

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**ITEM 1. Name and Address of Company**

MediPharm Labs Corp. (“**MediPharm**” or the “**Company**”)  
151 John Street  
Barrie, Ontario  
L4N 2L1

**ITEM 2. Date of Material Change**

September 29, 2023.

**ITEM 3. News Release**

A news release with respect to the material change was disseminated by the Company on October 2, 2023 through Cision (the “**News Release**”).

**ITEM 4. Summary of Material Change**

As announced on October 2, 2023, MediPharm entered into a settlement agreement on September 29, 2023 (the “**Settlement Agreement**”) to resolve a claim in connection with a commercial agreement dispute, for a total consideration value of \$9,000,000.

On January 24, 2020, MediPharm Labs filed a statement of claim (the “**Claim**”) in the Ontario Superior Court of Justice against one of its long-term customers, Hexo Corp., regarding a long-term supply agreement for cannabis concentrates. The Claim related to the payment of outstanding amounts due to the Company for products shipped to and received by the customer and deposits owed to the Company for committed amounts not yet shipped. MediPharm was awarded a favourable summary judgment in the Ontario Court of Justice in July of 2022. The summary judgment was appealed by Hexo Corp. and a hearing at the Court of Appeal was scheduled for October 12, 2023. In connection with the Settlement Agreement, Hexo Corp. will abandon its appeal as against MediPharm.

Upon the acquisition of HEXO Corp. by Tilray Brands, Inc. (“**Tilray**”), MediPharm and Tilray sought a resolution that was favorable to each party and to establish a long-term supply relationship in connection with the Settlement Agreement. Under the Settlement Agreement, MediPharm will receive a total value consideration of \$9,000,000 including:

- \$3,000,000 immediate cash payment;
- \$4,500,000 in common shares of Tilray;
- \$1,000,000 in Tilray cannabis products, including high-quality flower and extractable bio-mass; and
- \$500,000 supply agreement to provide Tilray with MediPharm products and services over four-years.

**ITEM 5. Full Description of Material Change**

See the full text of the News Release attached hereto as Schedule "A".

**ITEM 6. Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**ITEM 7. Omitted Information**

Not applicable.

**ITEM 8. Executive Officer**

Keith Strachan  
President  
Telephone: 416-913-7425  
Email: [investors@medipharmlabs.com](mailto:investors@medipharmlabs.com)

**ITEM 9. Date of Report**

October 4, 2023.

## Schedule "A"

### **MediPharm Labs Settles an Outstanding Claim for \$9M**

TORONTO, October 2, 2023 (CISION NEWSWIRE) -- MediPharm Labs Corp. (TSX: LABS) (OTCQB: MEDIF) (FSE: MLZ) ("MediPharm", "MediPharm Labs" or the "Company") a company specialized in precision-based cannabinoids, is pleased to announce it has entered into a settlement agreement on September 29, 2023 (the "Settlement Agreement") to resolve a claim in connection with a commercial agreement dispute, for a total consideration value of \$9,000,000.

On January 24, 2020, MediPharm Labs filed a statement of claim (the "Claim") in the Ontario Superior Court of Justice against one of its long-term customers, HEXO Corp., regarding a long-term supply agreement for cannabis concentrates. The Claim related to the payment of outstanding amounts due to the Company for products shipped to and received by the customer and deposits owed to the Company for committed amounts not yet shipped. MediPharm was awarded a favourable summary judgment in the Ontario Court of Justice in July of 2022. The summary judgment was appealed by Hexo Corp. and a hearing at the Court of Appeal was scheduled for October 12, 2023. In connection with the Settlement Agreement, Hexo Corp. will abandon its appeal as against MediPharm.

Upon the acquisition of HEXO Corp. by Tilray Brands, Inc. ("Tilray"), MediPharm and Tilray sought a resolution that was favorable to each party and to establish a long-term supply relationship in connection with the Settlement Agreement. Under the Settlement Agreement, MediPharm will receive a total value consideration of \$9,000,000 including:

- \$3,000,000 immediate cash payment;
- \$4,500,000 in common shares of Tilray;
- \$1,000,000 in Tilray cannabis products, including high-quality flower and extractable bio-mass; and
- \$500,000 supply agreement to provide Tilray with MediPharm products and services over four-years.

