Irwin Naturals, Inc.

Management's Discussion and Analysis

For the year ended December 31, 2021

This Management's Discussion and Analysis ("**MD&A**") of the financial condition and performance of Irwin Naturals, Inc. and its subsidiaries (collectively the "**Company**" or "**Irwin**") for the years ended December 31, 2021 and 2020 was prepared by management as of May 2, 2022. Throughout this MD&A, unless the context indicates or requires otherwise, the terms "the Company", "we", "us" and "our" means Irwin Naturals, Inc. and its subsidiaries. This MD&A should be read in conjunction with our audited combined consolidated financial statements for the year ended December 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 of the Company's 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 the Company's interests in affiliated companies. All intercompany balances and transactions have been eliminated in consolidation. The Company and its United States ("**U.S.**") subsidiaries' functional currency, as determined by management, is the U.S. dollar ("**USD**"). This MD&A is presented in thousands USD unless otherwise stated. The Company's international subsidiary's functional currency, as determined by management, is the Canadian Dollar ("**CAD**"). The international financial statements are converted from CAD to USD using the current exchange rate at the date of recognition for profit and loss amounts and the period end rate for balance sheet amounts. Conversion adjustments are recognized within accumulated other comprehensive income, which is a component of equity.

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 applicable Canadian securities legislation (collectively herein referred to as "**forward-looking statements**"). In particular, this MD&A may contain forward-looking information pertaining to the following:

- 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 Company's plans to enter the North American cannabis industry by licensing its household brand name and selling non-cannabis raw materials to licensed third parties that manufacture products containing tetrahydrocannabinol ("THC");
- the Company's plans to launch IN Cannabis (hereinafter defined) to the cannabis market in 2022;
- the Company's plans to enter into the psychedelic mental health industry; the Company's expectations regarding the legalization of psilocybin and other psychedelic drugs;
- the Company's plans to acquire clinics, or their assets, across the United States offering ketamine-assisted psychedelic treatments;
- the Company's ability to enter and participate in international market opportunities;
- volatility in the stock market, currency exchange and interest rates, including as a result of the military conflict in Ukraine;
- product diversification and future corporate development;
- anticipated results of research and development;
- production capacity expectations including discussions of plans or potential for expansion of capacity at existing or new facilities;
- expectations with respect to future expenditures and capital activities;
- statements about expected use of proceeds from fund raising activities; and
- the Company's expectations regarding the adoption and impact of certain accounting pronouncements.

These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume, any obligation to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect 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" within this MD&A 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. Management believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking information included in this MD&A should not be unduly relied upon as the plans, assumptions, intentions, or expectations upon which it is based may not occur. Actual results or events may vary from the forward-looking information.

Company Overview

On August 13, 2021, Irwin Naturals, Inc. (formerly Datinvest International Ltd.) completed a share-based payment transaction (the "**Transaction**") of Irwin Naturals, a Nevada Corporation ("**IN Nevada**"), and filed Articles of Amendment to effect: (i) a consolidation of its share capital on a one (new) for 8.31617 old basis; (ii) a name change from "Datinvest International Ltd." to "Irwin Naturals Inc."; (iii) add special rights and restrictions to the common shares and change the identifying name of the common shares to "Subordinate Voting Shares"; and (iv) the creation of proportionate voting shares of the Company ("**Proportionate Voting Shares**") and multiple voting shares of the Company ("**Multiple Voting Shares**"), all as more particularly described in the Listing Statement.

On August 25, 2021, the Company commenced trading of its subordinate voting shares (the "**Subordinate Voting Shares**") on the Canadian Securities Exchange ("**CSE**") under the ticker "IWIN". On November 26, 2021, the Company began trading on the OTCQB Venture Market under the ticker "IWINF". Additionally on October 11, 2021, the Company's shares became listed for trading on the Börse-Frankfurt Exchange under the securities identification code "WKN:A3CVJR" and the stock symbol "97X".

IN Nevada, a wholly-owned subsidiary of the Company, was incorporated in Nevada on January 23, 2002, and is based in Los Angeles, California. IN Nevada 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.

IN Nevada 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, IN Nevada has developed a sophisticated and efficient supply chain using various trusted contract manufacturers to produce and package the products. IN Nevada 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 the Company the ability to keep track of varying trends as they emerge and evolve. Additionally, IN Nevada 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 the largest mass-market retail chains and e-commerce retailers wherein consumers will most likely see the Irwin Naturals and Applied Nutrition brands. Additionally, IN Nevada has a line of products containing full-spectrum hemp extract ("**FSHE**") with cannabidiol ("**CBD**"). Since the initial launch of Irwin Naturals CBD soft-gels, Irwin has expanded into CBD topicals. IN Nevada currently distributes to more than 100,000 doors.

