INDIVA LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

APRIL 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

The following is a discussion and analysis of the financial condition and results of operations of Indiva Limited ("**Indiva**" or the "**Company**") for the year ended December 31, 2023. This MD&A should be read in conjunction with the Company's consolidated financial statements and accompanying notes for the years ended December 31, 2023 and 2022 (the "**Financial Statements**").

All amounts in the MD&A are in thousands of Canadian dollars, except for per share amounts or unless indicated otherwise. The Company's accounting policies are in accordance with IFRS other than certain non-IFRS financial measures. For further information, see the section entitled "*Non-IFRS Financial Measures*".

The Company's continuous disclosure documents are available on the System for Electronic Document Analysis and Retrieval ("**SEDAR+**") at www.sedarplus.ca.

Indiva does not directly engage in any U.S. marijuana-related activities as defined in Canadian Securities Administrators Staff Notice 51-352 dated February 8, 2012 (the "**CSA Notice**"). While the Company has partnered with U.S. based companies, these entities are not engaged in the cultivation, possession, or distribution of marijuana. Instead, the Company has partnered with U.S. based companies which develop and license intellectual property and copyright branding to the cannabis market, and do not engage in 'plant-touching' activities.

The effective date of this MD&A is April 25, 2024.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements which contain "forward-looking information" and "forward-looking statements" within the meaning of applicable securities legislation (each, a "**forward-looking statement**"). No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. Forward-looking information is, by its nature, prospective. It requires the Company to make certain assumptions and is subject to inherent risks and uncertainties. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential", "capable", "budget", "pro forma" and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, among others, statements pertaining to:

- the Company's future business and development prospects and strategies;
- the Company's future operating and financial results;
- the competitive and business strategies of the Company;
- whether the Company will have sufficient working capital and its ability to raise additional financing required in order to develop its business, continue operations, and/or pursue prospective opportunities;

- expectations regarding production costs;
- competitive conditions of the cannabis industry;
- changes in the regulatory environment, including the introduction of new provincial and federal regulatory regimes relating to recreational cannabis;
- the impact of changes in Canadian federal and provincial laws regarding medical and recreational cannabis on the Company;
- expansion into international markets;
- the performance of the Company's business and operations;
- compliance with all applicable laws and regulations applicable to the Company, both in Canada and internationally, including the CSA Notice (as defined herein); and
- compliance with TSX Venture Exchange ("**TSXV**") policy.

The forward-looking statements within this document are based on information currently available and what management believes are reasonable assumptions. Those assumptions include, but are not limited to, assumptions on: (i) the Company's ability to generate cash flow from operations and obtain necessary financing on acceptable terms; (ii) general economic, financial, market, regulatory and political conditions in which the Company operates; (iii) consumer interest in the Company's products; (iv) competition; (v) anticipated and unanticipated costs; (vi) government regulation of the Company's activities and products; (vii) timely receipt of any required regulatory approvals; (viii) the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; and (ix) the Company's development plans and the timeframe for completion of such plans. Forward-looking statements speak only as of the date of this MD&A. In addition, this MD&A may contain forward-looking statements attributed to third party industry sources, the accuracy of which has not been verified by the Company.

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. A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking statements in this MD&A, including, but not limited to, the following material factors:

- failure to comply with the requirements of the Licence to cultivate, process and sell cannabis;
- failure to maintain the Licence to cultivate, process and sell cannabis;
- share price volatility;
- any adverse change or event impacting the Indiva Facility;
- the Company's ability to obtain additional financing;

- the failure to obtain required regulatory approvals or permits;
- delays in the delivery or installation of equipment by suppliers;
- difficulties in integrating new equipment with existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, and insufficient funding or other resource constraints;
- any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of cannabis;
- a bankruptcy, liquidation or reorganization of any of the Company's subsidiaries;
- any delays in transporting the Company's product, breach of security or loss of product;
- increased competition, including increased competition as a result of the legalization of recreational cannabis;
- failure to integrate an acquired business or realize the anticipated benefits of new partnerships;
- amendments to laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical and recreational cannabis, health and safety, privacy, conduct of operations and protection of the environment;
- loss of key personnel;
- the failure of the Company to effectively manage growth;
- failure to comply with all applicable laws and regulations, both in Canada and internationally, including the CSA Notice;
- rising energy costs;
- dependence on and failure to adhere to, third-party license agreements
- failure to protect the Company's intellectual property;
- potential conflicts of interest between management and the Company;
- environmental and employee health risks;
- restrictions on sales and marketing activities;
- co-investment with third parties;
- product recalls and obsolescence;
- results from future clinical research;

- fraudulent or illegal activity by employees, contractors or consultants;
- competition from the illicit supply of cannabis;
- security and cybersecurity breaches; and
- failure to comply with TSXV policy.

Such factors are discussed in more detail under the heading "*Risks and Uncertainties*" in this MD&A. New factors emerge from time to time, and it is not possible for management to predict them all or to assess in advance the impact of each factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Readers are cautioned that these factors are difficult to predict and that the assumptions used in developing the forward-looking statements may prove to be incorrect. Readers are also cautioned that the list of risk factors contained in this MD&A is not exhaustive. Accordingly, readers are cautioned that the Company's actual results may vary from the forward-looking statements, and the variations may be material.

This MD&A may contain market and industry data and forecasts obtained from third party sources, industry publications and publicly available information. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. Although management believes it to be reliable, the Company has not independently verified any of the data from third party sources referred to in this MD&A or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources.

The forward-looking statements contained in this MD&A are expressly qualified by the foregoing cautionary statements and are made as of the date of this MD&A. Except as may be required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking statement to reflect events or circumstances after the date of this MD&A or reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise. You should not place undue reliance on the forward-looking statements.

OVERVIEW

Indiva's Business

Indiva, via its indirect wholly owned subsidiary, Indiva Inc., is a Canadian producer of cannabis servicing the recreational and medical markets. The Company is based in London, Ontario, Canada and its common shares (the "**Common Shares**") are listed on the TSXV under the symbol "NDVA".

Indiva's business objective is to produce and sell cannabis products, including extract and edible products. As of the date hereof, the Company does not grow cannabis on-site, but rather focuses on the Company's core competencies, being the production and processing of edible and extract cannabis products as well as packaging of edibles and extracts.

Indiva currently sells the majority of its cannabis products to consumers in the recreational market in the provinces of Ontario, British Columbia, Alberta, Quebec, Nova Scotia, Saskatchewan, Manitoba, New Brunswick, Prince Edward Island, Newfoundland, the Yukon, Northwest Territories, and Nunavut. Indiva sells its cannabis products on a wholesale basis to other licensed producers of marijuana under the Cannabis Act (Canada) and the Cannabis Regulations ("**Licensed Producers**") for sale into medical channels.

As of the date hereof, the Company currently holds the following cannabis licences issued by Health Canada:

1. Standard Cultivation;
2. Standard Processing;
3. Sale for Medical Purposes; and
4. Research

(collectively, the "**Licence**").

The Licence enables the Company to sell, distribute, send and deliver cannabis plants, cannabis plant seeds, dried cannabis, fresh cannabis, cannabis topicals, cannabis extracts and edible cannabis. On July 4, 2023, the Company successfully renewed the Licence with Health Canada for another five-year term and the Licence expires July 4, 2028.

On April 25, 2022, the Company received its Research Licence from Health Canada which enables it to possess cannabis for the purpose of research. The Company intends to use the Research Licence to prepare and conduct sensory trials. The Research Licence was granted for a five-year term and expires April 25, 2027.

The Company's business is the production of cannabis and cannabis-based products at its facility located at 1050 Hargrieve Road in London, Ontario (the "**Indiva Facility**"). The Indiva Facility is a production, processing and distribution facility. At the Indiva Facility, cannabis and products produced from cannabis extracts are processed in individually segregated and highly-controlled processing rooms. The Indiva Facility is fully licensed as of March 30, 2020, and consists of offices and approximately 40,000 square feet of licensed cannabis production and processing space. The Company invested $11.6 million to retrofit the existing building to enable the production and processing of cannabis and cannabis products.

The Indiva Facility is owned by the Company. Management believes that the Indiva Facility has sufficient power and water to support its expanded production operations.

All of Indiva's assets and operations are located in Canada.

As at December 31, 2023, the Company had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Indiva's management team includes individuals with experience in cannabis production, finance, corporate and business development, branding and advertising, operations and supply chain management, regulatory and quality assurance and cannabis client care, sales and distribution.

OVERVIEW OF OPERATIONS

Provincial Supply Agreements

As of the date hereof, Indiva distributes products in the recreational channel to all 13 provinces and territories in Canada. The Company has entered into supply agreements with the following provincial and territorial entities:

- the Ontario Cannabis Retail Corporation doing business as the Ontario Cannabis Store;
- Alberta Gaming, Liquor and Cannabis Commission;
- Nova Scotia Liquor Commission;
- Société Québécoise Du Cannabis;
- British Columbia Liquor Distribution Branch; and
- Yukon Liquor Corporation.

The Company is also authorized with Saskatchewan Liquor and Gaming Authority, the Manitoba Liquor and Lotteries, Cannabis NB Ltd, Northwest Territories Liquor and Cannabis Commission, Cannabis NL, and PEI Cannabis Corporation to sell into Saskatchewan, Manitoba, New Brunswick, Northwest Territories, Newfoundland and Prince Edward Island respectively. On January 18, 2022, the Company became a registered supplier in Nunavut.

The Company has entered into supply agreements with Avicanna, previously Medical Cannabis by Shoppers Inc., a subsidiary of Shoppers Drug Mart Inc. and Tilray Brands, Inc. as well as several other Licensed Producers to sell Indiva's products through their medical platforms.

