



**AVANT BRANDS INC.**

**ANNUAL INFORMATION FORM**

**FOR THE FINANCIAL YEAR ENDED NOVEMBER 30, 2025**

**DATED: MARCH 2, 2026**

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## EXPLANATORY NOTES AND CAUTIONARY STATEMENTS

### Explanatory Notes

All financial information in this AIF is prepared using IFRS. Information contained in this AIF is given as at November 30, 2025 unless otherwise stated.

Market and industry data used throughout this AIF was obtained from various publicly available sources. Although the Company believes that these independent sources are generally reliable, the accuracy and completeness of such information are not guaranteed and have not been verified due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and the limitations and uncertainty inherent in any statistical survey of market size, conditions and prospects.

This AIF should be read in conjunction with the Company's audited consolidated financial statements for the financial years ended November 30, 2025 and November 30, 2024, and the management's discussion and analysis related thereto, which are available under the Company's profile on the SEDAR+ website at [www.sedarplus.com](http://www.sedarplus.com).

### Caution Regarding Forward-Looking Information

This AIF includes forward-looking information. All information, other than statements of historical fact, included in this AIF that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's operations, plans and other matters, is forward-looking information. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, among others, statements relating to: the business strategy and objectives of the Company; the intention to grow the business, operations and potential activities of the Company; the intention to maximize the utilization of the Company's existing assets and investments; the expected production capacity of the Company; the market for the current and proposed product offerings of the Company; the expected demand for the Company's products; the anticipated timing for the release of expected product offerings; expectations with respect to the Company's product development, product offering and the expected sales mix thereof; the Company's expectations with respect to harvest; the competitive conditions of the industry and the Company's market expertise; anticipated business and operations expansion plans for the Company; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; anticipated legislative and regulatory changes; future expenditures and capital activities; the competitive landscape in which the Company operates; the grant, renewal and impact of any license to conduct activities with cannabis or any amendments thereof; the potential impact of infectious diseases; and other general economic trends on the Company; the ability of the Company to continue to attract, develop, motivate and retain highly qualified and skilled employees; and other events or conditions that may occur in the future.

Investors are cautioned that forward-looking information is not based on historical fact but instead is based on the reasonable assumptions and estimates of management of the Company at the time they were made and 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 such forward-looking information. Such factors include, among others, compliance with laws; changes in laws, regulations and guidelines; challenging global financial conditions; catastrophic events, natural disasters, severe weather and disease; ongoing international conflicts; reliance on licenses; failure to obtain the necessary licenses; reliance on facilities; material contracts and contracts with provincial and territorial governments; inability to secure additional financing; limited operating history; risks inherent with strategic alliances and investments; risks associated with divestment and restructuring; competition risks; operational structure risks; dependence on key personnel; conflicts of interest; internal controls; volatility of the Common Share price; inflation risk; credit and liquidity risk; expansion in foreign jurisdictions; difficulty to forecast; changes in cannabis prices; operating risks; reputational risks; management of growth; anti-money laundering laws and regulations; anti-bribery laws; litigation; cybersecurity and privacy risks; unknown defects and impairments; security over underlying assets; investors and employees of the Company may be subject to entry bans from the United States; hedging risks; dividend policy; increased operational, regulatory and other risks; production forecasts; competitive conditions; customer acquisitions; constraints on marketing products; risks inherent in an agricultural business; product recalls; product liability; environmental and

employee health and safety regulations; reliance on key inputs; dependence on suppliers and skilled labour; intellectual property; announcements and risks regarding vaping products; long-term health impacts associated with use of cannabis and cannabis derivative products; limited standardized research on the effects of cannabis; insurance risks; vulnerability to rising energy costs; transportation risks; enforcement of foreign judgements; and infectious diseases.

Risks involving the Company are discussed under the heading “Risk Factors”. Although the Company has attempted to identify important factors that could cause actual results to differ materially from statements contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. 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 forward-looking information. Forward-looking information is made as of the date given and the Company does not intend or undertake any obligation to publicly revise or update any forward-looking information that is included in this AIF, whether as a result of new information, future events or otherwise, other than as required by applicable law.

### **Currency and Exchange Rate Information**

This AIF contains references to Canadian dollars, referred to herein as “\$”.

## GLOSSARY OF CERTAIN TERMS

The following terms are used in this document:

“**3PL**” has the meaning ascribed thereto under the heading “*Description of the Business – Cultivation Facilities and Licenses*”;

“**3PL SPA**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2023*”;

“**ACC**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2025*”;

“**ACC Closing Date**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2025*”;

“**ACC Purchaser**” has the meaning ascribed thereto under the heading “*Description of the Business – Cultivation Facilities and Licenses*”;

“**ACMPR**” means *Access to Cannabis for Medical Purposes Regulations*;

“**AGLC**” has the meaning ascribed thereto under the heading “*Regulatory Overview – Cannabis Regulatory Framework in Canada – Provincial and Territorial Regulatory Regimes*”;

“**AK1**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2023*”;

“**AK1 Acquisition**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2023*”;

“**AK1 SPA**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2023*”;

“**AIF**” means this annual information form;

“**AMP**” has the meaning ascribed thereto under the heading “*Description of the Business – Adult-Use Market Operations – Quebec*”;

“**Audit Committee**” means the Audit Committee of the Board;

“**Avant**” or “**Company**” means Avant Brands Inc., a corporation existing under the laws of the Province of British Columbia, and/or its subsidiaries, as applicable;

“**BCBCA**” means the *Business Corporations Act* (British Columbia);

“**BCDD**” has the meaning ascribed thereto under the heading “*Description of the Business – Adult-Use Market Operations – British Columbia*”;

“**BCLDB**” has the meaning ascribed thereto under the heading “*Description of the Business – Adult-Use Market Operations – British Columbia*”;

“**Black Birch**” means Black Birch Capital Acquisition III Corp., prior to the Qualifying Transaction;

“**Board**” means the board of directors of the Company;

“**Cannabis Act**” means, collectively, the *Cannabis Act* (Canada) and the Cannabis Regulations;

“**Cannabis Regulations**” means the *Cannabis Regulations and Industrial Hemp Regulations* promulgated under the Cannabis Act;

“**CBCA**” means the *Canada Business Corporations Act*;

“**CBD**” means cannabidiol;

“**CBP**” means U.S. Customs and Border Protection;

“**CCAA**” means the under the Companies’ Creditors Arrangement Act;

“**CDSA**” means *Controlled Drugs and Substances Act* (Canada);

“**Common Shares**” means the common shares in the capital of the Company;

“**QT Consolidation**” means the consolidation of the Common Shares on the basis of the Consolidation Ratio;

“**Compensation Committee**” means the Compensation Committee of the Board;

“**Court**” means Ontario Superior Court of Justice (Commercial List);

“**CPG**” has the meaning ascribed thereto under the heading “*Regulatory Overview – Competitive Conditions*”;

“**Credit Facility**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2023*”;

“**Credit Facility Warrant**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2023*”;

“**Deferred Share Unit**” means a unit redeemable for Common Shares issued by the Company pursuant to the Deferred Share Unit Plan;

“**Deferred Share Unit Plan**” means the Company’s deferred share unit plan, approved by the shareholders of the Company on November 18, 2020, as amended on July 6, 2021;

“**Desjardins**” means Desjardins Securities Inc.;

“**DIP Loan**” means a loan AK1 provided to the Flowr Group, pursuant to which AK1 agreed to advance a debtor-in-possession loan in the amount of \$2,000,000 in connection with the Flowr Group’s application for protection from the Court.

“**Ernst & Young**” means Ernst & Young LLP;

“**F-20**” means F-20 Developments Corp;

“**Flowr**” means The Flowr Corporation;

“**Flowr Facility**” has the meaning ascribed thereto under the heading “*Description of the Business – Cultivation Facilities and Licenses*”;

“**Flowr Group**” means, collectively, Flowr, Flowr Okanagan, Flowr ULC and Terrace;

“**Flowr Okanagan**” has the meaning ascribed thereto under the heading “*Description of the Business – Cultivation Facilities and Licenses*”;

“**Flowr SPA**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2023*”;

“**Flowr ULC**” means The Flowr Canada Holdings ULC;

“**Forward-Looking Information**” means “forward-looking information” within the meaning of Canadian securities laws;

“**GBF**” has the meaning ascribed thereto under the heading “*Description of the Business – Cultivation Facilities and Licenses*”;

“**GBP**” has the meaning ascribed thereto under the heading “*Description of the Business – Cultivation Facilities and Licenses*”;

“**Governance Committee**” means the Nominating and Governance Committee of the Board;

“**GreenTec**” refers to GreenTec Holdings Ltd. following completion of the Qualifying Transaction, a corporation existing under the laws of the Province of British Columbia;

“**GreenTec PrivateCo**” means GreenTec Holdings Ltd. prior to the completion of the Qualifying Transaction, a corporation existing under the laws of the Province of British Columbia;

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board;

“**IT**” means information technology;

“**Licensed Producer**” means an entity that holds all valid licenses in the jurisdiction it operates to cultivate cannabis;

“**Licensing Agreement**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2022*”;

“**MENA**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2023*”;

“**Minister**” has the meaning ascribed thereto under the heading “*Regulatory Overview – Cannabis Regulatory Framework in Canada - Security Clearances*”;

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations*;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*;

“**NLC**” has the meaning ascribed thereto under the heading “*Regulatory Overview – Cannabis Regulatory Framework in Canada - Provincial and Territorial Regulatory Regimes*”;

“**NLCC**” has the meaning ascribed thereto under the heading “*Regulatory Overview – Cannabis Regulatory Framework in Canada - Provincial and Territorial Regulatory Regimes*”;

“**NULC**” has the meaning ascribed thereto under the heading “*Regulatory Overview – Cannabis Regulatory Framework in Canada - Provincial and Territorial Regulatory Regimes*”;

“**OCS**” means Ontario Cannabis Store;

“**Option Plan**” means the Company’s stock option plan, approved by shareholders of the Company on June 12, 2019, and ratified on November 18, 2020, as amended on July 6, 2021;

“**Options**” means stock options to purchase Common Shares issued by the Company pursuant to the Option Plan;

“**OTCQX**” means the OTCQ Best Market of the OTC Markets Group;

“**PIPEDA**” means the *Personal Information Protection and Electronics Documents Act* (Canada);

“**Preference Shares**” has the meaning ascribed thereto under the heading “*Description of Capital Structure – Preference Shares*”;

“**Qualifying Transaction**” has the meaning ascribed thereto under the heading “*Corporate Structure – Name, Address and Incorporation*”;

“**Qualifying Transaction Agreement**” means the agreement dated March 12, 2018, as amended on May 7, 2018 entered into between Black Birch, Subco and GreenTec PrivateCo in connection with the Qualifying Transaction;

“**Restricted Share Unit**” means a unit redeemable for Common Shares issued by the Company pursuant to the Restricted Share Unit Plan;

“**Restricted Share Unit Plan**” means the Company’s restricted share unit plan, approved by the shareholders of the Company on November 18, 2020, as amended on July 6, 2021;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval;

“**SLGA**” has the meaning ascribed thereto under the heading “*Description of the Business – Adult-Use Market Operations – Saskatchewan*”;

“**SISP**” means the Flowr Group’s proceedings under the CCAA and its related sales and investment solicitation process;

“**SQDC**” has the meaning ascribed thereto under the heading “*Description of the Business – Adult-Use Market Operations – Quebec*”;

“**Subco**” means 1155425 B.C. Ltd., a corporation existing under the laws of the Province of British Columbia;

“**Terrace**” means Terrace Global Inc.;

“**THC**” means tetrahydrocannabinol;

“**Thomas Cook**” has the meaning ascribed thereto under the heading “*Directors and Officers – Cease Trade Orders, Bankruptcies, Penalties or Sanctions*”;

“**TSX**” means the Toronto Stock Exchange;

“**TSXV**” means the TSX Venture Exchange;

“**TWF**” has the meaning ascribed thereto under the heading “*Description of the Business – Cultivation Facilities and Licenses*”;

“**U.S.**” or “**United States**” means the United States of America;

“**YLC**” has the meaning ascribed thereto under the heading “*Regulatory Overview – Cannabis Regulatory Framework in Canada - Provincial and Territorial Regulatory Regimes*”; and

## CORPORATE STRUCTURE

### Name, Address and Incorporation

The Company was incorporated as “Black Birch Capital Acquisition III Corp.” on September 24, 2012, under the CBCA and continued under the BCBCA effective on July 28, 2017. Prior to completing its qualifying transaction on June 12, 2018, the Company was a capital pool company under Policy 2.4 of the TSXV Corporate Finance Manual.

On June 12, 2018, pursuant to the Qualifying Transaction Agreement, the Company completed the acquisition of 100% of the issued and outstanding securities of GreenTec PrivateCo in connection with a business combination involving the Company and GreenTec PrivateCo (the “**Qualifying Transaction**”). The Qualifying Transaction was completed by way of a “three-cornered” amalgamation pursuant to which GreenTec PrivateCo and Subco, a wholl -

owned subsidiary of the Company, amalgamated and the resulting entity became a wholly-owned subsidiary of the Company and continued under the name “GreenTec Holdings Ltd”. The effective date of the Qualifying Transaction was June 12, 2018.

In connection with the Qualifying Transaction, on June 11, 2018, the Company changed its name from “Black Birch Capital Acquisition III Corp.” to “GTEC Holdings Ltd”. In addition, in connection with the Qualifying Transaction, the Company filed articles of amendment to effect the QT Consolidation.

On July 9, 2021, the Company completed a rebranding pursuant to which the Company changed its name from “GTEC Holdings Ltd.” to “Avant Brands Inc.”. The Company filed articles of amendment to effect the name change. In addition, on July 12, 2021, the Company graduated from the TSXV and the Common Shares began trading on the TSX. In connection with the Company’s graduation to the TSX, the Common Shares were voluntarily delisted from the TSXV.

The Common Shares currently trade on the TSX under the trading symbol “AVNT”, on the OTCQX under the trading symbol “AVTBF” and on the Frankfurt Stock Exchange under the trading symbol “1BU0”.

The Company’s head office is located at 1700 Dickson Avenue, Suite 910, Kelowna, British Columbia and its registered office is located at 885 West Georgia Street, Suite 2200, Vancouver, British Columbia.

### **Intercorporate Relationships**

As of the date of this AIF, the Company has eight wholly owned subsidiaries. The following chart illustrates, as of the date of this AIF, the Company’s subsidiaries, including their respective jurisdictions of incorporation and percentage of voting securities of each that are beneficially owned, controlled or directed by the Company.

