Irwin Naturals, Inc.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2022

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 three and nine months ended September 30, 2022 and 2021 was prepared by management as of November 29, 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 unaudited condensed combined consolidated interim financial statements for the period ended September 30, 2022 (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, 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 the first quarter of 2023;
- 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 continued 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: mass-market retailers and health food stores.

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 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.

On May 20, 2022, the Company completed the acquisition of KHC Capital Group, LLC and its related entities ("**Ketamine Health Centers**"), which owned a chain of five ketamine treatment clinics in Florida with an additional partnership contract with an affiliate clinic in Mexico. Upon completion of the acquisition, the Company assigned the acquired assets to IN Emergence by way of a capital contribution and Ketamine Health Centers became a wholly owned indirect subsidiary of the Company through IN Emergence. For further details related to the Ketamine Health Centers acquisition, refer to the Company's press releases dated April 21, 2022, May 20, 2022 and the Company's Financial Statements.

On July 27, 2022, the Company completed the indirect acquisition of the assets of New England Ketamine, a healthcare clinic in Salem, New Hampshire ("**NEK**") through its wholly owned subsidiary IN Emergence. Upon completion of the asset purchase, IN Emergence took immediate control over such assets, and entered into a management services agreement with NEK. For further details related to the NEK acquisition, refer to the Company's press releases dated May 16, 2022, July 28, 2022 and the Company's Financial Statements.

On August 05, 2022, the Company completed the indirect acquisition of two ketamine clinics through an asset purchase of Invictus Clinic, LLC ("**Invictus**") through its wholly owned subsidiary IN Emergence. These two clinics are located in Atlanta and Woodstock, Georgia. Upon completion of the asset purchase, IN Emergence took immediate control over such assets, and entered into a management services agreement with Invictus. For further details related to the Invictus acquisition, refer to the Company's press releases dated June 21, 2022, August 8, 2022 and the Company's Financial Statements.

On August 11, 2022, the Company completed the indirect acquisition of the assets of Hobie Fuerstman D O PLC dba Preventive Medicine, a clinic operation based in Colchester, Vermont ("**Preventive**") through its wholly owned subsidiary IN Emergence. Upon completion of the asset purchase, IN Emergence took immediate control over such assets, and entered into a management services agreement with Preventive. For further details related to the Preventive acquisition, refer to the Company's press releases dated June 21, 2022, August 8, 2022 and the Company's Financial Statements.

On September 2, 2022, the Company entered into a definitive agreement to acquire all of the membership interests in Happier You, LLC, a clinic operation based in central Ohio through its wholly owned subsidiary IN Emergence. For further details related to the Happier You acquisition, refer to the Company's press releases dated September 6, 2022 and the Company's Financial Statements.

On September 27, 2022, the Company entered into a definitive agreement to purchase all of the issued and outstand shares of Keta Media, LLC dba Ketamine Media, the nation's leading growth platform for clinics offering ketamine-assisted therapy, through its wholly owned subsidiary IN Emergence. For further details related to the Ketamine Media acquisition, refer to the Company's press releases dated September 29, 2022 and the Company's Financial Statements.

On September 30, 2022, the Company entered into a definitive agreement to acquire the assets of Ketamine Infusions of Idaho, PLLC, which operates a clinic in Idaho Falls, Idaho, through its wholly owned subsidiary IN Emergence. For further details related to the Ketamine Infusions of Idaho acquisition, refer to the Company's press releases dated October 4, 2022 and the Company's Financial Statements.

The Company has also entered into four additional definitive agreements as part of the large-scale national rollup of mental health clinics subsequent to September 30, 2022. First, in October 2022, Company entered into definitive agreements to purchase the assets of Care Clinic, Inc dba Florida Mind Health and the membership interests in Dura Medical, LLC - two well regarded mental health facilities located in Florida. In November 2022, Company entered into an asset purchase agreement with Tri-Cities Infusion and Wellness Clinic, PLLC, a healthcare clinic located in Kennewick, Washington; and a membership interest purchase agreement with Serenity Health, LLC a healthcare clinic located in Louisville, Kentucky. The aforementioned transactions are subject to customary closing conditions. For further details related to these events, refer to the Company's press releases 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 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 the first quarter of 2023.

