

## FORM 7

### **MONTHLY PROGRESS REPORT**

Name of Listed Issuer: RYAH Group, Inc. (the "Issuer").

Trading Symbol: RYAH

Number of Outstanding Listed Securities: 448,131,390 Class A Subordinate Voting Shares

Date: March 7, 2022

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies.

The discussion in this report must be factual, balanced and non-promotional.

#### General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**Please see attached Schedule "A"**

2. Provide a general overview and discussion of the activities of management.

**Please see attached Schedule "A"**

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**Please see attached Schedule "A"**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**N/A**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**Please see attached Schedule "A"**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**N/A**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**N/A**

8. Describe the acquisition of new customers or loss of customers.

**N/A**

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

**N/A**

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**N/A**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**N/A**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**N/A**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**N/A**

14. Provide details of any securities issued and options or warrants granted.

<b>Security</b>	<b>Number Issued</b>	<b>Details of Issuance</b>	<b>Use of Proceeds<sup>(1)</sup></b>
Class A Subordinated Voting Shares	N/A	N/A	N/A (no proceeds were realized by the Issuer)
Class B Super Voting Shares	N/A	N/A	N/A (no proceeds were realized by the Issuer)

*(1) State aggregate proceeds and intended allocation of proceeds.*

15. Provide details of any loans to or by Related Persons.

**N/A**

16. Provide details of any changes in directors, officers or committee members.

**Please see attached Schedule "A"**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**Please see attached Schedule "B"**

## Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All the information in this Form 7 Monthly Progress Report is true.

Dated March 7, 2023.

Francois C. Desrosiers  
Name of Director or Senior Officer

(signed) "Francois C. Desrosiers"  
Signature

CFO  
Official Capacity

<i>Issuer Details</i> Name of Issuer  RYAH Group, Inc.	For Month End  February	Date of Report YY/MM/D  23/3/7
Issuer Address  2260 Frenette Street		
City/Province/Postal Code  Montreal	Issuer Fax No. (   )	Issuer Telephone No. (438) 874-0558
Contact Name Francois C. Desrosiers	Contact Position CFO	Contact Telephone No. (438) 874-0558
Contact Email Address fdesrosiers@ryah.com	Web Site Address  <a href="https://ryahgroup.com/">https://ryahgroup.com/</a>	

## **Schedule "A"**

**The Issuer continues to build its business. In February 2023, the Issuer focused on expanding and developing the Issuer's business. The following are highlights of the development of the Issuer's business and operations over the course of February 2023.**

- February 6, 2023 – RYAH wishes to announce that it has received the First Comment Letter from the Ontario Securities Commission regarding the Failure-to-File Cease Trade Order issued under National Policy 11-207 Failure-to-File Cease Trade Orders and Revocation in Multiple Jurisdictions (the Policy) and RYAH's application for relief from section 144 of the Securities Act (Ontario). The OSC have requested further clarification on the documents submitted to date.

As announced in late July 2022, the Ontario Securities Commission ("OSC") issued a Failure-to-File Cease Trade Order ("FFCTO") on the trading of RYAH Group's subordinate voting shares listed on the Canadian Securities Exchange. This FFCTO is still in place.

RYAH management endeavours to address the various comments as soon as possible, and formally respond to the OSC. Management will remain proactive in answering any further queries from the Commission and hopes to obtain the revocation of the FFCTO as soon as possible. RYAH will keep investors updated with regular news releases.

- February 14, 2023 – RYAH wishes to announce that it has responded to the First Comment Letter from the Ontario Securities Commission (OSC) regarding the Failure-to-File Cease Trade Order issued under National Policy 11-207 Failure-to-File Cease Trade Orders and Revocation in Multiple Jurisdictions (the Policy) and RYAH's application for relief from section 144 of the Securities Act (Ontario).

As announced in late July 2022, the OSC had issued a Failure-to-File Cease Trade Order ("FFCTO") on the trading of RYAH Group's subordinate voting shares listed on the Canadian Securities Exchange. This FFCTO was instituted because of delays in filing the audited financial statements and related documents in accordance with regulatory dispositions. This FFCTO is still in place.