<b>Subsidiary</b>	<b>Percent Ownership</b>	<b>Jurisdiction</b>
GreenTec Holdings Ltd.	100%	British Columbia, Canada
Avant Craft Cannabis Inc.	100%	Alberta, Canada
GreenTec Bio-Pharmaceuticals Corp.	100%	British Columbia, Canada
Grey Bruce Farms Incorporated	100%	Ontario, Canada
Tumbleweed Farms Corp.	100%	British Columbia, Canada
3PL Ventures Inc.	100%	British Columbia, Canada
Avant Brands K1 Inc.	100%	British Columbia, Canada
The Flowr Group (Okanagan) Inc.	100%	British Columbia, Canada
1203648 B.C. Ltd.	100%	British Columbia, Canada
GreenTec Retail Ventures Inc.	100%	British Columbia, Canada
Spectre Labs Inc.	100%	British Columbia, Canada

## GENERAL DEVELOPMENT OF THE BUSINESS

### History

#### *Fiscal Year 2023*

On February 1, 2023, GreenTec completed the acquisition of the remaining 50% of the issued and outstanding shares in 3PL from F-20 pursuant to a share purchase agreement among the Company, GreenTec and F-20 dated December 15, 2022 (the “**3PL SPA**”). The aggregate purchase price payable to F-20 pursuant to the terms of the 3PL SPA was equal to \$15,000,000, which was satisfied as follows: (i) \$1,500,000 cash paid on closing; (ii) \$9,500,000 payable by way of a convertible debenture with a conversion price of \$0.50 per Common Share, an interest rate of 10% per annum and a maturity date of August 1, 2024; (iii) the issuance of 16,430,573 Common Shares to be held in escrow pursuant to the terms of the 3PL SPA; (iv) 5,819,161 Common Shares not subject to an escrow period; and (v) the issuance of 5,000,000 Common Share purchase warrants with an exercise price of \$0.50 per Common Share expiring on February 1, 2025, subject to acceleration by the Company pursuant to the terms of the 3PL SPA. On February 23, 2024, the Company entered into a partial equity conversion agreement with F-20 pursuant to which the quarterly payments were reduced and the maturity date of the convertible debenture was extended to October 29, 2025, with an amended interest rate of 15% per annum and monthly amortized payments of \$150,000. The Company also made a voluntary prepayment of \$1.4 million through the issuance of 16,355,140 Common Shares. The Company also issued 1,375,000 Common Share purchase warrants to F-20 with an exercise price of \$0.25 exercisable on or before February 23, 2026, subject to acceleration in certain circumstances.

On February 2, 2023, AK1 acquired all of the issued and outstanding shares in the capital of Flowr Okanagan pursuant to the terms of an amended and restated purchase agreement among AK1, Flowr Okanagan and Flowr ULC dated December 15, 2022, as amended on January 31, 2023 (the “**Flowr SPA**”). The Flowr SPA was entered into following completion of an auction conducted on December 1, 2022, pursuant to the SISP in connection with the Flowr Group’s proceedings under the CCAA. The aggregate purchase price payable pursuant to the terms of the Flowr SPA was equal to \$5,115,000, consisting of (i) \$3,850,000 payable in cash paid by AK1 (including a credit bid in an amount equal to the DIP Loan); and (ii) 7,402,186 Common Shares, plus (i) the amount of the Closing DIP Loan (to the extent not otherwise repaid); and (ii) the value of the Assumed Liabilities (as those terms are defined in the Flowr SPA), subject to certain adjustments.

On March 14, 2023, GreenTec completed the acquisition (the “**AK1 Acquisition**”) of the remaining 50% equity stake in Avant Brands K1 Inc. (“**AK1**”) from MENA Investment Network Inc. (“**MENA**”) pursuant to a share purchase agreement among the Company, GreenTec and MENA dated March 14, 2023 (the “**AK1 SPA**”). The aggregate purchase price payable to MENA pursuant to the terms of the AK1 SPA was equal to \$4,560,000, which was satisfied as follows: (i) the issuance of a promissory note in the principal amount of \$1,450,000 which bore interest at a rate of 12% per annum and originally matured on December 14, 2023; and (b) the issuance of 18,137,780 Common Shares. Following completion of the AK1 Acquisition, the Company now owns 100% of the issued and outstanding shares in the capital of AK1 and Flowr Okanagan. On December 14, 2023, the promissory note was amended to extend the maturity date to January 12, 2024, in respect of the principal amount of \$545,097.51. The promissory note was further amended to extend the maturity date to July 12, 2024, with various payments being made on a monthly basis to MENA. On February 23, 2024, the Company issued 672,897 Common Shares with a value of \$72,000 to MENA in connection with the extension of the maturity date and agreed to issue an additional \$50,000 of Common Shares to MENA on July 12, 2024.

On May 4, 2023, Miguel Martinez was appointed as Chief Financial Officer of the Company following the resignation of Matthew Whitt.

On May 30, 2023, Sylvia Lee was elected as a director of the Company, replacing Ruairi Twomey who did not stand for re-election at the Company’s annual general meeting held on May 30, 2023.

On May 25, 2023, the Company received a Statement of Claim from Desjardins alleging damages (of approximately \$1 million) for breach of contract claiming that they were not paid for work they did relating to the potential acquisition

of Flowr. The Company denies the baseless claims made by Desjardins and was settled during the year ended November 30, 2025, for an undisclosed amount.

On July 17, 2023, the Company completed the closing of a \$3,500,000 credit facility (the “**Credit Facility**”), which is secured by the real estate of GBP, the Company’s construction stage, non-operational and non-licensed property and guaranteed by 3PL, Flowr Okanagan and GreenTec. The Credit Facility bears an annual interest rate of 15%, as may be adjusted for any upward change in the prime rate, with a 3-year amortization period. In addition, the Company agreed to pay a quarterly unused standby fee in the amount equal to 0.50% per quarter on the average unused portion of the Credit Facility. In connection with the Credit Facility, the Company issued 1,750,000 Common Share purchase warrants to the lenders (each a “**Credit Facility Warrant**”). Each Credit Facility Warrant entitles the holder thereof to purchase one Common Share of the Company at an exercise price of \$0.30 on or before July 17, 2026, and becomes exercisable proportionately in accordance with the drawdown schedule for the Credit Facility.

#### ***Fiscal Year 2024***

On February 26, 2024, the Company announced that it has entered into amendments with respect to certain outstanding debts of the Company as further described below.

**MENA Extension:** Avant entered into a promissory note extension agreement (the “**Extension Agreement**”), with MENA Investment Network Inc. (“**MENA**”) pursuant to which certain amendments were made to the terms of the original promissory note dated July 31, 2023 (collectively, the “**Note**”). The Extension Agreement benefited the Company as the Note’s \$720,000 balance, originally due on the Note’s due date, was paid through monthly installments until the amended maturity date of July 12, 2024. The Note bore interest at a rate of 12% percent per annum. As consideration for entering into the Extension Agreement, Avant: (i) issued 672,897 common shares of the Company to MENA; and subject to certain conditions will additionally (ii) issue such number of common shares of the Company on July 12, 2024, equal to \$50,000 divided by the five-day volume weighted average price (the “**VWAP**”) of the common shares of the Company on the Toronto Stock Exchange (the “**TSX**”).

**F-20 Amendment:** Avant entered into a partial equity conversion agreement (the “**Equity Conversion Agreement**”) with F-20 Developments Corp. (“**F-20**”) reducing Avant’s quarterly payments to F-20 by more than \$1,250,000. Additionally, Avant and F-20 have executed an amended and restated convertible debenture (the “**A&R Debenture**”), replacing in its entirety the debenture dated February 1, 2023 (the “**Original Debenture**”). In accordance with the Equity Conversion Agreement, Avant made a voluntary prepayment to F-20 against the principal balance of \$4,750,000 in the amount of \$1,400,000 through the issuance of 16,355,140 common shares of the Company. Additionally, Avant issued 1,375,000 common share purchase warrants to acquire common shares of the Company at an exercise price of \$0.25 on or before February 23, 2026, subject to acceleration by the Company in the event that the 20-day VWAP of the Common Shares on the TSX exceeds \$0.85. Terms of the A&R Debenture include: a maturity date extension to October 29, 2025; monthly amortized payments of approximately \$150,000; and the amended note shall bear an interest rate of 15% per annum.

On March 1, 2024, Jeremy Wright as was appointed Chief Financial Officer of the Company, following the resignation of Miguel Martinez.

On March 1, 2024, Tyson Macdonald was elected as a Director of the Company.

On July 5, 2024, David Lynn resigned as the Company’s Chief Operating Officer.

On June 4, 2024, the Company completed a non-brokered private placement (the “**2024 Offering**”) in the amount of \$2,393,333.78 priced at \$0.085 per unit (each a “**2024 Unit**”) through the issuance of 28,156,868 Units. Each 2024 Unit consisted of one common share (a “**Share**”) and one-half of one common share purchase warrant (each whole warrant a “**2024 Warrant**”). Each 2024 Warrant had a term of 36 months commencing on the closing date of the Private Placement and entitled the holder to purchase one additional Share at a price of \$0.12 per Share. Finders’ fees related to this 2024 Offering consisted of \$13,600 and 160,000 non-transferable finders’ warrants which are exercisable on the same terms as the subscribing investors. Insider and related-party participation totaled \$817,500, including: CEO Norton Singhavon for \$175,000; CFO Jeremy Wright for \$42,500; and F-20 Developments Corp for \$600,000. Other non-insider employees of Avant Brands participated for an additional \$386,000.

On July 29, 2024, the Company completed non-brokered private placement (the “**Convertible Offering**”) in the amount of \$3,900,000 priced at a price of \$1,000 per unsecured convertible debenture unit through the issuance of 3,900 unsecured convertible debenture units (the “**Convertible Debenture Units**”). Each Convertible Debenture Unit is comprised of (i) \$1,000 principal amount (the “**Principal Amount**”) of senior unsecured convertible debentures (the “**Convertible Debentures**”) of the Company and (ii) 10,000 common share purchase warrants (the “**Warrants**”) of the Company. Each Convertible Debenture will be convertible into common shares of the Company (the “**Debenture Shares**”), at the option of the holder at a conversion price of \$0.10 per Debenture Share, subject to adjustment in certain circumstances. Each Warrant will entitle the holder thereof to purchase one common share of the Company (a “**Warrant Share**”) at a price of \$0.10 per Warrant Share for a period of 48 months from July 26, 2024 (the “**Convertible Closing Date**”). The Convertible Debentures bear interest at a rate of 10% per annum from the Convertible Closing Date, calculated and payable quarterly in cash, with any remaining accrued and unpaid interest to be paid by the Company on the fourth anniversary of the Convertible Closing Date (the “**Convertible Maturity Date**”). The Company is expected to (i) repay 6.25% of the Principal Amount quarterly in cash, and (ii) repay the remaining Principal Amount outstanding on the Convertible Maturity Date. Pursuant to the terms of the Convertible Debentures and the Warrants, the holder is restricted from converting or exercising the Convertible Debentures or Warrants, as applicable, to the extent that after giving effect to such conversion or exercise, as the case may be, the holder would beneficially own or exercise control or direction over, directly or indirectly in excess of 9.99% of the common shares of the Company outstanding immediately after giving effect to such conversion or exercise, as the case may be.

On August 30, 2024, the Company completed the consolidation of its outstanding common shares on the basis of thirty (30) existing common shares for one (1) new common share of the Company (the “**Consolidation**”). Prior to the Effective Date, the Company had 316,342,373 common shares issued and outstanding. Following completion of the Consolidation, the Company had 10,544,741 common shares issued and outstanding and were subject to rounding. No fractional post-Consolidation common shares were issued as a result of the Consolidation. The holdings of any shareholder who would otherwise be entitled to receive a fractional share as a result of the Consolidation were rounded up to the next higher whole number if the fraction is 0.5 or greater and rounded down to the next lower whole number if the fraction is less than 0.5. The Company’s outstanding warrants, options and other convertible securities were adjusted on the same basis as the Consolidation with respect to the underlying common shares exercisable pursuant to the warrants, options and other convertible securities, with proportionate adjustments being made to applicable exercise or conversion prices, as applicable. The common shares commence trading on the TSX on a consolidated basis at the opening of trading on the Effective Date under the new ISIN CA05353D2023 and new CUSIP 05353D202.

### ***Fiscal Year 2025***

On June 19, 2025, Sylvia Lee resigned as a Director of the Company.

On October 1, 2025, the Company ceased cultivation and processing operations at Alberta Craft Cannabis Inc. (“**ACC**”), consolidating its cultivation with expanded capacity at Flowr and processing within the existing capacity at 3PL.

On October 1, 2025 (the “**ACC Closing Date**”), the Company completed an asset sale agreement with an arms-length party (the “**ACC Purchaser**”), selling all or substantially all the assets (excluding licenses) and select liabilities of ACC to the ACC Purchaser.

On November 7, 2025, the Company completed the repayment of its \$9,500,000 A&R Debenture, retiring in full the obligation originally issued in connection with the 2023 acquisition of 3PL Ventures Inc.

During the fiscal year ended November 30, 2025, the Company settled all previously disclosed litigation. As at the date of this AIF there is no material outstanding litigation involving the Company.

## DESCRIPTION OF THE BUSINESS

### Company Overview

Avant is a Canadian cannabis company which produces and markets ultra-premium cannabis products for the adult-use market in Canada, as well as internationally. The Company's wholly-owned subsidiaries operate in the Provinces of British Columbia, Alberta and Ontario, and are licensed to cultivate, process and sell medical and adult-use cannabis and cannabis products in Canada under the provisions of the Cannabis Act.

The Company has four licensed and operational assets, is currently distributing cannabis in Canada through medical and recreational sales channels and distributing cannabis internationally through export wholesale channels. The Company is also in the process of further investing in and expanding its cultivation, processing and distribution capabilities in Canada.

### Products

Avant's brand portfolio includes: BLK MKT™, Tenzo™, GreenTec™, cognōscente™, Treehugger™, and Flowr™.

#### *Medical Brands*

The Company's Avant Medical cannabis e-commerce website (previously GreenTec™) allows medical patients to purchase cannabis products directly from the Company. All Avant Medical products are cultivated at Avant's four licensed cannabis facilities, then packaged and shipped directly to registered patients nationwide. See "*Description of the Business – Cultivation Facilities and Licenses*".

#### *Canadian Recreational Market Brands*

The Company currently offers recreational cannabis products through its five recreational brands: BLK MKT™, Tenzo™, cognōscente™, Treehugger™ and Flowr™.

### Distribution

#### *Canadian Retail*

The Cannabis Act provides provincial, territorial and municipal governments with the authority to prescribe regulations regarding retail and distribution of adult-use cannabis. As such, the distribution model for adult-use cannabis is prescribed by provincial and territorial regulations and differs by jurisdiction. Some provinces utilize government run retailers, while others utilize government-licensed private retailers, and some a combination of the two. All of the Company's adult-use sales are conducted according to the applicable provincial and territorial legislation and through applicable local agencies. All of the Company's sales are to third-party customers.

#### *Canadian Medical*

In Canada, the medical distribution channel follows a direct to patient model which permits Avant to provide patients with cannabis directly through the Company's medical portal. The primary means of delivery of cannabis products is directly from the Company to the authorized medical patients using secure shipping methods such as Canada Post, a national courier.

#### *International Wholesale*

Internationally, Avant has a reputation for cultivating high quality cannabis flower that has become ideally suited for pursuing international markets. Accordingly, the Company has been exporting cannabis flower since 2021. The Company's primary export markets are Israel, Australia and Germany. Avant's three largest facilities hold GACP and ICANN-GAP certifications from the IQC (Institute for Quality & Control) in Israel. These facilities serve as the Company's export hubs – shipping bulk premium flower to international clients while maintaining rigorous regulatory and environmental controls.

### ***Cultivation Facilities and Licenses***

#### ***The Flowr Group (Okanagan) Inc. (“Flowr Okanagan”)***

Acquired in 2023, Flowr Okanagan is a wholly owned subsidiary of the Company, operating a facility in Kelowna, BC. The facility is approximately 80,000 square feet and is a purpose-built cannabis cultivation facility holding a standard cultivation, standard processing and medical sales licenses from Health Canada under the Cannabis Act, as well as its approved ‘*Application to Amend a License to Add Sale of Classes of Cannabis*’, in order to facilitate direct sales of dried cannabis, cannabis extracts, edible cannabis and cannabis topical products to provincial cannabis boards. Flowr Okanagan sells to the provincial liquor boards, other domestic Licensed Producers and export customers.

#### ***3PL Ventures Inc. (“3PL”)***

3PL, a wholly owned subsidiary of the Company, operates a facility in Vernon, BC. The facility is approximately 60,000 square feet and is a purpose-built cannabis cultivation facility completed in early 2021. On August 20, 2021, 3PL received its standard cultivation, standard processing and medical sales licenses from Health Canada under the Cannabis Act. On May 10, 2022, 3PL received Health Canada approval on the ‘*Application to Amend a License to Add Sale of Classes of Cannabis*’, facilitating 3PL's direct sales of dried cannabis to provincial cannabis boards and to export customers.

#### ***Grey Bruce Farms Incorporated (“GBF”)***

GBF, a wholly owned subsidiary of the Company, received its standard cultivation license from Health Canada under the Cannabis Act on July 5, 2019. GBF has a fully built and operational 15,000 square foot cannabis production facility. GBF is located in Tiverton, Ontario and the property sits on six acres of land with significant future expansion capabilities. During the year ended November 30, 2020, GBF received Health Canada approval on the ‘*Application to Amend a Licence to Add Sale of Classes of Cannabis*’ receiving its standard processing and sales license, facilitating GBF's direct sales of dried cannabis to provincial liquor boards.

#### ***Tumbleweed Farms Corp. (“TWF”)***

TWF, a wholly owned subsidiary of the Company, received its standard cultivation, standard processing and medical sales licenses from Health Canada under the Cannabis Act on August 16, 2019. TWF has a fully built and operational 10,000 square foot cannabis production facility, which is currently producing approximately 1 million grams of dried cannabis flower annually. TWF is located in Chase, British Columbia and the property sits on 23 acres of land with significant future expansion capabilities. On October 21, 2020, TWF received Health Canada approval on the ‘*Application to Amend a Licence to Add Sale of Classes of Cannabis*’, in order to facilitate TWF's direct sales of dried cannabis to provincial cannabis boards.

#### ***GreenTec Bio-Pharmaceuticals Corp. (“GBP”)***

GBP, a wholly owned subsidiary of the Company, is a phase-one 20,000 square foot construction-stage facility that is approximately 85% complete. Following completion of all phases, GBP is intended to be up to 80,000 square feet. The facility is located approximately 1 kilometer from Flowr Okanagan in Kelowna, BC. As at the date of this AIF construction remains suspended and will resume when capital resources are available.

### ***Avant Craft Cannabis Inc. (“ACC”)***

On the ACC Closing Date, ACC, a wholly owned subsidiary of the Company, ceased cultivation and processing operations, consolidating its cultivation with expanded capacity at Flowr and processing within the existing capacity at 3PL. As at the date of this AIF, ACC no longer holds a Health Canada license for cannabis cultivation or sale.

### **Adult-Use Market Operations**

The Company maintains supply agreements for adult-use cannabis with various provinces and territories, as further described below.

#### ***British Columbia***

The British Columbia Liquor Distribution Branch (“**BCLDB**”) was the Company’s first major recreational customer and it currently carries a full range of the Company’s recreational products.

#### ***Saskatchewan***

The Company is currently shipping recreational cannabis products via two wholesale distributors in the Province of Saskatchewan in accordance with the regulatory regime established by the Saskatchewan Liquor and Gaming Authority (the “**SLGA**”).

#### ***Manitoba***

In August 2020, the Company received its initial purchase orders from the Province of Manitoba. It subsequently commenced shipping cannabis products directly to Manitoba cannabis retail stores in accordance with the regulatory framework established by the Liquor, Gaming and Cannabis Authority of Manitoba.

#### ***Ontario***

In August 2020, the Company commenced shipping cannabis products to the OCS under the BLK MKT™, Tenzo™, Treehugger™, and cognōscente™ brands. The OCS is currently the Company’s largest recreational cannabis customer.

#### ***Quebec***

In September 2020, the Company applied to the Autorité des Marchés Publics (the “**AMP**”) to facilitate cannabis product listings via the Société québécoise du cannabis (the “**SQDC**”). On March 17, 2021, the AMP granted GBF approval to conduct business with Quebec government entities. The Company is currently supplying the SQDC via a licensed cannabis company based in Quebec.

#### ***Yukon***

In September 2020, the Company signed a Cannabis Purchase and Sale Agreement with the Yukon Liquor Corporation and subsequently commenced shipping into Yukon Territory. The Company has shipped cannabis products in accordance with the Company’s cannabis purchase and sale agreement with the Yukon Liquor Corporation (the “**YLC**”).

#### ***Alberta***

In Alberta, the Company was unsuccessful in the process to become an approved supplier. The Company is exploring alternative means of supplying the Alberta market, including, but not limited to, wholesale business-to-business and co-packing. Further, the Company is now supplying the Alberta market via its on-line medical portal [www.avantmedical.ca](http://www.avantmedical.ca). See “*Risk Factors – Material Contracts and Contracts with Provincial and Territorial Governments*” for additional details.

### ***New Brunswick***

The Company made its first sale to Cannabis NB in August 2021.

### ***Newfoundland and Labrador***

The Company made its first sale to Newfoundland and Labrador Liquor Corporation in August 2022.

### ***Northwest Territories***

The Company made its first sale to Northwest Territories' Liquor and Cannabis Commission in May 2022.

### ***Prince Edward Island***

The Company made its first sale to PEI Cannabis Management Corporation in July 2022.

### ***Nunavut***

The Company made its first sale to Nunavut Liquor and Cannabis Commission in December 2021.

## **REGULATORY OVERVIEW**

### ***Cannabis Regulatory Framework in Canada***

Access to medical cannabis has been legal in Canada since 2001 under various regulatory regimes starting with the *Marihuana Medical Access Regulations*. Prior to the Cannabis Act coming into force, only the sale of medical cannabis was permitted and it was first regulated by the *Marihuana for Medical Purposes Regulations* and then the subsequent ACMPR made under the CDSA. The Cannabis Act replaced the CDSA and the ACMPR as the governing laws and regulations in respect of the cultivation, processing, sale and distribution of cannabis (including cannabis oil extract) in Canada. On October 17, 2018, the Cannabis Act came into force, legalizing the sale of cannabis for adult recreational use.

The Cannabis Act provides a licensing and permitting scheme for the production, testing, packaging, labelling, distribution, delivery, transportation, sale, possession and disposal of cannabis for medicinal and non-medicinal use (i.e. adult-use), implemented by the Cannabis Regulations. The Cannabis Act and Regulations maintain separate provisions governing cannabis for medical purposes and importation and exportation of cannabis for medical or scientific purposes.

The Cannabis Regulations, among other things, set out requirements relating to the following matters:

#### ***Licensing***

The Cannabis Regulations establish six classes of licenses under the Cannabis Act: cultivation licenses; processing licenses; analytical testing licenses; sales for medical purposes licenses; research licenses; and cannabis drug licenses. The Cannabis Regulations also create subclasses for cultivation licenses (standard cultivation, micro-cultivation and nursery), processing licenses (standard processing and micro-processing) and sale (sale for medical purposes). Different licenses and each subclass therein, carry differing rules and requirements that are intended to be proportional to the public health and safety risks posed by each license category and each subclass. Each license contemplates permitting the sale of cannabis within the supply chain (i.e. to other appropriate license holders or those permitted under a provincial law) but does not include the ability to sell recreational cannabis to retail consumers which is regulated by the provinces.

The Cannabis Regulations permit cultivation license holders to conduct both outdoor and indoor cultivation of cannabis. Outdoor cultivation significantly reduced the barrier to entry as it reduced the demands on start-up capital required for new entrants in the cannabis industry. It may also ultimately lower prices as capital expenditure requirements related to growing outside are typically much lower than those associated with indoor growing.

### *Security Clearances*

Certain people associated with cannabis licensees, including: (i) individuals occupying a “key position” within the licensee; (ii) directors, officers and individuals who exercise, or are in a position to exercise, direct control over a corporate licensee; (iii) directors and officers of any corporation that exercises, or is in a position to exercise, direct control over a corporate licensee; and (iv) certain other individuals identified by the Cannabis Act and the Minister of Health (the “**Minister**”), must hold a valid security clearance issued by the Minister. The “key positions” include a “responsible person” and head of security for all cultivation, processing and sales license holders, a master grower for cultivation license holders and a quality assurance person for processing license holders. Each “key position” must also have alternates assigned. Each key person and alternate must hold a security clearance. Under the Cannabis Regulations, the Minister may refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences. Individuals who have histories of non-violent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) are not precluded from participating in the legal cannabis industry, and the grant of security clearance to such individuals is at the discretion of the Minister on a case-by-case basis.

### *Cannabis Tracking System*

Under the Cannabis Act, the Minister is authorized to establish and maintain a national cannabis tracking system. The Minister introduced the Cannabis Tracking and Licensing System, and license holders are required to use this system to submit monthly reports to the Minister, among other things. The purpose of this system is to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the legal market. The Cannabis Act provides the Minister with the authority to make a ministerial order that would require licensees to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister.

### *Cannabis Products*

Saleable classes of cannabis are regulated by the Cannabis Act and are generally uniform across Canada, although certain provinces enacted legislation limiting sale of certain classes of cannabis to medical users. The Cannabis Act allows the sale of dried cannabis, fresh cannabis, cannabis oil, cannabis plants, cannabis seeds, cannabis extracts, cannabis topicals and edible cannabis. Cannabis oil ceased to be a separate class of saleable cannabis effective October 17, 2020 and is subsumed within other classes of cannabis (e.g. cannabis extracts or edible cannabis), depending on the details of how the particular cannabis product is packaged, the THC content and the presence of other ingredients. Cannabis beverages have now been defined by the Cannabis Act (in late 2022) as a subset of edible cannabis intended to be consumed by drinking that have a concentration of 3% w/w or less of THC, taking into account the potential to convert THCA into THC, for the sole purpose of addressing THC equivalency issues for beverages but does not add a new class of cannabis.

The Cannabis Regulations set out the product, packaging and labelling requirements for cannabis products to be sold at the retail level, including THC content and net quantity of cannabis products.

### *Packaging, Labelling and Promotion*

The Cannabis Regulations set out requirements pertaining to the packaging and labelling of cannabis products which are intended to promote informed consumer choice and allow for the safe handling and transportation of cannabis, while also reducing the appeal of cannabis to youth and promoting safe consumption. These requirements include plain packaging for cannabis products, including strict requirements for logos, colours and branding, and further require mandatory health warnings, a standardized cannabis symbol and specific product information.

The Cannabis Act generally restricts the promotion of cannabis. Subject to a few exceptions, all promotions of cannabis are prohibited unless authorized by the Cannabis Act.

### *Health Products and Cosmetics Containing Cannabis*

Health Canada has taken a scientific, evidence-based approach to 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. As a result of the coming into force of the Cannabis Act, cannabis, as defined in Subsection 2(1) of the Cannabis Act, has been added to Health Canada’s “Cosmetic Ingredient

Hotlist”, the list of prohibited substances for use in cosmetic products. Furthermore, the Cannabis Regulations prohibit the promotion of cannabis and the making of claims for cannabis products that could create the impression that health or cosmetic benefits may be derived from their use.

### *Cannabis for Medical Purposes*

With the Cannabis Act and the Cannabis Regulations coming into force on October 17, 2018, the medical cannabis regime migrated from the CDSA and the ACMPR to the Cannabis Act and the Cannabis Regulations. The medical cannabis regulatory framework under the Cannabis Act and the Cannabis Regulations remains substantively the same as under the CDSA and the ACMPR, with adjustments to create consistency with rules for non-medical use, improve patient access, and reduce the risk of abuse within the medical access system. The sale of medical cannabis remains federally regulated and sales can only be made by an entity that holds a license to sell under the Cannabis Regulations to patients who: (a) have a medical document authorizing the use of medical cannabis; and (b) have registered with the licensed entity. Patients must obtain a medical document from their healthcare provider and then register as a patient with a holder of a license for sale for medical purposes, with the registration in each case valid for a maximum of one year. The client can then order from the licensed seller online or via telephone and the cannabis will be shipped directly to the client. The federal government reviewed the medical cannabis system with a report published on October 10, 2023, providing feedback on the entire cannabis systems.

### *Provincial and Territorial Regulatory Regimes*

While the Cannabis Act governs the production of cannabis for consumer purposes and related matters by the federal government, the Cannabis Act has authorized the provinces and territories of Canada to regulate other aspects of consumer cannabis, such as sale and distribution, minimum age requirements, and places where cannabis can be consumed.

All Canadian provinces and territories implemented regulatory regimes for the distribution and sale of cannabis for recreational purposes. There are essentially three general frameworks: (i) private cannabis retailers licensed by the province; (ii) government-run retail stores; or (iii) a combination of both frameworks. Regardless of the framework, the recreational cannabis market is ultimately supplied by federally licensed cultivators and processors. In many cases, the provinces and territories that have or propose to have licensed private retailers have or will have a government-run distributor. Such licensed private retailers are or will be required to obtain their cannabis products exclusively from such a distributor, while the distributors, in turn, acquire the cannabis products from the federally licensed cultivators and processors. In addition, all provinces and territories have established a minimum age to purchase recreational cannabis of 19 years old, except Québec, where the minimum age is 21, and Alberta, where the minimum age is 18.

The following discussion outlines the current basic regulatory regime in each province and territory:

**Alberta:** In Alberta, recreational cannabis products are sold by licensed private retail stores that receive their products from a government-run distributor (the Alberta Gaming, Liquor and Cannabis Commission (“AGLC”). Cannabis products are also sold online by the AGLC’s online store.

**British Columbia:** In British Columbia, recreational cannabis products are sold by both public and licensed private retail stores that receive their products from a government-run distributor BCLDB. Cannabis products are also sold online by the BCLDB’s online store.

**Manitoba:** In Manitoba, recreational cannabis products are sold in stores and online by licensed private retailers that receive their products from a government-run distributor (the Manitoba Liquor and Lotteries Corporation).

**New Brunswick:** In New Brunswick, recreational cannabis products are sold in public retail stores and online by Cannabis NB, a subsidiary of the government-run New Brunswick Liquor Corporation. A government-run distributor, the New Brunswick Cannabis Management Corporation, distributes recreational cannabis products in the province. On November 30, 2021, the New Brunswick government tabled legislation to allow Cannabis NB to expand its services to allow private cannabis stores to operate in the province, as well as public retail stores. Private retail stores have now opened in New Brunswick.

**Newfoundland and Labrador:** In Newfoundland and Labrador, recreational cannabis products are sold by licensed private retail stores that receive their products from federally licensed cultivators and processors authorized by the government-run Newfoundland and Labrador Liquor Corporation (the “NLC”). Cannabis products are also sold online by the NLC’s online store.

**Northwest Territories:** In the Northwest Territories, recreational cannabis products are sold by licensed private retail stores that receive their products from a government-run distributor (the Northwest Territories’ Liquor and Cannabis Commission (the “NTLCC”)). Cannabis products are also sold online by the NTLCC’s online store.

**Nova Scotia:** In Nova Scotia, recreational cannabis products are sold in public retail stores and online by the government-run Nova Scotia Liquor Corporation.

**Nunavut:** In Nunavut, recreational cannabis products can be sold by both public and licensed private retail stores that receive their products from either a government-run distributor (the Nunavut Liquor and Cannabis Commission (the “NULC”)) or the NULC’s authorized agents. Cannabis products can also be sold online by the NULC and its authorized agents’ online stores.

**Ontario:** In Ontario, recreational cannabis products are sold by licensed private retail stores that receive their products from the OCS, a government-run distributor. Cannabis products are also sold online by the OCS’ online store.

**Prince Edward Island:** In Prince Edward Island, recreational cannabis products are sold in public retail stores and online by the government-run PEI Cannabis Management Corporation.

**Québec:** In Québec, recreational cannabis products are sold in public retail stores and online by the SQDC, a subsidiary of the government-run Société des Alcools du Québec.

**Saskatchewan:** In Saskatchewan, recreational cannabis products are sold in stores and online by licensed private retailers that receive their products from either private distributors permitted by the government-run SLGA or federally licensed cultivators and processors registered with the SLGA.