In April 2022, the Company entered into an agreement through IN Cannabis, with The Hive Laboratory, LLC, ("**The Hive**") a California manufacturer and distributor of cannabis products. In May 2022 the Company entered into additional agreements through IN Cannabis, with Assurance Laboratories, LLC ("**Assurance**"), a New Mexico based manufacturer and distributor of cannabis products, Larsen Group II, LLC ("**Larsen**") a Colorado manufacturer of cannabis products and BeneLeaves Ltd ("**BeneLeaves**"), an Ohio based manufacturer of cannabis products. In August 2022, the Company entered into an agreement through IN Cannabis, with 42 Degrees Processing LLC ("**42 Degrees**"), a Michigan producer and distributor of cannabis products. Pursuant to each agreement The Hive, Assurance, Larsen, BeneLeaves and 42 Degrees will license the Irwin Naturals brand in their respective states, and will produce and distribute Irwin Naturals' brand famous formulas, such as Power to Sleep, augmented with THC.

In August 2022, the Company also entered into a licensing agreement through IN Cannabis, with Entourage Health Corp., a Canadian producer and distributor of cannabis products. Under this exclusive arrangement, the Company's famous brand will be enhanced with cannabis and made available to dispensaries across Canada in a line of soft-gels in five different varieties: CBD, THC and three additional formulations that include both THC and another cannabinoid.

The Company has also entered into an additional agreement through IN Cannabis subsequent to September 30, 2022. In November 2022, the Company entered into a licensing agreement and supply agreement with Mockingbird Cannabis, LLC to produce and distribute THC-containing products in Mississippi.

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. 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 on the status of all productions. Once production is completed, our contract manufacturers perform quality inspections and testing on the manufactured products. Once the inspection is completed at the manufacturer, the products are delivered to Irwin's warehouse in Los Angeles, California. Upon delivery of these products, Irwin's Quality team performs addition inspections and testing on the products to ensure the products meets Irwin's specifications and are compliant with cGMP regulations. The products 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.

The Company's other significant leases are the various medical offices where the principal operations of the acquired IN Emergence clinics are performed. The terms of the leases for these medical offices vary in length that extend up to 2032. 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 has helped grow revenue and drive sales going forward. CBD product sales consist 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 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.

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 three and nine months ended September 30, 2022 and 2021.

(in thousands)	September 30,		$	%	September 30,		$	%
Combined Statement of Profit	**2022**	**2021**	**Change**	**Change**	**2022**	**2021**	**Change**	**Change**
Non-CBD operating revenue	$ 20,346	$ 20,899	$ (553)	-2.6%	$ 61,205	$ 66,334	$ (5,129)	-7.7%
CBD operating revenue	1,679	2,774	(1,095)	-39.5%	5,221	8,067	(2,846)	-35.3%
Total Operating Revenue	22,024	23,673	(1,649)	-7.0%	66,427	74,401	(7,974)	-10.7%
Gross Profit	10,603	10,117	486	4.8%	31,208	33,970	(2,762)	-8.1%
Income from Operations	622	1,232	(610)	-49.5%	3,653	8,170	(4,517)	-55.3%
Net Profit / (Loss)	(583)	(1,466)	883	-60.2%	1,109	5,226	(4,117)	-78.8%

	As of	As of	$	%
Statement of Financial Position	**Sept 30, 2022**	**Dec 31, 2021**	**Change**	**Change**
Total assets	71,527	47,219	24,308	51.5%
Total liabilities	41,027	24,103	16,924	70.2%

Operating Revenue

Three Months Ended September 30, 2022 compared to September 30, 2021

Operating revenue decreased by $1.6 million or 7.0% for the three months ended September 30, 2022 compared to 2021. The decrease is related to a variety of factors including loss of distribution of non-CBD products in some mass market retail partners. The Company also gained greater distribution of new product as well as distributions in new stores in 2021 versus 2022. Additionally, replenishment of products were down as retailer are holding less inventory on their shelves.

The decrease is also related to a loss of CBD sales due in part to a fire at the Company's manufacturer in June 2021 that halted production of our CBD product line. This led to a portion of the Company's CBD products to be out of stock in stores for over one year. This coupled with raw material delays and supply chain issues related to the production of the Company's topical CBD products led to a total CBD sales decline of $1.1 million to $1.7 million for the three months ended September 30, 2022 compared to $2.8 million for the three months ended September 30, 2021.

The decline in CBD sales is believed to be temporary as production of CBD products has begun again at the Company's manufacturer. In addition, the Company's performance over the same pre-COVID-19 periods in 2019 and 2020 continues to show double digit growth. The company has also initiated a pricing initiative across all channels that offset the decrease in volume witnessed through September 30, 2022.