RYAH management endeavours to respond rapidly to any further comments or queries from the OSC. Management hopes to obtain the revocation of the FFCTO as soon as possible. RYAH will keep investors updated with regular news releases.

## **Schedule "B"**

The information in this Schedule "B" is intended to be a summary only of certain risk factors and is qualified in its entirety by reference to, and should be read in conjunction with detailed information appearing elsewhere herein and in the public disclosure of the Issuer, which is available under the profile of the Issuer on SEDAR at [www.sedar.com](http://www.sedar.com). The risks and uncertainties discussed in identified Schedule "B" are not, and are not intended to be an exhaustive list of, the only ones the Issuer is facing. Additional risks and uncertainties not presently known to the Issuer, or that it currently deems immaterial, may also impair its operations. If any such risks occur, the business, financial condition, liquidity and results of the Issuer's operations could be materially adversely affected.

### ***Regulatory Risks***

#### ***Cannabis remains illegal under U.S. federal law***

The Issuer is expected to derive a significant portion of its revenues from the sale of one or more of its product offerings to license producers, clinics, dispensaries, pharmacies and health institutions who are participants in the cannabis industry in certain states of the U.S.

As of the date hereof, cannabis is a Schedule 1 controlled substance under the U.S. *Controlled Substance Act of 1970* ("**CSA**") and is illegal under U.S. federal law. Notwithstanding the existence of state-level laws permitting medical or recreational cannabis activities, and notwithstanding the fact that the Issuer, its subsidiaries, or industry partners may be in compliance with such state-level laws, U.S. federal prosecutors may enforce U.S. federal laws and seek to prosecute actors involved in activities related to cannabis. Any enforcement of current U.S. federal laws by U.S. federal prosecutors could cause significant financial damage to the Issuer and its shareholders. Further, future presidential administrations may want to treat cannabis differently and potentially enforce U.S. federal laws more aggressively. Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the U.S. federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Issuer, including its reputation and ability to conduct business, its financial position, operating results, profitability or liquidity or the market price of its publicly traded securities. In addition, it is difficult to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

While the Issuer believes that its business (and the business of industry partners) activities are being carried out in compliance with applicable U.S. state and local law, it remains the case that state laws legalizing the use of cannabis do not pre-empt U.S. federal law criminalizing the use of cannabis. Therefore, strict enforcement of U.S. federal law regarding cannabis against the Issuer, its subsidiaries, or industry partners would harm the Issuer's business, prospects, results of operation, and financial condition.

#### ***Risks inherent in the new cannabis industry***

The cannabis industry is a new industry subject to extensive regulation, and there can be no assurance that the industry will grow, flourish, or continue to the extent necessary to permit the Issuer to succeed. The Issuer is treating the cannabis industry as a deregulating industry with significant unsatisfied demand for its product offerings and will adjust its future operations, product offerings and market strategy as the industry develops and matures.

In addition, while the use of cannabis appears to be increasing at the state-legalized level in the U.S., there remains the risk that U.S. federal prosecutors may begin to prosecute businesses engaged in the medical or recreational cannabis industry in the U.S., irrespective of compliance with applicable state-level laws governing the applicable industry. In such case, there may not be any market or demand for the Issuer's products and services in the U.S., which, in turn, could have a material adverse effect on the Issuer and its business, results of operations, financial condition and cash flows.

### ***Laws and regulations affecting the cannabis industry are constantly changing***

The constant evolution of laws and regulations affecting the cannabis industry could detrimentally affect the operations of the Issuer. Local, state, and federal medical cannabis laws and regulations are broad in scope and subject to changing interpretations. These changes may require the Issuer to incur substantial costs associated with legal and compliance fees and ultimately require the Issuer to alter its business plan. Furthermore, violations of these laws, or alleged violations, could disrupt the Issuer's business and result in a material adverse effect on its operations. In addition, the Issuer cannot predict the nature of any future laws, regulations, interpretations, or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to its business.