Indiva Life Lozenges

On March 14, 2023, the Company received notification from Health Canada of its determination that certain of its lozenges have been improperly classified as an "extract" rather than an "edible" under applicable cannabis regulations. Health Canada has requested that Indiva cease production of the lozenges. The lozenges subject to this determination are the Indiva Life Wild Cherry THC Lozenges and Indiva Life Lemon THC Lozenges in their 100 mg, 250 mg and 500 mg THC per package formats (the "**Products**"). Prior to the launch of the Products, the Company closely considered the regulatory requirements of the legislation, including with respect to product classification, and conducted substantial research. Consistent with the legislative requirements and the Company's research, the Company classified the Products as cannabis extracts. Currently, the Company has paused production of the Products as it consults with its advisors and considers next steps and a potential resolution of this matter. The Company may choose to continue manufacturing the Products in alternative packaging formats.

Grön license agreement

On December 14, 2021, the Company entered into an exclusive licensing and manufacturing agreement with Grön LLC ("**Grön**") to manufacture and sell Grön products in Canada. The license has an initial term of five years and renews automatically for three additional terms of five years. The Company began producing Pearls by Grön ("**Pearls**") in Q2 2022 and sales began in Q3 2022 in select provinces including Ontario and British Columbia. During Q2 2023, Pearls launched in Alberta.

Bhang License agreement

On July 20, 2020, Indiva entered into a license agreement (the "**Bhang Agreement**") with Bhang Corporation ("**Bhang**"), an award-winning licensor of cannabis, edibles and concentrates. The Bhang Agreement provides Indiva with exclusive rights to manufacture and sell Bhang products in Canada as well as the right to export those products internationally (the "**Bhang License**"). The Bhang License has an initial termination date of December 31, 2030 and is renewable for two additional five (5) year terms. In exchange for the Bhang License, the Company has paid an upfront license fee of $1,355,900 (USD$1,000,000), and the Company will pay Bhang a net royalty on the sale of Bhang products manufactured and sold by the Company beginning on the effective date as well as a royalty on any non-Bhang cannabis chocolate products produced and sold by the Company. The Company began sales of Bhang licensed products in Q1 2020.

Wana license agreement

In 2020, the Company announced a license agreement (the "**Wana Agreement**") with The Cima Group LLC ("**Wana**"). Under the terms of the Wana Agreement, Indiva had the exclusive right to produce and distribute Wana products, including gummies and soft chews, in Canada.

On May 30, 2023, the Company announced that it had entered into a license assignment and assumption agreement whereby Canopy Growth ("**Canopy**") acquired the Wana Agreement from the Company which provides Canopy with the exclusive rights and interests to manufacture, distribute, and sell Wana branded products in Canada. Concurrently, Canopy and Indiva also entered into a supply agreement under which Canopy will grant Indiva the exclusive right to manufacture and supply Wana branded products in Canada for a period of five years, with the ability to renew for an additional five-year term upon mutual agreement of the parties.

DeepCell Licence Agreement

On April 26, 2018, Indiva announced an exclusive license agreement (the "**DeepCell Agreement**") with DeepCell Industries ("**DeepCell**"), a Seattle-based technology development company focusing on material science, microfluidics and cannabinoid molecule discoveries. Pursuant to the DeepCell Agreement, Indiva acquired exclusive rights in Canada to manufacture and sell DeepCell's complete line of products in exchange for payment of future royalties. Approval for the transaction was obtained from the TSXV on June 11, 2018. Indiva has paid USD $1,500,000 to DeepCell for prepaid royalties. The Company began to manufacture products pursuant to the DeepCell Agreement in Q4 2021, the first shipments occurred in December 2021 to the OCS.

Dime Manufacturing and Licensing Agreement

On April 19, 2022, the Company announced that it had entered into a manufacturing and licensing agreement (the "**Dime Agreement**") with Dime Industries™ Inc. ("**Dime**"). Under the terms of the Dime Agreement, Indiva has the exclusive right to produce and distribute Dime vape products in Canada. The Dime Agreement has an initial term of five years and automatically renews for three additional five-year terms. The Company started initial deliveries to provincial wholesalers in Q3 2022. On January 16, 2024 the Dime Agreement was terminated.

No Future

On August 10, 2023, the Company announced that it had launched a new value-focused cannabis brand called No Future. No Future initially launched with four flavours of THC gummies and three varieties of 1.2g 510 vapes. Sales to British Columbia and Alberta began in July and August 2023 respectively while Sales to Ontario began in September 2023.

SNDL Strategic Investment

On February 23, 2021, the Company closed a $22,000,000 strategic investment from SNDL Inc. ("**SNDL**", formerly Sundial Growers Inc.). The investment was completed in the form of a brokered private placement of 25,000,000 Common Shares at a price of $0.44 per Common Share, for gross proceeds of $11,000,000 ("**SNDL Subscription**"), and a non-revolving term loan facility in the principal amount of $11,000,000 ("**SNDL Loan**" and together with the SNDL Subscription, the "**SNDL Investment**"). The non-revolving term loan was issued net of a 4% discount, the facility matures on February 23, 2024 and bears an interest rate of 9% per annum. 50% of the accrued interest is payable in cash on the last day of each month and the remaining 50% of accrued interest is payable, at the option of Indiva, (i) in cash on the last day of each month, or (ii) payable in arrears on the maturity date. Pursuant to the SNDL Investment, SNDL and Indiva entered into an investor rights agreement whereby SNDL was granted the right to participate in future equity financings to maintain its pro-rata ownership in Indiva and registration rights, subject to customary limits and exceptions. The Company incurred $596,972 in fees directly related to the issuance of Common Shares pursuant to the SNDL Subscription.

Pursuant to the SNDL Investment, the Company settled the previously outstanding loan payable, factoring payable facilities, and outstanding promissory note.

On October 4, 2021, the Company amended the terms of the SNDL Loan. Under terms of the amendment, Indiva will receive an additional advance totalling $8,500,000. The interest rate on the total amount of principal and accrued interest outstanding on the facility is increased to 15% per annum with interest payable monthly and the loan maturing on February 23, 2024. The Company used a majority of the proceeds from the SNDL Loan to fund a claim settlement.

On August 28, 2023, Indiva amended the terms of the SNDL Loan (the "**Amended Term Loan**") and has also entered into a supply agreement with SNDL (the "**Supply Agreement**") whereby SNDL will supply the Company with certain distillate products on an exclusive basis.

The Supply Agreement provides for minimum monthly purchase commitments by the Company (the "**Minimum Purchase Commitment**"). The prices of all products supplied under the Supply Agreement are subject to periodical adjustments depending on prevailing market pricing. The Supply Agreement has an initial term of thirty (30) months, which automatically renews for successive twelve (12) month periods, unless earlier terminated. Provided that the aggregate minimum purchase commitment under the Supply Agreement has been met, the Supply Agreement will automatically terminate upon the re-payment of the Amended Term Loan, unless the Company elects otherwise.

The Amended Term Loan extends the maturity date to February 24, 2026 and extends the existing security interest in favour of SNDL under the Amended Term Loan to the Minimum Purchase Commitment. The interest rate and other terms of the Amended Term Loan remain the same except for the addition of an event of default, whereby a default under the Supply Agreement (which is not cured by the applicable time period set out in the Supply Agreement) would constitute an event of default under the Amended Term Loan.

On April 1, 2024, the Company entered into an amendment to the second amended and restated promissory note between the Company and SNDL (the “Amending Agreement”). Pursuant to the Amending Agreement, the Company repaid $2,000,000 of the principal outstanding of the SNDL Loan and the requirement that the Company ensure a $2,000,000 minimum unrestricted cash balance at all times was removed. As well, if certain current liabilities totaling $4,913,021 are not paid by May 31, 2024, and that timeline is not further extended by SNDL, then, at the lender’s discretion, certain rights of the lender in the context of a breach may be accelerated pursuant to the terms of the SNDL Loan. The interest rate, maturity date and other terms of the SNDL Loan remain the same. The Company also announced on April 2, 2024, that it had engaged a financial advisor to assist the Company in the evaluation of potential strategic alternatives intended to maximize shareholder value, including but not limited to, financing alternatives, a merger, amalgamation, plan of arrangement, consolidation, reorganization or other similar transactions. As disclosed in our April 2, 2024 news release, SNDL and the Company continue to act as commercial partners and SNDL remains supportive of Indiva and this process.

2019 Convertible Debentures

On December 6, 2019, the Company announced a non-brokered unsecured convertible debenture (the "**2019 Debentures**") financing of up to $4,000,000 (the "**2019 Offering**"). The Company completed the first tranche of the 2019 Offering in an aggregate principal amount of $2,115,000 on December 23, 2019, and the second tranche of the 2019 Offering in an aggregate principal amount of $1,040,000 on January 20, 2020. The 2019 Debentures: (i) mature on the date that is 36 months from the date of issuance; (ii) bear interest at the rate of 10.0% per annum, computed on the basis of a 360-day year composed of twelve 30-day months, and payable semi-annually on the last day of June and December of each year; and (iii) are convertible, at the option of the holder, into Common Shares at a conversion price of $0.20 per Common Share.

During the year ended December 31, 2023, holders of the 2019 Debentures did not convert any debentures.

2020 Convertible Debentures

On February 4, 2020, the Company completed a non-brokered unsecured convertible debenture (the "**2020 Debentures"** and together with the 2019 Debentures, the **"Convertible Debentures**") offering of $1,500,000 (the "**2020 Offering**"). The 2020 Offering was subscribed for by Prairie Merchant Corporation ("**PMC**") and another entity, both controlled by, or affiliated with, W. Brett Wilson. The subscription for the 2020 Debentures by PMC was in addition to its existing shareholdings of the Company and the $500,000 aggregate principal amount of 2019 Debentures. The 2020 Debentures: (i) mature on the date that is 36 months from the date of issuance; (ii) bear interest at the rate of 10.0% per annum, computed on the basis of a 360-day year composed of twelve 30-day months, and payable semi-annually on the last day of June and December of each year; and (iii) are convertible, at the option of the holder, into Common Shares at a conversion price of $0.25 per Common Share.

On February 4, 2023, $250,000 of Convertible Debentures held by the holder who did not choose to participate in the amendment matured. The Company repaid the principal of the Convertible Debenture on that date. There were no conversions of the 2020 Debentures.