Nine Months Ended September 30, 2022 compared to September 30, 2021

Operating revenue decreased by $8.0 million or 10.7% for the nine months ended September 30, 2022 compared to the same period in fiscal 2021. As mentioned above the decrease is related to loss of distribution and less replenishment in 2022 versus 2021 in addition to loss of CBD sales due to a halt in

production, raw material delays and supply chain issues. The operating revenue also saw a decline in 2022 compared to 2021 as consumers are spending less on health and wellness product in the current year. In 2021, due to the COVID-19 pandemic, consumers were trying new products. These sales did not reoccur in 2022.

Gross Profit

Three Months Ended September 30, 2022 compared to September 30, 2021

Gross profit increased by $0.5 million or 4.8% to $10.6 million for the three months ended September 30, 2022 compared to gross profit of $10.1 million during the three months ended September 30, 2021. The increase was primarily due to product mix coupled with an increase in pricing as well as efficiencies in production, and distribution costs.

Nine Months Ended September 30, 2022 compared to September 30, 2021

Gross profit decreased by $2.8 million or 8.1% to $31.2 million for the nine months ended September 30, 2022 compared to gross profit of $34.0 million during the same period in fiscal 2021. The decrease was primarily due to lower revenue year over year as described above, partially offset by efficiencies in production and distribution costs.

The Company is actively monitoring the health of its global supply chain in response to disruptions caused by the COVID-19 pandemic and the current economic conditions. While there has not been a material impact during the three and nine months ended September 30, 2022, there may be challenges as we exit 2022.

Income from Operations

Three Months Ended September 30, 2022 compared to September 30, 2021

Income from operations decreased by $0.6 million to $0.6 million for the three months ended September 30, 2022 compared to income from operations of $1.2 million during the three months ended September 30, 2021. The decrease was primarily due to $1.1 million increase in general and administrative costs related to the ongoing expansion of the business into new products and business lines including, but not limited to, resources needed to grow the IN Emergence and IN Cannabis businesses.

Nine Months Ended September 30, 2022 compared to September 30, 2021

Income from operations decreased by $4.5 million to $3.7 million for the nine months ended September 30, 2022 compared to income from operations of $8.2 million during the same period in fiscal 2021. The decrease was primarily due to lower gross profit and increased general and administrative expenses of $1.8 million related to the 2022 business acquisitions partially offset by lower selling and marketing expense as the company continues to expand its presence in new markets.

Net Profit / (Loss)

Three Months Ended September 30, 2022 compared to September 30, 2021

Net loss decreased by $0.9 million to a net loss of $0.6 million for the three months ended September 30, 2022 compared to net loss of $1.5 million during the three months ended September 30, 2021. The decrease was due to an increase in gross profit, as stated above.

Nine Months Ended September 30, 2022 compared to September 30, 2021

Net profit decreased by $4.1 million to $1.1 million for the nine months ended September 30, 2022 compared to net profit of $5.2 million during the same period in fiscal 2021. The decrease was primarily due to lower income from operations, as described above, with additional impacts related to interest expense related to the closing of the Company's previous credit line and opening a new credit line with a new financial institution and an increase in taxes as a result of the conversion of the Company from a S Corporation to a C Corporation.

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 metric as it assists 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)	Three months ended September 30,		$	%	Nine months ended September 30,		$	%
	2022	2021	Change	Change	2022	2021	Change	Change
Net Profit	$ (583)	$ (1,466)	$ 883	-60.2%	$ 1,109	$ 5,226	$ (4,117)	-78.8%
Interest Expense	181	34	147	432.4%	541	91	450	494.5%
Income Tax Expense	1,024	162	862	532.1%	2,003	351	1,652	470.7%
Depreciation and Amortization	468	353	115	32.6%	1,299	1,061	238	22.4%
EBITDA	**$ 1,090**	**$ (917)**	**$ 2,007**	**-218.9%**	**$ 4,952**	**$ 6,729**	**$ (1,777)**	**-26.4%**
Foreign Exchange (Gain) / Loss	(33)	-	(33)	100.0%	(45)	-	(45)	100.0%
Listing Expenses	-	2,502	(2,502)	0.0%	-	2,502	(2,502)	0.0%
Other Income	-	-	-	100.0%	-	-	-	0.0%
Adjusted EBITDA	**$ 1,057**	**$ 1,585**	**$ (528)**	**-33.3%**	**$ 4,907**	**$ 9,231**	**$ (4,324)**	**-46.8%**

