- f) Irwin issued 320 million Class B non-voting shares to its existing Irwin shareholders in exchange for 1.053 million common shares held by them. Klee Irwin, the controlling shareholder was allocated 273.60 million shares amounting to US \$12.67 million. The remaining shareholders were allocated 46.4 million shares amounting to US \$2.1 million and US \$3.24 million for common shares held and additional shares issued as part of adjustment b, respectively.
- g) Klee Irwin, the controlling shareholder, acquired 1 subordinate voting share at US \$2.50 (rounded to US \$3 on statement of financial position) and 18,240 multi voting shares at US \$3.25 per share of the resulting issuer amounting to US \$59,280.
- h) Below are the elimination entries accounted for as a result of the consolidation and recognition of non-controlling interest in the Resulting issuer due to the issuance of Class B non-voting shares.

Investment in Subsidiary (US HOLDCO)	(1)	h	Elimination of investment in subsidiary (US HoldCo)
Investment in Irwin Class A shares	(16,326,530)	h	Elimination of investment in Class A shares of Irwin by US HoldCo
Promissory note	(16,326,530)	h	Elimination of promissory note receivable from US HoldCo
Promissory note payable	(16,326,530)	h	Elimination of promissory note payable by US HoldCo to Irwin
Common stock	(3,240,026)	h	Elimination of share capital issued to Irwin's executives
	(1)	h	Elimination of investment in subsidiary (US HoldCo)
Class A voting shares	(16,326,530)	h	Elimination of Irwin's share capital as a result of Class A shares issued to US HoldCo
Class B non-voting shares	(2,099,107)	h	Transfer to non-controlling interest
Retained Earnings	3,000,000	h	Elimination of DAT's retained earnings
	(354,682)	h	Transfer to pre-transaction retained earnings of Irwin to non-controlling interest
Non-controlling interest	3,240,026	h	Recognition of non-controlling interest related to Irwin's executives
	354,682	h	Transfer to pre-transaction retained earnings of Irwin to non-controlling interest
	2,099,107	h	Recognition of non-controlling interest

4. Taxation

The pro forma effective income tax rate applicable to the operations will be approximately the following:

Company	Jurisdiction	Income Tax Rate
Irwin	United States	29.84%
US Holdco	United States	21%
DAT	Canada	26.50%

Irwin Naturals Inc.
Notes to the Unaudited Pro Forma Consolidated Financial Statements
For the three months ended March 31, 2021
(Expressed in United States (\$), unless otherwise noted)

5. Share Capital

The following details the share capital of the Resulting Issuer

	Number of shares	\$
Irwin - Pre transaction Shares	1,000,000	1,000
Irwin - Pre transaction Shares	52,632	3,240,026
Additional paid in capital	-	14,771,000
Total common shares	1,052,632	
Stock Split Ratio	303.9999	
Irwin - Post transaction Shares ¹	320,000,000	18,012,026
Multiple Voting Shares purchased by Klee Irwin ²	18,240	59,280
DAT Shares issued - Pre transaction	9,979,407	
Consolidation Ratio	8.3162	
Total DAT Shares - Post-Consolidation	1,200,000	3,000,000
Klee Irwin's share – Subordinate Voting Shares ²	1	3 ⁴
Subordinate Voting Shares issued to DAT Shareholders and Klee Irwin	1,200,001	3,000,003
Total Resulting Issuer shares	321,218,241	21,071,308

¹Irwin Shareholders exchange their common shares for Class B non-voting shares in Irwin.

²Klee Irwin purchases 18,240 multiple voting shares with each share equivalent to 15,000 votes and 1 subordinate voting shares

⁴Rounded from \$2.5

**SCHEDULE “J”
INTELLECTUAL PROPERTY OF IRWIN**

Irwin is the exclusive licensee or owner of the following registered trademarks:

Trademark	Serial Number	Date Filed	Registr. No.	Registr. Date	Status USPTO	Country of Registration	Registrant	Principal or Supplemental
12-In-One	77277003	9/11/2007	3493700	8/26/2008	Registered	USA	5310 Holdings, LLC	Principal
14-Day Acai Berry Cleanse	77646797	1/9/2009	3723988	12/8/2009	Registered	USA	5310 Holdings, LLC	Supplemental
15-Day Weight Loss Support Cleanse & Flush	85792062	11/30/2012	4371725	7/23/2013	Registered	USA	5310 Holdings, LLC	Principal
2-in-1 Cleanse & Flush Weight Loss Support	88322723	3/1/2019	5979960	2/4/2020	Registered	USA	5310 Holdings, LLC	Supplemental
3-in-1 Joint Formula	76537870	8/15/2003	2921822	1/25/2005	Registered	USA	5310 Holdings, LLC	Supplemental
5-Day Fast & Cleanse (5 part)	85098291	8/2/2010	3979773	6/14/2011	Registered	USA	5310 Holdings, LLC	Supplemental
5-Day Liquid Cleanse & Flush	77183174	7/16/2009	3861828	10/12/2010	Registered	USA	5310 Holdings, LLC	Principal
5-day Liquid Weight-Loss Support Flush	88321208	3/1/2019	5979956	2/4/2020	Registered	USA	5310 Holdings, LLC	Supplemental
7-Day Ultimate Cleanse	86707151	7/28/2015	5083896	11/15/2016	Registered	USA	5310 Holdings, LLC	Supplemental

Acai Berry Super Flush	86606349	4/22/2015	4915639	3/8/2016	Registered	USA	5310 Holdings, LLC	Supplemental
Advanced Absorption Mega B-Complex	85548703	2/21/2012	4231544	10/23/2012	Registered	USA	5310 Holdings, LLC	Principal
After-Sport	86328591	7/3/2014	4933171	4/5/2016	Registered	USA	5310 Holdings, LLC	Principal
Aller-Pure	77661641	2/2/2009	3716813	11/24/2009	Registered	USA	5310 Holdings, LLC	Principal
Aloe & Triphala Active-Cleanse and Probiotics	86076202	9/26/2013	4540864	5/27/2014	Registered	USA	Irwin Naturals	Supplemental
Ancient Energy	87351241	2/27/2017			Pending	USA	5310 Holdings, LLC	Principal
Anti-Aging Total Body [Daily] Defense	77963845	3/19/2010	3874969	11/9/2010	Registered	USA	5310 Holdings, LLC	Principal
Apple Cider Vinegar Extra	87654477	10/20/2017	5639298	12/25/2018	Registered	USA	5310 Holdings, LLC	Principal
Applied Nutrition	76612945	9/27/2004	3017087	11/22/2005	Registered	USA	5310 Holdings, LLC	Principal
Applied Nutrition (Design Mark)	85679250	7/17/2012	4286283	2/5/2013	Registered	USA	5310 Holdings, LLC	Principal
Applied Nutrition (Design)	1912274	7/30/2018			Pending	Canada	5310 Holdings, LLC	N/A

Applied Nutrition (Word)	1912273	7/30/2018			Pending	Canada	5310 Holdings, LLC	N/A
BBSKIN	86253232	4/16/2014	4778398	7/21/2015	Registered	USA	5310 Holdings, LLC	Principal
BCAA RED	88390634	4/17/2019	6196078	11/10/2020	Registered	USA	5310 Holdings, LLC	Principal
Beauty–Guard	88322931	3/2/2019	6048935	5/5/2020	Registered	USA	5310 Holdings, LLC	Principal
Beet Root Red	87590671	8/30/2017	5705465	3/19/2019	Registered	USA	5310 Holdings, LLC	Supplemental
Beet Root Red Max–Conversion	87590648	8/30/2017	5782396	6/18/2019	Registered	USA	5310 Holdings, LLC	Principal
Biotin Rich Plus Collagen	86963535	4/4/2016	5163167	3/14/2017	Registered	USA	5310 Holdings, LLC	Supplemental
Biotin–6000	86328623	7/3/2014	4843071	10/27/2015	Registered	USA	5310 Holdings, LLC	Supplemental
Bloat–Away	77687414	3/10/2009	3794505	5/25/2010	Registered	USA	5310 Holdings, LLC	Principal
Body Fat Diet System–Six Red	88213243	12/1/2018	6003603	3/3/2020	Registered	USA	5310 Holdings, LLC	Principal
Brain Awake	86076171	9/26/2013	4918583	3/15/2016	Registered	USA	Irwin Naturals	Principal
Brain Awake		5/3/2019	1960747		Pending	Canada	5310 Holdings, LLC	N/A

Brain Awake Quick Energy	87719994	12/13/2017	5693052	3/5/2019	Registered	USA	Irwin Naturals	Principal
Brain Awake Red	87690043	11/17/2017	5692931	3/5/2019	Registered	USA	Irwin Naturals	Principal
Brain Surge Focus & Energy	87429986	4/28/2017	5612771	11/20/2018	Registered	USA	5310 Holdings, LLC	Principal
Brain-Surge	87479711	6/7/2017	5618375	11/27/2018	Registered	USA	5310 Holdings, LLC	Principal
Candistroy	75243223	2/18/1997	2156503	5/12/1998	Registered	USA	5310 Holdings, LLC	Principal
CBD Chill Mints	88432648	5/16/2019			Pending	USA	5310 Holdings, LLC	Principal
CBD Chill Power	88432201	5/15/2019			Pending	USA	5310 Holdings, LLC	Principal
Cellular Research Formulas	76620281	11/12/2004	3074837	3/28/2006	Registered	USA	5310 Holdings, LLC	Supplemental
Cell-U-Thighs	88930451	5/22/2020			Pending	USA	5310 Holdings, LLC	Principal
CLA Pro-Cut	85681630	7/19/2012	4306834	3/19/2013	Registered	USA	5310 Holdings, LLC	Principal
Cleanse First Beauty Builder	88213236	12/1/2018	6003602	3/3/2020	Registered	USA	5310 Holdings, LLC	Principal
Cleanse-First Beauty Builder		5/3/2019	1960752		Pending	Canada	5310 Holdings, LLC	N/A

Coconut Oil MCT Energy & Electrolytes	8705714 1	6/1/2 016	5163247	3/14/2017	Registered	USA	5310 Holdings , LLC	Supplemental
Collagen– Pure	8549650 7	12/15 /2011	4293269	2/19/2013	Registered	USA	5310 Holdings , LLC	Principal
Collagen– Strong	8755027 0	7/31/ 2017	5547259	8/21/2018	Registered	USA	5310 Holdings , LLC	Principal
Colon Clear	7662028 2	11/12 /2004	3101380	6/6/2006	Registered	USA	5310 Holdings , LLC	Principal
Computer Eye Fatigue	8745956 6	5/22/ 2017	5393161	1/30/2018	Registered	USA	5310 Holdings , LLC	Supplemental
COQ10–Plus Optimum Heart Health	8691148 3	2/18/ 2016	5302316	10/3/2017	Registered	USA	5310 Holdings , LLC	Principal
COQ10–Plus Supports Heart Health		6/21/ 2019	1972254		Pending	Canada	5310 Holdings , LLC	N/A
COQ10–Red	8765447 3	10/20 /2017	5639297	12/25/201 8	Registered	USA	5310 Holdings , LLC	Principal
CraveLess	7508516 9	4/8/1 996	2047619	3/25/1997	Registered	USA	5310 Holdings , LLC	Principal
Daily Gentle Cleanse	8510553 3	8/11/ 2010	4163080	6/26/2012	Registered	USA	5310 Holdings , LLC	Principal

Double Potency 5–HTP Extra	86913961	2/19/2016	5183038	4/11/2017	Registered	USA	5310 Holdings, LLC	Principal
Double Potency 5–HTP Extra		5/3/2019	1960750		Pending	Canada	5310 Holdings, LLC	N/A
Double–Potency Fish Oil Pure	85340472	6/7/2011	4155941	6/5/2012	Registered	USA	5310 Holdings, LLC	Supplemental
Dual Action Cleanse	77622012	11/25/2008	3733389	1/5/2010	Registered	USA	5310 Holdings, LLC	Principal
Dual Action Cleanse	76620324	11/12/2004	3102356	6/6/2006	Registered	USA	5310 Holdings, LLC	Supplemental
Dual Action Fat Burner RED	90052247	7/14/2020			Pending	USA	5310 Holdings, LLC	Principal
Dual–Action CLA Cut	88213231	12/1/2018			Pending	USA	5310 Holdings, LLC	Principal
Dual–Action Cleanse	77622012	11/25/2008	3733389	1/5/2010	Registered	USA	5310 Holdings, LLC	Principal
Energy Stream (Beverages)	87231697	11/9/2016	5661978	1/22/2019	Registered	USA	5310 Holdings, LLC	Principal
Energy Stream (Shots)	87272552	12/18/2016	5670910	2/5/2019	Registered	USA	5310 Holdings, LLC	Principal
Energy Stream RED	87940527	5/30/2018	6273172	2/16/2021	Registered	USA	5310 Holdings, LLC	Principal
Estropause	78095993	11/30/2001	2820417	3/2/2004	Registered	USA	5310 Holdings, LLC	Principal

Extra Strength Ashwagandha Mind and Body	88010050	6/21/2018			Pending	USA	5310 Holdings, LLC	Principal
FloChi	88050399	7/24/2018			Pending	USA	5310 Holdings, LLC	Principal
Forskolin Fat-Loss Diet	86963124	4/4/2016	5168646	3/21/2017	Registered	USA	5310 Holdings, LLC	Supplemental
Ginkgo Smart	74666271	4/27/1995	1983826	7/2/1996	Registered	USA	5310 Holdings, LLC	Principal
Ginza-Plus	77933828	2/11/2010	3847722	9/14/2010	Registered	USA	5310 Holdings, LLC	Principal
Global Wellness	88940253	5/29/2020			Pending	USA	5310 Holdings, LLC	Principal
Green Tea Fat Burner	78741574	10/27/2005	3143781	9/12/2006	Registered	USA	5310 Holdings, LLC	Supplemental
Green Tea Fat Burner RED	88010181	6/21/2018			Pending	USA	5310 Holdings, LLC	Supplemental
Green Tea Fat Metabolizer	78740116	10/25/2005	3115553	7/11/2006	Registered	USA	5310 Holdings, LLC	Supplemental
Green Tea Triple Fat Burner	78941455	7/31/2006	3407254	4/1/2008	Registered	USA	5310 Holdings, LLC	Principal
Harmony Formulas	77771232	6/30/2009	3725567	12/15/2009	Registered	USA	5310 Holdings, LLC	Principal

Healthy Brain All-Day Focus	85095302	7/28/2010	3933075	3/15/2011	Registered	USA	5310 Holdings, LLC	Supplemental
Healthy Tract Prebiotic	86913028	2/19/2016	5168010	3/21/2017	Registered	USA	5310 Holdings, LLC	Principal
Healthy Tract Probiotic-UP	87633600	10/4/2017	5639204	12/25/2018	Registered	USA	5310 Holdings, LLC	Principal
Healthy-Flow Saw Palmetto	87550288	7/31/2017	5692674	3/5/2019	Registered	USA	5310 Holdings, LLC	Principal
HydroCanna	88027088	7/5/2018	6125151	8/11/2020	Registered	USA	5310 Holdings, LLC	Principal
Immuno-Shield	85306268	4/27/2011	4031771	9/27/2011	Registered	USA	5310 Holdings, LLC	Principal
Inflamma-Less	77111896	2/20/2007	3353139	12/11/2007	Registered	USA	5310 Holdings, LLC	Principal
Inholtra	75247214	2/5/1997	2135818	2/10/1998	Registered	USA	5310 Holdings, LLC	Principal
Inholtra (Russian Language)		N/A (assigned)		8/29/2019	Registered	Russia	5310 Holdings, LLC	N/A
Intimacy Aura Mood Booster	88930470	5/22/2020			Pending	USA	5310 Holdings, LLC	Principal
Irwin Naturals	75151290	8/16/1996	2101234	9/30/1997	Registered	USA	Irwin Naturals	Principal
Irwin Naturals (Chinese characters)				4/14/2019	Registered	China	5310 Holdings, LLC	N/A

Irwin Naturals (design)	1912272	7/30/ 2018		9/10/2020	Approved	Canada	5310 Holdings , LLC	N/A
Irwin Naturals (word)	1912271	7/30/ 2018			Pending	Canada	5310 Holdings , LLC	N/A
Irwin Naturals design (new)	8596320 8	6/18/ 2013	4549123	6/10/2014	Registered	USA	5310 Holdings , LLC	Principal
Irwin Naturals (word- cosmetics)	9053691 3	2/19/ 2021			Pending	USA	5310 Holdings , LLC	Principal
Irwin Naturals (Russian Language)		N/A (assig ned)			Registered	Russia	5310 Holdings , LLC	N/A
Irwin Organics – Leaf and Crescent design	8525597 1	3/2/2 011	4034907	10/4/2011	Registered	USA	5310 Holdings , LLC	Principal
Irwin Organics (word)	7784667 5	10/12 /2009	3891195	12/14/201 0	Registered	USA	5311 Holdings , LLC	Principal
Keto Diet Stimulator	8843164 0	5/15/ 2019	6108934	7/21/2020	Registered	USA	5310 Holdings , LLC	Principal
Less–Stress Weight Support	8552390 9	1/24/ 2012	4198448	8/28/2012	Registered	USA	5310 Holdings , LLC	Principal
Libido–Max	7756924 9	9/12/ 2008	3587061	3/10/2009	Registered	USA	5310 Holdings , LLC	Principal
Libido–Max Pink	8677520 5	10/1/ 2015	5042771	9/13/2016	Registered	USA	5310 Holdings , LLC	Principal

Libido–Max Red	86775139	10/1/2015	4955898	5/10/2016	Registered	USA	5310 Holdings, LLC	Principal
Liquid Collagen Skin Revitalization	85289465	4/7/2011	4116411	3/20/2012	Registered	USA	5310 Holdings, LLC	Supplemental
Liquid Collagen Skin Revitalization		5/3/2019	1960745		Pending	Canada	5310 Holdings, LLC	N/A
Liquid Soft–Gel 12–IN–1 Multi	85147813	10/7/2010	4078312	12/27/2011	Registered	USA	5310 Holdings, LLC	Supplemental
Liver Cleanse (part 3 of 5–Day Fast & Cleanse)	85597912	4/13/2012	4196215	8/21/2012	Registered	USA	5310 Holdings, LLC	Supplemental
Liver Detox & Blood Refresh	88101696	8/31/2018	6126549	8/11/2020	Registered	USA	5310 Holdings, LLC	Supplemental
Living Green Liquid–Gel Multi	86455594	11/16/2014	4780954	7/28/2015	Registered	USA	5310 Holdings, LLC	Principal
Living Greens Super Food	86455585	11/16/2014	4969653	5/31/2016	Registered	USA	5310 Holdings, LLC	Principal
Longer, Stronger Hair & Nails	85095061	7/28/2010	3884594	11/30/2010	Registered	USA	5310 Holdings, LLC	Supplemental
Love My Pet	88027137	7/5/2018			Pending	USA	5310 Holdings, LLC	Principal

Lubri-Joint	78096074	11/30/2001	2919701	1/18/2005	Registered	USA	5310 Holdings, LLC	Principal
Magnum Blood-Flow Sexual Peak Performance	85671735	7/9/2012	4356805	6/25/2013	Registered	USA	5310 Holdings, LLC	Principal
Magnum Maca Root	88930483	5/22/2020			Pending	USA	5310 Holdings, LLC	Principal
Max Accelerator	85903143	4/12/2013	4467905	1/14/2014	Registered	USA	5310 Holdings, LLC	Principal
Maximum Strength 3-in-1 Carb Blocker	85098322	8/2/2010	3979774	6/14/2011	Registered	USA	5310 Holdings, LLC	Supplemental
Menstrual Relief Hormone Balance	85635959	5/25/3012	4287059	2/5/2013	Registered	USA	5310 Holdings, LLC	Supplemental
Mighty Moringa	86076187	9/26/2013	4748751	6/2/2015	Registered	USA	Irwin Naturals	Principal
Milk Thistle Liver Cleanse	77680359	2/27/2009	3776459	4/13/2010	Registered	USA	5310 Holdings, LLC	Supplemental
Milk Thistle Liver Detox	87006003	4/19/2016	5126073	1/17/2017	Registered	USA	5310 Holdings, LLC	Supplemental
Mood Up	87541996	7/25/2017	5450176	4/17/2018	Registered	USA	5310 Holdings, LLC	Principal
Multi-Cleanse	86346279	7/23/2014	4754648	6/16/2015	Registered	USA	5310 Holdings, LLC	Principal