Amended Convertible Debentures

On December 23, 2022, the Company entered into an agreement to amend certain of the 2019 Debentures and 2020 Debentures in the aggregate principal amount of $2,740,000, of the total outstanding principal amount of $2,990,000 (the "Amended Convertible Debentures"), to extend the maturity date to December 31, 2024. The original interest rate of 10% per annum remains unchanged and is payable semi-annually. The Amended Convertible Debentures are convertible into Common Shares at a price of $0.15 per Common Share at any time prior to the close on the business day immediately prior to the maturity date.

There were no conversions of the Amended Convertible Debentures in the year ended December 31, 2023.

Omnibus incentive plan

On June 24, 2021, the Company amended its omnibus incentive plan to allow for the issuance of restricted share units ("**RSUs**") and was further amended on June 23, 2022 and July 18,2023.

During the year ended December 31, 2023, the Company did not grant any RSUs or stock options.

On January 3, 2024, the Company granted 3,645,836 restricted share units to directors and officers of the Company. The units vest one year from the grant date and have a fair value of $0.095 per unit on the date of the grant. The company also granted 3,524,778 stock options to directors and employees of the Company. The options will vest in three years from the grant date. The options expire on January 3, 2029 and are exercisable into common shares at an exercise price of $0.095. The Company also granted 100,000 options to consultants of the Company. The options will vest over a period of one year with ¼ of the options granted vesting on each three month anniversary of the grant date The options expire on January 3, 2029 and are exercisable into common shares at an exercise price of $0.095 per share.

INDUSTRY TRENDS

Cannabis Tracking and Licensing System

Under the Cannabis Act, the Minister is authorized to establish and maintain a national cannabis tracking system. The purpose of this system is to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the illicit market. The Cannabis Regulations provide the Minister with the authority to make a ministerial order that would require certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister. Accordingly, the Minister introduced the CTLS. Licence holders are required to use the CTLS to submit monthly reports to the Minister, among other things, pursuant to the *Cannabis Tracking System Order*, SOR/2018-178.

Health Products and Cosmetics Containing Cannabis

Health Canada has taken a scientific, evidence-based approach for the oversight of health products with cannabis that are approved with health claims, including prescription and non-prescription drugs, natural health products, veterinary drugs and veterinary health products, and medical devices. Under the Cannabis Regulations, the use of cannabis-derived ingredients (other than certain hemp seed derivatives containing no more than 10 parts per million THC in cosmetics, are permitted and subject to provisions of the Cannabis Act.

Cannabis Products

At the retail level, the Cannabis Regulations currently permit the sale to the public of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, cannabis seeds, cannabis edibles, and cannabis topicals.

The Cannabis Regulations acknowledge that a range of product forms should be enabled to help the legal industry displace the illegal market. Additional product forms that are mentioned under the Cannabis Regulations include vaporization cartridges manufactured with dried cannabis. For additional information on new product forms, see "*Regulatory Framework for Cannabis Edibles, Extracts and Topicals*" below.

Packaging and Labelling

The Cannabis Regulations require plain packaging for cannabis products, including strict requirements for logos, colours and branding. The Cannabis Regulations further require mandatory health warnings, a standardized cannabis symbol and specific product information.

Advertising

The Cannabis Act places a general ban on promotion of cannabis, cannabis accessories or any service related to cannabis, unless the promotional activity is specifically authorized under the Cannabis Act. Cannabis products may be promoted at their point of sale if the promotion indicates only its availability and/or price. Further, brand preference and informational promotion is permitted if such promotion is:

- in a communication that is addressed and sent to an individual who is 18 years of age or older and is identified by name;
- in a place where young persons are not permitted; or
- communicated by means of a telecommunication, where the person responsible for the content of the promotion has taken reasonable steps to ensure that the promotion cannot be accessed by a young person.

Regulatory Framework for Cannabis Edibles, Extracts and Topicals

On October 17, 2019, the *Regulations Amending the Cannabis Regulations* came into force (the "**Further Regulations**"). The Further Regulations amend the Cannabis Act and Cannabis Regulations to, among other things, allow the production and sale of extracts (including concentrates), edibles and topicals by parties holding the appropriate licences in addition to dried cannabis, fresh cannabis, cannabis seeds, cannabis plants and cannabis oil. The first notices of new cannabis products in respect of the new product forms authorized under the Further Regulations could be submitted as of October 17, 2019 with sale being permitted 60 calendar days after the applicable date of submission.

In keeping with the federal government’s public health approach to the legalization and strict regulation of cannabis, the Further Regulations seek to reduce the health risks of these cannabis products. At the same time, the amendments provide for a broad diversity of cannabis products, which will help displace the illegal market.

With respect to edible cannabis, the Further Regulations, include, among other things:

- restrictions on the use of ingredients that could increase the appeal of edible cannabis, increase the risk of food-borne illness, and encourage over consumption;
- a maximum of 10 mg of THC in a package of edible cannabis;

- child-resistant and plain packaging for edible cannabis to lower the risk of accidental consumption and make packages less appealing to young persons;

- packaging will be required to display the standardized cannabis symbol and a health warning message and will be prohibited from making claims respecting health benefits or nutrition;

- there can be no elements that would associate the product with alcoholic beverages, tobacco products, or vaping products; and,

- manufacturing controls for the production of edible cannabis to reduce the risk of food-borne illness, including prohibiting the production of food and cannabis in the same facility.

With respect to cannabis extracts, the Further Regulations include, among other things:

- prohibitions on the use of certain ingredients that could appeal to young persons, such as sweeteners and colourants, or flavours and ingredients that could increase the appeal of cannabis extracts;

- a maximum of 10 mg of THC in a unit of cannabis extract, such as a capsule. The total amount of THC in a package of cannabis extract is capped at 1,000 mg (e.g., 100 10-mg capsules);

- there can be no elements that would associate the product with alcoholic beverages, tobacco products, or vaping products;

- child-resistant and plain packaging, and displaying the standardized cannabis symbol and a health warning message on all packages, including certain pre-filled accessories such as vape pens; and,

- prohibitions on claims respecting health benefits and strict manufacturing controls to control the quality of the products.

Cannabis topicals follow the same general set of amendments above, including a maximum of 1,000 mg of THC per package and prohibitions on the label regarding any health or cosmetic benefits. Topical products are for use on skin, hair and nails only and not for use in eyes or on damaged skin.

On January 31, 2020, the Company received a licence amendment from Health Canada authorizing the sale of cannabis edibles, extracts and topicals. This approval enabled the Company to begin delivering extracts, capsules and edibles.

TSXV Policy Regarding Business Activities Related to Marijuana in the United States

On October 16, 2017, the TSXV released a bulletin entitled, "*Business Activities Related to Marijuana in the United States*" (the "**TSXV Bulletin**"). Pursuant to the TSXV Bulletin, the TSXV indicated that it considers marijuana-related activities in the United States to be a violation of TSXV policy due to the U.S. federal prohibition on marijuana, as further discussed in the memoranda issued by James M. Cole, the then Deputy Attorney General, U.S. Department of Justice ("**Cole Memorandum**"). Specifically, issuers with ongoing business activities that violate U.S. federal law regarding cannabis are not in compliance with the TSXV's Listing Requirements (the "**Requirements**"). These business activities may include (i) direct or indirect ownership of, or investment in, entities engaging in activities related to the cultivation, distribution or possession of cannabis in the U.S., (ii) commercial interests or arrangements with such entities, (iii) providing services or products specifically targeted to such entities, or (iv) commercial interests or arrangements with entities engaging in providing services or products to U.S. cannabis companies. The TSXV reminded issuers that, among other things, should the TSXV find that a listed issuer is engaging in activities contrary to the Requirements, the TSXV has the discretion to initiate a delisting review.

For the reasons set forth above, while the Company has partnered with U.S.-based companies, which develop and license intellectual property and copyright branding to the cannabis market, and do not engage in 'plant-touching' activities, it is possible that the Company's licensing agreements associated with entities located in the United States may become the subject of heightened scrutiny by the TSXV. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction.

CSA Staff Notice 51-352 (Revised) Regarding Issuers with U.S. Marijuana-Related Activities

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018, the Canadian Securities Administrators revised their previously released "*CSA Staff Notice 51-352 Issuers with U.S. Marijuana Related Activities*" (the "**CSA Notice**") setting out their disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. The CSA Notice confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. The CSA Notice includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

The Company views the CSA Notice favourably, as it provides increased transparency and greater certainty regarding the views of its exchange and its regulator of existing operations and strategic business plan as well as the Company's ability to pursue further opportunities in the United States.

Corporate Position on Conducting Business in the United States and Other International Jurisdictions Where Cannabis is Federally-Illegal

Indiva does not engage in any U.S. marijuana-related activities as defined in the CSA Notice. While the Company has partnered with U.S.-based companies, these entities are not engaged in the cultivation, possession, or distribution of marijuana. Instead, the Company has partnered with U.S.-based companies which develop and license intellectual property and copyright branding to the cannabis market, and do not engage in 'plant-touching' activities.

Indiva currently will only conduct business activities related to growing or processing cannabis, in jurisdictions where it is federally legal to do so.

Health Canada Statement on Changes to Cannabis Licencing Process

On May 8, 2019, Health Canada introduced changes to the cannabis licencing process to align the approach with other regulated sectors, such as pharmaceuticals.

Under the new approach, Health Canada will require new applicants for licences to cultivate cannabis, process cannabis, or sell cannabis for medical purposes to have a fully-built site that meets all the requirements of the Regulations at the time of their application, as well as satisfying other application criteria.

With respect to existing applications, Health Canada will complete a high-level review of applications currently in the queue. If the application passes this review, Health Canada will provide a status update letter to the applicant, indicating that is has no concerns with what is proposed in the application. Once the applicant has a completed site that meets the regulatory requirements, Health Canada will review the application in detail, in priority based on the original application date.