Three Months Ended September 30, 2022 compared to September 30, 2021

Adjusted EBITDA decreased by $0.5 million to $1.1 million for the three months ended September 30, 2022, compared to Adjusted EBITDA of $1.6 million during the three months ended September 30, 2021 as a result of a decrease in net top line revenue year over year and the recognition of other income due to the increased interest rate related to the revaluation of the contingent liability at the September 30, 2022 reporting date. These were offset by increases in interest expense related to increased interest rates on the line of credit and increased tax expenses as a result of the conversion of the Company from a S Corporation to a C Corporation.

Nine Months Ended September 30, 2022 compared to September 30, 2021

Adjusted EBITDA decreased by $4.3 million to $4.9 million for the nine months ended September 30, 2022, compared to Adjusted EBITDA of $9.2 million during the nine months ended September 30, 2021 as a result of a decrease in net top line revenue year over year and the recognition of other income due to the increased interest rate related to the revaluation of the contingent liability at the September 30, 2022 reporting date. These were offset by an increase in interest expense related to the change in lines of credit and increased interest rates as well as increased tax expenses as a result of the conversion of the Company from a S Corporation to a C Corporation.

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.

Combined Statement of Profit	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Operating Revenue	22,024	21,809	22,594	25,941	23,673	26,593	24,135	24,487
Income From Operations	622	505	2,526	2,400	1,232	3,135	3,803	2,231
Comprehensive Income / (Loss)	(616)	99	1,585	4,849	(1,427)	2,977	3,715	2,145
Statement of Financial Position								
Total assets	71,527	63,785	54,197	47,219	36,373	38,885	35,943	36,421
Total liabilities	41,027	34,031	27,238	24,103	18,144	21,473	18,675	21,649

Operating Revenue

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

- the impact of innovation within our core product portfolio;
- the timing and volume of sales, sales promotions and discounts;
- demand for CBD soft-gel supplement products;
- raw material and supply chain delays;
- a shrinking distribution network;
- COVID-19 and the impact on consumer spending; and
- sales and marketing campaigns.

Total operating revenue over the past four quarters of $92.4 million were lower than the preceding four quarters of $98.9 million primarily due to production delays related to the Company's CBD products and loss of distribution on non-CBD products lines.

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
- ongoing costs related to development of new business lines (IN Emergence and IN Cannabis).

Total income from operations over the past four quarters of $6.0 million were lower than the preceding four quarters of $10.4 million primarily due to the ongoing general and administrative costs related to the development and expansion of the two new business lines by the Company and the non-recurring expenses for the share-based payment transaction in Q3 2021.

Total assets increased to $71.5 million at Q3 2022 from $47.2 million at Q4 2021 primarily due to a $4.9 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 recognized $18.2 million of goodwill related to the acquisitions of Ketafusion, Ketamine Health Centers, NEK, Invictus and Preventive in 2022.

Total liabilities increased to $41.0 million at Q3 2022 from $24.1 million at Q4 2021 primarily due to a $8.9 million increase related to the contingent considerations included in the acquisitions of Ketafusion, Ketamine Health Centers, NEK, Invictus and Preventive and a $4.0 million increase in borrowings against the line of credit as well as a $2.5 million increase in payables driven by the timing of payments by the Company.

Liquidity and Capital Resources

Summary of Cash Flows for the nine months ended September 30, 2022 and 2021

(in thousands)	Nine months ended September 30, 2022	2021	$ Change	% Change
Cash, beginning of period	**625**	**442**	**183**	**41%**
Cash flows from (used in)				
Operating activities	3,604	14,572	(10,968)	(75%)
Investing activities	(9,388)	(48)	(9,340)	19458%
Financing activities	6,418	(14,322)	20,740	(145%)
Effect of foreign exchange	(54)	-	(54)	(100%)
Cash, end of period	**1,205**	**644**	**561**	**87%**

Cash Flows from Operating Activities

Cash provided by operating activities by Irwin were $3.6 million and $14.6 million for the nine months ended September 30, 2022 and 2021, respectively. The decrease in operating cash flows is primarily due to lower operating revenue and temporary unfavourability 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 September 30, 2022 balance of $11.7 million and $15.5 million at December 31, 2021. 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 3% of operating revenue for the preceding two financial years. The Company's net inventory balance of $22.6 million at September 30, 2022 increased by $4.0 million compared to $18.7 million net inventory as of December 31, 2021 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 $2.3 million and $6.1 million

as of September 30, 2022 and December 31, 2021, respectively. Trade and other payables, which are normally consistent due to low seasonality and consistent cash flow generation, increased by $2.5 million during the period ended September 30, 2022, from $13.3 million at December 31, 2021, to $15.8 million primarily due to the timing of payments by the Company.