Multi-Fiber Colon Cleanse™	8673265 2	8/21/ 2015	5303560	10/3/2017	Registered	USA	5310 Holdings , LLC	Supplemental
Multi-Fiber®	7873789 6	10/21 /2005	3118562	7/18/2006	Registered	USA	5310 Holdings , LLC	Supplemental
Mushroom-8 Immune Support	8832122 8	2/28/ 2019	6048922	5/5/2020	Registered	USA	5310 Holdings , LLC	Principal
Natural Fat Burner	7894155 0	7/31/ 2006	3252615	6/12/2007	Registered	USA	5310 Holdings , LLC	Supplemental
Nature's Laxative Stool Softener	8832112 0	2/28/ 2019			Pending	USA	5310 Holdings , LLC	Principal
Nature's Secret	7658957 7	4/30/ 2004	2969539	7/19/2005	Registered	USA	5310 Holdings , LLC	Principal
Nature's Secret Design	8596698 9	6/21/ 2013	4466471	1/14/2014	Registered	USA	5310 Holdings , LLC	Principal
Neutralize- Carbs Keto Support	8842358 2	5/9/2 019	6020770	3/24/2020	Registered	USA	5310 Holdings , LLC	Supplemental
Nitric Oxide Red Blood Flow Stimulator	8893049 8	5/22/ 2020			Pending	USA	5310 Holdings , LLC	Principal
Nitric-Oxide Peak Performance	8660639 9	4/22/ 2015	5382656	1/16/2018	Registered	USA	5310 Holdings , LLC	Supplemental
Nitric-Oxide Pre-Sport	8661613 5	4/30/ 2015	4957577	5/10/2016	Registered	USA	5310 Holdings , LLC	Supplemental

Nutrient– Rich Healthy Skin & Hair Plus Nails	7711191 1	2/10/ 2007	3358192	12/18/200 7	Registered	USA	5310 Holdings , LLC	Supplemental
Only One Liquid–Gel Multi	8540025 3	8/17/ 2011	4051123	11/1/2011	Registered	USA	5310 Holdings , LLC	Supplemental
Oolong & Matcha Tea EGCG Calorie– Burning Diet	8676116 1	9/18/ 2015	4970749	5/31/2016	Registered	USA	5310 Holdings , LLC	Supplemental
Para–Control	7605053 1	5/16/ 2000	2463824	6/26/2001	Registered	USA	5310 Holdings , LLC	Principal
Parastroxy	8554652 9	2/17/ 2012	4186908	8/7/2012	Registered	USA	5310 Holdings , LLC	Principal
Power To Sleep PM	7711194 3	2/20/ 2007	3353140	12/11/200 7	Registered	USA	5310 Holdings , LLC	Principal
Pre–Meal Carb Blocker	8674179 5	8/30/ 2015	5014847	8/2/2016	Registered	USA	5310 Holdings , LLC	Supplemental
Pre–Meal Carb Blocker Quick–Mix Shakes	8674179 9	8/30/ 2015	5014848	8/2/2016	Registered	USA	5310 Holdings , LLC	Supplemental
Prosta– Strong	7807496 4	7/20/ 2001	2687522	2/11/2003	Registered	USA	5310 Holdings , LLC	Principal
Prosta– Strong		5/3/2 019	1960749		Pending	Canada	5310 Holdings , LLC	N/A
Prosta– Strong Red	8692224 1	2/27/ 2016	6061288	5/26/2020	Registered	USA	5310 Holdings , LLC	Principal
Rapid Sleep PM	7720283 4	6/11/ 2007	3415441	4/22/2008	Registered	USA	5310 Holdings , LLC	Principal

Sexual Peak Performance	85672195	7/9/2012	4251882	11/27/2012	Registered	USA	5310 Holdings, LLC	Supplemental
Six-Tea Ancient Energy	87351207	2/27/2017			Pending	USA	5310 Holdings, LLC	Principal
Steel Libido	78096013	11/30/2001	3980315	4/11/2006	Registered	USA	5310 Holdings, LLC	Principal
Steel-Libido Peak Testosterone	86923487	2/29/2016	5266905	8/15/2017	Registered	USA	5310 Holdings, LLC	Principal
Steel-Libido Pink	86775239	10/1/2015	5042772	9/13/2016	Registered	USA	5310 Holdings, LLC	Principal
Steel-Libido Red	85771842	11/5/2012	4387089	8/20/2013	Registered	USA	5310 Holdings, LLC	Principal
Stored-Fat Belly Burner	87394207	3/31/2017	5371941	11/2/2017	Registered	USA	5310 Holdings, LLC	Supplemental
Stored-Fat Citrus Metabolizer	86963024	4/4/2016	5163166	3/14/2017	Registered	USA	5310 Holdings, LLC	Supplemental
Stress-Defy	77112480	2/21/2007	3360330	12/25/2007	Registered	USA	5310 Holdings, LLC	Principal
Stress-Defy		5/3/2019	1960748		Pending	Canada	5310 Holdings, LLC	N/A
Stress-Defy Extra	88010106	6/21/2018	5909360	12/12/2019	Registered	USA	5310 Holdings, LLC	Principal
Sunny Mood	85589478	4/4/2012	4262666	12/18/2012	Registered	USA	5310 Holdings, LLC	Principal
Sunny Mood		5/3/2019	1960746		Pending	Canada	5310 Holdings, LLC	N/A