**Yukon:** In Yukon, recreational cannabis products can be sold by both public and licensed private retail stores that receive their products from a government-run distributor (the YLC). Cannabis products are also sold online by the YLC’s online store.

Certain of the foregoing jurisdictions limit a federally licensed cultivator or processor (and its affiliates) to holding one retail store authorization, for a store which must be located at the site listed on the cultivator’s or processor’s federal license. The term “affiliate” is broadly defined by regulation and includes a person over which the federally licensed cultivator or processor has any direct or indirect influence that, if exercised, would result in control in fact of the person.

### **Specialized Skill and Knowledge**

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and the Board. The Company’s future success depends on its continuing ability to attract, develop, motivate, and retain such personnel. Qualified individuals, including those with knowledge and experience in the cannabis industry, are in high demand and the Company may incur significant costs to attract and retain them. See “*Risk Factors*” for additional details.

The Company’s management is comprised of individuals who have extensive expertise in regulated products, consumer packaged goods and life sciences. In addition, the Board is constituted of experienced professionals from various relevant industries. See “*Directors and Officers*” for additional details.

As a licensee under the Cannabis Act, individuals occupying a “key position” with the Company, such as officers and directors and each member of executive management, are subject to a security clearance by Health Canada. A failure by one of these individuals to maintain or renew his or her security clearance could result in a reduction or complete suspension of certain operations. Given the limited history of the Canadian cannabis industry, there are limited individuals that currently hold a valid security clearance issued by Health Canada. See “*Risk Factors*” for additional details.

A primary specialized skill unique to the cannabis industry is with respect to the growing of product. While a background in greenhouse growing may be helpful, a background with substantial experience in growing cannabis is required to grow product at scale. Individuals with these specialized skills are employed by the Company and are readily available to the Company.

In addition, the Company's licensed facilities are required to be in compliance with the Cannabis Act and any directives issued by Health Canada, which includes strict security measures, equipment required to manage production, HVAC systems, odour control systems and laboratory equipment or outsourcing arrangements to monitor and test product quality. In order to ensure compliance with all of the Health Canada regulatory requirements, the Company must employ various personnel with regulatory expertise. While a background in the cannabis industry is not necessary for these purposes, experience in other regulated industries will assist the Company to remain compliant with the complex and rapidly evolving regulations in the industry. Individuals with this experience and skill are employed by the Company and are readily available to the Company.

### **Competitive Conditions**

As of February 11, 2026, Health Canada issued over 1,011 licenses to companies on its list of Licensed Producers. Additional information on the current list of Licensed Producers can be found on Health Canada's website. On May 8, 2019, Health Canada also introduced changes to the cannabis licensing process requiring new applicants for licenses to have a fully built site that meets all the requirements of the Cannabis Regulations at the time an application is submitted. The Company believes that the stringent application and compliance requirements may prove too onerous or expensive for some of those unlicensed applicants and is, in the Company's view a significant barrier to entry into the industry.

There are a number of large-scale cannabis companies in Canada developing in-house cannabis brands and licensing third party cannabis brands for sale through online medical channels and recreational sales channels to provincial government cannabis control boards and retail bodies. Some of these competitors have longer operating experiences than the Company, are better capitalized, have more experienced and larger marketing teams with considerable consumer packaged goods ("CPG") experience required to develop new products. The principal aspects of competition between the Company and its competitors will be the price, format, brand strength, uniqueness and quality of the cannabis products offered, and level of service provided to wholesale and direct retail customers, depending on the jurisdiction. While Avant prices its cannabis according to market demands, it currently maintains premium pricing compared to many of its competitors. This provides Avant with pricing flexibility, while allowing it to maintain healthy margins relative to its competitors. Further, Avant believes its innovative, proprietary technology, and e-commerce, marketing and CPG experience and expertise will provide it with a competitive advantage moving forward.

### **Components**

In the cultivation process, obtaining seeds for growing cannabis must be done in accordance with the Cannabis Act. Seeds can be obtained from Health Canada, imported from a jurisdiction for medical purposes, or acquired from another Licensed Producer. An authorization from Health Canada may be required to conduct such a transaction depending on its nature.

The equipment used to cultivate and process cannabis is specialized but is readily available and not specific to the cultivation of cannabis. The Company does not anticipate any difficulty in obtaining equipment as needed.

### **Economic Dependence**

The Company's supply contracts with the various Canadian provinces and territories are a critical element of the Company's current revenues. If any of the larger provinces change the material terms of such agreements or otherwise alter their supply arrangements with the Company, such a change may have a material adverse effect on the Company's revenue.

Additionally, the Company has entered into numerous international business-to-business bulk cannabis supply and brand licensing contracts in countries that include Israel, Germany, and Australia. If any of the larger international clients change the material terms of such agreements or otherwise alter their supply arrangements with the Company, such a change may have a material adverse effect on the Company's revenue.

The Company's ability to grow, store and sell cannabis in Canada and in each jurisdiction in which it operates is dependent, in part, on the Licenses as well as export permits and supply contracts with customers internationally. The Company's failure to comply with the requirements of the licenses or permits held by the Company's subsidiaries, or any failure to maintain the licenses or permits in good standing, will have a material adverse impact on the business, financial condition, results of operations and prospects of the Company. Should Health Canada, the CRA or other international regulatory bodies not extend or renew the licenses or permits, or should it renew the licenses or permits on different terms, the business, financial condition and results of the operations of the Company could be materially adversely affected.

### **Cycles**

The demand for cannabis products is fairly consistent throughout the calendar year. Accordingly, the business of the Company is not seasonal or cyclical to any significant extent.

In addition, general adverse impacts on the Canadian economy, and potentially the global economy, may adversely impact the price and demand for the Company's products. Should policies or regulations change, the business, financial condition and results of the operations of the Company could be materially affected. See "*Risk Factors*" for additional details.

### **Employees**

As of November 30, 2025, the Company employed approximately 180 individuals. As of the date of this AIF, the Company continues to employ approximately 180 individuals.

### **Bankruptcy and Similar Procedures**

There have been no bankruptcy, receivership or similar proceedings against the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the Company or any of its subsidiaries, within the three most recently completed financial years or during or proposed for the current financial year.

### **Reorganizations**

There have been no material reorganizations of the Company or any of its subsidiaries within the three most recently completed financial years or during or proposed for the current financial year.

## **RISK FACTORS**

### **Risks Relating to the Company**

#### ***Compliance with Laws***

Cannabis operations are subject to extensive laws and regulations. The costs of compliance with such laws and regulations are significant. It is possible that the costs and delays associated with compliance with such laws and regulations could become such that the Company cannot continue to develop or operate its businesses. Moreover, it is possible that future regulatory developments could result in substantial costs and liabilities for the Company in the future such that it will not continue to develop or operate its business. The Company is subject to various laws, regulations and guidelines, including, but not limited to the Cannabis Act and applicable stock exchange rules and regulations.

The Company's operations are subject to extensive laws, regulations and guidelines that may change over time. The Company has implemented governance processes and endeavours to comply with all relevant laws, regulations and guidelines at all times. There is also a risk that the Company's interpretation of laws, regulations and guidelines, including, but not limited to, the Cannabis Act, the associated regulations and applicable stock exchange rules and regulations, may differ from those of others, including those of government authorities, securities regulators and exchanges, and the Company's operations may not be in compliance with such laws, regulations and guidelines. While the Company may be compliant today, the Company may not be compliant following changes to any laws, regulations or guidelines. In addition, achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and, where necessary, obtaining regulatory approvals. The impact of regulatory compliance regimes, and the impact of any delays in obtaining or failures to obtain regulatory approvals required by the Company may significantly delay or impact the development of the Company's business and operations and could have a material adverse effect on the business, financial condition and results of operations of the Company. In addition, any potential noncompliance could cause the business, financial condition and results of operations of the Company to be adversely affected. Further, any amendment to or replacement of the Cannabis Act or other applicable rules and regulations governing the activities of the Company may cause adverse effects on the Company's business, financial condition and results of operations. The risks to the business of the Company associated with any amendment or replacement of the Cannabis Act or any subsequent regulatory changes in Canada could reduce the available market for products or services of the Company and could materially and adversely affect the business, financial condition and results of operations of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. Parties may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, court rulings or more stringent application of existing laws or regulations, may have a material adverse impact on the Company, resulting in increased capital expenditures or production costs, reduced levels of cannabis production or abandonment or delays in the development of facilities, or other significant changes in the Company's business plans, which could have a material adverse effect on the business, financial condition and results of operations of the Company.

The introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in any of the countries in which the Company may operate could result in an increase in the Company's taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, regulations or rules will not be enacted or that existing tax laws, regulations or rules will not be changed, interpreted or applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a material adverse effect on the Company.

Due to the complexity and nature of the Company's operations, various legal and tax proceedings may be in progress from time to time. If the Company is unable to resolve any of these proceedings favourably, there may be a material adverse effect on the Company.

### ***Changes in Laws, Regulations and Guidelines***

On October 17, 2018, the Cannabis Act came into effect. Uncertainty remains, however, with respect to the implementation of the Cannabis Act, federal regulations as well as the various provincial and territorial regimes governing the distribution and sale of cannabis for adult-use purposes. The impact of these laws, regulations and guidelines on the business of the Company, including increased costs of compliance and other potential risks remain uncertain and, accordingly, may cause the Company to experience adverse effects.

The Canadian federal regulatory regime requires plain packaging in order to prohibit testimonials, lifestyle branding and packaging that is appealing to youth. The restriction on the use of logos and brand names on cannabis products could have a material adverse impact on the Company's business, financial condition and results of operations, as it may be difficult to establish brand loyalty. In addition, the Cannabis Act allows for licenses to be granted for outdoor cultivation, which reduces the start-up capital required for new entrants in the cannabis industry. It may also ultimately lower prices, as capital expenditure requirements related to outdoor growing are typically much lower than those associated with indoor growing. Such results may also have a material adverse impact on the business, financial condition and results of operations of the Company.

There is no guarantee that provincial and territorial legislation regulating the retail distribution and sale of cannabis for adult use purposes will remain unchanged or that it will be implemented in a way that is favourable to the Company. It is possible for significant legislative amendments to be enacted in each province and territory to address any current or future regulatory issues or perceived inadequacies in the distribution of cannabis. There is no guarantee that provincial or territorial legislation regulating the distribution and sale of cannabis for adult-use purposes will create the growth opportunities that are currently anticipated by the Company.

### ***Challenging Global Financial Conditions***

In recent years, global financial conditions have faced increased volatility, with such volatility having caused significant financial institutions to, among other things, go into bankruptcy or be rescued by governmental authorities. Future events could cause global financial conditions to suddenly and rapidly destabilize, and governmental authorities may have limited resources to respond to such future crises. Further, global capital markets have displayed increased volatility in response to recent global events. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, pandemics or outbreaks of new infectious diseases or viruses, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the ability of the Company to obtain equity or debt financing or make other suitable arrangements to finance their projects. It may also impact the ability of the Company to meet its commitments to any counterparties, including royalty payments, lease payments, interest payments and other debt obligations, which may negatively impact the Company's financial condition, operating results and cash flow. If increased levels of volatility continue or if there is a general decline in global economic conditions, it may impact patterns of consumption and service and the financial markets, including the value and liquidity of the Company's Common Shares, which could have a material adverse effect on the Company.

### ***Catastrophic Events, Natural Disasters, Severe Weather and Disease***

The Company's business may be negatively impacted by a number of events which are beyond its control, including cyber-attacks, energy blackouts, pandemics, terrorist attacks, acts of war, earthquakes, hurricanes, tornados, fires, floods, ice storms or other catastrophes. While the Company has implemented certain risk management measures, intended to support business continuity, crisis management and disaster recovery, such events can evolve rapidly and their impacts can be difficult to predict. As such, there can be no assurance that in the event of such a catastrophe the Company's operations and ability to carry on business will not be disrupted. A catastrophic event, including an outbreak of infectious disease, a pandemic or a similar health threat, such as the COVID-19 outbreak, or fear of any of the foregoing, could adversely impact the Company. In addition, liquidity and volatility, credit availability and market and financial conditions generally could change at any time as a result. These events could have a material adverse effect on the financial condition, operating results and cash flows of the Company.

### ***Ongoing International Conflicts***

Unstable market and economic conditions caused by the ongoing conflict between the Ukraine and Russia as well as in the Middle East may have serious adverse consequences on the business, financial condition and results of operations of the Company. The global economy, including credit and financial markets, has experienced extreme volatility and disruptions as a result of ongoing international conflicts, including diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, increases in inflation rates and uncertainty about economic stability. Any such volatility and disruptions may have adverse consequences on the Company or the third parties upon whom the Company relied on or contracts with.

### ***Reliance on Licenses***

The Company is dependent on its current licenses or its ability to obtain future licenses, including securing and maintain the appropriate licenses with Health Canada, which are subject to ongoing compliance and reporting requirements. Failure of the Company to comply with the requirements of these licenses or any failure to obtain or maintain these licenses could have a material adverse impact on the business, financial condition and operating results of the Company. There can be no guarantee that a license will be issued, extended or renewed or, if issued, extended or renewed, that they will be issued, extended or renewed on terms that are favourable to the Company. Should a license not be issued, extended or renewed or should it be issued or renewed on terms that are less favourable to the Company than anticipated, the business, financial condition and results of the operations of the Company could be materially adversely affected.

### ***Reliance on Facilities***

The licenses held by the Company are specific to individual facilities. The facilities used by the Company could be subject to adverse changes or developments, including but not limited to a breach of security and facility closures, which could have a material and adverse effect on the Company's business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by regulatory authorities, could also have an impact on the Company's ability to continue operating under their licenses or the prospect of renewing their licenses, which may have an adverse effect on the Company.

All facilities continue to operate with routine maintenance. The Company will bear many, if not all, of the costs of maintenance and upkeep of the facilities, including replacement of components over time. The Company's operations and financial performance may be adversely affected if it is unable to keep up with maintenance requirements.

Certain contemplated capital expenditures in Canada, including the construction of the Company's facilities, will require Health Canada approval. There is no guarantee that Health Canada will approve the contemplated expansion and/or renovation, which could adversely affect the Company's business, financial condition and results of operations.

### ***Material Contracts and Contracts with Provincial and Territorial Governments***

The business of the Company may be significantly impacted if certain material contracts are not obtained or if existing material contracts, including agreements with suppliers, customers, retailers, and/or lenders, are subject to change or termination. The failure to obtain or maintain certain material contracts could have a material adverse effect on the Company's business, operating results and financial condition, which, in turn, could have a materially adverse effect on the Company.

The Company's current revenues are dependent upon its supply contracts with the various Canadian provinces and territories. There are many factors which could impact the Company's contractual agreements with the provinces and territories, including but not limited to availability of supply, product selection and the popularity of the Company's products with retail customers. If the Company's supply agreements with certain Canadian provinces and territories

are amended, terminated or otherwise altered, the Company's sales and operating results could be adversely affected, which could have a material adverse effect on the Company's business, operating results and financial condition.

The Company may also face challenges obtaining requisite approvals to enter into supply contracts with Canadian provinces and territories. For example, in Alberta, the Company was unsuccessful in the process to become an approved supplier in the province. Such developments may limit the Company's ability to expand its recreational cannabis market presence and restrict its ability to maximize sales and gross margin and build brand recognition, all of which could adversely affect the Company's business, operating results and financial condition.

#### ***Additional Financing Risk***

The continued development and operation of the Company may require additional financing. The failure by the Company to raise such capital could result in the delay or indefinite postponement of its current business plan, the decrease in value of the Company, or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available to the Company if needed or that, if available, the terms of such financing will be favourable to the Company. If additional funds are raised by the Company through issuances of equity or convertible debt securities, existing shareholders of the Company could suffer significant dilution, and any new securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. 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. Any debt financing obtained in the future could involve restrictive covenants relating to financial and operational matters, which may adversely impact the Company's business model, financial situation, and other financial and operational matters. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Company's ability to pursue its business objectives.