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 September 30, 2022 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 $20.7 million less cash on financing activities during the nine months ended September 30, 2022 compared to 2021.

In December 2021, the Company entered into an agreement for a two-year line of credit with a 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 (6.25% at September 30, 2022) plus 1%, for a total interest rate at September 30, 2022 of 7.25%, 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 line of credit was funded in January 2022 and the Company has used $10.2 million as of September 30, 2022. The Company had substantial liquidity at September 30, 2022 with $6.6 million in remaining borrowing availability under the credit facility.

Fixed Obligations:

Rent Expense

The Company leases its corporate office and warehouse facilities, the various medical offices where the principal operations of the acquired IN Emergence clinics are performed, and office equipment under various operating leases which expired or will expire between February 2020 and July 2032. Under the facility lease agreements, 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	$ 0.4 million
2023	$ 1.7 million
2024	$ 1.1 million
2025 - 2032	$ 712.4 million

Rent expense for office, warehouse facilities and medical offices for the three and nine months ended September 30, 2022 totaled $0.6 million and $1.1 million, respectively, and $0.4 million and $1.2 million, respectively, during the same periods in fiscal 2021.

Commitments

The Company has no guarantee contracts, derivative instruments, or off-balance sheet arrangements as of September 30, 2022. The Company recognized contingent liabilities of $9.5 million as of September 30, 2022 calculated using the net present value of the contingent considerations related to the acquisitions of Ketafusion, Ketamine Health Centers, NEK, Invictus and Preventive. These liabilities will be adjusted each reporting period until the terms of each agreement are reached and the considerations are paid or the terms expire. For further detail related to the acquisitions of Ketafusion, Ketamine Health Centers, NEK, Invictus and Preventive and the related contingent considerations, refer to the Company's Financial Statements.

Related Party Transactions

Shareholder Distributions

Prior to the completion of the share-based payment transaction, IN Nevada distributed a total of $8.1 million to its shareholders during the nine months ended September 30, 2021. No distributions to shareholders have been made after the completion of the share-based transaction.

Affiliate

5310 Holdings, LLC ("5310 Holdings"), a wholly owned subsidiary of the Company, 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, who was the majority shareholder in IN Nevada at that date, contributed his interest in 5310 Holdings and all assets owned by 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, 2021 combined consolidated financial statements include 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, 2021.

As of December 31, 2021, amounts included from 5310 Holdings in the combined consolidated financial statements include intangible assets of $0.1 million and equity 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 September 30, 2022 contributed interests from 5310 Holdings were classified as intangible assets in the Company's condensed combined consolidated interim statement of financial position.

Issued and Outstanding Share Capital

As of September 30, 2022, the Company had 1,509,547 Subordinate Voting Shares, 20,852 Proportionate 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 323,612,987 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 and 20,852 Proportionate Voting Shares on a 100:1 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 three months ended September 30, 2022, the Company had basic and diluted income from operations per share of $1.76 and $0.00, respectively (basic and diluted for the three months ended September 30, 2021 were $1.76 and $0.00, respectively).

For the nine months ended September 30, 2022, the Company had basic and diluted income from operations per share of $3.99 and $0.01, respectively (basic and diluted for the nine months ended September 30, 2021 were $6.81 and $0.03, respectively.).

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 condensed combined consolidated 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:* 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.

<u>COVID-19 Estimation Uncertainty</u>

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

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 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 condensed combined consolidated interim 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 United States Department of Agriculture, 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.