Super Citrus Lipo-Burner	86913040	2/19/2016	5097557	12/6/2016	Registered	USA	5310 Holdings, LLC	Supplemental
Super Cleanse	78737879	10/21/2005	3445162	6/10/2008	Registered	USA	5310 Holdings, LLC	Principal
Super Cleanse and Liver Detox	87589959	8/30/2017	5671658	2/5/2019	Registered	USA	5310 Holdings, LLC	Supplemental
Super System-Six Red	87058526	6/2/2016	5277600	8/29/2017	Registered	USA	5310 Holdings, LLC	Principal
Super-Orac Free-Radical Defense	87057135	6/1/2016	5168708	3/21/2017	Registered	USA	5310 Holdings, LLC	Supplemental
Synergy 21 Lipo-Burner	85835483	1/29/2013	4404809	9/17/2013	Registered	USA	5310 Holdings, LLC	Principal
System-Six	75210216	12/9/1996	2101669	9/30/1997	Registered	USA	Irwin Naturals	Principal
Testosterone Up	85647110	6/8/2012	4299550	3/5/2013	Registered	USA	5310 Holdings, LLC	Supplemental
Testosterone Up Red	86935934	3/10/2016	5266918	8/15/2017	Registered	USA	5310 Holdings, LLC	Principal
Testosterone-Extra Fat Burner	88258757	1/11/2019	6082141	6/16/2020	Registered	USA	5310 Holdings, LLC	Supplemental
Total Body Purifier	76620321	11/12/2004	3259589	7/3/2007	Registered	USA	5310 Holdings, LLC	Supplemental
Tribulus Primal-Male	87883344	4/19/2018	5985117	2/11/2020	Registered	USA	5310 Holdings, LLC	Principal

Triple Shredder Body Shaper	88213246	12/1/2018	5985734	2/11/2020	Registered	USA	5310 Holdings, LLC	Principal
Triple-Boost	78118161	3/28/2002	2899300	11/2/2004	Registered	USA	Irwin Naturals	Principal
Triple-Boost® Caffeine Free Energy	85226662	1/26/2011	4082477	1/10/2012	Registered	USA	5310 Holdings, LLC	Principal
Triple-Diet Max Accelerator	85903131	4/12/2013	4507803	4/1/2014	Registered	USA	5310 Holdings, LLC	Principal
Triple-Tea Fat Burner	77061703	12/11/2006	3545471	12/9/2008	Registered	USA	5310 Holdings, LLC	Supplemental
T-Strong	85538449	2/9/2012	4211653	9/18/2012	Registered	USA	5310 Holdings, LLC	Principal
Turmeric After-Sport	86328600	7/3/2014	4819223	9/22/2015	Registered	USA	5310 Holdings, LLC	Principal
Ultimate Cleanse	74698173	7/7/1995	2023228	12/17/1996	Registered	USA	5310 Holdings, LLC	Principal
Ultimate Energy	74689597	6/16/1995	2164284	6/9/1998	Registered	USA	5310 Holdings, LLC	Principal
Ultimate Fiber	74449621	10/21/1993	1848486	8/9/1994	Registered	USA	5310 Holdings, LLC	Principal
Ultimate Green	75236103	2/4/1997	2166580	6/16/1998	Registered	USA	5310 Holdings, LLC	Principal
Ultra CBD	88632167	9/26/2019			Pending	USA	5310 Holdings, LLC	Principal