Irwin Naturals Emergence, Inc. (hereinafter "**IN Emergence**"), a wholly-owned subsidiary of the Company, was formed on September 17, 2021, in preparation for Irwin's entry into the psychedelic mental health industry. The Company, through IN Emergence, is in the early stages of a large-scale national rollup of mental health clinics that offer ketamine-assisted psychedelic treatments to patients suffering from mental health issues and other ailments. The Company intends to expand treatment options at its clinics by offering a broad portfolio of powerful next generation therapies. IN Emergence clinics will be offering breakthrough treatments to battle America's mental health crisis including ketamine, stellate ganglion block, transcranial magnetic stimulation and holotropic breathwork as well as group therapy integration to magnify the overall effectiveness of the treatments. On March 14, 2022, the Company successfully completed the acquisition of its first ketamine clinic, Midwest Ketafusion LLC ("**Ketafusion**"), a privately held limited liability company that offers ketamine treatment in Iowa, USA as well as behavioral and mental health therapy. Upon completion of the acquisition, the Company assigned the acquired assets to IN Emergence by way of a capital contribution and Ketafusion became a wholly-owned indirect subsidiary of the Company through IN Emergence. For further details related to the Ketafusion acquisition, refer to the Company's press release dated March 17, 2022 and the Company's Financial Statements.

Irwin Naturals Cannabis, Inc. (hereinafter "**IN Cannabis**"), a wholly-owned subsidiary of the Company, was formed on October 19, 2021, with the intent of entering into the United States and Canadian legal cannabis markets for adult use. Irwin intends to enter the North American cannabis industry by licensing its household brand name and selling non-cannabis raw materials to licensed third parties that manufacture products containing THC. Irwin is planning the overall launch of IN Cannabis to the continental cannabis market in 2022.

Principal Products and Services

The principal products of Irwin stem from the core brand of over 130+ 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 130+ formulas focusing on a broad range of targeted product categories including weight management, sexual health, mood, brain health and more. The brand has national and international distribution in 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 to mass-market retailers.

- Applied Nutrition – a dynamic brand featuring products such as Green Tea Fat Burner that sells in major mass-market retailers and Liquid Collagen, one of the best-selling collagen products in the U.S.

- Nature's Secret – brand with products that address total body wellness. Using delicate mixtures of herbs and botanicals to address imbalance itself, not just the symptoms of imbalance.

Marketing, Sales and Business Development

Irwin has a robust salesforce including a national network of brokers providing the Company with distribution coverage throughout the U.S. that allows new products to reach market quickly. Irwin has maintained its grass-roots relationships with 'mom and pop' health food and specialty stores throughout the U.S., and has expanded its distribution into mass-market retailers. Irwin has also grown internationally, gaining distribution throughout Canada and other countries. Irwin also focuses on growing its online business, including the largest online platforms as well as 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 130+ 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 experienced professionals with backgrounds in botanical science, naturopathic medicine and biology to formulate its products. These individuals 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, quality and compliance professionals to ensure each product's manufacturing and advertising are compliant with current Food and Drug Administration ("**FDA'**), Federal Trade Commission ("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 that are all compliant with federal and state cGMP regulations, 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 critical questions about the interaction of certain ingredients or how the ingredients act in conjunction to each other, Irwin works with its contract manufacturer to prepare a R&D lab batch 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 when offered. For the FSHE used by Irwin for its products, Irwin has taken a more active role in sourcing, testing and ordering those ingredients directly to ensure quality and potency meet established raw material specifications.

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 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.

Quality System

Irwin has instituted a comprehensive quality system that begins with Research and Development and continues through the manufacturing and production process. Each contract manufacturer is audited by a member of the Irwin Quality Department to ensure the manufacturer's production processes are compliant with the cGMPs. Before a new formula is manufactured, each new contract manufacturer formula is reviewed to confirm the accuracy of raw materials and ingredient label claims compared to Irwin formula specifications. After production, each product is inspected by the Irwin Quality Department to confirm the finished product meets all finished good specifications. As an additional level of quality, Irwin takes a selection of finished goods each year and performs expanded testing which includes label claim and contaminant analysis. This additional compliance testing goes beyond the industry quality standard and provides further validation our products meet specifications. Collectively, these quality steps are used to ensure our products meet all established quality standards which ultimately reduces product quality risk.

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.

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 current lease has a term of 36 months from commencement of August 2019 expiring in July 2022. On November 30, 2021, the Company entered into an agreement to extend the current lease for an additional 24 months expiring in July 2024. 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 years ended December 31, 2021 and 2020 and will drive sales going forward. Irwin generated \$12.2 million and \$9.6 million in net CBD product sales respectively for the years ended December 31, 2021 and 2020. CBD product sales consisted primarily of soft-gel supplements sold through Irwin's network of health food stores and some retail pharmacy chains. CBD soft-gel 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. Irwin continues to add new products to its CBD product portfolio including: topicals, balms, gels, roll-ons and creams. In addition to anticipated CBD product line growth, the Company also expects non-CBD product lines to continue to grow through new and innovative product offerings sold through its expansive distribution networks.