#### ***Risk of Prolonged Negative Cash Flow***

The Company may not be able to achieve or maintain profitability and may incur losses in the future. If the Company's operating income and access to capital are not able to support its operating and investment activities, the Company may not generate positive cash flow. There is no assurance that future income will be sufficient to generate the funds required to continue operations without external funding.

#### ***Risks Inherent in Strategic Alliances and Investments***

The Company may enter into strategic alliances with third parties that it believes will complement or augment its existing business. The Company's ability to form strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance the Company's business, and/or may involve risks that could adversely affect the Company, including significant amounts of management time that may be diverted from operations to pursue and complete such transactions or maintain such strategic alliances. Strategic alliances could result in the incurrence of additional debt, costs and/or contingent liabilities, and there can be no assurance that future strategic alliances will achieve the expected benefits to the Company's business or that the Company will be able to consummate future strategic alliances on satisfactory terms, or at all.

#### ***Risks Associated with Divestment and Restructuring***

In certain circumstances, the Company may decide, or be required, to divest certain of its interests. In particular, if any of the Company's interests give rise to a violation of any applicable laws and regulations, the Company may be required to divest its interest or risk significant fines, penalties, administrative sanctions, convictions, settlements or delisting from the TSX. For instance, if the Company determines that its operations are not compliant with the policies of the TSX, the Company will use its commercially reasonable best efforts to divest itself of those interests in the event that it cannot restructure its holdings. There is no assurance that these divestitures will be completed on terms favourable to the Company, or at all. Any opportunities resulting from these divestitures, and the anticipated effects

of these divestitures on the Company may never be realized or may not be realized to the extent the Company anticipates. Moreover, there is no guarantee that the Company will realize gains on its investments based on the fair value of underlying financial assets. In pursuit of opportunities to dispose of any of the Company's investments, third parties may not ascribe similar value to such investments as the Company and the Company may not be able to obtain the value it ascribes to such investments. Not all of the Company's interests are liquid, and such interests may be difficult to dispose of and subject to illiquidity discounts on divestiture. Any required divestiture or an actual or perceived violation of applicable laws or regulations by the Company could have a material adverse effect on the Company, including on its reputation and ability to conduct business, the listing of the Common Shares on the TSX, the Company's financial position, operating results, profitability or liquidity or the market price of the Common Shares. In addition, it is difficult for the Company to estimate the time or resources that may be required for the investigation of any such matter or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

If the Company decides, or is required, to restructure its interests to remain in compliance with laws or stock exchange requirements, such restructuring could result in the write-down of the value of the Company's interests, which could have a material adverse effect on its business, financial condition and results of operations.

### ***Competition Risks***

As the adult-use cannabis market continues to mature, consumers that once solely relied on the medical cannabis market may shift some, or all, of their consumption away from medical cannabis and towards adult-use cannabis, resulting in increased levels of competition in the medical cannabis market. As the adult-use cannabis market continues to mature, the entry of new competitors may also increase the level of competition in the cannabis market as a whole. This increase in competition may have a negative impact on the Company.

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and greater financial resources. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company. The ability of the Company's subsidiaries to become licensed, increase and/or maintain its production or other relevant business capacity, enter into supply agreements or develop sales channels is uncertain. The Company may not be able to find buyers for its production in jurisdictions where provincial agencies will be responsible for the sale of cannabis and, even if it is able to enter into supply agreements with provincial agencies, the Company may not be able to negotiate favourable prices. If the Company is unable to achieve its business objectives, such failure could materially and adversely affect the business, financial condition and results of operations of the Company. Moreover, competitive factors may result in the Company being unable to recruit or retain qualified employees or to acquire the capital necessary to fund its capital investments. Existing or future competition in the cannabis industry could materially adversely affect the Company's prospects for accumulating growth capital in the future.

The Canadian government and local provincial regulators, as applicable, have only issued a limited number of licenses to cultivate and/or process and sell cannabis and cannabis products. There are, however, numerous applicants for licenses. The number of licenses granted could have an impact on the operations of the Company. Given the early stage of the industry, the Company could expect additional competition from new entrants if there is an increase in the number of licenses granted. The Company may also face continued competition from illegal cannabis dispensaries that are selling cannabis to individuals despite not having a valid license. Despite raids of dispensaries, many dispensaries are still in operation, providing additional competition.

If the number of users of medical and/or adult-use cannabis 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. As well, the legal landscape for medical and adult-use cannabis is changing internationally. More countries have passed laws that allow for the production and distribution of medical cannabis in some form or another, and some of these countries may pass laws allowing for the production and distribution of adult-use cannabis as well. Increased international competition could materially adversely affect the Company's business, operations or growth prospects.

### ***Operational Structure***

The majority of the Company's assets are the capital stock of its material subsidiaries. The Company conducts substantially all of its business through its subsidiaries, which generate substantially all of the Company's revenues. Consequently, the Company's cash flows and 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 these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which may require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Company.

### ***Dependence upon Key Personnel***

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its key personnel. The Company's future success depends on its continuing ability to attract, develop, motivate, and retain key personnel. Qualified individuals for such positions are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of key personnel, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. While employment agreements are customarily used as a primary method of retaining the services of key personnel, these agreements cannot assure the continued services of such individuals.

In addition, certain individuals occupying a "key position" with license holders such as directors, officers, large shareholders and individuals identified by the Minister must hold a valid security clearance issued by the Minister. There is no assurance that any existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by an individual in a key operational position to maintain or renew his or her security clearance could result in a reduction or complete suspension of certain operations. In addition, if an individual in a key operational position leaves and the Company is unable to find a suitable replacement who is able to obtain a security clearance in a timely manner, or at all, the Company may not be able to conduct its operations at planned production volume levels or at all, which could result in a material adverse effect on the Company's business, financial condition and results of operations.

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

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

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and officers who may from time-to-time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time-to-time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and the Company's policies, including its conflict-of-interest policy in the Avant employee handbook. In particular, in the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

### ***Internal Controls***

The Company is responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's system of internal controls over financial reporting is not guaranteed to provide absolute assurance with regard to the reliability of financial reporting and financial statements and may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A failure to prevent or detect errors or misstatements may have a material adverse effect on the business, financial condition and results of operations of the Company or the market price of the Common Shares.

If the Company does not maintain adequate financial and management personnel, processes and controls, the Company may not be able to accurately report financial performance on a timely basis, which could cause a decline in the price of the Common Shares or harm the Company's ability to raise capital. Failure to accurately report financial performance on a timely basis could also jeopardize the Company's listing on the TSX. Delisting of the Common Shares would reduce the market liquidity of the Common Shares, which would reduce and increase the volatility of the price of the Common Shares.

The Company does not expect that the disclosure controls and procedures and internal control over financial reporting will prevent all errors or fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely affected, which could also cause investors to lose confidence in the Company's reported financial information, which in turn could result in a reduction in the trading price of the Common Shares.

### ***Volatility of the Common Share Price***

The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in the financial results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by market analysts, changes in the Company's business prospects, general economic conditions, regulatory changes, industry trends impacting the cannabis sector generally and other events and factors outside of the Company's control. In addition, stock markets have from time-to-time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares. Continued volatility of the market price of the Common Shares may impact the ability of the Company to raise additional capital.

### ***Inflation Risk***

Inflation continues to be a concern due to the impacts of the many government programs and the associated spending to fund them which has created large government deficits in almost every jurisdiction. This has also resulted in increases to the money supply to fund some of these programs. The net result has been significant inflationary pressures, including, in particular, on wages. Increased inflation could reduce the Company's purchasing power and result in negative impacts on the ability to obtain goods and services required for the operation of its business or to pass on rising costs to its customers. To the extent that the Company is unable to offset such cost inflation through higher prices of its offerings or other cost savings, there could be a negative impact on the Company's business, sales and margin performance, net income, cash flows and the trading price of the Common Shares

### ***Credit and Liquidity Risk***

The Company will be exposed to counterparty risks and liquidity risks including but not limited to: (i) through financial institutions that may hold the Company's cash and cash equivalents; (ii) through companies that will have payables to the Company; (iii) through the Company's insurance providers; and (iv) through the Company's lenders. The Company will also be exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained, or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these risks materialize, the Company's operations could be adversely impacted, and the price of the Common Shares could be adversely affected.

### ***Expansion into Foreign Jurisdictions***

The Company's expansion into jurisdictions outside of Canada is subject to risks. In addition, in jurisdictions outside of Canada, there can be no assurance that any market for the Company's products will develop. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risks, including economic instability, compliance with and changes in laws and regulations, and the effects of competition. These factors may limit the Company's ability to successfully expand its operations into such jurisdictions in the future and may have a material adverse effect on the Company's business, financial condition and results of operations.

### ***Difficulty to Forecast***

The Company relies largely on its own market research to forecast industry trends and statistics as detailed forecasts are, with certain exceptions, not generally available from other sources at this early stage of the cannabis industry. A failure in the demand for the products of the Company to materialize as a result of competition, technological change, change in the regulatory or legal landscape, change in consumer behavior, or other factors, could have a material adverse effect on the business, financial condition and results of operations of the Company.

### ***Cannabis Prices***

The price of the Common Shares and the Company's financial results may be significantly and adversely affected by a decline in the price of cannabis. There is currently not an established market price for cannabis and the price of cannabis is affected by numerous factors beyond the Company's control. The cannabis industry is a margin-based business in which gross profits depend on the excess of sales prices over costs. Consequently, profitability is sensitive to fluctuations in wholesale and retail prices caused by changes in supply (which itself depends on other factors such as weather, fuel, equipment and labour costs, shipping costs, economic situation and demand), taxes, government programs and policies for the cannabis industry (including price controls and wholesale price restrictions that may be imposed by provincial agencies responsible for the sale of cannabis), and other market conditions, all of which are factors beyond the control of the Company. The profitability of the Company is directly related to the price of cannabis. The Company's operating income may be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry. Any price decline may have a material adverse effect on the Company.

### ***Operating Risks***

Cannabis operations generally involve a high degree of risk. The Company is subject to the hazards and risks normally encountered in the cannabis industry. Should any of these risks or hazards affect the Company, it may (i) cause the cost of development or production to increase to a point where it would no longer be economic to produce cannabis, (ii) cause delays or stoppage of operations, (iii) cause personal injury or death and related legal liability, or (iv) result in the loss of insurance coverage. The occurrence of any of these risks or hazards could have a material adverse effect on the Company and the price of the Common Shares.

The production of cannabis involves significant risks. In Canada, few applicants for a license from Health Canada ultimately receive a license to produce and sell cannabis. Major expenditures may be required in pursuit of a license, and it is impossible to ensure that the expenditures will result in receipt of a license and a profitable operation. There

can be no assurances that the Company will obtain and maintain a license to produce and sell cannabis and be brought into a state of commercial production.

### ***Reputational Risk***

The Company believes that the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception can be significantly influenced by scientific research or findings, regulatory proceedings, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product or consistent with currently held views. 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 cannabis industry and demand for its products and services, which could affect the business, financial condition and results of operations and cash flows of the Company. The Company's dependence upon consumer perception 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 business, financial condition, results of operations 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 products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have 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 legally, appropriately, or as directed.

In addition, parties outside of the cannabis industry with which the Company does business may perceive that they are exposed to reputational risk as a result of the Company's cannabis related business activities. For example, the Company could receive a notification from a financial institution advising it that they would no longer maintain banking relationships with those in the cannabis industry. The Company may in the future have difficulty establishing or maintaining bank accounts or other business relationships that it needs to operate its business. Failure to establish or maintain business relationships could have a material adverse effect on the Company.

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

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

### ***Anti-Money Laundering Laws and Regulation Risks***

The Company is subject to a variety of domestic and international laws and regulations pertaining to money laundering, financial recordkeeping and proceeds of crime, including 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 internationally.

In the event that any of the Company's operations or investments, any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations or investments were found to be in violation of money laundering legislation, such transactions may be viewed as 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, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that the investments made by the Company could reasonably be shown to constitute 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.

### ***Anti-Bribery Law Violations***

The Company's business is subject to Canadian laws which generally prohibit companies and employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. In addition, the Company is or will be subject to the anti-bribery laws of any other countries in which it conducts business now or in the future. The Company's employees or other agents may, without its knowledge and despite its efforts, engage in prohibited conduct under the Company's policies and procedures and anti-bribery laws for which the Company may be held responsible. The Company's policies mandate compliance with these anti-corruption and anti-bribery laws. However, there can be no assurance that the Company's internal control policies and procedures will always protect it from recklessness, fraudulent behaviour, dishonesty or other inappropriate acts committed by its affiliates, employees, contractors or agents. If the Company's employees or other agents are found to have engaged in such practices, the Company could suffer severe penalties and other consequences that may have a material adverse effect on its business, financial condition and results of operations.

### ***Litigation***

The Company may from time to time be involved in various claims, legal proceedings and disputes arising in the ordinary course of business, including class action litigation. If the Company is unable to resolve these disputes favourably, it may have a material adverse effect on the Company. Even if the Company successfully defends against a purported class action and/or is involved in litigation and wins, litigation can redirect significant resources and/or divert management's attention, and the legal fees and costs incurred in connection with such activities may be significant. Additionally, the Company may be subject to judgements or enter into settlements of claims for significant monetary damages. Such litigation may also create a negative perception of the Company. Any decision resulting from any such litigation that is adverse to the Company could have a negative impact on the Company's financial position.

### ***Cybersecurity and Privacy Risks***

The information systems of the Company and any third-party service providers and vendors are vulnerable to an increasing threat of continually evolving cybersecurity risks. These risks may take the form of malware, computer viruses, cyber threats, extortion, employee error, malfeasance, system errors or other types of risks, and may occur from inside or outside of the respective organizations. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the rapid evolving nature of the threats, targets and consequences. Additionally, unauthorized parties may attempt to gain access to these systems through fraud or other means of deceiving third party service providers, employees or vendors. The operations of the Company depend, in part, on how well networks, equipment, IT systems and software are protected against damage from a number of threats. These 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. However, if the Company is unable or delayed in maintaining, upgrading or replacing IT systems and software, the risk of a cybersecurity incident could materially increase. Any of these and other events could result in information system failures, delays and/or increases 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 reputation and results of operations of the Company.

The Company may collect and store certain personal information about patients who purchase medical cannabis and are responsible for protecting such information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. In addition, theft of data is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such privacy breach or theft could have a material adverse effect on the business, financial condition and results of operations of the Company.

In addition, there are a number of federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information, including the privacy rules under PIPEDA. If the Company is found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of medical cannabis patient health information, the Company could be subject to sanctions and civil or criminal penalties, which could increase the Company's liabilities, harm the

reputation of the Company and have a material adverse effect on the business, financial condition and results of operations of the Company.

### ***Unknown Defects and Impairments***

A defect in any business arrangement may arise to defeat or impair the claim of the Company to such transaction, which may have a material adverse effect on the Company. It is possible that material changes could occur that may adversely affect management's estimate of the recoverable amount for any agreement the Company enters into. Impairment estimates, based on applicable key assumptions and sensitivity analysis, will be based on management's best knowledge of the amounts, events or actions at such time, and the actual future outcomes may differ from any estimates that are provided by the Company. Any impairment charges on the Company's carrying value of business arrangements could have a material adverse effect on the Company.

### ***Security over Underlying Assets***

There is no guarantee that the Company will be able to effectively enforce any guarantees, indemnities or other security interests it may have, including security interests against a third party. Should a bankruptcy or other similar event occur that precludes a third party from performing its obligations under an agreement with the Company, the Company would have to enforce its security interest if it has one. However, the Company may be limited in its ability to enforce its security interests under applicable law. In the event that the Company has insufficient assets to pay its liabilities, it is possible that other liabilities will be satisfied prior to the liabilities owed to the Company. In addition, bankruptcy or other similar proceedings are often a complex and lengthy process, the outcome of which may be uncertain and could result in a material adverse effect on the Company.