Health Canada is implementing these adjustments following a review of its current licencing process, which identified that a significant amount of resources are being used to review applications from entities that are not ready to begin operations, contributing to wait times for more mature applications and an inefficient allocation of resources. To support the applicants, Health Canada has made available additional guidance on the licence application process and on the regulatory requirements regarding Good Production Practices and physical security measures. Health Canada is also working to establish service standards for the review of applications, which will increase the predictability for applicants.

Government of Canada Legislative Review of the Cannabis Act

On September 22, 2022, the Government of Canada announced the launch of the legislative review of the Cannabis Act (the "**Review**"). The Cannabis Act requires that the Minister of Health cause a legislative review of the Cannabis Act and its administration and operation three years after the Cannabis Act comes into force. The Minister of Health will table a report in both Houses of Parliament no later than 18 months after the start of the Review. The Review was undertaken by an expert panel whose mandate was to (i) undertake a factual assessment of the impacts of the Cannabis Act, informed by a public engagement process; and (ii) focus on providing advice on areas of the legislative framework, or its implementation for possible improvement or reform. On March 21, 2024, the report from the expert panel was issued however it did not include any recommendations that would materially affect the Company or its operations.

SELECTED FINANCIAL INFORMATION

(ALL FIGURES IN THIS SECTION ARE IN THOUSANDS OF $, EXCEPT PER SHARE FIGURES)

Summary of 2023 Results

	Year ended December 31,		
(in thousands of $, except per share figures)	**2023**	**2022**	**2021**
	$	**$**	**$**
Gross revenue	41,925.8	37,676.1	35,431.3
Net revenue	37,570.7	34,402.7	32,203.9
Net loss	(4,918.2)	(10,932.0)	(15,216.7)
Comprehensive loss	(4,918.2)	(10,932.0)	(15,216.7)
Adjusted EBITDA*	2,355.6	(1,581.4)	(497.5)
Net loss per share – basic and diluted	(0.03)	(0.08)	(0.11)
Comprehensive loss per share – basic and diluted	(0.03)	(0.08)	(0.11)

*Adjusted EBITDA is a non-IFRS measure. See "*Non-IFRS Measures*" section for an explanation of how this measure is calculated.

Highlights for 2023:

- Net revenue in 2023 was 37,570.7, representing a 9.2% increase over 2022, driven primarily by higher sales of Pearls by Grön gummies and the launch of products under the No Future brand.

- The Company’s gross margin before write-downs of inventory in 2023 was 35.1%, an increase compared to 30.2% in 2022. The increase in gross margin was due to lower unit costs driven by the implementation of automated equipment in edibles processing and packaging and higher overhead absorption.

- The Company's operating expenses in 2023 totaled $12,646.0 a decrease from $14,250.6 in 2022, mainly due to reduced expenditures on marketing and sales activities, including the elimination of sales and marketing activities for the Wana brand as a result of the Wana Agreement.

RESULTS OF OPERATIONS

Revenue and Cost of Sales

	Year ended December 31,		
	2023	**2022**	**2021**
	$	**$**	**$**
Gross revenue	41,925.8	37,676.1	35,431.3
Excise taxes	(4,355.1)	(3,273.3)	(3,227.4)
Net revenue	**37,570.7**	**34,402.7**	**32,203.9**
Cost of goods sold	(24,396.3)	(24,018.7)	(22,472.9)
Write-down of inventory	(2,653.8)	(2,231.4)	(2,573.0)
Gross margin before fair value adjustments	**10,520.6**	**8,152.6**	**7,157.9**
Fair value adjustment on sale of inventory	-	-	(167.7)
Unrealized fair value adjustment on biological assets	-	-	(140.8)
Gross margin	**10,520.6**	**8,152.6**	**6,849.5**

Net Revenue and Cost of Goods Sold

Net revenue for the year ended December 31, 2023 was $37,570.7, compared to $34,402.7 in 2022. Net revenue increased as a result of higher sales of Pearls by Grön gummies as well as the launch of No Future products.

Cost of goods sold for the year ended December 31, 2023 was $24,396.3, compared to $24,018.7 in 2022. Cost of goods sold as a percentage of net revenue for the year ended December 31, 2023 was 64.9%, down from 69.8% compared to the prior year, primarily due to lower unit costs driven by the implementation of automated equipment in edibles processing and packaging as well as increased overhead absorption during Q3 and Q4 of 2023.

During the year ended December 31, 2023, the Company recorded a write-down of inventory totaling $2,653.8. The inventory write-downs in 2023 primarily related to disposal of finished extracts and packaging material related to the Products that cannot be sold due to Health Canada’s order to halt production and sale of the Products, disposal of products that did not meet the Company’s quality standards, disposal of aged inventory and packaging material.

Cost of goods sold includes the direct and indirect costs of materials and labour related to inventory sold, and includes the cost of cannabis purchased, processing, packaging, and shipping costs, licensing and royalty fees, depreciation and applicable stock-based compensation and direct and indirect overhead.

Excise taxes are payable on each discrete unit of cannabis sold either for the adult recreational market or to medical patients, however this does not apply to cannabis sold to other Licensed Producers. Excise taxes as a percentage of gross revenue have increased in 2023 to 10.4% as compared to 8.7% in 2022. The calculation of excise tax varies between provinces, type of product and potency. Excise tax as a percentage of sales has increased as the percentage of total revenues as a result of the increase in the sales of vapes.

Operating Expenses

	Year ended December 31,		
	2023	**2022**	**2021**
	$	**$**	**$**
General and administrative	5,837.8	5,707.1	6,083.2
Marketing and sales	5,352.7	6,527.7	4,931.5
Research and development	877.0	1,016.4	417.0
Share-based compensation	175.6	585.9	473.8
Depreciation of property, plant and equipment	185.9	203.0	294.7
Amortization of intangible assets	207.5	207.5	190.2
Expected credit loss	9.5	3.0	6.1
Total operating expenses	**12,646.0**	**14,250.6**	**12,396.5**

General and administrative expenses increased by 2.3% to $5,837.8 for the year ended December 31, 2023, compared to $5,707.1 for the year ended December 31, 2022. The increase over 2022 is driven primarily by increased legal and insurance expenses.

Marketing and sales expenses for the year ended December 31, 2023 decreased to $5,352.7, an 18.0% decrease as compared to expenses of $6,527.7 for the year ended December 31, 2022. Sales and marketing costs were lower primarily due to lower in-store promotion and magazine-based advertising.

Research and development expenses for the year ended December 31, 2023 decreased to $877.0 compared to $1,016.4 for the year ended December 31, 2022. The decrease is primarily due to the lower expenditures incurred associated with in-house innovation for the No Future brand as opposed to prior year innovation activities.

For the year ended December 31, 2023, share-based compensation has decreased to $175.6 primarily because there were no grants of stock options and restricted shares units during the year ended December 31, 2023.

Depreciation of property, plant and equipment decreased to $185.9 for the year ended December 31, 2023, a reduction of 8.5% from the year ended December 31, 2022.

Amortization of intangible assets for the year ended December 31, 2023, relates to amortization of the Bhang Agreement. Effective July 20, 2020, under the terms of the amended Bhang Agreement, the Bhang Licence for the Bhang branded products was recorded as an intangible asset and the cost is amortized over the term of the Bhang Agreement.

Other Income (Expenses)

	Year ended December 31,		
	2023	2022	2021
	$	$	$
Foreign exchange gain (loss)	(55.1)	(62.5)	23.9
Finance costs	(4,797.3)	(4,445.6)	(2,719.8)
Transaction costs	(208.9)	(272.4)	(304.2)
Interest income	93.0	36.1	4.7
Gain (loss) on issuance of shares	3.3	30.4	(24.4)
Loss on disposal of assets	-	-	(22.4)
Loss on disposal of assets held for sale	(73.1)	-	-
Impairment loss on assets held for sale	(145.5)	(205.0)	-
Write-off of non-refundable deposits	-	-	(4.5)
Provision for onerous contract	-	-	(1,102.8)
Gain on sale of license rights	2,094.4	-	-
Loss on contract settlement	-	-	(5,277.2)
Gain (loss) on modification of debt	296.4	(33.3)	(510.1)

Gain on sale of license rights is in respect of license assignment and assumption agreement with Canopy.

Gain on modification of debt is in respect of the Amended Term Loan.

Finance Costs

	Year ended December 31,		
	2023	2022	2021
	$	$	$
Interest on factored invoices	-	-	148.1
Interest on loan payable	2,962.8	2,962.8	1,424.6
Interest on convertible debentures	276.4	299.0	303.3
Accretion on convertible debentures	201.0	344.3	277.1
Interest on promissory note	-	136.9	79.3
Interest on lease liabilities	49.7	64.7	78.3
Interest on other liabilities	179.3	181.9	171.2
Amortization of deferred financing costs	208.9	272.4	304.1
Other interest, bank charges, and finance costs	795.4	99.4	(213.0)
Accretion of discount on loan payable	332.7	356.7	451.2
Total finance and transaction costs	**5,006.2**	**4,718.0**	**3,024.0**

Finance costs for the year ended December 31, 2023, increased by $288.2 compared to 2022 driven by the other interest and bank charges.

The Company incurred non-cash accretion interest charges during the year ended December 31, 2023, totaling $451.2 related to the loan payable which was recorded at fair value net of a $526.6 discount from the principal at issuance.

Amortization of deferred financing costs relate to the amortization of transaction costs on the SNDL Loan and the Convertible Debentures.

Non-IFRS Measures

Adjusted EBITDA is provided to assist readers in determining the ability of the Company to generate cash from operations and to cover financial charges. The calculation of Adjusted EBITDA is comprised of the net loss and comprehensive loss of the Company added or subtracted as applicable as provided in the detailed reconciliation found in this MD&A. There are a number of individual financial statement adjustments however, they are inclusive of, interest expense and income, income taxes, depreciation and amortization, fair value gains or losses, impairments or settlements, foreign exchange, share based compensation, gains or losses on the sale or disposal of assets and any other unusual items. The most directly comparable financial measure to Adjusted EBITDA is net loss.