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.

COVID-19 Pandemic: On January 30, 2020, the World Health Organization (the "**WHO**") declared the outbreak of the novel coronavirus ("**COVID-19**") 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 consolidated 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. Taking into account the worldwide supply chain challenges, Irwin has still managed to operate at high efficiencies and anticipates continued strong growth going forward.

Share-Based Payment Transaction: As a result of the Transaction completed during Q3 2021, the Company recorded approximately $2.5 million in listing expenses for the year ended December 31, 2021. These expenses were one-time, non-recurring expenses and are not expected to continue in the future.

Selected Combined Consolidated Financial Information:

The following is a summary of the Company's operational highlights for the years ended December 31, 2021 and 2020.

(in thousands)	Years ended December 31,		$	%
Combined Statement of Profit	**2021**	**2020**	**Change**	**Change**
Non-CBD operating revenue	$ 88,154	$ 79,735	$ 8,419	10.6%
CBD operating revenue	12,188	9,642	2,546	26.4%
Total Operating Revenue	100,342	89,377	10,965	12.3%
Gross Profit	44,694	36,501	8,193	22.4%
Income from Operations	10,570	7,658	2,912	38.0%
Net Profit	10,114	7,240	2,874	39.7%
Statement of Financial Position				
Total assets	47,219	36,421	10,798	29.6%
Total liabilities	24,103	21,649	2,454	11.3%

Operating Revenue

Operating revenue increased by $11.0 million or 12.3% for the year ended December 31, 2021 compared to 2020. The increase was primarily due to continued steady growth of non-CBD sales during the year ended December 31, 2021 after reductions to foot-traffic at mass market retailers and health food stores delayed growth in 2020 due to the COVID-19 pandemic. In addition, the Company experienced increased sales in 2021 after a major club retailer expanded the distribution of two existing Applied Nutrition products to all of their locations. New non-CBD sales continue to perform due to the brand status and customer loyalty of Irwin's traditional products.

Sales of Irwin's CBD product portfolio continued to grow during the year by leveraging Irwin's extensive distribution network among health food stores and the largest retail pharmacy chains in the U.S. Irwin generated $12.2 million in CBD product sales during the year ended December 31, 2021, representing a 26.4% increase compared to the year ended December 31, 2020.

Gross Profit

Gross profit increased by $8.2 million or 22.4% to $44.7 million for the year ended December 31, 2021 compared to gross profit of $36.5 million during the year ended December 31, 2020. The increase was primarily due to higher operating revenue during the year in 2021, as well as enhanced margins from additional manufacturing rebates recognized in 2021.

The Company is actively monitoring the health of its global supply chain in response to disruptions caused by the COVID-19 pandemic. While there has not been a material impact during the year ended December 31, 2021, there may be challenges leading to increased product costs in 2022.

Income from Operations

Income from operations increased by $2.9 million to $10.6 million for the year ended December 31, 2021 compared to income from operations of $7.7 million during the year ended December 31, 2020. The increase was primarily due to higher gross profit of $8.2 million, partially offset by general and administrative expenses related to the share-based payment transaction and increases in selling and marketing expense as the Company continues to expand its presence in new markets.

Net Profit

Net profit increased by $2.9 million to $10.1 million for the year ended December 31, 2021 compared to net profit of $7.2 million during the year ended December 31, 2020. The increase was primarily due to higher income from operations as well as income tax recovery of $2.3M due to the termination of IN Nevada's S-Corporation election, partially offset by $2.5 million of non-recurring listing expenses related to the share-based payment transaction, as described above.

EBITDA and Adjusted EBITDA:

The Company defines EBITDA and Adjusted EBITDA as per the table below. It should be noted that these performance measures are not defined under IFRS and may not be comparable to similar measures used by other entities. The Company believes that these measures are useful financial metrics as they assist in determining the ability to generate cash from operations. Investors should be cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net earnings or cash flows as determined under IFRS. The reconciling items between net earnings, EBITDA, and Adjusted EBITDA are as follows:

(in thousands)	**Years ended December 31,**		**$**	**%**
	2021	**2020**	**Change**	**Change**
Net Profit	$ 10,114	$ 7,240	$ 2,874	39.7%
Interest Expense	131	312	(181)	(58.0%)
Income Tax (Recovery) / Expense	(2,186)	116	(2,302)	-1984.5%
Depreciation and Amortization	1,428	1,406	22	1.6%
EBITDA	**$ 9,487**	**$ 9,074**	**$ 413**	**4.6%**
Foreign Exchange (Gain) / Loss	(1)	-	(1)	100.0%
Listing Expenses	2,512	-	2,512	100.0%
Adjusted EBITDA	**$ 11,998**	**$ 9,074**	**$ 2,924**	**32.2%**

Adjusted EBITDA increased by $2.9 million to $12.0 million for the year ended December 31, 2021, compared to adjusted EBITDA of $9.1 million during the year ended December 31, 2020, as a result of an increase in top line revenue year over year offset the income tax recovery of $2.3M due to the termination of IN Nevada's S-Corporation election. Further impacting adjusted EBITDA was an increase due to the listing expenses related to the share-based payment transaction that occurred in Q3 2021.

Summary of Combined Consolidated Quarterly Results:

The following is a summary of selected combined consolidated financial information for each of the eight most recently completed quarters prepared in accordance with IFRS.

(in thousands)	2021				2020			
Combined Statement of Profit	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Operating Revenue	25,941	23,673	26,593	24,135	24,487	24,712	20,622	19,556
Income From Operations	2,400	1,232	3,135	3,803	2,231	1,817	2,556	1,054
Comprehensive Income / (Loss)	4,849	(1,427)	2,977	3,715	2,145	1,673	2,472	950
Statement of Financial Position								
Total assets	47,219	36,373	38,885	35,943	36,421	41,957	39,408	37,796
Total liabilities	24,103	18,144	21,473	18,675	21,649	27,513	24,256	24,799

Operating Revenue

Operating revenue for the preceding two financial years were impacted by factors including the following:

- accelerated demand for CBD soft-gel supplement product sales;
- an expanding distribution network;
- the impact of innovation within our core product portfolio;
- the timing and volume of sales, sales promotions and discounts;
- COVID-19 and the impact to foot-traffic at retailers; and
- sales and marketing campaigns.

Operating revenue during the past financial year exceeded the preceding financial year primarily due to the release of pent-up demand caused by COVID-19 during Q1 and Q2 of 2020, as well as the continued growth of new and existing product sales throughout the year.

Income from Operations

Income from operations for the preceding two financial years 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;
- Share-base payment transaction expenses; and
- initial costs related to development of new business segments (IN Emergence and IN Cannabis).

Income from operations during the past financial year exceeded the preceding financial year primarily due to the aforementioned increase in revenue, as well as the recognition of the Paycheck Protection Program (“**PPP**”) loan forgiveness in Q4 2020, partially offset by non-recurring expenses for the share-based payment transaction in 2021, and furloughs in Q2 2020 related to COVID-19.

Total assets increased to $47.2 million at Q4 2021 from $36.4 million at Q4 2020 due to a $4.1 million increase in inventory related to the building of inventory in anticipation of sales and promotions in 2022 and to offset the expected longer lead times from vendors due to supply chain issues resulting from the COVID-19 pandemic by ordering in advance. In addition, the Company had an increase of $1.7 million in the right-of-use asset due to the renegotiation and extension of the lease for the Company's headquarters, an increase of $3.2 million related to the reclassification of notes receivable from shareholders for compliance to IFRS reporting standards recognition of a deferred tax asset of $2.7 due to the termination of IN Nevada's S-Corporation election.

Total liabilities increased to $24.1 million at Q4 2021 from $21.6 million at Q4 2020 primarily due to a $1.8 million increase in payables driven by the timing of payments to the Company's primary product manufacturer, $1.7 million increase in the lease liability due to the renegotiation and extension of the lease for the Company's headquarters partially offset by a $1.3 million decrease in borrowings against the line of credit.

Liquidity and Capital Resources

Summary of Cash Flows for the years ended December 31, 2021 and 2020

	Years ended December 31,			
(in thousands)	**2021**	**2020**	**$ Change**	**% Change**
Cash, beginning of period	**442**	**371**	**71**	**19%**
Cash flows from (used in)				
Operating activities	10,955	8,218	2,737	33%
Investing activities	(52)	(81)	29	(36%)
Financing activities	(10,709)	(8,066)	(2,643)	33%
Effect of foreign exchange	(11)	-	(11)	100%
Cash, end of period	**625**	**442**	**183**	**41%**

Cash Flows from Operating Activities

Cash provided by operating activities by Irwin were $11.0 million and $8.2 million for the years ended December 31, 2021 and 2020, respectively. The increase in operating cash flows is primarily due to higher operating revenue from CBD and non-CBD sales, temporary favorability to working capital led by the timing of payments to the Company's primary product manufacturer and non-cash share capital issuance.

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 December 31, 2021 balance of $15.4 million, and $13.1 million at December 31, 2020. The Company's trade receivables are of high quality with strong credit counterparties including large retailers. Irwin's allowance for bad debt provision has been less than 2.5% of operating revenue for the preceding two financial years. The Company's net inventory balance of $18.7 million at December 31, 2021 increased by $4.1 million compared to $14.6 million net inventory as of December 31, 2020 related to the building of inventory in anticipation of sales and promotions in 2022 and to offset the expected longer lead times from vendors due to supply chain issues resulting from the COVID-19 pandemic by ordering in advance. Net inventory includes a reserve for obsolete and slow-moving inventory to write down the cost to net realizable value and was $6.1 million and $6.0 million as of December 31, 2021 and 2020, respectively. Trade and other payables, which are normally consistent due to low seasonality and consistent cash flow generation, increased by $1.7 million during the year ended December 31, 2021, from $11.6 million at December 31, 2020, to $13.3 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 December 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 $2.6 million additional cash on financing activities during the year ended December 31, 2021 compared to 2020, partially due to a $1.1 million increase in shareholder cash distributions. Additionally, there were no PPP loan proceeds received during the year ended December 31, 2021 compared to $1.8 million received during 2020. Offset slightly as the Company made payments to the lines of credit in excess of proceeds of $1.3 million for the year ended December 31, 2021, a decrease of $0.4 million from the year ended December 31, 2020.

In September 2020, the Company renewed the line of credit with a financial institution in the amount of the lessor of $17.5 million or the Company's borrowing base, as defined in the agreement. The Company had 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 1.50% or 30-

day LIBOR interest rate plus 1.35% (1.42125% at December 31, 2021). Under Prime loans, borrowings bear interest at the greater of 2.25% or the fluctuating Prime rate minus 1% (2.25% at December 31, 2021).

In May 2021, the Company amended the provision requiring that Klee Irwin ("**Klee**"), the majority shareholder of the Company, retain at least a 75% interest in the Company to at least a 55% interest. The line of credit was secured by all of the Company's assets and was guaranteed by the Company's majority shareholder. The Company had substantial liquidity at December 31, 2021 with $9.5 million in remaining borrowing availability under the credit facility.

In July 2021, Irwin and their financial institution executed an amendment to their agreement that extended the line of credit to December 1, 2022. The Company had remained compliant with all restrictive covenants as of December 31, 2021 and 2020.

In December 2021, the Company entered into an agreement for a two-year line of credit with a new financial institution in the amount of the lesser of $20.0 million or the Company's borrowing base, as defined in the agreement. The Company borrowed under a variable interest rate loan bearing an interest rate equal to the Wall Street Journal Prime Rate (currently 3.25%) plus 1%, for a total interest rate of 4.25%, with a minimum interest rate of 4.25%. The line of credit is secured by all of the Company's assets and is guaranteed by the Company and all of its subsidiaries. This new line of credit was subsequently funded in January 2022 and the Company is in the process of ending the banking relationship with the financial institution that held the previous line of credit.

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 2024. 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:

2022	$ 1.8 million
2023	$ 1.8 million
2024	$ 1.2 million

Rent expense for office and warehouse facilities for the years ended December 31, 2021 and 2020 totaled $1.7 million and $1.5 million, respectively.

Commitments

The Company has no guarantee contracts, derivative instruments, off-balance sheet arrangements or contingent liabilities or obligations as of December 31, 2021.

Related Party Transactions

Shareholder Distributions

Prior to the completion of the share-based payment transaction, IN Nevada distributed a total of $8.1 million and $7.0 million to its shareholders for the years ended December 31, 2021 and 2020, respectively.

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 IN Nevada. On April 1, 2021, Klee contributed his interest in 5310 Holdings and all assets owned by such 5310 Holdings to IN Nevada. Klee and IN Nevada intended for the contribution to constitute a tax-free contribution to the capital of IN Nevada under Section 351 of the Internal Revenue Code based on Klee owning more than 80% of IN Nevada at the date of the contribution and was the sole owner and managing member of 5310 Holdings.

Prior to the contribution IN Nevada held a licensing agreement for worldwide licenses to use, market, sell and promote certain trademarks held by 5310 Holdings. 5310 Holdings had been determined to be a "related party" of IN Nevada. The December 31, 2020, combined financial statements includes the accounts of IN Nevada and 5310 Holdings. This presentation reflects a common-controlled combination of previously existing entities. Control existed when IN Nevada was exposed, or had rights to variable returns from its involvement with the investee, and had the ability to affect those returns through its power over the investee. The financial statements of the entities were included in the combined financial statements from the date that control commenced until the date that control ceased. IN Nevada was the primary beneficiary of 5310 Holdings through the use of trademarks held by that entity. 5310 Holdings had no operations apart from ownership of the trademarks, and these intangibles were fully integrated into the operations of IN Nevada as of December 31, 2020.

As of December 31, 2020, amounts included from 5310 Holdings 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 had no recourse to the assets or general credit of IN Nevada. All intra-company transactions, balances, income and expenses were eliminated for presentation. As of December 31, 2021 contributed interests from 5310 Holdings were classified as intangible assets in the Company's combined consolidated statement of financial position.

Issued and Outstanding Share Capital

As of December 31, 2021, the Company had 1,200,001 Subordinate Voting Shares and 18,240 Multiple Voting Shares issued and outstanding. In addition, the Company has 320,000,000 Class B non-voting shares 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).

The descriptions and benefits of the share capital are discussed in greater detail in the Company's Listing Statement, available at www.sedar.com.

For the year ended December 31, 2021, the Company had basic and diluted income from operations per share of $8.43 and $0.03 respectively, (basic and diluted at December 31, 2020 were both $7.66).

For the year ended December 31, 2021, the Company had basic and diluted earnings per share of $6.43 and $0.03 respectively (basic and diluted at December 31, 2020 were both $7.24).

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 consolidated 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:* 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 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 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 food, which includes dietary supplements, have been recognized as essential services across the United States. As of December 31, 2021, the Company has observed positive sales trends in 2021 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 consolidated 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 consolidated financial statements were prepared using the same accounting policies as described in Note 2 of the audited combined consolidated financial statements for the year ended December 31, 2021.

Risk Factors

Many factors could cause the Company's actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking statements and forward-looking information, including without limitation, the following summary of key risk factors, which should be read in conjunction with the risk factors set forth under the section entitled "Risk Factors" in the Company's

Listing Statement available at www.sedar.com. Capitalized terms used but not defined herein have the meaning ascribed thereto in the Company's Listing Statement.

- Negative changes to state laws pertaining to hemp or current negative laws, regulations, or guidance pertaining to hemp could slow or halt use of Hemp or Hemp derived cannabinoids such as CBD, which would negatively impact the Company's business or growth, including possibly causing the Company to discontinue hemp-related operations as a whole.
- There is a possibility of negative developments pertaining to the implementation of the 2018 Farm Bill. Certain states' permanent Farm Bill regulations adopted pursuant to the 2018 Farm Bill or other regulations promulgated and enforced by the USDA, may result in stricter requirements on the Company than those previously adopted under the 2014 or 2018 Farm Bills, such changes could have a material adverse effect on the Company's business, financial condition and results of operations.
- The manufacture, labeling and distribution of the products that the Company distributes are regulated by various federal, state and local agencies, including but not limited to the FDA and FTC. These governmental authorities may commence regulatory or legal proceedings, which could restrict the permissible scope of the Company's product claims or the ability to sell its products in the future.
- There is currently no uniform regulation applicable to natural health products worldwide. There can be no assurance that the Company is currently in compliance with all of these laws, regulations and other constraints. Moreover, changes to such laws, regulations and other constraints may have a material adverse effect on operations. Such non-compliance can hinder the Company's efforts to expand globally.
- Violation of the California Proposition 65 regulations by the Company may result in heavy fines and litigation costs enforced by the state of CA, local DA, or private citizens. Despite best efforts the Company cannot guarantee compliance with such regulations.
- As of July 16, 2021, the FDA responded to a New Dietary Ingredient Notification submitted by the Company for its FSHE where it filed the notification reserving the right to provide further comments on the notification. On July 23, 2021, the FDA responded further to the New Dietary Ingredient Notification. In that response the FDA disagreed with Company's assertion that the ingredient was a dietary supplement based on the preclusion language in the DSHEA, and stated the ingredient may not have a reasonable expectation of safety when used under the conditions of use included in the notification. Although, this is not an enforcement action, the Company may be adversely affected by the public perception of this response, or any potential enforcement actions or litigation that is caused by this response either by regulatory agencies or private parties.
- The FDA has stated 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 Company's businesses and financial condition.
- The FDA and FTC, and other equivalent state agencies, issue warning letters and other more serious enforcement actions to companies in our industry. Any actions against the Company by any governmental authorities (domestic or international) could have a material adverse effect on the Company's business, financial condition and results of operations.

- Whether based on statements or actions from regulatory agencies, or brought on their own accord, litigation from private citizens is a normal occurrence in the Company's industry, that range from false advertising class action suits, to personal injury to other types of legal actions. Any actions against the Company by any private litigant (domestic or international) could have a material adverse effect on the Company's business, financial condition and results of operations.
- Enforcement by the DEA based on a differing interpretation of the 2018 Farm Bill as it pertains to Hemp would disrupt the Company's operations and would have an adverse effect on the business, financial condition and results of operations.
- Any material delay or inability to receive required permits or licenses is likely to delay and/or inhibit the Company's ability to conduct business, and would have an adverse effect on its businesses, financial condition and results of operations.
- Regulatory uncertainty in respect of the laws, rules, regulations and directives facing banks which provide services to Hemp, if revised or resolved unfavorably to the Company's interest, may materially and adversely affect the business of the Company.
- The global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the military conflict between Russia and Ukraine. On February 24, 2022, Russia began a full-scale military invasion of Ukraine. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine could lead to market disruptions, including significant volatility in commodity prices, credit and capital markets and interest rates. These factors could negatively impact the Company's ability to access liquidity needed for the Company's business in the longer term. These factors may impact the Company's future ability to obtain equity, debt or bank financing on terms favorable to the Company, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. In addition, certain of the Company's customers could be unable to pay the Company in the event that they are unable to access the capital markets to fund their business operations.
- The Company is subject to the following business and operational risks surrounding its business: difficulty to forecast trends, statistics and regulatory decisions; pricing of raw materials; the ability to scale consistent with its growth plans.
- Any departure of the Board of Directors or key officers and employees would adversely affect the Company.
- The Company is inherently subject to the risk of its customers, clients or counterparties failing to discharge its contractual obligations, which would adversely affect the Company.
- The interest rate benchmarks, LIBOR and the Wall Street Journal Prime Rate, are used as reference rates on the Company's line of credit. Any changes to the transparency of these rates, or the phase out of the rates themselves, could adversely affect the Company.
- The business premises of the Company's operating locations may be targets for theft. While the Company 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 which would adversely affect the Company.
- The Company relies on a complex supply chain which includes raw materials (botanical ingredients, packaging, etc.) and the manufacturers thereof, electricity, water, other utilities, contract manufacturers, and other external factors. As such, any disruption in this supply chain,