Urgent Rescue	86296690	5/30/2014	4879368	1/5/2016	Registered	USA	5310 Holdings, LLC	Principal
Urinary Flush & Support	85934044	5/16/2013	4389888	8/20/2013	Registered	USA	5310 Holdings, LLC	Supplemental
Veggie Fruities Gluten-Free!	77827761	9/16/2009	3967023	5/24/2011	Registered	USA	5310 Holdings, LLC	Principal
VeggieGold	86913068	2/19/2016	5125740	1/17/2017	Registered	USA	5310 Holdings, LLC	Principal
VeggieGold (design)	87057159	6/1/2016	5148346	2/21/2017	Registered	USA	5310 Holdings, LLC	Principal
Vision Sharp	77112577	2/21/2007	3349225	12/4/2007	Registered	USA	5310 Holdings, LLC	Principal
Vision Sharp Multi-Nutrient Eye Health	77680514	2/27/2009	3815350	7/6/2010	Registered	USA	5310 Holdings, LLC	Principal
Weekend Colon Flush	85400352	8/17/2011	4188015	8/7/2012	Registered	USA	5310 Holdings, LLC	Principal
Well Roots (design)	85854103	2/19/2013	4464047	1/7/2014	Registered	USA	5310 Holdings, LLC	Principal
Well Roots (word mark)	85827410	1/18/2013	4460145	12/31/2013	Registered	USA	5310 Holdings, LLC	Principal
Whole-Body Turmeric Extra	87018442	4/28/2016	5168683	3/21/2017	Registered	USA	5310 Holdings, LLC	Supplemental
Whole-Body Turmeric Extra		5/3/2019	1,960,751		Pending	Canada	5310 Holdings, LLC	N/A

Women's Performance and Endurance Booster	88940352	5/29/2020			Pending	USA	5310 Holdings, LLC	Principal
Yohimbe-Plus	78118221	3/28/2002	2681331	1/28/2003	Registered	USA	Irwin Naturals	Principal

Irwin is the exclusive licensee or owner of the below registered patent:

Patent	Serial Number	Date Filed	Registr. No.	Registr. Date	Status USPTO	Country of Registration	Registrant	Principal or Supplemental
Integral Shelf Organizer and Brochure Dispenser	10/157,600	5/30/2002	6,997,335	2/14/2006	Registered	USA	Klee Irwin	N/A

Irwin has rights to the following unregistered, common law marks:

- 14-Day Fat Burn Cleanse;
- Triple-Action Testosterone Max-Performance;
- 2-in-1 Kidney and Liver Super Cleanse;
- Active Male Brain Awake MAX3;
- Active Male CoQ10-MAX3;
- Active Male Liver Detox MAX3;
- Active Male Maca-Root MAX3;
- Active Male Steel-Libido MAX3;
- Anti-Aging Antioxidants;
- Anti-Gas Digestive Enzymes;
- Carb Neutralizer Starch-Blocker;
- CLA Lean Body Fat Reduction;
- Clinically Proven Verisol;
- Double Potency Fish Oil Pure;
- Double Potency Ginkgo Biloba;
- Extra Strength Colon Flush;
- Garcinia HCA Fat Reduction Diet;
- Ginger & Papaya Digestive Aid;
- Heart-Q10;
- High-Performance Ripped-Man;
- Keto-Karma Burn Fat RED;
- Love My Legs;
- Mental Clarity Information Retention;
- One-Per-Day Mega B-12;
- Triple-Diet Fat Reduction Max Accelerator;

- Turmeric + Joint Recovery;
- VO2 Max Performance Fat Burner;
- Whole-Body Turmeric;
- Inholtra Premium Lubri-Joint;
- Multi-Herb Digestions & Detox Support;
- Multi-Herb Colon Cleanse;
- Respiratory Support & Defense;
- Para-Rid;
- Para-Sweep;
- Women's 73 Nutrient Soft-Gel Multi;
- Awesomely Orange;
- Sunshine Grapefruit;
- Tangy Tangerine
- Sweet Salty Twist;
- Toasty Mole;
- Sweet Heat; and
- CBD Pore Magic Cream.

CERTIFICATE OF IRWIN NATURALS INC.

Pursuant to a resolution duly passed by its Board of Directors, Irwin Naturals Inc. hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Irwin Naturals Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario, this 13th day of August, 2021.

(signed) "*Klee Irwin*"

Chief Executive Officer
Klee Irwin

(signed) "*Philippe Faraut*"

Chief Financial Officer & Corporate Secretary
Philippe Faraut

(signed) "*Rod Kight*"

Director
Rod Kight

(signed) "*Marc-David Bismuth*"

Director
Marc-David Bismuth

(signed) "*Klee Irwin*"

Promoter
Klee Irwin

CERTIFICATE OF IRWIN NATURALS

The foregoing contains full, true and plain disclosure of all material information relating to Irwin Naturals. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto, Ontario, this 13th day of August, 2021.

(signed) "*Klee Irwin*"

Chief Executive Officer and Sole Director
Klee Irwin

(signed) "*Philippe Faraut*"

Chief Financial Officer
Philippe Faraut

(signed) "*Klee Irwin*"

Promoter
Klee Irwin