While Adjusted EBITDA is used by management of the Company to assess the historical financial performance of the Company, as applicable, readers are cautioned that:

- non-IFRS financial measures, such as Adjusted EBITDA, are not recognized financial measures under IFRS;

- the Company's method of calculating non-IFRS financial measures, such as Adjusted EBITDA, may differ from that of other corporations or entities and therefore may not be directly comparable to measures utilized by other corporations or entities;

- in the future, the Company may disclose different non-IFRS financial measures in order to help its investors more meaningfully evaluate and compare future results of operations to previously reported results of operations;

- non-IFRS financial measures, such as Adjusted EBITDA, should not be viewed as an alternative to measures that are recognized under IFRS such as profit or loss or cash from operating activities; and readers should not place undue reliance on any non-IFRS financial measures. Adjusted EBITDA reconciliation is as follows:

	Year ended December 31,		
	2023	2022	2021
	$	$	$
Net loss and comprehensive loss	(4,918.2)	(10,932.0)	(15,216.7)
Deferred income taxes	-	(118.3)	(267.0)
Finance costs	5,006.2	4,718.0	3,024.0
Interest income	(93.0)	(36.1)	(4.7)
Depreciation of property, plant and equipment	185.9	203.0	294.7
Amortization of intangible assets	207.5	207.5	207.8
Depreciation in cost of sales	1,202.8	1,148.4	1,135.0
EBITDA	**1,591.2**	**(4,809.5)**	**(10,826.9)**
Write-down of inventory	2,653.8	2,231.4	2,573.0
Fair value adjustment on sale of inventory	-	-	167.6
Unrealized loss on changes in fair value of biological assets	-	-	140.8
Share-based compensation	175.6	585.9	473.8
Share-based compensation in cost of sales	45.9	136.9	67.1
Foreign exchange loss (gain)	55.1	62.5	(23.9)
Losses and provisions on settlement of liabilities	-	-	6,431.1
Gain (loss) on issuance of shares	(3.3)	30.4	(24.4)
Loss on disposal of assets	-	-	22.4
Loss on disposal of assets held for sale	73.1	-	-
Impairment loss on assets held for sale	145.5	205.0	-
Loss (gain) on modification of debt	(296.4)	33.3	510.1
Gain on sale of license rights	(2,094.4)	-	-
Expected credit loss	9.6	3.0	6.1
Adjusted EBITDA	**2,355.7**	**(1,521.1)**	**(483.2)**

Financial Position

	As at December 31,		
	2023	2022	2021
	$	$	$
Total assets	37,824.1	37,849.1	42,441.3
Total liabilities	38,166.9	35,700.5	30,412.1
Total non-current liabilities	20,067.6	22,317.8	22,235.5
Share capital	59,918.2	57,391.1	57,229.8
Contributed surplus	7,154.4	6,011.6	5,737.1
Share-based payment reserve	3,891.9	3,731.3	3,102.8
Warrant reserve	1,110,0	2,513.6	2,047.7
Accumulated other comprehensive loss	(19.5)	(19.5)	(19.5)
Accumulated deficit	(72,397.8)	(67,479.6)	(56,547.5)

Total Assets and Liabilities

Total assets decreased to $37,824.1 as at December 31, 2023, compared to $37,849.1 as at December 31, 2022 primarily as a result of the decrease in Property, plant and equipment.

Total liabilities have increased by $2,466.4 between December 31, 2023, and December 31, 2022, as a result of the increase in accounts payable and accrued liabilities.

Distributions or Cash Dividends

No distributions or dividends were paid during the year ended December 31, 2023.

Summary of Quarterly Results

The following tables sets out selected quarterly information for the last eight completed fiscal quarters of the Company:

(in thousands of $, except per share figures)	**Q4 2023 $**	**Q3 2023 $**	**Q2 2023 $**	**Q1 2023 $**
Net revenue	10,865.9	9,786.7	7,506.1	9,412.1
Comprehensive loss	(768.8)	(902.2)	(994.8)	(2,252.4)
Basic and diluted loss per share	(0.00)	0.00	(0.01)	(0.02)
	Q4 2022 $	**Q3 2022 $**	**Q2 2022 $**	**Q1 2022 $**
Net revenue	9,306.8	8.090.8	8,126.5	8,878.6
Comprehensive loss	(2,908.9)	(2,565.5)	(2,501.8)	(3,074.1)
Basic and diluted loss per share	(0.02)	(0.02)	(0.02)	(0.02)

In Q4 2023, the Company recorded $10,865.9 in net revenue representing an 11.0% increase from the prior quarter and a 16.8% increase from Q4 2022 as a result of higher sales of Pearls by Grön gummies and additional growth in sales of No Future branded products.

In Q3 2023, the Company recorded $9,786.7 in net revenue representing a 30.4% increase from the prior quarter and a 21% increase from Q3 2022 as a result of higher sales of Pearls by Grön gummies and the launch of No Future branded products.

In Q2 2023, the Company recorded $7,506.1 in net revenue representing a 20.3% decrease from the prior quarter and a 7.6% decrease from Q2 2022. The sale of edible products represented 91% of total revenues in Q2 2023. Operating expenses increased 0.2% from the prior quarter while they decreased 7.2% as compared to Q2 2022.

In Q1 2023 the Company recorded $9,412.1 in net revenue representing a 1.1% increase from the prior quarter and a 6.0% increase from Q1 2022. The sale of edible products represented 78% of total revenues in Q1 2023. Operating expenses decreased 16.7% from the prior quarter while they decreased 7.2% as compared to Q1 2022.

In Q4 2022 the Company recorded $9,306.8 in net revenue representing a 15.0% increase from the prior quarter and a 0.7% decrease from Q4 2021. The sale of edible products continued to be the main driver of sales representing 81% of total revenues in Q4 2022. Operating expenses increased 14.7% from the prior quarter while they decreased 4.5% as compared to Q4 2021.

In Q3 2022, the Company recorded $8,090.9 in net revenue representing a 0.4% decline from the prior quarter and a 5.5% increase in net revenue from Q3 2021. The sale of edible products continued to be the main driver of sales representing 90% of total revenues in Q3 2022. Operating expenses declined by 3%

compared with Q2 2022 and increased by 12.4% from Q3 2021 as the Company continued to invest in sales and marketing as well as the development of new products.

In Q2 2022, the Company recorded $8,126.5 in net revenue representing a 8.4% decline from the prior quarter and a 9.7% decrease in net revenue from Q2 2021. The sale of edible products continued to be the main driver of sales representing 90% of total revenues in Q2 2022. Operating expenses remained consistent with Q1 2022 at $3,314.7 (Q2 2022 - $3,488.2), however were up $389.7 or 12.6% from Q2 2021 as the Company continued to invest in sales and marketing as well development of new products.

In Q1 2022, the Company recorded $8,878.6 in net revenue representing a 44% increase in net revenue from Q1 2021. Net revenues from the sale of edible products remained strong and increased 3% from Q4 2021 to $8,514.8 from $8,227.1. Operating expenses decreased from $4,066.3 in Q4 2021 to $3,504.9 however were up $1,270.1 or 57% from Q1 2021 as the Company increased investments in research and development and sales and marketing activities. In Q1 2022 the Company recorded an impairment loss totaling $201.9 on cultivation equipment being held for sale.

LIQUIDITY

The table below sets out the cash, short-term debt and working capital:

(in thousands of $)	**As at December 31,**		
	2023	**2022**	**2021**
	$	**$**	**$**
Cash	2,225.8	2,785.7	2,480.3
Short-term debt	(2,459.0)	(250.0)	701.2
Working capital	(5,040.6)	(1,700.6)	6,925.1

On August 28, 2023, Indiva amended the terms of the SNDL Loan. The Amended Term Loan extends the maturity date to February 24, 2026. (See *SNDL Strategic Investment*).

Cash

As at December 31, 2023, the Company had cash available of $2,225.7 compared to $2,785.7 at December 31, 2022.

Summary of cash flows:

	For the year ended December 31,		
(in thousands of $)	**2023**	**2022**	**2021**
	$	**$**	**$**
Cash flows provided by (used in) operating activities	$(185.1)	$1,549.6	$(6,980.7)
Cash flows used in investing activities	$(379.9)	$(1,029.1)	$(2,081.6)
Cash flows provided by (used in) financing activities	$5.0	$(215.1)	$8,745.3
Cash, end of year	**$2,225.7**	**$2,785.7**	**$2,480.3**

Cash from Operating Activities

Cash used in operations for the year ended December 31, 2023 was $160.1 as compared to $1,549.6 provided by operations in 2022. Cash provided by operating activities decreased as a result of the settlement of certain outstanding liabilities.

Cash from Investing Activities

The Company used $379.9 (2022 - $1,029.1) in cash related to investing activities during the year ended December 31, 2023 for the purchase of manufacturing and processing equipment that the Company put in use during 2023 to further automate production and packaging of edibles.

Cash from Financing Activities

The Company provided $5.0 in financing activities primarily related proceeds from the issuance of equity units, net of costs offset by the repayment of Convertible Debentures.

Going Concern

The Financial Statements have been prepared on the basis of principles applicable to a going concern which assumes the Company will continue to meet its obligations and discharge its liabilities for the foreseeable future. The Company has incurred losses in the current and prior periods, with a loss and comprehensive loss attributable to shareholders of $4,918.2 for the year ended December 31, 2023 (2022 – $10,932.0), an accumulated deficit of $72,397.8 as at December 31, 2023 (2022 - $67,479.6), a negative working capital of $5,040.6 (December 31, 2022, - $1,700.6) and negative cash flow from operations during the year ended December 31, 2023 of $185.1 (2022 – positive cash flow from operations of $1,549.6). These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. If for any reason the Company is unable to continue as a going concern, then this could have an impact on the Company's ability to realize assets at their recognized values and to extinguish liabilities in the normal course of business at the amounts stated in the Financial Statements.

The Company expects it will need to raise additional financing in the form of debt and/or equity in order to fund continuing operations, convertible debenture repayments and capital expenditures. Even if the Company has been successful in raising funds in the past, there is no assurance that it will manage to obtain financing in the future.