### ***Applicable state laws may prevent maximization of potential income***

Depending on the laws of each particular U.S. state, the Issuer may not be able to fully realize its potential to generate profit. For example, some states have residency requirements for those directly involved in the medical-use cannabis industry, which may impede the Issuer from contracting in those states. Furthermore, cities and counties are being given broad discretion to ban certain cannabis activities. Even if these activities are legal under U.S. state law, specific cities and counties may ban them.

## **Risks Related to the Issuer's Business and Industry**

### ***Management of Growth***

The Issuer may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Issuer to deal with this growth may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

### ***Conflicts of Interest***

The Issuer may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Issuer's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Issuer. In some cases, the Issuer's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Issuer's business and affairs and that could adversely affect the Issuer's operations. These business interests could require significant time and attention of the Issuer's executive officers and directors.

In addition, the Issuer may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Issuer may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Issuer. In addition, from time to time, these persons may be competing with the Issuer for available investment opportunities.

### ***Limited Marketing Capabilities***

The development of the Issuer's business and results of operations may be hindered by applicable restrictions on the sales and marketing activities imposed by, applicable health regulatory bodies, including Health Canada and the U.S. Food and Drug Administration. The regulatory environment in Canada and the U.S. could limit the Issuer's ability to compete for market share in a manner similar to other industries. There is a risk that one or more applicable health regulatory bodies may introduce rules in the future which could place bans and/or restrictions on the sale and distribution of e-cigarettes, vaporizers, and related product offerings. While the Issuer cannot predict the impact of any such rules on the Issuer's operations, in the event the Issuer is unable to effectively market its products and compete for market share, or if the costs

of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Issuer's sales and results of operations could be adversely affected.

### ***Reliance on Management and Key Personnel***

The Issuer believes that its success has depended, and continues to depend, on the efforts and talents of its executives and employees, including its Chief Executive Officer. The Issuer's future success depends on its continuing ability to attract, develop, motivate, and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Issuer may incur significant costs to attract and retain them. In addition, the loss of any of the Issuer's senior management or key employees could materially adversely affect its ability to execute its business plan and strategy, and it may not be able to find adequate replacements on a timely basis, or at all. The Issuer does not maintain key person life insurance policies on any of its employees.

### ***Factors which may prevent realization of growth targets***

The Issuer is currently in the expansion from early development stage. There is a risk that the resources necessary for its business and operations may not be secured on time, on budget, or at all, and further, that the Issuer may not have sufficient product available to meet the anticipated future demand when it arises, as a result of being adversely affected by a variety of factors, including the following: (i) failure, or delays in, obtaining or satisfying conditions imposed by regulatory approvals, (ii) non-performance by third party contractors and manufacturers, (iii) increases in materials or labour costs, (iv) breakdown, aging or failure or equipment or processes, (v) contractor or operator errors, (vi) operational inefficiencies, (vii) labour disputes, disruptions or declines in productivity, (viii) inability to attract sufficient numbers of qualified workers, (ix) disruption in the supply of energy and utilities, and (x) major incidents and/or catastrophic events such as fires, explosions or storms

The Issuer may experience additional expenditures related to unforeseen issues that have not been taken into account by the Issuer.

### ***Additional Financing***

The continued development of the Issuer may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of the Issuer's current business strategy or the Issuer ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Issuer. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of the Subordinate Voting Shares. In addition, from time to time, the Issuer may enter transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Issuer's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Issuer would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Issuer may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Issuer's ability to pursue its business objectives.

### ***Competition***

The industry within which the Issuer operates is intensely competitive in all its phases, and there is potential that the Issuer will face intense competition from other companies, some of which can be expected to have more financial resources and extraction, and manufacturing and marketing experience than the Issuer. There can be no assurance that potential competitors of the Issuer, which may have greater financial, research and development, sales and marketing and personnel resources than the Issuer, are not currently

developing, or will not in the future develop, products and strategies that are equally or more effective and/or economical as any products or strategies developed by the Issuer or which would otherwise render the Issuer's products or strategies obsolete. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Issuer.