- Senate Bill S.4090, otherwise known as the “Dietary Supplement Listing Act of 2022” was introduced in the Senate on April 26, 2022. It is not clear what the chances of this Bill becoming law or how it would affect the regulatory regime overseeing Dietary Supplements, but if it passes it would add a burden on the Company related to compliance efforts, and increases the probability of non-compliance with the eventual regulation depending on the scope.
- Violation of the California Proposition 65 regulations by the Company may result in heavy fines and litigation costs enforced by the state of California, local district attorney, 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 Dietary Supplement Health and Education Act, 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 U.S. Drug Enforcement Agency ("**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, ketamine treatments or any particular products or treatments sold by the Company. 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 risk includes the possibility of medical clinics specializing in IV Ketamine that are acquired by the Company or enter into a management service agreement with the Company having a lack of insurance coverage, of which risk the Company may take on. This lack of insurance coverage could have a material adverse effect on the anticipated businesses, financial condition or results of operations of the Company. Moreover, there can be no guarantee that Company will be able to obtain adequate insurance coverage in the future or obtain or maintain liability insurance on acceptable terms or with adequate coverage against all potential liabilities.

- 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, and such issuances have already been committed to by Company in relation to certain merger and acquisition activity that has taken place over the current financial year. 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 Company expands into different countries and states regulations surrounding labors law will vary, and there is an increased risk for Company to be out of compliance with such regulations. Moreover, as Company increases acquisitions there may be inherited risk from such acquisition targets regarding compliance with applicable labor regulations. These increased risk of labor law violations may have a material adverse effect on the business, financial condition or results of operations of the Company.
- 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.
- The company may take on additional tax liability due to Foreign Affiliate Dumping regulations as promulgated by the Canadian tax regime.
- 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.
- The Company has limited active operations with respect to the U.S. and Canadian THC market at this time. The continued entrance by the Company into this new business segment is in its preliminary stage and any licensing partnerships or agreements that Irwin has or will enter into are subject to approval from the Board of Directors of the Company or management depending on the materiality of the transaction, 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 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. 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.

- The continued entrance by the Company into the ketamine assisted psychedelic therapy 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.
- Medical clinics in the U.S., including the ketamine infusion centric Company will and is operating, are subject to corporate practice of medicine and fee-splitting prohibitions which vary widely from state to state. The corporate practice of medicine prohibition exists in some form, by statute, regulation, board of medicine or attorney general guidance, or case law, in various states that it operates. These laws generally prohibit the practice of medicine by lay persons or entities and are intended to prevent unlicensed persons or entities from interfering with or inappropriately influencing providers' professional judgment. Due to the prevalence of the corporate practice of medicine doctrine, in the subject states Company contracts with clinics that are structured as professional corporations, or similar entities, who in turn employ or retain physicians and other medical providers to deliver professional clinical services in the Clinics located in the U.S. The medical clinics are wholly owned by providers licensed in their respective states. A violation or perceived violation of such regulations could have a material adverse effect on the anticipated businesses, financial condition or results of operations of the Company
- Where applicable, under Company's master services agreements (the "MSAs"), when the medical clinics, provide professional clinical services to patients, Company, as administrator, performs services on behalf of the clinics and the clinics receive the fees for the services provided. In return for these administrative services, Company receives fees from the clinics that represent fair value. As a result, Company's ability to receive fees from clinics may be limited to the fair market value of the services provided under the MSAs or other regulatory limitations enacted by various states. To the extent that Company's ability to receive fees from the clinics is limited, Company's ability to use that cash for growth, debt service or other uses may be impaired and, as a result, Company's results of operations and financial condition may be adversely affected.
- Company's ability to perform medical services in a particular U.S. state is directly dependent upon the applicable laws governing the practice of medicine, healthcare delivery and fee splitting in such locations, which are subject to changing political, regulatory and other influences. The extent