In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. If the going concern assumption was not appropriate for the Financial Statements, then adjustments would likely be necessary to the carrying amounts of assets and liabilities, expenses, the accumulated deficit and the classification used in the condensed consolidated interim statements of financial position. These adjustments could be material.

CONTRACTUAL OBLIGATIONS

The Company had the following contractual obligations at December 31, 2023:

	$
Next 12 months	3,505.6
2 – 3 years	2,545.9
Total	**6,051.5**

Under the terms of the amended Bhang Agreement, Indiva has committed to spend an amount equal to at least five percent of net sales of the Bhang licensed products for advertising and promotion of the Bhang licenced products.

Under the terms of the Supply Agreement with SNDL, Indiva has committed to buy distillate at market prices from SNDL until the maturity date of the Amended Term Loan.

SHARE CAPITAL

The Company's authorized share capital is comprised of an unlimited number of Common Shares. The table below outlines the number of Common Shares issued and outstanding and the number of Common Shares issuable on the exercise of issued and outstanding warrants and options as at April 25, 2024, December 31, 2023, December 31, 2022 and December 31, 2021. The table also reflects the number of Common Shares issuable on conversion of the Convertible Debentures.

	April 25, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Common Shares	195,488,563	186,428,563	147,297,037	146,150,202
Options	11,763,111	8,228,334	9,772,500	9,943,334
RSUs	3,645,836	-	2,632,719	-
Warrants	13,776,133	4,433,333	12,812,329	12,842,271
Convertible debentures	18,266,667	18,266,667	19,266,667	13,450,000

On December 22, 2023, the Company issued 183,580 Common Shares at a fair value on issuance of $0.09 per Common Share related to the vesting of RSUs for officers and employees.

On May 30, 2023, the Company issued 37,230,000 Common Shares at a fair value on issuance of $0.0579 per Common Share.

On May 18, 2023, the Company issued 222,222 Common Shares at a fair value on issuance of $0.06 per Common Share to redeem vested RSUs.

On February 9, 2023, the Company issued 1,364,478 Common Shares at a fair value on issuance of $0.09 per Common Share to redeem vested RSUs.

On January 9, 2023, the Company issued 131,246 Common Shares at a fair value on issuance of $0.12 per Common Share to settle Convertible Debenture interest.

During the year ended December 31, 2022, no Convertible Debentures were converted by their holders into Common Shares. Option holders forfeited 1,535,834 options during the year ended December 31, 2022. On April 27, 2022 the Company had 29,942 warrants expire.

On December 3, 2022, the Company approved the grant of 1,380,000 options to directors, officers and employees of the Company. The options are exercisable into Common Shares at a price of $0.15 per Common Share.

On October 4, 2022, the Company issued 134,626 Common Shares pursuant the redemption of issued RSUs.

On July 19, 2022, the Company issued 1,012,209 Common Shares at a fair value on issuance of $0.17 per Common Share to settle outstanding accounts payable including interest outstanding on the 2019 Debentures.

On June 3, 2022, the Company approved the grant of 1,680,000 options to directors, officers and employees of the Company. The options are exercisable into Common Shares at a price of $0.21 per Common Share.

On May 18, 2022, the Company granted 222,222 RSUs to consultants of the Company. The units vest one year from the grant date.

On February 1, 2022, the Company granted 2,260,497 RSUs to directors, officers, and employees of the Company. The units vest one year from the grant date and had a fair value of $0.30 per unit on the date of the grant.

TRANSACTIONS WITH RELATED PARTIES

In the year ended December 31, 2023, the Company settled interest payments in exchange for Common Shares. The debenture holders include certain related parties of the Company, including directors and officers of the Company. An aggregate of 131,246 (2022- 24,998) Common Shares was issued to the related parties to settle interest owing to settle accrued interest totaling $15.7 (2022- $11.5).

Interest payments on Convertible Debentures held by related parties paid in cash during the year ended December 31, 2023, was $88.5 (2022 - $60.0).

RISKS AND UNCERTAINTIES

There are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. The risks described below are not the only ones the Company will face. If any of these risks actually occur, the Company's business, financial condition or results of operations may be materially adversely affected. In that case, the trading price of the Common Shares could decline and investors could lose all or part of their investment.

General Business Risk and Liability

Given the nature of the Company's business, it may from time to time be subject to claims or complaints from investors or others in the ordinary course of business. The legal risks facing the Company, its directors, officers, employees or agents in this respect include potential liability for violations of securities law, breach of fiduciary duty or misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or the suspension or revocation of the Company's right to carry on its existing business. The Company may incur significant costs in connection with such potential liabilities.

Reliance on the Licence

The continuation and development of the Company's business of growing, storing and distributing medical and recreational cannabis is dependent on the good standing of the Licences and any other permits or approvals required to engage in such activities and upon adhering to all regulatory requirements related to such activities.

Failure to comply with the requirements of the Licences or any failure to maintain the Licences would have a material adverse impact on the business, financial condition and operating results of the Company. Although the Company believes it will meet the requirements of the Cannabis Act and Cannabis Regulations for future extensions or renewals of the Licences, there can be no guarantee that Health Canada will extend or renew the Licences or that, if extended or renewed, the Licences will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the Licences or should it renew the Licences on different terms, the business, financial condition and results of the operation of the Company would be materially and adversely affected.

Volatile Market Price for Common Shares

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- operating and financial performance that vary from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry generally and its business and operations;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;

- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities and have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Such volatility has been particularly evident with regard to the share prices of cannabis-producing and cannabis-related companies that are public issuers in Canada. Accordingly, the market price of Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely affected and the trading price of Common Shares may be materially adversely affected.

Financing Requirements

In the future, the Company will require additional equity and/or debt financing to, among other things, support ongoing operations, repay the outstanding Convertible Debentures, undertake capital expenditures, and expand to new markets. There can be no assurance that additional financing will be available to the Company when needed or on terms that are acceptable. The Company's inability to raise additional financing could limit the Company's growth and may have a material adverse effect upon its business, operations, results, financial condition or prospects. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. In addition, from time to time, the Company may enter into 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 Company's debt levels above industry standards.

Debt Financing

The Company is party to certain loan and credit agreements and may become party to such agreements in the future, which contain various covenants that could limit its ability to engage in specified types of transactions. These covenants could limit the Company's ability to incur debt or liens, merge or consolidate with others, dispose of assets, or make investments or pay dividends. The Company's credit facilities could also contain financial covenants that require maintaining compliance with a total leverage ratio and an interest coverage ratio. If there is an event of default under such loan facilities, the principal amount owing thereunder, plus accrued and unpaid interest, may be declared immediately due and payable. If such an event occurs, it could have a material negative financial impact on the Company. Any extended default under such loans, credit facilities or forbearance agreements could result in the loss of the Company's entire business. In addition, such credit facilities could include various conditions and covenants that require the Company to obtain consents prior to carrying out certain activities and entering into certain transactions. The inability to meet these conditions and covenants or obtain the required consent to carry out restricted activities could materially and adversely affect the Company's business and results of operations.

Reliance on Indiva Facility

The Company has a single facility which is licensed to produce cannabis under the Cannabis Act, the Indiva Facility. The Company's operations and the conditions of the Indiva Facility are, and will be, subject to hazards inherent in the cannabis industry, including equipment defects, equipment malfunctions, natural disasters, fire, explosions, or other accidents that may cause damage to the facilities. Any adverse change or event affecting the Indiva Facility may have a material and adverse effect on the Company's business, results of operations and financial condition.

Indiva is also subject to the risk of theft of its product and other security breaches. A security breach at the facility could result in a significant loss of available product, expose Indiva to additional liability under applicable regulations and to potentially costly litigation, or increase expenses relating to the resolution and future prevention of similar thefts, any of which could have an adverse effect on Indiva's business, financial condition and results of operations.

Expansion of Indiva Facility

Any expansion of the Indiva Facility is subject to various potential problems and uncertainties and may be delayed or adversely affected by a number of factors beyond the Company's control. These uncertainties include the failure to obtain regulatory approvals or permits, delays in the delivery or installation of equipment by suppliers, difficulties in integrating new equipment with existing facilities, shortages in materials or labour, defects in design or construction, diversion of management resources, and insufficient funding or other resource constraints. The actual cost of construction may exceed the amount budgeted for expansion. As the result of construction delays, cost overruns, changes in market circumstances or other factors, the Company may not be able to achieve the intended economic benefits from the expansion of operations at existing facilities, which in turn may affect the Company's business, prospects, financial condition and results of operations.

On March 31, 2020, Health Canada approved a licence amendment to add 10,000 square feet of production space at the Indiva Facility. The Indiva Facility is now fully licensed.

Holding Company Status

The Company is a holding company and essentially all of its operating assets are the capital stock of its subsidiaries. The Company conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues, and its investors are therefore subject to the risks attributable to its subsidiaries. The Company's cash flow and its ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company. The ability of the Company's subsidiaries to pay dividends and other distributions depends on each subsidiary's operating results, applicable laws and regulations regarding the payment of dividends and distributions, and any contractual restrictions on distributions in debt instruments, among other things. In the event of a bankruptcy, liquidation or reorganization of any of the Company's subsidiaries, debtholders and trade creditors will generally be entitled to the payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Company.

Limited Operating History

The Company entered the medical cannabis business in 2017 and the recreational cannabis business in October 2018. The Company is therefore subject to many of the risks common to entering a new area of investment, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and a lack of revenue. There is no assurance that the Company will be successful in achieving a return on its shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

History of Net Losses

The Company has incurred operating losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase its operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset its expected increases in costs and operating expenses, the Company will not be profitable.

Unfavourable Publicity or Consumer Perception

The success of the medical and recreational cannabis industries may be significantly influenced by the public's perception of cannabis' medicinal and recreational applications. Medicinal and recreational cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to cannabis will be favourable. The medical and recreational cannabis industries are early-stage businesses that are constantly evolving with no guarantee of viability. The markets for medical and recreational cannabis are uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical and recreational cannabis may have a material adverse effect on the Company's (and the Company's subsidiaries') operational results, consumer base and financial results.

Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's proposed products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's proposed products, and the results of operations, financial condition and cash flows of the Company.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or the Company's proposed products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Third Party Transportation

The Company relies on third party transportation services to deliver products to its customers and to import its agreed-upon cannabis genetics from Licensed Producers in accordance with their respective supply agreements. The Company is exposed to the inherent risks associated with relying on third party transportation services providers, including logistical problems, delays, loss or theft of product and increased shipping costs. Any delay in transporting the product, breach of security or loss of product, could have a material adverse effect on the Company's business, financial performance and results of operations. Further, any breach of security and loss of product during transport could affect the Company's status as a licensee under the Cannabis Act.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require continued implementation and improvement of their operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with growth may have a material adverse effect on business, financial conditions, results of operations and prospects.

Acquisition Strategy Risks

The Company has made and may continue to pursue acquisition opportunities to advance its strategic plan. The successful integration of an acquired business typically requires the management of the pre-transaction business strategy, including the retention and addition of customers, realization of identified synergies, retention of key staff and the development of a common corporate culture. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as the ability to realize on anticipated growth opportunities and synergies from newly formed partnerships. Any failure to integrate an acquired business or realize the anticipated benefits of new partnerships may have a material adverse effect on the Company's business, financial condition and results of operations, as well as its future prospect for acquisitions or partnerships. There is no assurance that the Company will be able to successfully integrate an acquired business in order to maximize or realize the benefits associated with an acquisition.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of senior management and key employees. While employment agreements and incentive programs are customarily used as primary methods of retaining the services of key employees, these agreements and incentive programs cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Intellectual Property

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others.

In addition, other parties may claim that the Company's products infringe on their proprietary and perhaps patent-protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licences from third parties who allege that the Company has infringed on their lawful rights. Such licences, however, may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favourable to it, or at all, licences or other rights with respect to intellectual property that it does not own.

Dependence on Licensor

The Company currently utilizes intellectual property, including branding, processes and recipes, which it has licensed. While the Company's licenses are in good standing, they may be terminated by the licensor if there is a breach of the license agreement, or the license may not be renewed on conditions acceptable to the Company. Other factors may also impact the intellectual property licenses held by the Company, including a licensor being acquired by a third-party purchaser. There is no assurance that the Company will be able to successfully maintain or renew an intellectual property license should a licensor be acquired. Any loss or non-renewal of an intellectual property license could have an adverse effect on the Company's businesses, financial conditions and results of operations, and the market price of the Company's securities.

Conflicts of Interest

Certain directors and officers of the Company are also directors and officers of other entities, or are otherwise engaged, and will continue to be engaged, in activities that may put them in conflict with the business strategy of the Company. Consequently, there is a risk that such officers or directors will be in a position of conflict. Conflicts, if any, will be subject to the procedures and remedies available under the *Business Corporations Act* (Ontario).

In addition, the Company's directors and the officers are required to act honestly and in good faith with a view to its best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Dividends

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. The Company expects to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in the Company's businesses. Any decision to declare and pay dividends in the future will be made at the discretion of the board of directors of the Company and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the board of directors of the Company may deem relevant. As a result, investors may not receive any return on investment in Common Shares unless they sell them for a share price that is greater than that at which such investors purchased them.

Limited Market for Securities

There can be no assurance that an active and liquid market for Common Shares will be maintained and an investor may find it difficult to resell any securities of the Company.

Liquidity Risk

The Company's ability to remain liquid over the long term may depend on its ability to obtain additional financing. The Company has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis as well as its planned development and capital expenditures. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Litigation

The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and the Company could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages.

While the Company has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover all costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact the Company's business, operating results or financial condition.

Political and Economic Instability

The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Additionally, as legalization of cannabis occurs in markets outside of Canada, including, but not limited to, the United States, the Company may be subject to enhanced competition from foreign cannabis producers, which could adversely impact the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The impact of these factors cannot be accurately predicted.

Global Economy Risk

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. The Company will be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Common Shares.

Information Systems Security Threats

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("**IT**") services in connection with its operations. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and financial performance.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Negative Cash Flow from Operating Activities

The Company has not yet achieved positive operating cash flow, and the Company will continue to experience negative cash flow from operations. The Company has incurred net losses in the past and may incur losses in the future unless it can derive sufficient revenues from its business. Such future losses could have an adverse effect on the Company's businesses, financial conditions and results of operations, and the market price of the Company's securities, which could cause investors to lose part or all of their investment.

RISKS RELATING TO THE MEDICAL AND RECREATIONAL CANNABIS INDUSTRIES

Regulatory Risks

The Company operates in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may occur and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

The Company's ability to grow, store and sell cannabis in Canada is dependent on the Licences from Health Canada and maintaining the Licences in good standing. Failure to comply with the requirements of the Licence and maintain the Licences in good standing would have a material adverse impact on the business, financial condition and operating results of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of our operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or may give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, including changes to government regulations. Changes in government levies and taxes could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic. The cannabis industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Development of Canadian Adult-Use Recreational Market

The Cannabis Act came into effect on October 17, 2018 and governs the federal legalization and regulation of adult-use cannabis in Canada, following which, on October 17, 2019, targeted amendments to the Cannabis Act and Cannabis Regulations came into force, adding three new authorized classes of cannabis for sale: edibles, extracts and topicals. The amendments introduced new regulatory controls to address sale of the new product classes, content and product specifications, packaging and licensing requirements. Given the recent introduction of these regulations, the effect of Health Canada's administration, application and enforcement of this new regulatory regime on the Company is unknown and the interpretation and application of the regulations may change at any time, or their implementation may be delayed. There is no assurance that the Company will be able to comply with these new regulations.

In addition, the governments of every Canadian province and territory have enacted and implemented their respective regulatory regimes for the distribution and sale of cannabis for adult-use purposes within those jurisdictions. Various different models for distribution and sale have been implemented in each jurisdiction across Canada, including government-operated retail models, privately operated retail models and hybrid approaches. These regulatory regimes may change in ways that impact the Company's ability to continue its business as currently conducted or proposed to be conducted. There is no guarantee that the various regulatory regimes will remain as currently enacted or that any such legislation will create the growth opportunities that the Company currently anticipates.

The various regulatory regimes for cannabis products also include excise duties payable by licence holders on adult-use cannabis products, in addition to goods and services tax/harmonized sales tax in certain provinces and territories. The rate of the excise duties for cannabis products varies by province and territory. Any significant increase in the rate of excise duties could reduce consumer demands for cannabis products and adversely impact the adult-use cannabis industry and market in general. In addition, any increase in the rate of excise duties could reduce the Company's margins and profitability in the event that the Company cannot, or chooses not to, pass along such increases to consumers. Any of the foregoing could result in a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or restrictions on the Company's manufacturing operations. Changes in environmental, employee health and safety, or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to current operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Changes in Laws, Regulations and Guidelines

The Company's operations are subject not only to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical and recreational cannabis, but also to regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment in the jurisdictions in which they operate. Changes to such laws, regulations and guidelines, including changes related to government taxes and levies, may materially and adversely affect the Company's businesses, financial conditions and results of operations. For more information on recent changes to the regulatory framework of medicinal and recreational cannabis in Canada, see "*Description of the Business – Legal and Business Overview*".

Restrictions on Sales and Marketing

The medical and recreational cannabis industries are in their early development stages and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect the Company's ability to conduct sales and marketing activities, and could have a material adverse effect on the Company's businesses, operating results and financial conditions.

TSXV Restrictions on Business

As a condition to listing on the TSXV, the TSXV required that the Company deliver an undertaking (the "**Undertaking**") to only conduct cannabis or cannabis-related activities in Canada pursuant to one or more licences issued by Health Canada, unless prior approval is obtained from the TSXV. The Undertaking could have an adverse effect on the Company's ability to do business or operate outside of Canada, and the Company's competitors may not be subject to the same restrictions. These restrictions could materially and adversely affect the growth, business, financial condition and results of operations of the Company.

Competition

The markets for the medical and recreational cannabis products appear to be sizable and Health Canada has only issued a limited number of licences under the former ACMPR regime and the new Cannabis Act regime to produce and sell medical and recreational cannabis. There are several hundred existing applicants for licences in queue. The number of licences issued could have an impact on the operations of the Company. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. According to Health Canada, as of the date hereof there were 999 licensees under the Cannabis Act. If the number of users of medical and recreational cannabis in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. The Company expects significant competition from other companies applying for production licences that may have significantly greater financial, technical, marketing and other resources, which may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of operations of the Company. If the Company and its subsidiaries are not successful in investing sufficient resources in these areas, their ability to compete in the market may be adversely affected, which in turn could materially and adversely affect the Company's business, financial conditions and results of operation.

Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Company.

Vulnerability to Rising Energy Costs

The Company's cannabis-growing operations consume considerable energy, making the Company vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Company and its ability to operate profitably.

Product Liability

As a manufacturer and distributor of products designed to be ingested or inhaled by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory actions and litigation if its products are alleged to have caused loss or injury. In addition, the manufacture and sale of products involve the risk of injury or loss to consumers due to tampering by unauthorized third parties, product contamination and unauthorized use by consumers or other third parties. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including that the Company's products caused death, injury, illness, or other loss. A product liability claim or regulatory action against the Company could result in increased costs, adversely affect the Company's reputation with its respective clients and consumers generally, and adversely affect the results of operations and financial conditions of the Company.

There can be no assurance that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance in expensive and may not be available in the future on acceptable terms, or at all. An inability to obtain sufficient insurance coverage on reasonable terms could prevent or inhibit the commercialization of the Company's products.

Product Recalls

Manufacturers and distributors of products may be 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 Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount 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 and otherwise distract from day-to-day operations.