including as a result of the COVID-19 pandemic, would cause a material adverse effect to the Company.

- Despite the Company'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. A product recall would have an adverse effect on the Company. This applies to naturally occurring adulterants as well as THC which needs to stay at levels under 0.3% for hemp to be classified as such, as well as other naturally occurring contaminants found in botanicals.
- 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 CBD, dietary supplements or any particular products. Any factors that lead to a negative reputational outcome for the Company may have an adverse effect on the Company.
- A number of other companies engage in, and could engage in, a business similar to the business of the Company, and operate businesses in competition with the Company. This could lead to an increase in prices for the Company's product or other effects that lead to adverse consequences for the Company.
- Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent and detect fraud. Although the Company 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, the Company cannot be certain that such measures will ensure that the Company 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 Company's results of operations or cause it to fail to meet its reporting obligations.
- If the Company 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 Company.
- Indemnification obligations to the officers and directors of the Company and the resulting costs may 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. Any costs associated with these obligations may have an adverse effect on the Company.
- The prior investment and operational performance of the Company is not indicative of the future operating results of the Company.
- Failure of the Company to adequately maintain and enhance protection over its proprietary techniques and processes, and 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 Company.
- The Company may not be able to register United States federal trademarks for certain of its CBD. 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 Company 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 Company's properties, personal injury or death, environmental damage, or have an adverse impact on the Company'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 Company.
- Although the Company 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 Company will be able to maintain adequate insurance in the future at rates they considers reasonable and commercially justifiable. The Company 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 Company, 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 Company. This lack of insurance coverage could have a material adverse effect on the anticipated businesses, financial condition or results of operations of the Company.
- The relatively new development of Hemp 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.
- Based on its use of technology, the Company 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 Company 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 Company may incur debt. As funds are borrowed, such financing will increase the risk of an investment in the Company shares because debt service increases the expense of operation of the Company and may also come with restrictive covenants that could adversely affect the Company.
- The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies.
- COVID-19 was declared a pandemic by the WHO on March 11, 2020, and has caused significant economic uncertainty and consequently it is difficult to reliably measure the potential impact of this uncertainty on the Company'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

Company’s business, particularly as the efficacy of vaccines against variants of COVID-19 are determined. As a result, the Company cannot accurately estimate the severity of any such impact.

- The Company has conducted sales in various international jurisdictions and intends to expand internationally. Failure by the Company to comply with the current or evolving regulatory framework in any jurisdiction could have a material adverse effect on the Company’s businesses, financial condition and results of operations.
- The Company’s revenues and expenses are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations in regards to its international activities.
- Risks inherent to international expansion include logistical expenditures and unknown regulatory risk due to the lack of experience in most international markets for the Company.
- The share-based payment transaction was structured so that the Company is a Foreign Private Issuer following the closing of the transaction as that concept is defined in Rule 405 under the U.S. Securities Act and Rule 3b-4 of the U.S. Exchange Act. Although, the Company is currently treated as a “‘Foreign Private Issuer,” should the SEC’s guidance and interpretation change, the Company may lose its Foreign Private Issuer status. Loss of Foreign Private Issuer status may have adverse consequences on the Company’s ability to raise capital in private placements or Canadian prospectus offerings. In addition, loss of the Company’s Foreign Private Issuer status would likely result in increased reporting requirements and increased audit, legal and administration costs. Further, should the Company 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 Company.
- Klee Irwin, the Company founder, exercises a significant majority of the voting power in respect of the Company. This concentrated control could allow Klee to take actions even if they are disagreed with by other shareholders and investors.
- The Company will likely need additional capital to sustain its operations and will likely need to seek further financing, which the Company may not be able to obtain on acceptable terms or at all.
- Additional issuance of Subordinate Voting Shares and / or Proportionate Voting Shares will result in dilution for current or future shareholders of the Company. The issuance is allowed under the Company’s Articles of Incorporation.
- Sales of substantial amounts of Subordinate Voting Shares may have an adverse effect on the market price of the Subordinate Voting Shares for the Company.
- Company may face potential conflicts of interest.
- 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 Company’s control.
- The Company 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 Company.
- With the exception of the limited rights of shareholders under applicable laws, the day-to-day decisions regarding the management of the Company’s affairs will be made exclusively by the officers and Board of Directors of the Company.