This long-term supply agreement will allow MediPharm to establish a positive ongoing business relationship with a global leader in the cannabis industry. This supply agreement is expected to benefit Tilray through access to MediPharm's unique pharmaceutical products and services both domestically and internationally, including products produced under the Company's US FDA Foreign Drug Site registration and Canadian Pharmaceutical Drug Establishment License.

Once completed, this arrangement will settle a current aged receivable of \$8.5M on the Company's balance sheet. The additional \$3M cash and \$4.5M anticipated proceeds from the Tilray shares further strengthens the Company's balance sheet. MediPharm's Q2 2023 reported cash balance was \$14.7M, which does not include the August 2023 surplus land sale for \$1.9M. This Settlement Agreement solidifies the Company's position as having one of the strongest cash positions amongst its cannabis industry peers with similar market capitalizations. In addition, with less than \$3M of debt, no overdue excise tax exposure, and full ownership of its assets, MediPharm also enjoys a very favourable debt position versus the same peer group. Management believes this puts the Company in a very strong position to continue to invest in the pharmaceutical and clinical pipelines, and to thoughtfully consider approaches to the many available consolidation opportunities in the industry.

## Management Commentary

**David Pidduck, CEO of MediPharm Labs** commented, “This settlement will allow us to receive \$9M in value, which will dramatically strengthen our balance sheet and allow us to invest in many organic and inorganic growth opportunities. We are also excited to establish a long-term relationship with Tilray, a global leader in the cannabis space. This agreement builds on MediPharm’s many customers across multiple channels, multiple geographies, B2B segments and Pharma. I would like to thank the Tilray management team for their professional and pragmatic approach to this mutually beneficial settlement, and we look forward to working with them in the future”.

## About MediPharm Labs

Founded in 2015, MediPharm Labs specializes in the development and manufacture of purified, pharmaceutical-quality cannabis concentrates, active pharmaceutical ingredients (API) and advanced derivative products utilizing a Good Manufacturing Practices certified facility with ISO standard-built clean rooms. MediPharm Labs has invested in an expert, research driven team, state-of-the-art technology, downstream purification methodologies and purpose-built facilities for delivery of pure, trusted and precision-dosed cannabis products for its customers. MediPharm Labs develops, formulates, processes, packages and distributes cannabis and advanced cannabinoid-based products to domestic and international medical markets.

In 2021, MediPharm Labs received a Pharmaceutical Drug Establishment License from Health Canada, becoming the only company in North America to hold a commercial scale domestic Good Manufacturing License for the extraction of multiple natural cannabinoids. The Company carries out its operations in compliance with all applicable laws in the countries in which it operates.

In 2023, MediPharm acquired VIVO Cannabis Inc. which expanded MediPharm’s reach to medical patients in Canada via Canna Farms medical ecommerce platform, and in Australia and Germany through Beacon Medical PTY and Beacon Medical GMBH. This acquisition also included Harvest Medical Clinics in Canada which provides medical cannabis patients with Physician consultations for medical cannabis education and prescriptions.

## For further information, please contact

MediPharm Labs Investor Relations

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## Cautionary Note Regarding Forward-Looking Information:

This news release contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved)

are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate to, among other things, the Company's position as a cash leader amongst its peers of a similar market capitalization, access to MediPharm's unique pharmaceutical products and services both domestically and internationally, MediPharm's very strong position to continue to invest in the pharmaceutical and clinical pipelines, the impact of the Settlement Agreement on MediPharm's financial position, future business opportunities, future marketable pharmaceutical products, and future Canadian and international commercial products that leverage MediPharm's unique Pharma expertise.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; the inability of MediPharm Labs to obtain adequate financing; the delay or failure to receive regulatory approvals; and other factors discussed in MediPharm Labs' filings, available on the SEDAR website at [www.sedar.com](http://www.sedar.com). There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, MediPharm Labs assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.