Product Obsolescence

Rapidly changing markets, technology, emerging industry standards and frequent introduction of new products characterize the Company's business. The introduction of new products embodying new technologies, including new manufacturing processes, and the emergence of new industry standards may render the Company's products obsolete, less competitive or less marketable. The process of developing the Company's products is complex and requires significant continuing costs, development efforts and third-party commitments. The Company's failure to develop new technologies and products or the obsolescence of existing technologies could adversely affect the business, financial condition and operating results of the Company. The Company may be unable to anticipate changes in its potential customer requirements that could make the Company's existing technology obsolete. The Company's success will depend, in part, on its ability to continue to enhance its existing technologies, develop new technology that addresses the increasing sophistication and varied needs of the market, and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The Company may not be successful in developing or using new technologies, exploiting its niche markets effectively, or adapting its business to evolving customer or medical preferences or emerging industry standards.

Inventory Shelf Life

The Company holds finished goods in inventory and the Company's inventory has a shelf life. Although the Company's management regularly reviews the amount of inventory on hand and its remaining shelf life, and estimates the time required to manufacture and sell such inventory, write-down of inventory may still be required. Any such write-down of inventory could have a material adverse effect on the Company's business, financial condition, and results of operations.

Operating Risk and Insurance Coverage

The Company maintains insurance to protect its assets, operations and employees. While the Company believes its insurance coverage addresses all material risks to which they are exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company may be exposed. The Company may also be unable to maintain insurance at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon the Company's financial performance and results of operations.

Results from Future Clinical Research

Research regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD, CBN, CBG and THC) remains in early stages. There have been relatively few clinical trials on the benefits of CBD, CBN, CBG and THC. Although the Company believes that the articles, reports and studies support its beliefs regarding the therapeutic benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, investors should not place undue reliance on such articles, reports and studies. Future research studies and clinical trials may draw opposing or negative conclusions regarding the facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. Loss of any skilled labour, equipment, parts and components may have an adverse effect on the business, financial condition, results of operations or prospects of the Company.

Co-investment Risk

The Company may decide to invest with certain strategic investors and/or other third parties through joint ventures or other entities. These parties may have different interests or superior rights to those of the Company, although it is the general intent of the Company to retain control and superior rights associated with its investments, under certain circumstances, it may be possible that the Company relinquishes such rights over certain of its investments and, therefore, may have a limited ability to protect its position therein. In those cases where the Company does maintain a control position with respect to its investments, the Company's investments may be subject to typical risks associated with third party involvement, including the possibility that a third party may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Company, or may be in a position to take (or block) action in a manner contrary to the Company's objectives. The Company may also, in certain circumstances, be liable for the actions of its third-party partners or co-investors.

Difficulty to Forecast and Reliability of Data

The Company 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 industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, financial condition or prospects of the Company.

In addition, as a result of recent and ongoing regulatory and policy changes in the medical and recreational cannabis industry, the market data available may be limited and unreliable. The research data collected by the Company will be an integral part of its business for the production of research-based reports. Market research and projections by the Company of estimated total retail sales, demographics, demand, and similar consumer research, may be based on assumptions from limited and unreliable market data. If there are issues with the data's integrity or security, the data and research-based reports could be considered ineffective or unreliable.

Competition from Synthetic Production and Technological Advances

The pharmaceutical industry may attempt to dominate the cannabis industry through the development and distribution of synthetic products which emulate the effects and treatment of organic cannabis. If they are successful, the widespread popularity of such synthetic products could change the demand, volume and profitability of the cannabis industry. This could adversely affect the ability of the Company to secure long-term profitability and success through the sustainable and profitable operation of its business. There may be unknown additional regulatory fees and taxes that may be assessed in the future.

Fraudulent or Illegal Activity by Employees, Contractors and Consultants

The Company is exposed to the risk that its employees, independent contractors, and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates government regulations, manufacturing standards, federal and provincial healthcare fraud and abuse laws and regulations; or laws that require the true, complete, and accurate reporting of financial information or data. The precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal, and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits, and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition, and results of operations.

Security Risks

Given the nature of the Company's product and its lack of legal availability outside of channels approved by the Canadian federal government, as well as the concentration of inventory in its facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of the Company's facilities could expose the Company to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches, and may deter potential patients and consumers from choosing the Company's products.

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

In addition, there are a number of federal and provincial laws protecting the privacy of personal information, including records of a patient's personal health information. Generally, these laws require the prior consent of an individual to collect, use and disclose that individual's personal information. They also require that personal information be protected by appropriate safeguards, and that the Company restrict the handling of personal information to the minimum amount of personal information necessary to carry out permitted purposes. If the Company is found to be in violation of these privacy laws, or other laws governing patient health information, the Company could be subject to sanctions and civil or criminal penalties, which could increase the Company's liabilities, harm the Company's reputation and have a material adverse effect on the Company's business, results of operations and financial condition.

Illicit Supply of Cannabis

In addition to competition from licence holders and those able to produce cannabis legally without a licence, the Company also faces competition from unlicensed and unregulated market participants, including illegal dispensaries and black market suppliers selling cannabis and cannabis-based products in Canada. Despite the legalization of cannabis in Canada, black market operations remain and are a substantial competitor to the Company's business. In addition, illegal dispensaries and black market participants may: (i) offer products with higher concentrations of active ingredients that are either expressly prohibited or impracticable to produce under current Canadian regulations, (ii) use marketing and branding strategies that are restricted under the Cannabis Act, and (iii) make claims not permissible under the Cannabis Act and other regulatory regimes. As these illicit market participants do not comply with the regulations governing the legal cannabis industry in Canada, their operations may also have significantly lower costs. Any unwillingness by consumers currently utilizing unlicensed distribution channels to begin purchasing under the legal regime for any reason, or any inability or unwillingness of law enforcement authorities to enforce laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products, could result in the perpetuation of the black market for cannabis and adversely affect the Company's market share, which could have a materially adverse effect on the Company's business, operations and financial condition.

RISKS SPECIFICALLY RELATED TO THE UNITED STATES REGULATORY SYSTEM

Failure to Comply with TSXV Bulletin

Pursuant to the TSXV Bulletin, if the Company was determined not be in compliance with the Requirements of the TSXV, the TSXV has the discretion to initiate a delisting review. If the TSXV were to initiate a delisting review in respect of the Company, there could be an adverse effect on the trading price of the Common Shares.

The Company’s licensing agreements associated with the United States are subject to applicable anti-money laundering laws and regulations.

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

In the event that any of the Company’s licensing agreements associated with the United States, or any proceeds thereof, or any profits or revenues accruing from such licensing agreements related in the United States were found to be in violation of money laundering legislation or otherwise, such arrangements may be viewed as generating proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, affect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, in the event that a determination was made that the Bhang

Agreement or the DeepCell Agreement (or any future permitted arrangement in the United States) could reasonably be shown to generate proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time. Any future exposure to money laundering or proceeds of crime could subject the Company to financial losses, business disruption and damage to the Company's reputation. In addition, there is a risk that the Company may be subject to investigation and sanctions by a regulator and/or to civil and criminal liability if the Company has failed to comply with the Company's legal obligations relating to the reporting of money laundering or other offences.

Relationships with Ancillary Businesses in the United States Cannabis Industry

The Company does not engage in any U.S. marijuana-related activities as defined in the CSA Notice. While the Company has entered into certain agreements with U.S.-based companies, these entities are not engaged in the cultivation, possession, or distribution of marijuana. Instead, the Company has partnered with U.S.-based companies which develop and license intellectual property and copyright branding to the cannabis market, and do not engage in 'plant-touching' activities.

At this time, the Company will only conduct business activities related to growing or processing cannabis, in jurisdictions where it is federally legal to do so. The Company believes that conducting activities which are federally-illegal, or investing in companies which do, puts the Company at risk of prosecution, puts at risk its ability to operate freely, and potentially could jeopardize its listing on major exchanges now and in the future, limiting access to capital from large and reputable global funds.

Nevertheless, the Company's licensing agreements associated with ancillary businesses in the U.S. cannabis industry may later fall into the CSA Notice definition of U.S. marijuana-related activities as a result of the global cannabis industry's ever-evolving legal landscape.

Due to the Company's existing licensing agreements associated with the United States' cannabis industry, and any future opportunities, the Company may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction, in addition to those described herein.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and the related disclosures of contingent assets and liabilities. Significant estimates in the Financial Statements relate to the Company's ability to continue as a going concern, classification of the Convertible Debentures as financial liability and equity, classification of the joint arrangement, expected credit losses, deferred income taxes, market interest rates, the fair value of options and warrants, estimated useful lives and depreciation of property, plant and equipment and intangible assets, net realizable value of inventory, value of biological assets and inventory, and variable consideration in revenue from contracts with customers. Actual results could differ from these estimates. Significant new estimates include the market interest of debt instruments.

NEW ACCOUNTING POLICIES

Amendments to IAS 1, Presentation of Financial Statements

These narrow-scope amendments to IAS 1 require entities to disclose their material accounting policy information, instead of significant accounting policies.

Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors – Introducing a definition of 'accounting estimates'.

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Amendment to IAS 12, Income Taxes, Deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and temporary deductible differences.

Indiva adopted the above amendments as of January 1, 2023, and there has been no significant impact on the Financial Statements as of and for the year ended December 31, 2023.

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

A number of new and amended accounting standards are effective for annual periods beginning on or after January 1, 2024. The Company has not early adopted the new or amended standards in preparing the Financial Statements. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Amendments to IAS 1, Presentation of Financial Statements (effective on or after January 1, 2024)

These narrow-scope amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Amendments to IAS 7 and IFRS 7, Supplier Finance (effective on or after January 1, 2024)

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

Amendment to IFRS 16, Leases on sale and leaseback (effective on or after January 1, 2024)

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendment to IAS 21, Lack of Exchangeability (effective on or after January 1, 2025)

The amendment specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

SUBSEQUENT EVENTS

Reference is made to the disclosure set out in Notes 13 and 30 of the Financial Statements for the year ended December 31, 2023.

APPROVAL

The directors of Indiva have approved the disclosures contained in this MD&A.