to which a U.S. state considers particular actions or relationships to constitute the practice of medicine is subject to change and to evolving interpretations by medical boards and state attorneys general, among others, each of which has broad discretion. There is a risk that U.S. state authorities in some jurisdictions may find that Company's contractual relationships with clinics, which govern the provision of medical services and the payment of administrative and operations support fees, violate laws prohibiting the corporate practice of medicine and fee splitting. The extent to which each state may consider particular actions or contractual relationships to constitute improper influence of professional judgment varies across the states and is subject to change and to evolving interpretations by state boards of medicine and state attorneys general, among others. Accordingly, Company must monitor its compliance with laws in every jurisdiction in which Company operates on an ongoing basis, and Company cannot provide assurance that its activities and arrangements, if challenged, will be found to be in compliance with law. Additionally, it is possible that the laws and rules governing the practice of medicine and fee splitting in one or more jurisdictions may change in a manner adverse to Company's business. While the MSAs prohibit Company from controlling, influencing or otherwise interfering with the practice of medicine at each clinic in applicable states, and provide that providers retain exclusive control and responsibility for all aspects of the practice of medicine and the delivery of medical services, there can be no assurance that Company's contractual arrangements and activities with the clinics will be free from scrutiny from U.S. state authorities, and Company cannot guarantee that subsequent interpretation of the corporate practice of medicine and fee splitting laws will not circumscribe Company's business operations. State corporate practice of medicine doctrines also often impose penalties on physicians themselves for aiding the corporate practice of medicine, which could discourage providers from participating in Company's network of physicians. If a successful legal challenge or an adverse change in relevant laws were to occur, and Company was unable to adapt its business model accordingly, Company's operations in affected jurisdictions would be disrupted, which could harm its business. While Company expects that its relationships with the clinics will continue, a material change in Company's relationship with these entities whether resulting from a dispute among the entities, a challenge from a governmental regulator, a change in government regulation, or the loss of these relationships or contracts with the clinics, could impair Company's ability to provide services to Company's patients and could harm Company's business.

- Inherent in operating costs related to the healthcare industry (including costs for maintenance and insurance), inability to obtain permits required to conduct Company's business, changes in health care laws and governmental regulations, and various other factors may significantly impact the ability of Company to generate revenues. Certain significant expenditures, including legal fees, borrowing costs, maintenance costs, insurance costs and related charges, must be made to operate the clinics, which will be exacerbated by any scenario where Company cannot obtain such licenses or permits, or employees and Company are not able to keep such licenses and permits up to date. Moreover, if any permits are required for Company's operations and activities in the future that it currently does not require, there can be no assurance that such permits will be obtainable on reasonable terms or on a timely basis, or that applicable laws and regulations will not have an adverse effect on Company's business.
- Company's operations may be subject to governmental laws or regulations promulgated by various legislatures or governmental agencies from time to time. A breach of such legislation may

result in the imposition of fines and penalties. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Company intends to fully comply with all governmental laws and regulations. The current and future operations of Company are and will be governed by laws and regulations governing the healthcare industry, labor standards, occupational health and safety, land use, environmental protection, and other matters. Amendments to current laws, regulations and permits governing operations and activities of health clinics, or more stringent implementation thereof, could have a material adverse impact on Company and cause increases in capital expenditures or costs, or reduction in levels of its medical services.

- Company may become party to litigation from time to time in the ordinary course of business, including a medical malpractice claim, or a claim based in related legal theories of negligence or vicarious liability among others if a physician who is employed by Company, is an independent contractor of company, or is in management service relationship with Company causes injury, which could adversely affect Company's business. Should any litigation in which Company becomes involved be determined against Company, such a decision could adversely affect Company's ability to continue operating and the market price for the Company's shares. Even if Company is involved in litigation and wins, litigation can redirect significant resources. Litigation may also create a negative perception of Company's business.
- The anti-kickback statute ("AKS") applies to Medicare and other U.S. state and federal programs. AKS prohibits the solicitation, offer, payment or receipt of remuneration in return for referrals or the purchase, or in return for recommending or arranging for the referral or purchase, of goods covered by the federal healthcare programs. The AKS is a criminal statute with criminal penalties, as well as potential civil and administrative penalties. The AKS, however, provides a number of statutory exceptions and regulatory "safe harbors" for particular types of transactions. Many states within the U.S. have similar fraud and abuse laws and their own anti-kickback laws, some of which can apply to all payors, and not just governmental payors. While Company believes that it is in material compliance with both federal and state AKS laws, if it were determined that Company was not in compliance with the AKS, it could be subject to liability, and its operations could be curtailed, which could have a material adverse effect on its business, financial condition and results of operations. Moreover, if the activities of a clinic company owns or has a business relationship were found to constitute a violation of the AKS and Company were found to have knowingly participated in such activities, Company could be subject to sanctions or liability under such laws, including civil and / or criminal penalties, as well as exclusion from government health programs. As a result of exclusion from government health programs, neither products nor services could be provided to any beneficiaries of any federal healthcare program.
- The Company may require additional capital to finance its acquisitions, which may not be available to the Company on acceptable terms, or at all. As a result, the Company may suffer a negative impact on its clinic roll-up.
- The federal regulations promulgated under the authority of the United States Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**") require the healthcare clinics to provide certain protections to patients and their health information. The HIPAA privacy and security regulations extensively regulate the use and disclosure of "protected health information" ("**PHI**") and require covered entities, which include healthcare providers and their business associates, to implement and maintain administrative, physical and technical safeguards to protect the security

of such information. Additional security requirements apply to electronic PHI. These regulations also provide patients with substantive rights with respect to their health information. The HIPAA privacy and security regulations also require the healthcare clinics to enter into written agreements with certain contractors, known as business associates, to whom the Ketamine Clinics disclose PHI. Covered entities may be subject to penalties for, among other activities, failing to enter into a business associate agreement where required by law or as a result of a business associate violating HIPAA, if the business associate is found to be an agent of the covered entity and acting within the scope of the agency. Through the provision of management services to certain clinics, upon completion of their asset purchase, it is contemplated that the Company will be a business associate of each clinic. Business associates are also directly subject to liability under certain HIPAA privacy and security regulations. In instances where the Company acts as a business associate to a covered entity, there is the potential for additional liability beyond the Company's anticipated status as a covered entity upon acquisition of the clinics. Covered entities must notify affected individuals of breaches of unsecured PHI without unreasonable delay but no later than 60 days after discovery of the breach by a covered entity or its agents. Reporting must also be made to the HHS Office for Civil Rights and, for breaches of unsecured PHI involving more than 500 residents of a state or jurisdiction, to the media. All impermissible uses or disclosures of unsecured PHI are presumed to be breaches unless the covered entity or business associate establishes that there is a low probability the PHI has been compromised. Various state laws and regulations may also require the Company to notify affected individuals in the event of a data breach involving personal information without regard to the probability of the information being compromised. Violations of HIPAA, including, but not limited to, failing to implement appropriate administrative, physical and technical safeguards, have resulted in enforcement actions and in some cases triggered settlement payments or civil monetary penalties. Penalties for impermissible use or disclosure of PHI were increased by the United States Health Information Technology for Economic and Clinical Health Act ("HITECH") by imposing tiered penalties of more than US $0.05 million per violation and up to US $1.5 million per year for identical violations. In addition, HIPAA provides for criminal penalties of up to US $0.25 million and ten years in prison, with the severest penalties for obtaining and disclosing PHI with the intent to sell, transfer or use such information for commercial advantage, personal gain or malicious harm. Further, state attorney generals may bring civil actions seeking either injunction or damages in response to violations of the HIPAA privacy and security regulations that threaten the privacy of state residents. While the Company is not aware of any HIPAA breaches by the Company or the associated clinics, there can be no assurance that the clinics will not be the subject of an investigation (arising out of a reportable breach incident, audit or otherwise) alleging non-compliance with HIPAA regulations in their maintenance of PHI.

- Company may be subject to federal, state and provincial data protection laws and regulations in the jurisdictions in which it operates, such as laws and regulations that address privacy and data security. Company may obtain health information from third parties, which are subject to privacy and security requirements under applicable laws. Depending on the facts and circumstances, Company could be subject to significant civil, criminal, and administrative penalties if it obtains, uses, or discloses individually identifiable health information maintained by entities covered by applicable health and data protection laws in a manner that is not authorized or permitted by such laws. Compliance with privacy and data protection laws and regulations could require

Company to contractually restrict its ability to collect, use and disclose data, or in some cases, impact its ability to operate in certain jurisdictions. Failure to comply with these laws and regulations could result in civil, criminal and administrative penalties, private litigation, or adverse publicity and could negatively affect Company's operating results and business. Claims that Company has violated privacy rights, failed to comply with data protection laws, or otherwise breached obligations, could be expensive and time-consuming to defend and could result in adverse publicity that could harm Company's business.

- Company's success will depend, in part, on its ability to attract and retain patients. There are many factors which could impact Company's ability to attract and retain patients, including the successful implementation of Company's patient-acquisition plans and the continued growth in the aggregate number of patients selecting psychedelic therapy as a treatment option. Company's failure to acquire and retain patients as clients would have a material adverse effect on Company's business, operating results and financial condition.
- A portion of the business strategy of Company depends on the legality of the use of psychedelics for the treatment of mental health conditions and the acceptance of such use in the medical community. The political environment surrounding the psychedelics industry in general can be volatile. As of the date of this filing the U.S. permits the use of ketamine or a derivative thereof as a treatment for certain mental health conditions; however, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the use of psychedelics as a whole, adversely impacting Company's ability to successfully operate or grow this side of its business.