### ***Investors and employees of the Company may be subject to entry bans into the United States***

Cannabis remains illegal under U.S. federal law. Individuals employed at or investing in cannabis companies could face detention, denial of entry or lifetime bans from the U.S. for their business associations with cannabis businesses. Entry to the U.S. is granted at the sole discretion of CBP officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The Government of Canada has started warning travelers that previous use of cannabis, or any substance prohibited by U.S. federal laws, could result in denial of entry to the U.S. Business or financial involvement in the cannabis industry in Canada or in the U.S. could also be reason enough for CBP officers to deny entry. On September 21, 2018, CBP released a statement outlining its position with respect to enforcement of the laws of the U.S. It stated that Canada's legalization of cannabis will not change CBP enforcement of U.S. laws regarding controlled substances and because cannabis continues to be a controlled substance under U.S. law, working in or facilitating the proliferation of the cannabis industry in U.S. states or Canada may affect admissibility to the U.S. On October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the U.S. for reasons unrelated to the cannabis industry will generally be admissible to the U.S.; however, if such person is found to be coming into the U.S. for reasons related to the cannabis industry, such person may be deemed inadmissible. Employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the U.S. or Canada, who are not U.S. citizens, face the risk of being barred from entry into the U.S. for life.

### ***Hedging Risk***

The Company may hedge or enter into forward sales of its forecasted right to purchase cannabis. Hedging involves certain inherent risks including: (i) credit risk - the risk that the creditworthiness of a counterparty may adversely affect its ability to perform its payment and other obligations under its agreement with the Company or adversely affect the financial and other terms the counterparty is able to offer the Company; (ii) market liquidity risk - the risk that the Company has entered into a hedging position that cannot be closed out quickly, by either liquidating such hedging instrument or by establishing an offsetting position; and (iii) unrealized fair value adjustment risk - the risk that, in respect of certain hedging products, an adverse change in market prices for cannabis will result in the Company incurring losses in respect of such hedging products as a result of the hedging products being out-of-the-money on their settlement dates.

There can be no assurance that a hedging program designed to reduce the risks associated with price fluctuations will be successful. Although hedging may protect the Company from adverse changes in price fluctuations, it may also prevent the Company from fully benefitting from positive changes in price fluctuations.

### ***Dividend Policy***

The declaration, timing, amount and payment of dividends are at the discretion of the Board and will depend upon the Company's future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors. There can be no assurance that the Company will declare a dividend on a quarterly, annual or other basis, or at all. The Company has no plans to pay any dividends, now or in the near future.

### ***Increased Operational, Regulatory and Other Risks***

The Company may in the future expand into other geographic areas, product categories or market segments, which could increase the Company's operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of the Company's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The Company may not be able to successfully identify suitable acquisition, investment and/or expansion opportunities or integrate such operations successfully with the Company's existing operations.

### ***Production Forecasts***

The Company will prepare estimates and forecasts of future attributable production and will rely on public disclosure and other information it receives from independent experts to prepare such estimates. Such information will be necessarily imprecise because it will depend upon significant judgment. In addition, the Company will 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 cannabis industry. These production estimates and projections will be based upon existing plans and other assumptions which change from time to time, including the costs of production, the Company's ability to sustain and increase production levels, the sufficiency of infrastructure, the performance of personnel and equipment, the ability to maintain and obtain licenses and compliance with existing and future laws and regulations. Any such information is forward-looking and no assurance can be given that such production estimates and projections will be achieved. Actual attributable production may vary from the Company's estimates for a variety of reasons and may result in the failure to achieve the production forecasts currently anticipated. If the Company's forecasts prove to be incorrect, it may have a material adverse effect on the Company.

### ***Competitive Conditions***

The Company will face intense competition from other companies, some of which have longer operating histories as well as more financial resources, production capacity and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company, including the Company's ability to source starting materials, retain qualified employees, enter into supply agreements, develop retail sales channels and obtain a share of the overall cannabis market. Accordingly, the business, financial conditions and results of operations of the Company would also be similarly affected.

### ***Customer Acquisitions***

The Company's success depends, in part, on its ability to attract and retain customers. There are many factors which could impact the Company's ability to attract and retain customers, including but not limited to the ability of the Company to continually produce desirable and effective products, changes in consumer preferences and consumption patterns, the successful implementation of customer-acquisition plans and the continued growth in the aggregate number of customers. The failure to acquire and retain customers would have a material adverse effect on the

Company's business, operating results and financial condition, which, in turn, could have a materially adverse effect on the Company.

### ***Constraints on Marketing Products***

The development of the Company's businesses and operating results may be hindered by applicable restrictions on sales and marketing. The regulatory environment in Canada and abroad limits the Company's ability to compete for market share in a manner similar to other industries. If the Company is unable to effectively market their products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected, which, in turn, could have a materially adverse effect on the Company's business, financial condition and operating results.

### ***Risks Inherent in an Agricultural Business***

The business of the Company involves the growing of cannabis. Cannabis is an agricultural product. As such, the business of the Company is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks.

Significant increases or decreases in the total harvest will impact the Company's profits realized on sales of the Company's products and, consequently, the results of the Company's operations. High degrees of quality variance can also affect processing velocity and capacity utilization, as the processes required to potentially upgrade lower or more variable quality product can slow overall processing times. There can be no assurance that natural elements will not have a material adverse effect on the production of products by the Company, which may have a material adverse effect on the Company.

### ***Product Recalls***

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety, changing customer preference, and inadequate or inaccurate labeling disclosure. If any of the products produced by the Company are recalled due to an alleged product defect or for any other reason, the Company may be required to incur unexpected expenses relating to the recall and potentially any legal proceedings that might arise in connection with the recall. In addition, a product recall may require significant management attention. There can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the products produced by the Company were subject to recall, the reputation of that product and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses, which may also have an adverse effect on the Company.

### ***Product Liability***

As a manufacturer and distributor of products designed to be ingested by humans, the Company will face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including that their products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against the Company could result in increased costs to the Company, could adversely affect the Company's reputation generally, and could have a material adverse effect on the Company's

financial condition and results of operations. There can be no assurances 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 is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

### ***Environmental and Employee Health and Safety Regulations***

The Company's operations may be 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. Accordingly, 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 costs for corrective measures, penalties or restrictions on the Company's production operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which, in turn, could have a material adverse effect on the business, financial condition and/or results of operations of the Company.

### ***Reliance on Key Inputs***

The Company's business is dependent on a number of key inputs and their related costs, including raw materials and supplies related to their growing operations, as well as electricity, water and other utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs, could materially impact the financial condition and operating results of the Company. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Company, in which circumstance there could be a materially adverse effect on the financial results of the Company.

### ***Dependence on Suppliers and Skilled Labour***

The ability of the Company to compete and grow will be dependent upon 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. It is also possible that the final costs of the major equipment contemplated by capital expenditure programs may be significantly greater than anticipated or available, in which circumstance there could be a materially adverse effect on the financial results of the Company.

### ***Intellectual Property***

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights of the Company are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use certain Company products, technology, inventions, trade secrets, trademarks, technical know-how and proprietary information. Policing the unauthorized use of 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. Identifying unauthorized use of intellectual property rights is difficult as the Company may be unable to effectively monitor and evaluate the intellectual property used by its competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. Additionally, if the steps taken to identify and protect intellectual property rights are deemed inadequate, the Company may have insufficient recourse against third parties for enforcement of its intellectual property rights.

In addition, in any infringement proceeding, some or all of the trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defence proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted

narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the business, financial condition and results of operations of the Company.

In relation to agreements with parties that have access to the Company's intellectual property or have granted intellectual property to the Company, any of these parties may breach these agreements and the Company may not have adequate remedies for any specific breach. In relation to security measures, such security measures may be breached, and the Company may not have adequate remedies for any such breach. In addition, intellectual property which has not yet been applied for or registered may otherwise become known to or be independently developed by competitors or may already be the subject of applications for intellectual property registrations filed by competitors, which may have a material adverse effect on the business, financial condition and results of operations of the Company.

Other parties may claim that the Company's products infringe on their proprietary and perhaps patent protected rights. There may be third party patents or patent applications with claims to products or processes related to the manufacture, use or sale of the Company's products and processes. There may be currently pending patent applications, some of which may still be confidential, that may later result in issued patents that the Company's products or processes may infringe. In addition, third parties may obtain patents in the future and claim that use of the inventions, trade secrets, technical know-how and proprietary information, or the manufacture, use or sale of products infringes upon those patents. Third parties may also claim that the Company's use of trademarks infringes upon their trademark rights. Parties making claims against the Company may obtain injunctive or other equitable relief, which may have an adverse impact on the business, financial condition and results of operations of the Company. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licenses from third parties who allege that the Company has infringed on their lawful rights. However, such licenses 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, licenses or other rights with respect to intellectual property that it does not own.

There is no guarantee that any patent or other intellectual property applications that the Company files will result in registration or any enforceable intellectual property rights. Even if patents do successfully issue, and cover the products and processes, third parties may challenge their validity, enforceability, or scope, which may result in such patents being narrowed, found unenforceable or invalidated. Furthermore, even if they are unchallenged, any patent applications and future patents may not adequately protect the Company's intellectual property, provide exclusivity for products or processes, or prevent others from designing around any issued patent claims. Any of these outcomes could impair the ability of the Company to prevent competition from third parties, which may have an adverse impact on the business, financial condition and results of operations of the Company.

### ***Announcements and Risks Regarding Vaping Products***

On October 4, 2019, the FDA issued a warning to the public to stop using vaping products containing THC, in light of a potential but unconfirmed link to lung injuries such as severe pulmonary illness. These warnings appeared to be particularly focused on the use of vaping liquids purchased from unlicensed or unregulated retailers in the U.S. There have also been reported cases in Canada of lung injuries associated with the use of cannabis derivatives containing vaping liquid. Health Canada also issued an information update advising Canadians who use cannabis derivatives containing vaping liquids to monitor themselves for symptoms of pulmonary illness. The provincial governments in Quebec, Alberta, and Newfoundland have already imposed provincial regulatory restrictions on the sale of cannabis vape products. Governments and the private sector may continue to take further actions aimed at reducing the sale of cannabis containing vaping liquids and/or seek to hold manufacturers of cannabis containing vaping liquids responsible for the adverse health effects associated with the use of these vaping products. These actions, together with potential deterioration in the public's perception of cannabis containing vaping liquids, may result in a reduced market for the vaping products of the Company. Federal, provincial, and local regulations or actions that prohibit or restrict the sale of the vaping products of the Company, including cannabis derivative vaping liquids, or that decrease consumer demand for these products by prohibiting their use, raising the minimum age for their purchase, raising the purchase prices to unattractive levels via taxation, or banning their sale, could adversely impact the Company.

### ***Long-Term Health Impacts Associated with Use of Cannabis and Cannabis Derivative Products***

There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether for adult-use or medicinal purposes. As such, there are inherent risks associated with using the Company's cannabis and cannabis derivative products. The Company's cannabis and cannabis derivative products should always be used only as specifically instructed by the Company on the packaging and associated product information or product insert prepared by the Company. Consumers should never modify cannabis products or cannabis derivative products or add substances to such products as this may result in increased health risks and unpredictable adverse reactions. Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur and consumers should consume cannabis at their own risk or in accordance with the direction of a healthcare practitioner.

### ***Limited Standardized Research on the Effect of Cannabis***

To date, there is limited standardization in the research of the effects of cannabis, and future clinical research studies may lead to conclusions that dispute or conflict with the Company's understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis. Research in Canada and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids (such as CBD and THC) remains in relatively early stages.

Future research and clinical trials may draw opposing conclusions to statements in this AIF or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to cannabis, which could adversely affect social acceptance of cannabis and the demand for the Company's products.

### ***Insurance Risks***

Premiums for the insurance coverage obtained by the Company may not continue to be commercially justifiable, and such insurance coverage may have limitations and other exclusions and may not be sufficient to cover the Company's potential liabilities. While the Company may have insurance to protect their assets, operations and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the liabilities of the Company or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company was to incur substantial liability not covered by insurance or in excess of policy limits, or if it were to incur such liability at a time when it is not able to obtain liability insurance, the business, financial condition and results of operations of the Company may be adversely affected.

### ***Vulnerability to Rising Energy Costs***

Certain of the Company's 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, which, in turn, could have a materially adverse effect on the Company's business, financial condition and operating results.

### ***Transportation Risks***

The Company depends on fast and efficient third-party transportation services. Any prolonged disruption of these services could have an adverse effect on the financial condition and results of operations of the Company. Due to the nature of the business of the Company, security of product during transport is of the utmost concern. A breach of security during transport or delivery could have a material and adverse effect on the business, financial condition and prospects of the Company. Any breach of the security measures during transport or delivery, including any failure to comply with recommendations or requirements of Health Canada or other regulatory agencies, could also have an impact on the Company's ability to continue operating.

### ***Enforcement of Foreign Judgements***

Certain directors of the Company reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for investors to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for investors to effect service of process within Canada upon such persons.

### ***Infectious Diseases, Including COVID-19 Pandemic***

The Company's business, operations and financial condition and the market price of the Common Shares, could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including further outbreaks of COVID-19. Historically, the outbreaks of COVID-19 resulted in a number of temporary business closures and quarantines and a general reduction in consumer activity in a number of countries. In addition, many jurisdictions imposed restrictions on travel and public gatherings in order to limit the spread of COVID-19. While most of these measures were temporary and have since been rescinded, there is no guarantee that additional measures will not be reinstated in response to another wave of COVID-19 or any other health crisis. In addition, such public health crises can result in volatility and disruptions in the supply and demand for consumer genomics, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 or any other health crises will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that a health crisis may have a material adverse effect on the Company's business, results of operations and financial condition and the market price of the Common Shares.

## **DIVIDENDS**

The declaration, timing, amount and payment of dividends are at the discretion of the Board and will depend upon, among other things, the Company's financial results, investment opportunities, cash requirements, contractual obligations and other factors the Board may consider relevant. There can be no assurance that the Company will declare a dividend on a quarterly, annual or other basis, or at all. The Company has no plans to pay any dividends, now or in the near future.

## **DESCRIPTION OF CAPITAL STRUCTURE**

### **Common Shares**

The Company is authorized to issue an unlimited number of Common Shares. As of the date of this AIF, there were 11,407,934 Common Shares outstanding. Holders of Common Shares are entitled to receive notice of and attend all meetings of the shareholders of the Company and to one vote per Common Share on all matters upon which holders of Common Shares are entitled to vote at such meetings of shareholders.

The holders of Common Shares are entitled to receive dividends as and when declared by the Board, from funds legally available for the payment of dividends, subject to the rights of the holders of any other class of shares of the Company entitled to receive dividends in priority to or rateably with the holders of the Common Shares. In addition, in the event of a liquidation, dissolution or winding-up or other distribution of assets among shareholders for the purpose of winding-up its affairs, the holders of Common Shares will, subject to the rights of the holders of any class of shares of the Company entitled to receive the assets of the Company upon such a distribution in priority to or rateably with the holders of the Common Shares, be entitled to participate rateably in the distribution of the assets of the Company.

Holders of Common Shares do not have pre-emptive, conversion or exchange rights or other subscription rights and no redemption, retraction, purchase for cancellation or surrender provisions or sinking or purchase fund provisions will be applicable to the Common Shares. There are no provisions in the articles of the Company requiring holders of Common Shares to contribute additional capital or permitting or restricting the issuance of additional securities or any other material restrictions.