### ***Risks related to intellectual property***

The Issuer may have certain proprietary intellectual property, including but not limited to brands, trademarks, trade names, patents and proprietary processes including its proprietary products. The Issuer will rely on such intellectual property, know-how and other proprietary information, and require employees, consultants, and suppliers to sign confidentiality agreements, where necessary. However, these confidentiality agreements may be breached, and the Issuer may not have adequate remedies for such breaches. Third parties may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology. Third parties may otherwise gain access to the Issuer's proprietary information and adopt it in a competitive manner. Any loss of intellectual property protection may have a material adverse effect on the Issuer's business, results of operations or prospects.

If the Issuer does not obtain sufficient protection for its intellectual property, or if the Issuer is unable to effectively enforce its intellectual property rights, its competitiveness could be impaired, which would limit its growth and future revenue. Further, the Issuer may have to engage in litigation to protect the rights to its intellectual property, which could result in significant litigation.

### ***Risks related to protecting trade secrets***

The Issuer's success depends upon the skills, knowledge, and experience of, one or more of, its scientific and technical personnel, its consultants, and advisors, as well as its licensors and contractors. Because the Issuer operates in several highly competitive industries, the Issuer may, from time to time, rely in part on trade secrets to protect its proprietary technology and processes. However, trade secrets are difficult to protect and there is the risk that the Issuer may be unable to adequately protect its trade secrets.

### ***Impacts of the COVID-19 Pandemic***

COVID-19 is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). Since December 31, 2019, the outbreak of COVID-19 has led governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include, among other things, the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Such events may result in a period of business disruption, and in reduced operations, any of which could have a material adverse impact on the Issuer's profitability, results of operations, financial condition and the market and trading price of the Issuer's securities.

As of the date hereof, the duration and the immediate and eventual impact of the COVID-19 pandemic remains unknown. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Issuer and its industry partners. To date, several businesses have suspended or scaled back their operations and development as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. If the operations or development of the Issuer or one or more of the Issuer's industry partners is suspended or scaled back, or if the Issuer's supply chains are disrupted, such events may have a material adverse impact on the Issuer's profitability, results of operations, and financial condition. The breadth of the impact of the COVID-19 pandemic on investors, businesses, the global economy, and financial and commodity markets may also have a material adverse impact on the Issuer's profitability, results of operations and financial conditions and the market and trading price of the Issuer's securities.

### ***Unfavourable publicity or consumer perception***

The Issuer believes the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis and cannabis products produced or manufactured. Consumer perception of the Issuer's products and technologies can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical and recreational cannabis market or any product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Issuer's products and the business, results of operations, financial condition, and cash flows of the Issuer.

### ***Product liability***

The Issuer may be subject to various product liability claims, including claims that the products it sells or its sublicensees formulate contain contaminants, are improperly labeled or include inadequate instructions as to use or inadequate warnings concerning side effects and interactions with other substances. In addition, the Issuer may be forced to defend lawsuits. The Issuer cannot predict whether product liability claims will be brought against it in the future or the effect of any resulting adverse publicity on the business. Moreover, the Issuer may not have adequate resources in the event of a successful claim against it. The successful assertion of a product liability claim against it could result in potentially significant monetary damages. In addition, interactions of the products with other similar products, prescription medicines and over-the-counter drugs have not been fully explored.

As a distributor of products designed to be ingested by humans, the Issuer faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of cannabis products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Issuer's risk of exposure to product liability claims is exacerbated by recent news regarding potential vaporizer related illnesses and deaths in the U.S., some of which are believed to be linked to vitamin E acetate, and other additives, thickeners, and agents. Any product liability claims or regulatory action against the Issuer or its subsidiaries could result in increased costs, could adversely affect its reputation with its clients and consumers generally, and could have a material adverse effect on its business, financial condition and results of the operation.