- Holders of the company shares will not have a right to dividends on such shares unless declared by the Board of Directors of the Company. It is not anticipated that the Company will pay any dividends in the foreseeable future.
- As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies. Therefore, there will be greater costs to maintain corporate governance than there had been in the past.
- The Company is expected to be subject to Canadian and United States tax on its worldwide income.
- Dividends on the Company shares may be subject to Canadian and/or United States withholding tax.
- Transfers of Company shares may be subject to United States gift, estate and transfer taxes.
- If enacted, the proposed "Made in America Tax Plan" would increase the Company's U.S. federal corporate tax rate requiring the Company to pay more in federal taxes, thus reducing the Company's net revenue.
- The Company's shares may not be qualified investments for registered plans if the Subordinate Voting Shares are not listed on a designated stock exchange.
- Except for the License and Supply Agreement with the Hive Laboratory, LLC announced on April 19, 2022, the Company does not have any active operations or agreements with respect to the U.S. and Canadian THC market at this time. The potential entrance by the Company into this new business segment is in its preliminary stage and any licensing partnerships or agreements that Irwin may enter into are subject to approval from the Board of Directors of the Company as well as any regulatory approval, including that of the Canadian Securities Exchange. These statements are based on numerous assumptions regarding the entering into of this business segment that are believed by management to be reasonable in the circumstances, and are subject to a number of risks and uncertainties, including without limitation: Board of Director and regulatory approvals, including the approval of the Canadian Securities Exchange, Irwin entering into licensing partnerships, that Irwin may not enter into the U.S. or Canadian THC market at all and changes to regulations and laws regarding THC. Please see Irwin's Listing Statement on its SEDAR profile for more information on the regulatory environment and regulations surrounding the U.S. THC industry.
- Under the Controlled Substances Act (21 U.S.C. § 811) (the "CSA"), ketamine is currently a Schedule III drug as well as being listed under the associated Narcotic Control Regulations, and psilocybin is currently a Schedule I drug. Most U.S. States have enacted Controlled Substances Acts ("State CSAs") which regulate the possession, use, sale, distribution, and manufacture of specified drugs or categories of drugs and establish penalties for State CSA violations and form the basis for much state and local drug laws enforcement activity. State CSAs have either adopted drug schedules identical or similar to the federal CSA schedules or, in some instances, have incorporated the federal scheduling mechanism. Among other requirements, some U.S. States have established a prescription drug monitoring or review programs to collect information about prescription and dispensing of controlled substances for the purposes of monitoring, analysis and education.

- In the United States, facilities holding or administering controlled substances must be registered with the U.S. Drug Enforcement Agency ("**DEA**") to perform this activity. As such, medical professionals and / or the clinics in which they operate, as applicable, are also required to have a DEA license to obtain and administer ketamine (a "**DEA License**"). While ketamine is a controlled substance in the United States, it is approved for general anesthetic induction under the U.S. Food, Drug, and Cosmetic Act. Once a drug is approved for use, physicians may prescribe that drug for uses that are not described in the product's labelling or that differ from those tested by the manufacturer and approved by the FDA. Licensed medical practitioners may prescribe ketamine legally in Canada or the United States where they believe it will be an effective treatment in their professional judgment.
- Aside from the acquisition of Ketafusion in March 2022, the Company does not have any active operations or agreements with respect to the entrance into the psychedelic market at this time, nor has it entered into any agreements to acquire or partner with a ketamine assisted psychedelic therapy clinic. The continued entrance by the Company into this new business segment is in its preliminary stage and any further acquisitions by Irwin are subject to approval from the Board of Directors of the Company as well as any regulatory approval, including that of the Canadian Securities Exchange. These statements are based on numerous assumptions regarding this new revenue stream that are believed by management to be reasonable in the circumstances, and are subject to a number of risks and uncertainties, including without limitation: Board of Director and regulatory approvals, including the approval of the Canadian Securities Exchange, Irwin being able to compliantly acquire and continue to enter into a business relationships to enter into this new market, the Company obtaining the required licenses and changes to regulations and laws regarding psychedelics, a lucrative opportunity for entry into the industry presenting itself, decisions of management regarding the profitability of entry into the industry, and the entering into of negotiations and, ultimately, definitive agreements with ketamine assisted psychedelic therapy clinics. Even though the Company has entered the industry, the Company may discontinue its operations for a variety of reasons as listed herein and others. In addition, even if the Company continues into the ketamine assisted psychedelic therapy clinic industry, it may not be on the terms currently expected.