## **Preference Shares**

The Company is authorized to issue an unlimited number of preference shares, issuable in series (the “**Preference Shares**”). As of the date of this AIF, there were nil Preference Shares outstanding. Except as required by law, the holders of Preference Shares shall not be entitled to receive notice of nor to attend any meetings of the shareholders of the Company and shall not be entitled to vote thereat.

The Board is authorized to fix the rights, privileges, restrictions and conditions of the Preference Shares of each series. The Preference Shares of each series are to rank on a parity with the Preference Shares of each other series with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Company or other distribution of assets among shareholders for the purpose of winding-up its affairs. The Preference Shares are entitled to preference over the Common Shares and any other shares ranking junior to the Preference Shares with respect to the payment of dividends and the return of capital.

In addition, in the event of a liquidation, dissolution or winding-up or other distribution of assets among shareholders, the holders of Preference Shares will be entitled to receive the amount paid up thereon, together with all accrued and unpaid dividends in priority to the holders of Common Shares and any other shares of the Company ranking junior to the Preference Shares.

Holders of Preference Shares do not have pre-emptive, conversion or exchange rights or other subscription rights and no redemption, retraction, purchase for cancellation or surrender provisions or sinking or purchase fund provisions will be applicable to the Preference Shares. There are no provisions in the articles of the Company requiring holders of Preference Shares to contribute additional capital or permitting or restricting the issuance of additional securities or any other material restrictions.

## **Warrants**

As of the date of this AIF, the Company has issued warrants to purchase an aggregate of 2,003,779 Common Shares.

## **Options**

As of the date of this AIF, the Company has no issued or outstanding Options.

## **Restricted and Deferred Share Units**

As of the date of this AIF, the Company has issued 237,452 Restricted Share Units, which will convert to 237,452 Common Shares on vesting.

## **MARKET FOR SECURITIES**

### **Trading Price and Volume**

The outstanding Common Shares are currently traded on the TSX under the trading symbol “AVNT”, on the OTCQX under the trading symbol “AVTBF” and on the Frankfurt Stock Exchange under the trading symbol “1BU0”.

The following table sets forth information relating to the trading of the Common Shares on the TSX for the periods listed below.

<b>Date</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Total Volume for Period (#)</b>
December 2024	0.62	0.46	130,000
January 2025	1.36	0.50	419,600
February 2025	1.42	1.07	294,700
March 2025	1.44	0.93	251,800
April 2025	1.37	0.85	186,400
May 2025	0.95	0.80	77,000
June 2025	0.85	0.60	92,200
July 2025	0.83	0.60	148,700
August 2025	1.08	0.61	334,000
September 2025	0.92	0.80	83,500
October 2025	0.94	0.56	280,800
November 2025	0.83	0.59	172,200

#### **Prior Sales**

During the fiscal year ended November 30, 2025, the Company issued the following securities, which are convertible into or redeemable for Common Shares but are not listed or quoted on a marketplace:

<b>Date of Issuance</b>	<b>Type of Security Issued</b>	<b>Number of Securities Issued</b>	<b>Issue / Exercise Price Per Security (\$)</b>
Jan 17, 2025	Restricted Share Unit	24,512	5.55
Jan 17, 2025	Restricted Share Unit	24,512	5.55
Jan 17, 2025	Restricted Share Unit	24,512	5.55
Jan 17, 2025	Restricted Share Unit	24,512	5.55
Jan 17, 2025	Restricted Share Unit	8,333	2.10
Jan 17, 2025	Restricted Share Unit	8,796	0.59
Mar 12, 2025	Restricted Share Unit	17,391	3.30
Mar 12, 2025	Restricted Share Unit	11,304	1.05
Mar 12, 2025	Restricted Share Unit	10,870	1.05
Mar 12, 2025	Restricted Share Unit	30,435	1.05
Apr 4, 2025	Restricted Share Unit	8,333	2.10
May 13, 2025	Restricted Share Unit	8,796	0.59
May 30, 2025	Warrants	1,300,000	1.75
Jun 11, 2025	Deferred Share Unit	21,429	4.20
Jun 11, 2025	Deferred Share Unit	42,857	1.15
Jul 15, 2025	Restricted Share Unit	12,500	1.50
Jul 15, 2025	Restricted Share Unit	12,500	2.10
Sep 29, 2025	Warrants	125,000	1.00

## DIRECTORS AND OFFICERS

The following table sets forth for each director and executive officer of the Company, as of the date of this AIF, each such individual's name, province or state and country of residence, position(s) held with the Company, principal occupation(s) for the last five years and, if currently a director, period(s) during which such individual has served as a director of the Company. The statements as to principal occupation(s) for the last five years of the directors and executive officers of the Company based upon information furnished by the individuals concerned. All directors of the Company hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

Name, Province or State and Country of Residence	Current Position with the Company	Date of Appointment as Director	Principal Occupation for Last Five Years
<b>Norton Singhavon</b> <i>British Columbia, Canada</i>	Director, Chief Executive Officer	June 11, 2018	June 11, 2018, to present - Director and Chief Executive Officer of the Company  March 2016 to present - President of Cannera Holdings Inc.
<b>Jurgen Schreiber</b> <sup>(1)(2)(3)(4)</sup> <i>Ontario, Canada</i>	Director, Chair of the Board	June 10, 2019	January 2017 to present - Chief Executive Officer of OEG Inc.
<b>Derek Sanders</b> <sup>(3)(5)</sup> <i>British Columbia, Canada</i>	Director	June 11, 2018	January 2011 to present - Partner / Managing Director of SVG Valuation Partners Inc.
<b>Duane Lo</b> <sup>(5)(6)(7)</sup> <i>British Columbia, Canada</i>	Director	July 13, 2021	November 2016 to present – Chief Financial Officer of Entrée Resources Ltd.  March 2019 to present – Chief Financial Officer and Director of Ridgeline Minerals Corp.  January 2019 to present – Chief Financial Officer of Element 29 Resources Inc.  January 2019 to February 2022 – Director of Golden Ridge Resources Inc.
<b>Tyson Macdonald</b> <i>Maryland, U.S.A.</i>	Director	March, 1, 2024	December 2024 to present – Chief Financial Officer of Vireo  May 2022 to November 2024 – Chief Executive Officer of Nova Net Lease REIT  2020 – May 2022 – Chief Financial Officer of Cloud Cannabis Co.

Name, Province or State and Country of Residence	Current Position with the Company	Date of Appointment as Director	Principal Occupation for Last Five Years
<b>Jeremy Wright, CPA, CMA</b> <i>British Columbia, Canada</i>	Chief Financial Officer	March 1, 2024	April 2013 to present – President & Chief Executive Officer of Seatrend Strategy Inc.  October 2016 – present – Director & Chief Financial Officer of Portofino Resources Inc. (TSX-V: POR)  October 2015 to present – Director & Chief Financial Officer of Centurion Minerals Ltd. (TSX-V: CTN)  April 2021 to present – Director & Chief Financial Officer of Westmount Minerals Corp.  August 2020 to April 2022 – Chief Financial Officer of Alpha Cognition Inc. (Nasdaq: ACOG)

- (1) Chair of the Board.
- (2) Chair of the Compensation Committee.
- (3) Member of the Audit Committee.
- (4) Member of the Governance Committee.
- (5) Member of the Compensation Committee
- (6) Chair of the Audit Committee.
- (7) Chair of Governance Committee.

**As of the date of this AIF, the directors and executive officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly, 735,994 Shares, representing, on a non-diluted basis, approximately 6.45% of the total issued and outstanding Common Shares (or 1,519,794 Common Shares assuming the exercise of the Options, Restricted Share Units, Deferred Share Units, and Common Share purchase warrants held by the directors and executive officers, representing, on a partially diluted basis, approximately 13.32% of the total issued and outstanding Common Shares.**

### Biographies

The principal occupations, businesses or employments of each of the Company’s directors and executive officers within the past five years are disclosed in the brief biographies set out below.

#### **Norton Singhavon, Director, Chief Executive Officer**

Norton Singhavon is the Founder, Director and Chief Executive Officer of the Company. Mr. Singhavon has extensive experience at the senior management level of capital investments and has been involved in several large acquisitions, consolidations, and start-ups in Canada’s legal cannabis sector, both private and public. As an investor and advisor to numerous companies in Canada’s cannabis sector, he has been responsible for deploying over \$100 million into the legal cannabis sector and has been involved in another \$60 million of public mergers and acquisition transactions involving entities Licensed Producers. Mr. Singhavon was also previously an advisor to, and investor in several publicly listed cannabis companies, including Cronos Group Inc. (NASDAQ: CRON). As an experienced corporate leader, he has facilitated in regulatory matters, corporate matters, raising capital privately and publicly, as well as strategic corporate development within the public markets..

#### **Jurgen Schreiber, Director, Chair of the Board**

Jurgen Schreiber is a highly accomplished executive with extensive senior management experience in the global retail pharmacy, health and beauty sectors. He is currently the Chief Executive Officer of OEG Inc., which is a Canadian privately-owned enterprise, with operations in sports, entertainment and real estate development, including the Oilers Entertainment Group, of the National Hockey League. He was previously President and Chief Executive Officer of

Shoppers Drug Mart, President and Chief Executive Officer of Rexall Health. Mr. Schreiber has also held senior leadership positions with Reckitt Benckiser, Health and Beauty Europe, and A.S. Watson, where he was responsible for 4,000 stores in 23 countries.

**Derek Sanders, Director**

Derek Sanders is a Chartered Professional Accountant, Chartered Financial Analyst and Chartered Business Valuator with over 20 years of professional accounting experience. Mr. Sanders earned a Bachelor of Commerce degree from McGill University with concentrations in Accounting and Finance. He spent four years working in the Audit department of Deloitte & Touche where he was involved in auditing financial statements for TSX listed companies, financial institutions reporting to the Financial Institutions Commission of British Columbia, and for private companies. Since 2004, Mr. Sanders has practiced in business valuations, financial litigation support and the provision of financial advisory services related to mergers and acquisitions. In his day-to-day role as managing director of SVG Valuation Partners Inc., Mr. Sanders analyzes and interprets financial statements and other financial information for businesses across a variety of industries.

**Duane Lo, Director**

Mr. Lo is a Chartered Professional Accountant, CA, with over 20 years of experience as a corporate executive with extensive experience in public company accounting, financing and regulatory requirements. He currently resides as an independent director and Chief Financial Officer of various TSX and TSXV publicly listed companies in the resource sector.

**Tyson Macdonald, Director**

Mr. Macdonald brings over 20 years of C-suite expertise in investment and transactions across diverse markets and sectors. As CEO of Nova Net Lease REIT (CSE: NNL.U), Tyson remains committed to actively investing in the US cannabis market. As former CFO of Cloud Cannabis, Tyson helped grow the company into a leading vertically integrated operator in the Michigan market. As EVP of Corporate Development at Acreage Holdings, Tyson spearheaded strategic growth in the US cannabis market, solidifying the company's prominence. His leadership culminated in the transformative \$3.5 billion deal with Canopy Growth, showcasing Acreage Holdings' visionary edge.

**Jeremy Wright, CPA, CMA, Chief Financial Officer**

Mr. Wright brings over 20 years' experience as Director, President and CEO of Seatrend Strategy Inc. He currently serves as a Director of Infinitum Energy, Portofino Resources, Centurion Minerals, Westmount Minerals, and previously served as a Director with Pontus Protein, Gold Mountain Mining (formerly Freeform Capital), Pacific Community Resources Society, and the Canadian Freestyle Ski Association. Additionally, Mr. Wright currently serves as the CFO for several public and private companies including: Portofino Resources, Centurion Minerals, Westmount Minerals, and previously served as CFO for Alpha Cognition. Prior to Seatrend, Mr. Wright spent 6 years in a senior role at Deloitte LLP. Mr. Wright is a Chartered Professional Accountant (Certified Management Accountant). He has extensive negotiation training, including the University of British Columbia's Sauder School programs: "Advanced Negotiation Skills" and "Strategies, Skills and Tactics of Negotiation". He also holds a Bachelor of Arts, with honours in Environmental Economics from Brock University.

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the knowledge of the Company, no director or executive officer of the Company is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

- (b) was subject to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

Other than as disclosed below, to the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date hereof, or has been, within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

On September 22, 2019, Mr. Jurgen Schreiber ceased to be a director of Thomas Cook Group PLC (“**Thomas Cook**”). On September 23, 2019, an application was made to the High Court of Justice in London, for a compulsory liquidation of Thomas Cook and its subsidiaries under section 136 of the *Insolvency Act 1986*. On the same date, an order was granted to appoint the Official Receiver as liquidator of Thomas Cook, with additional special managers to act on behalf of the Official Receiver. As a result of the order for a compulsory liquidation, Thomas Cook announced that it would cease trading with immediate effect.

On December 5, 2017, Mr. Jeremy Wright was the Chief Financial Officer of Centurion Minerals Ltd. (“**Centurion**”), a company that was issued a cease trade order by the BCSC for failure to file its audited financial statements for the year ended July 31, 2017. Centurion dismissed its auditor (BDO Canada LLP), engaging a new auditor (Manning Elliott LLP Chartered Accountants) effective February 13, 2018, and proceeded to file its audited financials on March 1, 2018, and on March 13, 2018, the interim financials for the first quarter ended October 31, 2017, were filed. The Cease Trade Order was revoked by the BCSC on May 3, 2018.

To the knowledge of the Company, as at the date hereof, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflicts of Interest**

To the best knowledge of the Company, and other than as disclosed herein, there are no known existing or potential material conflicts of interest between the Company or a subsidiary of the Company and a director, officer or promoter of the Company, except that certain of the directors or officers of the Company serve as directors, officers and promoters of other companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director, officer and promoter of such other companies. See “*Risk Factors – Conflicts of Interest*” for additional information.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company

will rely upon such laws in respect of any directors' and officers' conflict of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable law and they will govern themselves in respect thereof to the best of their ability in accordance with the obligation imposed upon them by law.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The Company is not aware of: (a) any legal proceedings to which the Company is a party, or to which any of the Company's property is subject, which would be material to the Company or of any such proceedings being contemplated, (b) any penalties or sanctions imposed by a court relating to securities legislation, or other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor making an investment decision, and (c) any settlement agreements that the Company has entered into before a court relating to securities legislation or with a securities regulatory authority.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as disclosed herein and in the consolidated financial statements of the Company for the financial year ended November 30, 2025, to the best of the Company's knowledge, no director or executive officer of the Company or persons or companies who directly or indirectly beneficially own, or exercise control or direction over, more than 10% of any class of the Company's outstanding voting securities, nor any associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three financial years before the date of this AIF or during the current financial year, that has materially affected or is reasonably expected to materially affect the Company.

### **TRANSFER AGENT AND REGISTRAR**

The registrar and transfer agent for the Common Shares is Computershare Investor Services Inc. at its principal offices in Vancouver, British Columbia.

### **MATERIAL CONTRACTS**

Except for material contracts entered into in the ordinary course of business, there were no material contracts entered into by the Company within the most recently completed financial year and through to the date of this AIF, or prior thereto and that are still in effect as of the date hereof.

### **AUDIT COMMITTEE INFORMATION**

The Audit Committee is responsible for monitoring the Company's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents, including the Company's annual audited financial statements and unaudited quarterly financial statements, and monitoring the performance and independence of the Company's external auditors. The Audit Committee is also responsible for reviewing with management the Company's risk management policies, the timeliness and accuracy of the Company's regulatory filings and all related party transactions as well as the development of policies and procedures related to such transactions.

#### **Audit Committee Charter**

The Audit Committee is governed by its charter, which is attached hereto as Appendix "A" hereto.

#### **Composition of the Audit Committee**

The Company established the Audit Committee in connection with the completion of the Qualifying Transaction. As at the date hereof, the Audit Committee is composed of the following members: Duane Lo (Chair), Derek Sanders and Jurgen Schreiber. Each member of the Audit Committee is considered "independent" within the meaning of NI 52-110. Based on the education and breadth of experience of each Audit Committee member, the Board has determined each such member to be "financially literate" within the meaning of NI 52-110.

## **Relevant Education and Experience**

For the purposes of NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements. All members of the Audit Committee have experience reviewing financial statements and dealing with related accounting and auditing issues.

The following is a brief summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as an Audit Committee member:

### *Duane Lo*

Duane Lo is a director of the Company and Chair of the Audit Committee. Mr. Lo holds a Chartered Professional Accountant, Chartered Accountant (CPA, CA) designation from the Institute of Chartered Accountants of British Columbia. He has over 20 years of experience in accounting and financial management, the majority of which has been spent in the financing, management and administration of mining operations and development projects in Brazil, Africa, USA and other jurisdictions. Mr. Lo was also the Chief Financial Officer of Mason Resources Corp. until its acquisition by Hudbay Minerals Inc. He was previously the Executive Vice President and Chief Financial Officer of Luna Gold Corp. and Corporate Controller for First Quantum Minerals Ltd. Mr. Lo was also employed at Deloitte in the assurance and advisory practice. Mr. Lo is financially literate as such term is defined under applicable Canadian securities legislation.

### *Derek Sanders*

Derek Sanders is a director of the Company and a member of the Audit Committee. Mr. Sanders is a Chartered Professional Accountant, Chartered Financial Analyst and Chartered Business Valuator with over 20 years of professional accounting experience. Mr. Sanders earned a Bachelor of Commerce degree from McGill University with concentrations in Accounting and Finance. He spent four years working in the Audit department of Deloitte & Touche where he was involved in auditing financial statements for TSX listed companies, financial institutions reporting to the Financial Institutions Commission of British Columbia, and for private companies. Since 2004, Mr. Sanders has practiced in business valuations, financial litigation support and the provision of financial advisory services related to mergers and acquisitions. In his day-to-day role as managing director of SVG Valuation Partners Inc., Mr. Sanders analyzes and interprets financial statements and other financial information for businesses across a variety of industries. Mr. Sanders is financially literate as such term is defined under applicable Canadian securities legislation.

### *Jurgen Schreiber*

Jurgen Schreiber is a director of the Company, Chair of the Board and a member of the Audit Committee. Mr. Schreiber is a highly accomplished executive with extensive senior management experience in the global retail pharmacy, health and beauty sectors. He is currently the Chief Executive Officer of OEG Inc., which is a Canadian privately-owned enterprise, with operations in sports, entertainment and real estate development, including the Oilers Entertainment Group, of the National Hockey League. He was previously President and Chief Executive Officer of Shoppers Drug Mart, President and Chief Executive Officer of Rexall Health. Mr. Schreiber has also held senior leadership positions with Reckitt Benckiser, Health and Beauty Europe, and A.S. Watson, where he was responsible for 4,000 stores in 23 countries. Mr. Schreiber is financially literate as such term is defined under applicable Canadian securities legislation.

## **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year, has any recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Company on behalf of the Board.

## External Auditor Service Fees (By Category)

Ernst & Young is the current auditor of the Company, effective as of July 26, 2022. The following table sets out, by category, the aggregate fees billed by Ernst & Young for the fiscal years ended November 30, 2025 and November 30, 2024::

Financial Year Ended	Audit Fees <sup>(1)</sup>	Audit-Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
November 30, 2024	\$561,614	\$4,515	\$63,600	Nil
November 30, 2025	\$450,500	Nil	\$38,584	Nil

- (1) “**Audit fees**” include fees for services rendered by the external auditors in relation to the audit and review of the Company’s financial statements and in connection with the Company’s statutory and regulatory filings.
- (2) “**Audited related fees**” include the aggregate audit related fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported as “Audit fees”. The services provided include due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “**Tax fees**” include the aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, preparation of tax returns and preparation or review of tax provisions.
- (4) “**All other fees**” include the aggregate fees billed for products and services, other than “Audit fees”, “Audit related fees” and “Tax fees” above.

## Reliance on Certain Exemptions

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions) of NI 52-110.

## Pre-Approval Policies and Procedures

The Company has in the most recently completed financial year relied on Section 2.4 of NI 52-110 (De Minimis Non-audit Services) in order to satisfy the pre-approval requirement in Subsection 2.3(4) of NI 52-110.

## INTERESTS OF EXPERTS

The auditors of the Company are Ernst & Young LLP, Chartered Professional Accountants, 1133 Melville Street, Vancouver, British Columbia V6E 4E5. Ernst & Young is independent in the context of the CPA Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

## ADDITIONAL INFORMATION

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans, as applicable, is contained in the Company’s management information circular dated April 15, 2024 and filed in connection with its annual shareholders’ meeting for 2024. Additional financial information is provided in the financial statements and management discussion and analysis of the Company for the financial year ended November 30, 2024. Additional information relating to the Company may be found under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## APPENDIX “A”

### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

#### PURPOSE OF THIS CHARTER

The Audit Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) of Avant Brands Inc. (the “**Corporation**”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting, reporting and internal controls for the Corporation. The Committee’s primary duties and responsibilities are to:

- a) conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- b) assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- c) review the quarterly and annual financial statements and management’s discussion and analysis of the Corporation’s financial position and operating results and in the case of the annual financial statements and related management’s discussion and analysis, report thereon to the Board for approval of same;
- d) select and monitor the independence and performance of the Corporation’s external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and
- e) provide oversight of all disclosure relating to, and information derived from, financial statements and management’s discussion and analysis.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors, as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part 4 of this Charter.

#### 2. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- b) set and pay the compensation for advisors employed by the Committee; and
- c) communicate directly with the internal and external auditors of the Corporation.

#### 3. COMPOSITION AND MEETINGS

The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the British Columbia Securities Commission (“**BCSC**”), any exchange upon which the securities of the Corporation are listed, the *British Columbia Business Corporations Act* and all applicable securities regulatory authorities.

- a) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. Unless a Chair is elected by the Board, the members of the Committee shall designate from amongst themselves by majority vote of the full Committee a member who shall

serve as Chair. The position description and responsibilities of the Chair are set out in Schedule “A” attached hereto.

- b) Each of the members of the Committee shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Toronto Stock Exchange, the *British Columbia Business Corporations Act*, and all applicable securities regulatory authorities. Each of the members of the Committee shall be “independent” and “financially literate”. An “independent” director is a director who has no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which, in the view of the Board, could be reasonably expected to interfere with the exercise of the director’s independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of National Instrument 52-110 — *Audit Committees*, as set out in Schedule “B” hereto. A “financially literate” director is a director who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can be reasonably expected to be raised in the Corporation’s financial statements.
- c) Each member of the Committee shall serve at the pleasure of the Board. The Committee shall report to the Board.
- d) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present, either in person or by telephone, shall constitute a quorum.
- e) If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum is not present, the quorum for the adjourned meeting shall consist of the members then present (a “**Reduced Quorum**”).
- f) If, and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office or a Reduced Quorum is present in respect of a specific Committee meeting.
- g) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other means of communication, by giving at least 48 hours’ notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- h) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for the purposes hereof, to be present in person at the meeting.
- i) The Committee shall keep minutes of its meetings. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
- j) Any director of the Corporation may attend meetings of the Committee, and the Committee may invite such officers and employees of the Corporation and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.
- k) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an

instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier as the Committee deems necessary.

- l) The Committee members will be appointed annually at the first meeting of the Board following the annual general meeting of shareholders.
- m) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

#### **4. RESPONSIBILITIES**

##### **a) Financial Accounting and Reporting Process and Internal Controls**

- i. The Committee shall review the annual audited and interim financial statements and related management's discussion and analysis before the Corporation publicly discloses this information to satisfy itself that the financial statements are presented in accordance with applicable accounting principles and in the case of the annual audited financial statements and related management's discussion and analysis, report thereon and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall consider whether the Corporation's financial disclosures are complete, accurate, prepared in accordance with International Financial Reporting Standards and fairly present the financial position of the Corporation. The Committee shall also satisfy itself that, in the case of the annual financial statements, the audit function has been effectively carried out by the auditors and, in the case of the interim financial statements, that the review function has been effectively carried out.
- ii. The Committee shall review and assess the adequacy and effectiveness of the Corporation's systems of internal control and management information systems through discussion with management and the external auditor to ensure that the Corporation maintains appropriate systems, is able to assess the pertinent risks of the Corporation and that the risk of a material misstatement in the financial disclosures can be detected.
- iii. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and annual and interim financial press releases, and periodically assess the adequacy of these procedures in consultation with any disclosure committee of the Corporation.
- iv. The Committee shall review any press releases containing disclosure regarding financial information that are required to be reviewed by the Committee under any applicable laws or otherwise pursuant to the policies of the Corporation (including before the Corporation publicly discloses this information).
- v. The Committee shall meet no less than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.

- vi. The Committee shall inquire with management and the external auditors about significant financial and internal control risks or exposures and assess the steps management has taken to minimize such risks.
- vii. The Committee shall review the post-audit or management letter, if any, containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
- viii. The Committee shall periodically review and make recommendations regarding the Code of Business Conduct and Ethics adopted by the Board.
- ix. The Committee shall periodically review and make recommendations regarding the Whistleblower Policy and the Anti-Bribery and Anti-Corruption Policy adopted by the Board.
- x. The Committee shall follow procedures established as set out in the Corporation's Whistleblower Policy, for:
  - the receipt, retention, and treatment of complaints received by management of the Corporation regarding financial statement disclosures, accounting, internal accounting controls, or auditing matters; and
  - the submission by employees, consultants, contractors, directors or officers of the Corporation, on a confidential and anonymous basis, of concerns regarding financial statement disclosures, questionable accounting, internal accounting controls, auditing matters or violations to the Corporation's Code of Business Conduct and Ethics or any other policy, charter or mandate of the Corporation, applicable laws, rules and regulations, discrimination, harassment or retaliation.
- xi. The Committee shall ensure that management establishes and maintains an appropriate budget process, which shall include the preparation and delivery of periodic reports from the Chief Financial Officer to the Committee comparing actual spending to the budget. The budget shall include assumptions regarding economic parameters that are well supported and shall take into account the risks facing the Corporation.
- xii. The Committee shall have the authority to adopt such policies and procedures as it deems appropriate to operate effectively.

**b) External Auditors**

- i. The Committee shall recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Corporation, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
- ii. The Committee shall ensure that procedures are in place to assess the audit activities of the external auditors and the internal audit functions.
- iii. The pre-approval of the Committee shall be required as further set out in Schedule "C" prior to the undertaking of any non-audit services not prohibited by law to be provided by the external auditors in accordance with this Charter.
- iv. The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the

external auditors and attempt to resolve disagreements between management and the external auditors regarding financial reporting.

- v. The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.
- vi. The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
- vii. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within International Financial Reporting Standards that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.
- viii. The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
- ix. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
- x. The Committee shall have the authority to engage the external auditors to perform a review of the interim financial statements.

**c) Other Responsibilities**

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

**5. APPROVAL**

Approved by the Board of Directors on January 10, 2022.

## **SCHEDULE “A”**

### **AVANT BRANDS INC.**

#### **POSITION DESCRIPTION FOR THE CHAIR OF THE AUDIT COMMITTEE**

**1. PURPOSE**

The Chair of the Committee shall be an independent director who is elected by the Board or designated by a majority vote of the Committee to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Corporation.

**2. WHO MAY BE CHAIR**

The Chair will be selected from amongst the independent directors of the Corporation who have a sufficient level of financial sophistication and experience in dealing with financial issues to ensure the leadership and effectiveness of the Committee.

The Chair will be selected annually at the first meeting of the Board following the annual general meeting of shareholders or designated by a majority vote of the Committee.

**3. RESPONSIBILITIES**

The following are the primary responsibilities of the Chair:

- a) chair all meetings of the Committee in a manner that promotes meaningful discussion;
- b) ensure adherence to the Committee’s Charter and that the adequacy of the Committee’s Charter is reviewed annually;
- c) provide leadership to the Committee to enhance the Committee’s effectiveness, including:
  - i. act as liaison and maintain communication with the Board to coordinate input from directors and to optimize the effectiveness of the Committee. This includes ensuring that Committee materials are available to any director upon request and reporting to the Board on all decisions of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;
  - ii. ensure that the Committee works as a cohesive team with open communication, as well as to ensure open lines of communication among the independent auditors, financial and senior management and the Board for financial and control matters;
  - iii. ensure that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;
  - iv. ensure that the Committee serves as an independent and objective party to monitor the Corporation’s financial reporting process and internal control systems, as well as to monitor the relationship between the Corporation and the independent auditors to ensure independence;
  - v. ensure that procedures as determined by the Committee are in place to assess the audit activities of the independent auditors and the internal audit functions; and
  - vi. ensure that procedures as determined by the Committee are in place to review the Corporation’s public disclosure of financial information and assess the adequacy of such procedures periodically, in consultation with any disclosure committee of the Corporation;

- d) ensure that procedures as determined by the Committee are in place for dealing with complaints received by the Corporation regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns;
- e) manage the Committee, including:
  - i. adopt procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
  - ii. prepare the agenda of the Committee meetings and ensure pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
  - iii. ensure Committee meetings are appropriate in terms of frequency, length and content;
  - iv. obtain a report from the independent auditors on an annual basis, review the report with the Committee and arrange meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;
  - v. oversee the Committee's participation in the Corporation's accounting and financial reporting process and the audits of its financial statements;
  - vi. ensure that the auditors report directly to the Committee, as representatives of the Corporation's shareholders;
  - vii. annually review with the Committee its own performance, report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board;
  - viii. together with the Board, oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time;
  - ix. ensure Committee's work plan for the year is scheduled and monitor progress at each meeting; and
  - x. ensure Committee minutes are reviewed and approved;
- f) perform such other duties as may be delegated from time to time to the Chair of the Committee by the Board.

**SCHEDULE “B”**

**AVANT BRANDS INC.**

**NATIONAL INSTRUMENT 52-110 AUDIT COMMITTEES (“NI 52-110”)**

**Section 1.4 — Meaning of Independence**

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a “material relationship” is a relationship which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
  - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
  - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
  - (c) an individual who:
    - (i) is a partner of a firm that is the issuer’s internal or external auditor,
    - (ii) is an employee of that firm, or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
  - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
    - (i) is a partner of a firm that is the issuer’s internal or external auditor,
    - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
    - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
  - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer’s current executive officers serves or served at that same time on the entity’s compensation committee; and
  - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
  - (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
  - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.

- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
  - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
  - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
  - (a) has previously acted as an interim chief executive officer of the issuer, or
  - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

**Section 1.5 — Additional Independence Requirements for Audit Committee Members**

- (1) Despite any determination made under section 1.4 of NI 52-110, an individual who
  - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
  - (b) is an affiliated entity of the issuer or any of its subsidiary entities,is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
  - (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
  - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

## **SCHEDULE “C”**

### **AVANT BRANDS INC.**

#### **PROCEDURES FOR APPROVAL OF NON-AUDIT SERVICES**

1. The Corporation’s external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
  - (a) bookkeeping or other services related to the Corporation’s accounting records or financial statements;
  - (b) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
  - (c) actuarial services;
  - (d) internal audit outsourcing services;
  - (e) management functions;
  - (f) human resources;
  - (g) broker or dealer, investment adviser or investment banking services;
  - (h) legal services; and
  - (i) any other service that the Canadian Public Accountability Board or International Accounting Standards Board or other analogous board which may govern the Corporation’s accounting standards, from time to time determines is impermissible.
2. In the event that the Corporation wishes to retain the services of the Corporation’s external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority, subject to confirmation that such services will not compromise the independence of the Corporation’s external auditors, to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.
3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.