### ***Contamination and Production Interruptions***

The Issuer has adopted various quality, environmental, health and safety standards for its product offerings. However, notwithstanding this, one or more of the Issuer's products may not meet such standards or could otherwise become contaminated. A failure to meet these standards or contamination could also occur in its operations or those of industry partners and third-party manufacturers. Any such failure or contamination could result in expensive production interruptions, recalls and liability claims. Moreover, negative publicity could be generated even from false, unfounded or nominal liability claims or limited recalls. Any of these failures or occurrences could negatively affect the Issuer's business, financial condition, and results of operations.

### ***Product Viability***

If the products the Issuer sells are not perceived to have the effects intended by the end user, its business may suffer. In general, one or more of the Issuer's products distributed to end-users by industry partners may contain various herbal content, one or more of which may have minimal long-term data with respect to efficacy, unknown side effects and/or interaction with individual human biochemistry or other supplements or medications. In addition, there can be no assurances that the Issuer products would not have certain side effects, and in particular in circumstances where such products are not used as directed

or used by an end user who has certain known or unknown medical conditions. The occurrence of such side effects could adversely affect the Issuer's reputation with its clients and consumers, which could in turn, have a material adverse effect on its business, financial condition, and results of operations.

### ***Success of Quality Control Systems***

The quality and safety of the Issuer's products are critical to the success of its business and operations. As such, it is imperative that the Issuer (and its service providers') quality control systems operate effectively and successfully. Quality control systems can be negatively impacted by the design of the quality control systems, the quality of the training program and adherence by employees to quality control guidelines. Any significant failure or deterioration of such quality control systems could have a material adverse effect on the Issuer's business, financial condition and results of operations.

### ***Product recalls***

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Issuer are recalled due to an alleged product defect or for any other reason, the Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Issuer may lose a significant number of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant Management attention. Although the Issuer has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency, or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits.

### ***Risks Related to Third Party Data***

Certain products of the Issuer may rely upon industry and market data and forecasts obtained from independent publications, market research and analyst reports, surveys, and other publicly available sources. Although the Issuer believes these sources to be generally reliable, market and industry data is subject to interpretation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data is not guaranteed. The Issuer has not independently verified any of the data from third party sources used by these products, including documents incorporated by reference herein, nor ascertained the underlying assumptions relied upon by such sources.

### ***Risks Related to Third Party Relationships***

The Issuer relies on third party manufacturers based in China to manufacture one or more of its product offerings or components used with or within its products. Certain factories in China and the products they export have recently been the source of safety concerns and recalls, which is generally attributed to lax regulatory, quality control and safety standards. Should such factories in China continue to draw public criticism for exporting unsafe products, regardless of whether or not such unsafe products relate to the Issuer, the Issuer may be adversely affected by the stigma associated with Chinese production, which could have a material adverse effect on the Issuer's business, results of operations and financial condition.

### ***Relationships with Industry Participants***

The Issuer believes that establishing sustainable, working relationships with retailers, manufacturers, and other participants in the cannabis industry is important to develop brand and product recognition and increase sales volume. The Issuer currently has established relationships with several participants in the cannabis industry. However, there can be no assurance that the Issuer will be able to sustain these relationships or establish and sustain other relationships with participants in the cannabis industry. Any such failure or inability will impede the Issuer's ability to develop brand and product recognition and increase

sales volume, which will have a material adverse effect on the Issuer's business, results of operations and financial condition.

### ***Difficulty to forecast***

The Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis industry in Canada. A failure in the demand for its products to materialize because of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

### ***Costs of Operating as Public Company***

As a public issuer, the Issuer will be subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Issuer's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Issuer's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business, financial condition, and results of operations.

### ***Management of growth***

The Issuer may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Issuer to deal with this growth may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

### ***Unpredictable and volatile market price for Subordinate Voting Shares***

The market price for Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Issuer's control, including, among others, the following: (i) actual or anticipated fluctuations in the Issuer's quarterly results of operations, (ii) recommendations by securities research analysts, (iii) changes in the economic performance or market valuations of companies in the industry in which the Issuer operates, (iv) sales or perceived sales of Subordinate Voting Shares, (v) operating and share price performance of other companies that investors deem comparable to the Issuer, and (vi) changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility.