**Management's Discussion & Analysis of**
**Pathway Health Corp.**
**For the three and twelve months ended December 31, 2021**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Pathway Health Corp. (the "Company", "Pathway", "we" or "our") constitutes management's review of the factors that affected the financial and operating performance for the three and twelve months ended December 31, 2021. This MD&A is dated April 26, 2022 and should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2021 and the 104 day period ended December 31, 2020. Additional information about the Company can be found under the Company's profile on SEDAR at www.sedar.com.

The annual audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and are presented in Canadian dollars unless otherwise noted. For more detailed information regarding certain forward-looking statements contained herin, please see the note below regarding "Forward-looking Statements." The results of the operations, business prospects and financial condition of the Company will be affected by, among others, the "Risk Factors" set out in our Annual Information Form dated April 26, 2022 available at www.sedar.com.

The Company has incurred significant losses to date. The net loss for the year ended December 31, 2021 totaled $8.9 million and as at December 31, 2021 the Company had a deficit of $9.2 million (deficit at December 31, 2020 - $0.4 million). The Company does have positive working capital of $2.0 million, including cash of $2.6 million as well as positive shareholders' equity of $4.3 million as at December 31, 2021. The Company has not yet achieved profitable operations and expects to incur further losses in the development of its businesses, prior to becoming profitable. These balances and the changes period over period indicate that there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Historically, management has been able to finance operations through related party financings and private placements and will continue, as appropriate, to seek financing from these and other sources; however, there are no assurances that any such financings can be obtained on favourable terms, if at all. In view of these conditions, the ability of the Company to continue as a going concern is dependent upon its continued ability to obtain financing, generate sufficient cash flows and, ultimately, achieve profitable operations. There can be no assurance that the steps management is taking will be successful.

## Forward-looking statements

This MD&A contains forward-looking information. This forward-looking information is not based on historical facts but rather on our expectations regarding the future growth of the Company and our respective results of operations, performance and business prospects and opportunities. Forward-looking information may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumptions underlying any of the foregoing. This MD&A uses words such as "believe", "expect", "would", "will", "expects", "anticipates", "intends", "estimates", or similar expressions to identify forward-looking information. Such forward-looking information reflects our current beliefs based on information currently available to us.

This MD&A contains forward-looking information. The words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions typically are used to identify forward-looking statements. The use of forward-looking statements reflects our current views, expectations, estimates and/or projections with respect to our performance, business and future events, and in this MD&A includes statements relating to, among others: expectations regarding our business; expectations relating to our business goals, objectives and schedules; expectations regarding the benefits of our collaboration agreements; expectations regarding the intended purposes of the Company's subsidiaries; expectations for economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; expectations regarding the future use of the client database for the Company's interventional pain and medical cannabis programs; expectations that licenses applied for will be obtained; expectations of market size and growth in Canada; expectations regarding the cannabinoid based therapy industry, including Canada's position therein; expectations regarding the acceptance of cannabinoid based therapies in the medical community; expectations regarding our clinical and product development plans; and expectations regarding development of new intellectual property from cannabinoid product combinations. Forward-looking statements are based on the then-current expectations, forecasts and assumptions about the business and the industry and markets in which we operate, including, among others: that there will be no unforeseen delays, disruptions, market forces, regulations or laws that will prevent us from operating our business; and that we will be able to obtain the capital we require. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict, including, without limitation: that we may experience unforeseen delays, financing difficulties or costs that will impact our projects, operations, financial performance or liquidity; that we will not be able to advance our business plan or continue operations; that we will not be able to obtain insurance for our operations; that we will not be able to protect our intellectual property; that we will not be able to develop and commercialize, or obtain regulatory approvals to commercialize, products derived from our intellectual property; that we will not be able to recruit physicians and registered nurses for our clinics; that regulatory approvals of products developed from our intellectual property may result in significant delays; that development of cannabinoid based therapies may expose us to liability claims in excess of our insurance coverage; and those risks relating to the occurrence of national disasters, hostilities, acts of war or terrorism, our reputation, our key personnel, competition, employee relations, changes in the cannabinoid based therapy market generally, potential downturns in economic conditions, inflationary pressures, changes in interest rates, changes in regulatory requirements which may alter or prohibit investment in our business, or changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada or any other country in which we operate or intend to operate. These risks, as well as others, could cause actual results and events to differ materially from those anticipated in such forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements and information, which are qualified in their entirety by this cautionary statement. These statements speak only as of the date of this MD&A and we do not undertake any obligations to update such forward-looking statements, except as required by applicable securities law.

**Description of business**

Pathway Health Corp., formerly Colson Capital Corp. ("Colson"), is a public company, whose principal business is the operation of medical clinics that offer multidisciplinary therapies to patients that suffer from chronic pain. The clinical services are delivered in inter-disciplinary pain clinics operated by Pathway and through virtual care by physicians and other health care providers, who are trained in managing chronic pain through assessment and multi-modality treatments that include minimally-invasive approaches, intravenous therapies, allied health methods and the prescription of medical cannabis which is supplied to the patient directly by Health Canada approved Licensed Producers.

The Company was incorporated under the *Canada Business Corporations Act* on September 18, 2020 and completed a reverse takeover ("RTO") on May 31, 2021 (the "Closing Date") with Colson; which was incorporated on September 4, 2014 under the provisions of the *Business Corporations Act* (Alberta). The Company's registered office is located at 1500, 850 – 2 Street SW, Calgary, AB T2P 0R8. Colson previously had a year end date of March 31, however it was amended to December 31.

On June 17, 2021, the Company's shares commenced trading on the TSX-V under the symbol "PHC." The Company's shares are also listed on the Frankfurt exchange under the symbol "KL1."

**Corporate update**

*O Cannabis We Stand on Guard for Thee Corp ("OCC") acquisition*

Effective September 1, 2021, the Company acquired assets from OCC. Management determined that the assets acquired met the definition of a business under IFRS 3 *Business Combinations* and have accounted

for this acquisition as a business combination. The acquisition was completed to give the Company access to approximately 4,000 new active patients and expand its telemedicine footprint in several provinces including British Columbia and the Maritimes.
The total maximum purchase price of $400,000 consisted of the following:

- Cash payment of $150,000;
- Issuance of 300,000 common shares at a deemed price of $0.50 per share on closing, unless the 5-day volume weighted average ("VWAP") price of the shares preceding the date that is four months after the closing date of the transaction is less than $0.50, then the Company will either pay: 1) Cash in an amount equivalent to the lesser of $30,000 or the product of the VWAP and 75,000; or 2) issue common shares equivalent to the lesser of 75,000 or the quotient of $30,000 and the VWAP; and
- A performance bonus up to a maximum aggregate amount of $100,000 payable in either cash or issuance of common shares based on the number of patients on the patient list transferred that renew their annual medical document in the first 12 months after closing.

The assets purchased included a customer list, brand value and goodwill. On January 19, 2022, the Company issued 75,000 common shares to OCC to satisfy the contingent share obligation.

*TCNC Asset Acquisition Transaction*

On January 18, 2021, Pathway entered into an asset and share purchase agreement ("Asset and Share Purchase Agreement") with The Clinic Network Canada Inc. ("TCNC"), a related party, for the purchase of all or substantially all of the operating assets of TCNC ("Asset Acquisition Transaction"). The deemed consideration payable under the TCNC Asset Acquisition pursuant to the Asset and Share Purchase Agreement consisted of a $4.9 million in a non-interest bearing demand promissory note and 10,093,484 Class C preferred shares and 41,545,226 Class D preferred shares as well as the assumption of certain liabilities of TCNC. The combining entities are ultimately controlled by the same parties prior to and subsequent to the business combination, which is considered a transaction under common control. The Company elected to apply predecessor accounting to the transaction and as such, all assets and liabilities acquired are transferred at the carrying values from the predecessor company and no fair value adjustment was recorded. No goodwill is recorded for the difference between the net assets acquired and consideration paid, resulting in an adjustment to equity.

As a result of the Asset Acquisition Transaction, the consolidated financial statements of the Company include the financial statements of the Company and its wholly owned subsidiaries, 2563367 Ontario Ltd. (dba Silver Medical Group Centre for Pain Care), 9393 1681 Quebec Inc. (dba Slawner Ortho Ltee), 1964433 Alberta Ltd., Pathway Healthcare Technologies Corp., Pathway Wellness Products Corp. and its 51% owned subsidiary 10030712 Manitoba Ltd. The results of the newly acquired subsidiaries were included on a prospective basis from January 18, 2021, the date of acquisition. On April 1, 2021, there was a loss of control of the subsidiary, 10030712 Manitoba Ltd., as a result of the completion of an Unanimous Shareholder Agreement, and the Company now jointly controls the entity, which is accounted for as a joint venture.

*Qualifying Transaction and private placement*

On January 29, 2021, Pathway entered into a definitive share exchange agreement with Colson (TSX-V:COLSP), a capital pool company whose shares were listed on the NEX board of the TSX Venture Exchange. Under the terms of the agreement, Colson purchased all of the issued and outstanding shares of Pathway in a 1:1 exchange for the issuance of post-consolidation Colson shares. This resulted in the reverse take-over of Colson by Pathway (the "RTO Transaction") on May 31, 2021. The RTO Transaction together with the Asset Acquisition Transaction constitutes a Qualifying Transaction pursuant to the policies of the TSX Venture Exchange.

On March 16, 2021, Pathway completed a private placement whereby Pathway issued 27,600,000 subscription receipts ("Subscription Receipts") at a price of $0.50 per Subscription Receipt for aggregate gross proceeds of $13,800,000. Each Subscription Receipt consisted of one common share and one half of a common share purchase warrant. In total, 27,600,000 common shares and 15,896,288 warrants (including broker warrants) were issued and total proceeds of $12.4 million net of transaction costs was received by the Company. The gross proceeds from the private placement, less a portion of the fees and expenses of the agents, were delivered to the transfer agent. The Escrowed Funds were held by the transfer agent until the waiver and/or satisfaction of certain escrow release conditions, including, but not limited to, the completion, satisfaction or waiver of all conditions precedent to the Qualifying Transaction, the receipt of all shareholder and regulatory approvals required for the Qualifying Transaction and other customary escrow conditions. These conditions were met on May 31, 2021 and the Escrowed Funds were transferred to the Company.

Prior to closing the RTO Transaction, Colson consolidated the 8,400,000 common shares of Colson ("Colson Shares") on the basis of 2.941:1, resulting in an aggregate of 2,856,171 post consolidation Colson shares issued and outstanding. Colson also changed its name from "Colson Capital Corp. to "Pathway Health Corp." Furthermore, 90,252,819 common shares of the Company were issued to former shareholders of Pathway (including 27,600,000 common shares issued as part of Subscription Receipts from a private placement). The RTO transaction was completed on May 31, 2021, with Pathway shares commenced trading on the TSX-V under the symbol "PHC" on June 17, 2021.

Prior to closing the RTO Transaction, Pathway settled several outstanding convertible debts through the issuance of shares including convertible debentures issued in 2019 (468,825 common shares for a fair value of $0.2 million), convertible debentures issued in 2020 (6,450,898 common shares for a fair value of $2.5 million), deferred acquisition costs (555,556 common shares for a fair value of $0.3 million), a convertible note (400,000 common shares for a fair value of $0.2 million) and the Hew note (2,988,829 common shares for a fair value of $1.5 million).

*Impact of COVID-19 pandemic*

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically in regional economies in which the Company operates. As part of the liabilities assumed in the Asset Acquisition Transaction, Pathway assumed the loans from the Canadian Emergency Business Account program ("CEBA") from TCNC. These factors among others could have a significant impact on the Company's operations. Management has given consideration as to the impact of COVID-19 on the Company and concluded that the consolidated financial statements reflect and disclose management's best estimate and uncertainty regarding the impact of COVID-19 on the Company's financial results.

*Bridge notes financing*

On March 23 and 24, 2021 the Company entered into agreements for the issuance of $0.825 million ($0.750 million net of loan fees) in bridge loan notes ("Bridge Notes"), including $0.358 million with related parties. The Bridge Notes bear coupon interest at a rate of 10% per annum and mature at the earlier of September 22, 2021 and the occurrence of any events which constitute an event of default. The occurrence of an event of default includes but are not limited to, failure to pay the obligation on maturity, defaults in the performance of any material covenant, falsification of any representation or warranty under the Bridge note, insolvency, cessation or threat of cessation of business and impairment of ability to pay the obligation. The Bridge notes are subject to a minimum of three months accrued interest and fees if prepaid prior to the Maturity Date.

The outstanding principal ($0.8 million) and accrued interest ($0.02 million) of the Bridge Notes were repaid on June 2, 2021.

*Investment in related company*

In December 2018, TCNC acquired 51 common shares of 10030712 Manitoba Ltd. ("Manitoba") upon incorporation for $0.10 per share for a total of $5.10 The company was established through an agreement with Chief Peguis Investment Corp. ("Peguis") to provide interdisciplinary healthcare at a clinic in Manitoba, Canada. Manitoba is 51% owned by the Company, which did not arise as a result of a business combination, and 49% owned by Peguis, who acquired 49 common shares in December 2018 for $4.90. The common shares were transferred from TCNC to Pathway as part of the Asset Acquisition Transaction on January 18, 2021.

Prior to April 1, 2021, the results of Manitoba were consolidated within the Company's results and non-controlling interest recorded for Peguis' share of Manitoba's net loss for the year and proportionate investment in Manitoba through capital contributions. A Unanimous Shareholder Agreement was signed effective April 1, 2021 giving both parties joint control over Manitoba. The Company determined Manitoba was a joint venture and has accounted for it using the equity method. The assets, liabilities and non-controlling interest were de-recognized on the consolidated financial statements resulting in a loss of $0.7 million and deferred loss of $0.7 million. The deferred loss will be amortized into loss of control of related company on a straight-line basis over three years. During the year ended December 31, 2021 $0.02 million of the deferred cost was amortized and included in loss of control of related company on the consolidated statements of loss.

As part of the Asset Acquisition Transaction with TCNC, Pathway acquired specific assets from Natural Health Services ("NHS") and National Access Canada Corporation ("NACC"). The Company contributed all of its right, title and interest in and to any part of the NHS and NACC Acquired Assets that solely related to the province of Manitoba and will provide a non-exclusive, royalty-free, fully paid up, non-transferable, non sub-licensable license to use the intellectual property in connection with the conduct of the operations of the clinics in Selkirk and Winnipeg, and to allocate revenues attributable to the current and former patients of NHS and NACC in those locations. In exchange for this contribution, Peguis agreed to make a capital contribution of $0.25 million per location (for a total of $0.50 million) to Manitoba which will be offset against the Selkirk Loan and Winnipeg Loan. Subsequent to these contributions, the Company will continue to hold 51 shares, representing 51% of the issued and outstanding shares and 1002241 Manitoba Ltd. will continue to hold 49 shares, representing 49% of the issued and outstanding shares. The purchase price of these intangible assets were deemed to be $0.26 million per location (for a total of $0.52 million) resulting in gain of $0.26 million on the Company's consolidated statement of loss and comprehensive loss.

## Selected quarterly information

The following table highlights selected unaudited interim condensed consolidated financial data for each of the most recent six quarters, this in management's opinion, have been prepared on a basis consistent with the audited consolidated financial statements for the year ended December 31, 2021. The selected financial information presented below reflects all adjustments, consisting primarily of normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of results for the interim periods. These results are not necessarily indicative of results for any future period and you should not rely on these results to predict future performance.

| | Three months ended | | | | | |
|---|---|---|---|---|---|---|
| | December 31, 2021 | September 30, 2021 | June 30, 2021 | March 31, 2021 | December 31, 2020 | September 30, 2020 |
| Statement of operations data | | | | | | |
| Revenue | $ 2,669,658 | $ 2,663,249 | $ 2,934,258 | $ 2,628,207 | $ - | $ - |
| Gross margin | 1,485,256 | 1,413,048 | 1,548,364 | 1,435,487 | - | - |
| Loss before other items and income taxes | (2,217,803) | (1,349,405) | (1,374,153) | (882,662) | (372,812) | (1,695) |
| Net loss and comprehensive loss | (3,164,533) | (1,597,308) | (3,076,636) | (1,053,868) | (372,812) | (1,695) |
| Net loss attributable to: | | | | | | |
| Shareholder | (3,164,533) | (1,597,308) | (3,076,636) | (1,027,773) | (372,812) | (1,695) |
| Non-controlling interest | - | - | - | (26,095) | - | - |
| Basic and diluted loss per share attributable to shareholders | $ (0.03) | $ (0.02) | $ (0.05) | $ (0.02) | $ (372,812) | $ (1,695) |

The fluctuations in the reported results during these periods resulted primarily from:

- the closing of the Asset Acquisition Transaction on January 18, 2021, whereby the Company acquired substantially all the assets of TCNC and assumed certain liabilities.

- the RTO transaction which closed on May 31, 2021, resulting in transaction costs of $1.3 million.
- Issuance of approximately 93 million shares as a result of the RTO transaction and closing of a $13.8 million private placement on May 31, 2021.
- On April 1, 2021, the Company also derecognized the results of the Manitoba entity and accounted for the entity as a joint venture.

**Selected consolidated financial information**

The following table sets forth selected consolidated data for three and twelve months ended December 31, 2021 and 2020:

| | For the three months ended December 31, 2021 | For the three months ended December 31, 2020 | For the twelve months ended December 31, 2021 | For the twelve months ended December 31, 2020 |
|---|---|---|---|---|
| Statement of operations data | | | | |
| Revenue | $ 2,669,658 | $ - | $ 10,895,372 | $ - |
| Loss before other items and income taxes | (2,217,803) | (372,811) | (5,824,023) | (374,506) |
| Net loss and comprehensive loss | (3,164,533) | (372,811) | (8,892,345) | (374,506) |
| Basic and diluted net (loss)/earnings per share | $ (0.03) | $ (372,811) | $ (0.16) | $ (374,506) |

| Statement of financial position as at: | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Total assets | $ 8,838,525 | $ 35,359 |
| Long-term liabilities | 2,360,567 | - |

**Review of operating results**

*Revenue and gross profit margin*

| | For the three months ended December 31, 2021 | 2020 | Change $ | Change % | For the twelve months ended December 31, 2021 | 2020 | Change $ | Change % |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | |
| Provincially insured physician services | $ 1,140,110 | $ - | $ 1,140,110 | 100% | $ 5,011,903 | $ - | $ 5,011,903 | 100% |
| Products and provincially non-insured physician services | 827,463 | - | 827,463 | 100% | 3,022,010 | - | 3,022,010 | 100% |
| Cannabis education | 702,085 | - | 702,085 | 100% | 2,861,459 | - | 2,861,459 | 100% |
| Total revenue | $ 2,669,658 | $ - | $ 2,669,658 | 100% | $ 10,895,372 | $ - | $ 10,895,372 | 100% |
| **Cost of sales** | | | | | | | | |
| Consultants | $ 873,871 | $ - | $ 873,871 | 100% | $ 3,828,453 | $ - | $ 3,828,453 | 100% |
| Cost of goods sold | 191,901 | - | 191,901 | 100% | 735,951 | - | 735,951 | 100% |
| Clinic and medical supplies | 118,630 | - | 118,630 | 100% | 448,813 | - | 448,813 | 100% |
| Total cost of sales | $ 1,184,402 | $ - | $ 1,184,402 | 100% | $ 5,013,217 | $ - | $ 5,013,217 | 100% |
| **Gross margin** | **$ 1,485,256** | **$ -** | **$ 1,485,256** | 100% | **$ 5,882,155** | **$ -** | **$ 5,882,155** | 100% |

Revenues were $2.7 million and $10.9 million for the three and twelve months ended December 31, 2021, respectively. The increase in revenues reflect the Asset Acquisition Transaction that closed January 18, 2021, prior to which, the Company had no revenue generating assets.

Provincially insured physician services refers to revenue generated for providing publicly accessible healthcare services that are reimbursed by the provincial health authorities. These services may be provided in a physical clinical setting or through telemedicine assessments. Products and provincially non-insured physicians services refers to services that are not eligible for government reimbursement and as such are charged directly to patients and/or third parties and mainly consist of custom orthotics, prosthetics and home health care products related revenues.

The Company generates revenue through the operation of physical inter-disciplinary clinics in three provinces, Quebec, Ontario and Manitoba, and the provision of virtual care across Canada. Pathway's clinical patient services are paid for by provincial health insurance, third party insurance companies and privately by patients. The clinics are operating under the trade names of: The Clinic Network; Slawner Ortho; Nature Medic; and Silver Centre for Pain Care. Due to the loss of control of the subsidiary as described in the "Investment in related company" section, the revenues in Manitoba are no longer consolidated into the Company's results. Revenues in Manitoba were $0.1 million and $0.3 million for the three and twelve months ended December 31, 2021.

Cannabis education revenues relates to the service the Company provides to licensed producers under the Access to Cannabis for Medical Purposes Regulations that assist patients in selecting strains of medical cannabis and fulfilling the patient's order with a licensed producer of their choice. As a result of the Asset Acquisition Transaction, Pathway has education fee agreements with 9 different licensed producers/sellers, each having multiple product lines and some having multiple brands. The Company recognizes revenue based on contracted terms with third parties once orders are received by the third parties. Contracted terms do not include the provision of post-service obligations. The Company's performance obligations are satisfied at a point in time when the patient orders are fulfilled by the third parties.

*Selling, general and administrative expenses*

| | For the three months ended December 31, 2021 | 2020 | Change $ | Change % | For the twelve months ended December 31, 2021 | 2020 | Change $ | Change % |
|---|---|---|---|---|---|---|---|---|
| Wages and benefits | $ 2,148,086 | $ 59,626 | $ 2,088,460 | 97% | $ 6,748,203 | $ 59,626 | $ 6,688,577 | 99% |
| Professional and consulting fees | 326,320 | 312,692 | 13,628 | 4% | 1,651,079 | 314,387 | 1,336,692 | 81% |
| Rent and utilities | 164,833 | - | 164,833 | 100% | 633,554 | - | 633,554 | 100% |
| Marketing | 75,274 | - | 75,274 | 100% | 198,376 | - | 198,376 | 100% |
| Public company costs | 114,311 | - | 114,311 | 100% | 374,425 | - | 374,425 | 100% |
| Office expenses | 305,410 | 493 | 304,917 | 100% | 984,499 | 493 | 984,006 | 100% |
| Bad debt expense | 374,152 | - | 374,152 | 100% | 374,152 | - | 374,152 | 100% |
| Depreciation on property & equipment | 194,673 | - | 194,673 | 100% | 741,890 | - | 741,890 | 100% |
| | $ 3,703,059 | $ 372,811 | $ 3,330,248 | 90% | $ 11,706,178 | $ 374,506 | $ 11,331,672 | 97% |

Selling, general and administrative expenses were $3.7 million and $11.5 million for the three and twelve months ended December 31, 2021, respectively. Professional and consulting fees and public company costs were unusually high as they reflect the additional listing fees, legal and professional fees related to the RTO transaction which closed on May 31, 2021. The Company incorporated on September 18, 2020, as such expenses for the prior year comparable period are minimal and mainly relate to small legal fees. Bad debt expense mainly relates to the $0.4 million provision made for a related party receivable from TCNC.

*Other expense/(income)*

| | For the three months ended December 31, 2021 | 2020 | Change $ | Change % | For the twelve months ended December 31, 2021 | 2020 | Change $ | Change % |
|---|---|---|---|---|---|---|---|---|
| Reverse takeover transaction cost | $ - | $ - | $ - | n/a | $ 1,251,608 | $ - | $ 1,251,608 | 100% |
| Finance expense | 72,831 | - | 72,831 | 100% | 601,373 | - | 601,373 | 100% |
| Amortization of intangible assets | 60,063 | - | 60,063 | 100% | 140,577 | - | 140,577 | 100% |
| Share-based compensation | 160,966 | - | 160,966 | 100% | 547,700 | - | 547,700 | 100% |
| Impairment of intangible assets | 678,347 | - | 678,347 | 100% | 678,347 | - | 678,347 | 100% |
| Gain on disposal of intangible assets and goodwill | - | - | - | n/a | (255,328) | - | (255,328) | 100% |
| Loss of control of related company | 6,110 | - | 6,110 | 100% | 88,757 | - | 88,757 | 100% |
| Fair value of guarantee | (20,238) | - | (20,238) | 100% | 54,762 | - | 54,762 | 100% |
| Share of loss of equity - accounted investees | 48,464 | - | 48,464 | 100% | 138,239 | - | 138,239 | 100% |
| Government grant | - | - | - | n/a | (25,558) | - | (25,558) | 100% |
| Gain on remeasurement of contingent consideration | (59,813) | - | (59,813) | 100% | (152,155) | - | (152,155) | 100% |
| | $ 946,730 | $ - | $ 946,730 | 100% | $ 3,068,322 | $ - | $ 3,068,322 | 100% |

For accounting purposes, the RTO Transaction (as described in the section "Qualifying transaction and private placement") was considered to be an asset acquisition and has been treated as a capital transaction under IFRS 2 – Share Based Payment, where Pathway has been treated as the accounting parent company (legal subsidiary) and Colson has been treated as the accounting subsidiary (legal parent). As a result of Colson not meeting the definition of a business under IFRS 3 Business Combinations, transaction costs of $1.3 million had been recorded as a reverse takeover transaction cost. This reflected the excess of the purchase price over the fair value of the assets and liabilities acquired. Consideration included the 2,856,171 common shares of Pathway valued at $0.50 per common share.

Finance expense includes interest of lease liability of $0.1 million and $0.3 million for the three and twelve months ended December 31, 2021, respectively. It also mainly includes interest, financing fees, accretion and fair value expenses related to Pathway's convertible debt instruments and bridge notes. These convertible debt instruments were settled on May 31, 2021 and the bridge notes were repaid on June 2, 2021.

There is a stock-based compensation arrangement in place for directors, officers, employees and consultants. The Company has 5,500,000 stock options outstanding with a strike price of $0.50 and an average life of 4.6 years.

The Company has recognized an impairment of $0.7 million ($0.2 million for group billing number and $0.5 million for the brand value) for the intangible assets of Silver. The impairment was calculated in accordance with the Company's accounting policies, on the basis of fair value less cost to sell.

As part of the Asset Acquisition Transaction, Pathway assumed contingent consideration with a fair value of $0.17 million related to an acquisition of certain assets from NACC and its sole shareholder, Meta Growth Corp. ("Meta") in fiscal 2020. The contingent consideration was based on a potential earn-out bonus of up to $0.3 million. The earn-out bonus is determined based on the number of patients on the patient list transferred that renew their annual medical document in the first 12 months after closing. The earn-out bonus is payable in common shares, if the Company's shares are listed on a public exchange within 12 months of closing, or cash. On review of the results, management adjusted the fair value of the contingent consideration down to $0.03 million based on the Company's calculation of the performance targets achieved. The change in the estimate of fair value of $0.1 million, is recognized in profit and loss for the year ended December 31, 2021 as a gain on remeasurement of contingent consideration.

As part of the Asset Acquisition Transaction, Pathway assumed a convertible promissory note due to Nature Medic Inc. ("NMI"). The $0.25 million convertible promissory note was converted into 555,556 common shares on May 31, 2021 as part of the Qualifying Transaction. The agreement with NMI included a four month hold on the shares issued, however Pathway would guarantee the value of the shares issued. If the value of the converted shares immediately after the hold period is less than $250,000, the Company will either issue additional common shares or pay an amount in cash equivalent to the variance. On November 3, 2021 the Company issued 238,095 common shares to satisfy this liability.

The expense related to the loss of control of related company, allocation of related company loss and the gain on disposal of intangible assets and goodwill, relate to the loss of control of the former subsidiary 10030712 Manitoba Ltd. and contributions into the entity as described in the “Investment in related company” section. A Unanimous Shareholder Agreement was signed effective April 1, 2021 giving both parties joint control over Manitoba. The Company determined Manitoba was a joint venture and has accounted for it using the equity method. The allocation of related company loss relates to the Company’s 51% share of the Manitoba’s net loss for the period. The gain on disposal of intangible assets and goodwill is a result of the transfer of intangible assets and goodwill into the Manitoba entity in exchange for contribution consideration. The assets, liabilities and non-controlling interest were de-recognized on the consolidated financial statements resulting in an initial loss recognition of $0.07 million and deferred cost of $0.07 million. The deferred cost will be amortized into loss of control of related company on a straight-line basis over three years. During the year ended December 31, 2021 $0.02 million of the deferred cost was amortized and included in loss of control of related company on the consolidated statements of loss.

During the three months ended March 31, 2021, the Company received an additional $0.04 million line of credit under the CEBA program funded by the Government of Canada. The loans are non-interest bearing and due on December 31, 2022. Repayment of the loans before December 31, 2022 will result in loan forgiveness of 33.3% of the loan balance. After January 1, 2023, the loans may be converted into a three-year term loans at a fixed annual interest rate of 5%. The CEBA loans received in the three months ended March 31, 2021 were initially fair valued using a discount rate of 17% and the difference between the principal and fair value amount of $0.03 million was recognized as a government grant on the consolidated statement of loss during the twelve months ended December 31, 2021.

**Financial position**

The following table presents a summary of the Company’s financial position:

| | **December 31, 2021** | December 31, 2020 | **Change $** | **Change %** |
|---|---|---|---|---|
| Working capital (deficiency)* | $ 1,983,381 | $ (374,505) | $ 2,357,886 | (630%) |
| Non-current assets | 4,703,612 | - | 4,703,612 | n/a |
| Long-term obligations | 2,360,567 | - | 2,360,567 | n/a |
| Shareholders' equity (deficiency) | 4,326,426 | (374,505) | 4,700,931 | (1255%) |

* see "Non-IFRS financial measures" section

*Working capital*

The working capital increased from a deficiency of $0.4 million at December 31, 2020 to a positive working capital of $2.0 million at December 31, 2021. The change is mainly due to the impact of the Asset Acquisition Transaction, RTO transaction and closing of the private placement.

*Non-current assets*

The Company did not have any non-current assets as at December 31, 2020. Non-current assets as at December 31, 2021 consists of due from related parties balances, property and equipment, intangible assets, goodwill and investment in related company.

The $2.9 million increase in property and equipment from December 31, 2020 to December 31, 2021 is mainly a result of:

- $3.5 million in net book value of property and equipment acquired as part of the Asset Acquisition Transaction.

- $0.4 million of additions, of which $0.3 million was a right-of-use asset addition due to the signing of a new leased space in Quebec.
- Offset by $0.7 million in depreciation expense and $0.2 million of assets removed from the statement of financial position due to loss of control of Manitoba (see “Investment in related company” section for more details).

Intangible assets consists of values related to group billing numbers, brand, customer list, standard operating procedures and software. The $0.7 million increase in intangible assets for the twelve months ended December 31, 2021 is a result of the $1.4 million of net intangible assets acquired as part of the Asset Acquisition Transaction, $0.2 million acquired as part of the OCC acquisition, offset by $0.7 million impairment charge of Silver’s intangible assets and $0.1 million in amortization expense and $0.1 million of intangible assets contributed to Manitoba (see “Investment in related company” section for more detail).

The $0.5 million increase in goodwill for the twelve months ended December 31, 2021 is a result of the $0.6 million in goodwill acquired as part of the Asset Acquisition Transaction and $0.1 million as part of the OCC acquisition, offset by the $0.1 million of goodwill contributed to Manitoba (see “Investment in related company” section for more detail).

Investment in related company reflects the contributions and investments made in Manitoba (see “Investment in related company” section for more detail).

*Long-term obligations*

As at December 31, 2021, long-term obligations consist of lease liability and government loan payable, the majority of which were assumed as part of the Asset Acquisition Transaction. As at December 31, 2020 there were no long-term obligations.

See the section “Liquidity and capital resources” for more detail.

*Lease liability*

The lease liability balance relates to the lease of various office and clinic spaces. The increase in the lease liability balance of $2.8 million from December 31, 2020 to December 31, 2021 are mainly due to:

- $3.1 million of lease liability assumed as part of the Asset Acquisition Transaction;
- $0.3 million addition of lease liability related to a newly leased clinical location in Quebec; and
- Offset by $0.6 million of lease liability repayments.

*Shareholders’ equity (deficiency)*

The Company is authorized to issue an unlimited number of common shares. As at December 31, 2021, the Company had 93,647,085 common shares, 15,896,228 warrants with a weighted average exercise price of $0.72 and 5,500,000 options with a weighted average exercise price of $0.50 issued and outstanding. As at April 26, 2021, the date of release of these statements, an additional 75,000 common shares were issued to satisfy obligations under the OCC purchase agreement.

The $4.7 million increase in shareholders’ equity from December 31, 2020 to December 31, 2021 is mainly due to the Asset Acquisition Transaction, conversion of convertible debt, private placement, RTO transaction, shares issued in the OCC acquisition and net losses for the period.

As part of the Asset Acquisition Transaction, the Company issued 10,093,484 Class C preferred shares and 41,545,226 Class D preferred shares to TCNC, a related party. Each Class C and each Class D share was valued at $0.50 per share, resulting in a total share capital amount of $25.8 million. The preferred shares were exchanged for common shares of the public company on May 31, 2021. The total excess of consideration over the carrying value of the assets and liabilities recognized as part of the Asset Acquisition Transaction of $31.4 million was recorded in contributed surplus.

On March 16, 2021, Pathway completed a private placement whereby Pathway issued 27,600,000 Subscription Receipts at a price of $0.50 per Subscription Receipt for aggregate gross proceeds of $13,800,000. The Subscription Receipts resulted in the issuance of 27,600,000 common shares and 15,896,228 warrants (includes warrants issued to brokers) for a total amount net of transaction costs of $10.5 million and $1.9 million respectively.

As previously disclosed, on January 29, 2021, under the terms of the share-exchange agreement, Colson purchased all of the issued and outstanding shares of Pathway in a 1:1 exchange for the issuance of 2,856,171 post-consolidation Colson shares at $0.50 per share (total of $1.4 million). This resulted in the reverse take-over of Colson by Pathway on May 31, 2021.

Also prior to closing the RTO Transaction, Pathway settled several outstanding convertible debts assumed from TCNC in the Asset Acquisition Transaction through issuance of shares including convertible debentures (468,825 common shares for a fair value of $0.2 million), convertible debentures issued in 2020 (6,450,898 common shares for a fair value of $2.5 million), deferred acquisition costs (555,556 common shares for a fair value of $0.3 million), a convertible note (400,000 common shares for a fair value of $0.2 million) and the Hew note (2,988,829 common shares for a fair value of $1.5 million).

The Company issued 300,000 common shares with a fair value of $0.1 million as part of the OCC purchase price. A additional 238,095 common shares with a fair value of $0.1 million was issued as part of the fair value guarantee to NMI.

Other additions to shareholders' equity include share-based compensation of $0.6 million and net loss of $8.9 million.

As of April 26, 2022, the Company has 93,722,085 common shares, 5,500,000 options with a weighted average exercise price of $0.50 and 15,896,228 warrants with a weighted average exercise price of $0.72 issued and outstanding.

**Liquidity and capital resources**

**Liquidity risk**

*Due to related parties*

The Company engaged in various financing and investing activities with related parties. Please see "Related Party transactions" section for more detail.

*Government loan payable*

Silver and Slawner Ortho were approved for and received $0.06 million lines of credit under the CEBA program funded by the Government of Canada, for a consolidated amount of $0.12 million. Of this amount, $0.04 million was received in the three months ended March 31, 2021 and the remaining $0.08 million was assumed as part of the Asset and Share Purchase Agreement on January 18, 2021. The government loan payable had an amortized balance of $0.04 million at the time of the Asset and Share Purchase Agreement. The loans are non-interest bearing and due on December 31, 2022. Repayment of the loans before December 31, 2022 will result in loan forgiveness of 33.3% of the loan balance. After January 1, 2023, the loans may be converted into a three-year term loans at a fixed annual interest rate of 5%.

The $0.04 million CEBA loans received in the year ended December 31, 2021 were initially fair valued using a discount rate of 17% and was measured at $0.01 million with the difference of $0.03 million being recognized as a government grant on the consolidated statement of loss during the twelve months ended December 31, 2021.

The amortized cost of the CEBA loans are $0.7 million as at December 31, 2021.

*Bridge notes*

On March 23 and 24, 2021 the Company entered into agreements for the Bridge Notes, including $0.36 million with related parties.

The Bridge notes bear coupon interest at a rate of 10% per annum and mature at the earlier of September 22, 2021 and the occurrence of any events which constitute an event of default. The occurrence of an event of default includes but are not limited to, failure to pay the obligation on maturity, defaults in the performance of any material covenant, falsification of any representation or warranty under the Bridge Note, insolvency, cessation or threat of cessation of business and impairment of ability to pay the obligation. The Bridge Notes are subject to a minimum of three months accrued interest and fees if prepaid prior to the maturity date.

The outstanding principal ($0.8 million) and accrued interest ($0.02 million) of the Bridge Notes were repaid on June 2, 2021.

*Convertible debentures 2019*

During the year ended December 31, 2019, TCNC issued $0.05 million and $0.1 million of unsecured convertible debentures, subordinated to senior debt, that mature on August 2021 and October 2021, respectively. These debentures were assumed by the Company as part of the Asset Acquisition Transaction that closed on January 18, 2021. The debentures were transferred to the Company from TCNC at the net book value on the date of transfer of $0.2 million.

The debentures bear interest at 10% per annum with interest accrued due at the end of the term. Pursuant to the terms of the debentures, the Company will have the option to satisfy the principal and interest payments through the issuance of common shares.

The debentures are convertible into common shares at an amount equal to 75% of the price or deemed price of the common shares on a per share basis, as set forth in the definitive documentation to be signed by the applicable parties in relation to a “Qualified Financing” or “Liquidity Event.” A Qualified Financing is the issuance of common shares in a transaction or series of related transactions resulting in aggregate gross proceeds to the Company of at least $10.0 million, excluding conversion of the debentures and any other indebtedness. A Liquidity Event is defined as a transaction directly or indirectly giving rise to a stock exchange listing, the sale or exchange of all or substantially all the shares of the Company, a merger, amalgamation or similar arrangement, the sale of all or substantially all the assets of the Company followed by dividends or distributions or such other transaction as is determined to be a liquidity event by the Board of Directors.

The debentures are redeemable at the option of the Company on or after that date which is 12 months from the closing date and prior to the maturity date at face value plus accrued but unpaid interest upon no more than 60 days’ notice and not less than 30 days’ notice. As the number of shares issued on conversion will vary depending on the deemed price of the common shares, this feature has been classified as an embedded derivative.

The Company has classified the convertible debentures entirely as liabilities because the number of shares that would be issued on conversion varies. The Company has elected to designate the convertible debentures at fair value through profit and loss (“FVTPL”) on initial recognition and, as such, the embedded conversion feature is not separated and the embedded derivative and host debt are measured at fair value. The fair value of the host debt together with the embedded derivative is calculated at each reporting period by dividing the notional amount of the debt by the estimated conversion price as a percentage of market price and then applying a 15% discount for lack of marketability due to the four month hold required after conversion.

On May 31, 2021, with the close of the Qualifying Transaction, the debentures were converted into 468,825 common shares. The fair value amount of the debenture ($0.2 million) was transferred to share capital.

*Convertible debentures 2020*

Between November 10, 2020 to January 17, 2021, TCNC issued unsecured convertible debentures of $2.3 million. These debentures were assumed by the Company as part of the Asset Acquisition Transaction that closed on January 18, 2021. The debenture was transferred to the Company from TCNC at net book value on the date of transfer of $2.4 million.

The unsecured convertible debentures mature 24 months from issuance and bear interest at 10% per annum with interest due at the end of the term. The Company has the option to redeem the debentures beginning 12 months after issuance without premium, bonus or penalty. The outstanding principal and interest accrued thereon is assignable and automatically convertible into Pathway shares on the date which is: (i) the closing date of the Asset Acquisition Transaction; (ii) immediately prior to closing of the RTO Transaction; or (iii) by mutual agreement between the holder and Pathway if the Asset Acquisition Transaction is completed but the RTO Transaction has not been completed by March 31, 2021. The conversion price of the debentures is 75% of the price or deemed price of the Pathway shares as established in the Asset Acquisition Transaction.

On the closing of the Asset Acquisition Transaction, the conversion price of the debentures became fixed at 75% of $0.50, which is the price of the Pathway shares established in the Asset Acquisition Transaction. As such, the debenture can subsequently be converted at a fixed rate for a fixed amount of shares ("fixed-for-fixed"). As the fixed-for-fixed criteria has been satisfied, management has reclassified the convertible debenture into debt and equity components. The liability component of the debenture was calculated using the discounted cash flows for the instrument assuming the effective interest rate of 11.32% ($2.3 million). The effective interest rate was based on the estimated rate for a debenture with similar terms but without a conversion feature. The fair value of the equity component (conversion feature - $0.7 million) was determined as the difference between the face value of the convertible debentures and the fair value of the liability component. The liability component is subsequently measured at amortized cost using the effective interest rate method and will accrete up to the principal balance at maturity. The accretion is presented as a finance cost.

The difference between the fair value of the debentures at the Asset Acquisition Transaction date and the initial recalculated debt and equity portions calculated above resulted in a gain of $0.09 million, which is recognized in finance expense in the consolidated statement of loss for the twelve months ended December 31, 2021.

On May 31, 2021, with the close of the Qualifying Transaction, the debentures converted into 6,450,898 common shares based on a $0.50 per common share price with a 25% discount to market on the $2.3 million of principal and $0.1 million of accrued interest. On extinguishment, the fair value amount of the debentures and the equity component of the convertible debt ($2.4 million and $0.07 million, respectively) was transferred to share capital.

*Deferred acquisition costs*

On August 31, 2020, TCNC acquired the assets of NMI for the purchase price of $0.4 million, including contingent consideration of $0.05 million. Consideration transferred included cash of $0.1 million and an unsecured non-interest bearing 12-month convertible promissory note for up to $0.3 million of which $0.05 million is contingent on financial performance. The contingent payment of $0.05 million was recorded at its estimated fair value of $nil. The convertible promissory note was assumed by the Company as part of the Asset Acquisition Transaction that closed on January 18, 2021. The promissory note was transferred to the Company from TCNC at net book value on the date of transfer of $0.24 million.

The $0.25 million convertible promissory note matures at the earliest of: (i) conversion; or (ii) August 31, 2021. The Company may repay the note with out notice or penalty. NMI can at its sole discretion and upon 30 days written notice, on or prior to the maturity date, convert into common shares of the Company at a 10% discount from the listed share price. On conversion, the convertible promissory note will have a four month hold period. If the value of the converted shares is less than the value of indebtedness after the hold period, then the Company will either: (i) issue additional common shares to NMI equal to the indebtedness less the value of the converted shares on the date immediate after the hold period (“hold value”); (ii) pay to NMI an amount equal to the hold value in cash.

With the conversion features of the convertible promissory note, there is an obligation to issue a variable number of shares, consequently the conversion feature is an embedded derivative and is classified as a liability as it fails the “fixed for fixed” criterion. The Company has classified the convertible promissory note as a financial liability at FVTPL under IFRS 9 Financial Instruments. On March 31, 2021 the fair value of the convertible promissory note was $0.24 million. The fair value of the host debt together with the embedded derivative is calculated at each reporting period by dividing the notional amount of the debt by the estimated conversion price as a percentage of market price and then applying a 15% discount for lack of marketability due to the four month hold required after conversion.

On May 31, 2021, with the close of the Qualifying Transaction, the facility was converted into 555,556 common shares based on a $0.50 per common share price with a 10% discount to market on the $0.25 million of deferred acquisition cost. The fair value amount of the facility ($0.28 million) was transferred to share capital.

The agreement with NMI included a four month hold on the shares issued, however Pathway would guarantee the value of the shares issued. If the value of the converted shares immediately after the hold period is less than $0.25 million, the Company will either issue additional common shares or pay an amount in cash equivalent to the variance. On November 3, 2021, the Company issued 238,095 common shares to satisfy this liability.

*Convertible note*

On March 6, 2020, TCNC acquired certain assets from NACM for an aggregate purchase price of $1.2 million, including a convertible note of $0.2 million and a maximum earn-out bonus of $1.0 million. The convertible note was assumed by the Company as part of the Asset Acquisition Transaction that closed on January 18, 2021. The convertible note was transferred to the Company from TCNC at net book value on the date of transfer of $0.2 million.

The $0.2 million convertible note matures September 6, 2021 and may be repaid prior to maturity, at the Company’s option, with no premium or penalty. The note is convertible into common shares upon the occurrence of a liquidity event. The conversion price per share is the lower of $10,856 or the deemed market value. If no liquidity event occurs prior to maturity, the note shall be paid in cash. The conversion terms allow NACM to convert the promissory note into a number of shares equal to the face value of the note at their deemed market value. This fails the “fixed for fixed” criterion because a variable number of shares will be issued to extinguish a fixed liability amount. The conversion feature would typically be classified as a derivative liability, but as the conversion price is set at the conversion date market share price or rather deemed market share price, the derivative liability has no value. As such, the fair value of the debt equals its transaction price of $0.2 million.

On May 31, 2021, with the close of the Qualifying Transaction, the convertible note was converted into 400,000 common shares based on a $0.50 per common share price on the $0.2 million principal. The fair value amount of the convertible note ($0.2 million) was transferred to share capital.

*Hew Note*

Cura-Can, entered into a Secured Convertible Promissory Note (“Hew Note”) dated November 5, 2019 for a principal amount of $1.15 million with interest accruing at a rate of 10% per annum, compounded monthly. On December 31, 2020, TCNC assumed Cura-Can’s obligations under the Hew Note for principal payments of $1.15 million and $0.14 million in accrued interest in exchange for a reduction of TCNC’s amount owing to Cura-Can under a non-interest bearing intercompany payable. The Hew Note was further amended to extend the maturity date to June 30, 2021. The Hew Note was assumed by the Company as part of the Asset Acquisition Transaction that closed on January 18, 2021. The Hew Note was transferred to the Company from TCNC at net book value on the date of transfer of $1.44 million.

The Hew Note is convertible into Class E preferred shares of the Company at an amount equal to 90% of the market price and then immediately exchanged on a 1:1 basis for common shares in the public entity. The right to convert the principal amount and all accrued but unpaid interest and fees may only be exercised immediately prior to a liquidity event, qualified financing or change of control. The Hew Note is secured by a general security agreement covering all present and after acquired property of the Company.

The Company has classified the Hew Note entirely as a liability because the number of shares that would be issued on conversion varies. The Company has elected to designate the convertible debentures at FVTPL on initial recognition and, as such, the embedded conversion feature is not separated and the embedded derivative and host debt are measured at fair value. The fair value of the host debt together with the embedded derivative is calculated at each reporting period by dividing the notional amount of the debt by the estimated conversion price as a percentage of market price.

On May 31, 2021, with the close of the Qualifying Transaction, the Hew note was converted into 2,988,829 common shares based on a $0.50 per common share price with a 10% discount to market on the $1.2 million principal and $0.2 million accrued interest. The fair value amount of the Hew note ($1.5 million) was transferred to share capital.

**Cash flows**

As at December 31, 2021, the Company had a cash balance of $2.6 million.

The cash outflow from operating activities for the twelve months ended December 31, 2021 is a result of $8.9 million net loss, $3.8 million in non-cash and finance expenses and $0.4 million net inflow from working capital.

The cash inflow from financing activities for the twelve months ended December 31, 2021 is a result of $0.7 million received from convertible debentures, $0.8 million from Bridge Notes, $0.04 million received from the CEBA program and a net of $12.4 million received from the private placement. This is offset by the $5.0 million repayment to related parties, $0.8 million repayment of the Bridge Notes, $0.6 million repayment of lease liabilities and $0.3 million of interest paid.

The cash inflow from investing activities are due to $0.4 million acquired as part of the Asset Acquisition Transaction and $0.2 million of cash from the RTO Transaction, offset by $0.2 million paid as part of the OCC asset acquisition, $0.1 million investment in related company and $0.3 million of property and equipment additions.

The Company had an immaterial cash balance as at December 31, 2020. The cashflows from operations were a result of immaterial net loss of $0.4 million offset by the equivalent change in working capital.

**Contractual obligations and commitments**

As at December 31, 2021 and in the normal course of business, the Company has the following obligations to make future payments, representing contracts and other commitments that are known and committed.

| | Due within one year | Due between one and five years | Due after five years | Total |
|---|---|---|---|---|
| Accounts payable and accrued liabilities | $ 1,585,558 | $ - | $ - | $ 1,585,558 |
| Due to related parties | 20,459 | - | - | 20,459 |
| Lease liability | 1,038,627 | 2,295,479 | 1,947,434 | 5,281,540 |
| Government loan | - | 80,000 | - | 80,000 |
| | $ 2,644,644 | $ 2,375,479 | $ 1,947,434 | $ 6,967,557 |

Unless otherwise noted, the above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

## Related party transactions

The Company's related parties are its directors and key management personnel, as well as any companies controlled by Cura-Can (a company that holds approximately 56% of Pathway's outstanding shares through one of its subsidiaries), key management personnel or directors. Transactions conducted with related parties took place in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

Balance and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Related party balance consists of amounts owing from related parties:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Due from TCNC, a subsidiary of Cura-Can | $ 365,302 | $ - |
| Due from 10030712 Manitoba Ltd. | 117,362 | - |
| Allowance for doubtful accounts | (365,302) | - |
| | $ 117,362 | $ - |

During the year, TCNC filed for receivership. As such, the Company made a provision for the entire intercompany balance owing.

Related party balance consists of amounts owing to related parties:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Due to TCNC, a subsidiary of Cura-Can | $ - | $ 30,296 |
| Due to 10030712 Manitoba Ltd. | 20,459 | - |
| | $ 20,459 | $ 30,296 |

The balances above are non-interest bearing and due on demand.

On September 23, 2020, Slawner Ortho entered into a demand grid promissory note due to Cura-Can, for gross proceeds of $0.08 million and a $0.008 million financing fee which was added to the principal balance. The promissory note bore interest at 12% per annum and is due on demand. The demand grid promissory note was repaid during the nine months ended September 30, 2021. The repayment of $0.1 million included principal and accrued interest.

*Other related party transactions*

A non-interest demand promissory note totaling $4.9 million that was issued as part of the Asset Acquisition Transaction to TCNC on January 18, 2021. In addition to the non-interest demand promissory note, TCNC was also issued 10,093,484 Class C preferred shares and 41,545,226 Class D preferred shares. These redeemable preferred shares were exchanged on a 1:1 basis with common shares of the public company and $25.8 million was recorded in share capital. The demand promissory note was repaid in full on June 1, 2021.

In fiscal 2020, certain members of management participated in the convertible debentures TCNC issued for a total of a $0.08 million principal investment. These debentures were assumed by Pathway as part of the Asset Acquisition Transaction. These debentures were converted into 208,575 common shares of the public company on May 31, 2021. See "Convertible debentures 2020" section for more details.

Certain members of management participated in the Bridge Notes. See "Bridge Notes" section for details and terms of the debt.

Members of management also participated in the March 16, 2021 private placement for a total of $0.2 million. This investment resulted in a total of 380,000 common shares and 190,000 warrants being issued to management. See "Shareholders' equity (deficiency)" section for more details.

*Key management compensation*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The remuneration of these individuals for the period are as follows:

| | For the three months ended December 31, | | For the twelve months ended December 31, | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| Compensation of key management and directors (including benefits) | **$ 585,698** | $ 47,698 | **$ 1,606,760** | $ 47,698 |
| Share-based compensation | **137,310** | - | **524,044** | - |
| | **$ 723,008** | $ 47,698 | **$ 2,130,804** | $ 47,698 |

## Financial instruments

The carrying value of cash, accounts and other receivables, accounts payable and accrued liabilities, amounts due to/from related parties approximates fair value due to the short-term nature.

The Company is exposed to risks as a result of holding financial instruments. These risks include credit risk, liquidity risk and market risk. The nature of the financial risks and the Company's strategy for managing these risks has not changed significantly from the prior period. The Company does not use financial derivatives.

## Credit Risk

Credit risk arises from the possibility that the entities to which the Company provides services or related parties to which it has loaned funds may experience financial difficulty and be unable to fulfil their obligations. Financial instruments that potentially subject the Company to credit risk include cash, trade and other receivables and due from related parties. The Company's cash on deposit is held with reputable financial institutions, from which management believes the risk of loss is low. The Company's maximum exposure to credit risk is as indicated by the carrying amount of its cash, accounts and other receivables and due from related parties. The Company has a credit policy and regularly monitors its credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss. The Company carries out credit evaluations of its customers who receive credit and carries provisions for possible losses arising from credit risk associated with financial assets.

The Company monitors receivables against an expected credit loss model. Individual invoices within trade receivables are written off when there is no reasonable expectation of collection. Losses from trade accounts receivables have not historically been significant. For the year ended December 31, 2021, the Company recorded write offs of $248 in trade and other receivables ($nil write offs in trade and other receivables for the 104 days ended December 31, 2020).

The Company's maximum exposure to credit risk for trade and other receivables is the carrying value of its accounts and other receivables balance at December 31, 2021 of $0.9 million (December 31, 2020 - $0.003 million). The Company's allowance for doubtful accounts as at December 31, 2021 is $nil for accounts and other receivables and $0.4 million for related party receivables (December 31, 2020 - $nil) based on specific invoices that were deemed likely to be uncollectable. As at December 31, 2021 the percentages of past due trade accounts receivable were as follows: 20% past due greater than 61 days. It is management's view that these balances have a low risk of not being collected. For the year ended December 31, 2021, there was one customer that comprised of 18% of consolidated sales ($nil revenues for the 104 days ended

December 31, 2020). This main customer is a government entity and is considered to have good credit quality and historically has had a high-quality credit rating.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due. The expected loss rates for trade receivables are determined on a combined company-wide basis based upon the Company's historic default rates over the expected life of trade receivables adjusted for forward-looking estimates. The expected credit losses recorded for December 31, 2021 and December 31, 2020 were $nil as they were considered immaterial.

*Foreign currency risk*

Foreign currency risk arises from fluctuations in the value of foreign currencies and the degree of volatility of these currencies relative to the Canadian dollar. The Company is not subjected to material foreign currency risk as it does not have significant current assets and liabilities denominated in foreign currencies.

**Off Balance Sheet Arrangements**

At December 31, 2021 and 2020, the Company did not have any off balance sheet arrangements to disclose.

**Accounting pronouncements**

The accounting policies applied are consistent with the significant accounting policies used in the preparation of the audited annual consolidated financial statements for the year ended December 31, 2021 and the 104 day period ended December 31, 2020.

*New accounting standards issued but not yet effective*

As of the date of authorization of the consolidated financial statements, several new, but not yet effective Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. The Company anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's consolidated financial statements.

*New accounting policies*

Accounting policies adopted in the period as a result of new transactions:

Joint arrangements

Under IFRS 11, *Joint Arrangements,* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has a joint arrangement which it has assessed is a joint venture. Interest in joint ventures is accounted for using the equity method, after initially being recognized at cost in the statement of financial position.

Under the equity method of accounting, the investment is initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Company's share of the losses in an equity-accounted investment equals or exceeds its interest in the entity, included any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Company and its joint venture are eliminated to the extent of the Company's interest in the entity. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-account investments are tested for impairment in accordance with the impairment of non-financial assets and goodwill policy as described in the notes of the audited financial statements for the three months ended March 31, 2021.

The Company treats transactions with non-controlling interest that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment non-controlling interest and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Company ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount of the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest of a joint venture or an associate is reduced but joint or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

**Critical accounting estimates**

*Estimates*

The following are estimates and their assumptions concerning the sources of estimation uncertainty during the reporting periods that have a significant risk of causing adjustments to the carrying amounts of the assets and liabilities:

a) Business combinations

In a business combination, the Company may acquire assets and assume certain liabilities of an acquired entity. Estimates are made as to the fair value of property and equipment, intangible assets, and goodwill, among other items. In certain circumstances, such as the valuation of property and equipment, intangible assets and goodwill acquired, the Company may rely on independent third-party valuators. The determination of these fair values involves a variety of assumptions, including revenue growth rates, expected operating income, discount rates, and market comparable based multiples.

In certain acquisitions, the Company may include contingent consideration which is subject to the acquired business achieving certain performance targets. At the date of acquisition and at each subsequent reporting period, the Company estimates the future performance of acquired businesses, which are subject to contingent consideration, in order to assess the probability that the acquired business will achieve its performance targets and thus earn its contingent consideration. Any changes in the fair value of the contingent consideration classified as a liability between reporting periods are included in the determination of net income/loss. Changes in fair value arise as a result of various factors, including the estimated probability of the acquired business achieving its earnings targets.

b) Provisions and contingencies

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligations, and a reliable estimate of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognized as a finance cost. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

c) Accounts and other receivables

The valuation of accounts and other receivables is based on management's best estimate of the provision for doubtful accounts based on expected credit losses. Management monitors receivables for indicators of impairment on an ongoing basis. The amount recognized as impairment is based on management's past experience and future expectations related to the financial conditions of customers, the value of the receivables and economic trends impacting the product markets in which the Company participates. The reversal of any impairment of receivables would be recognized in the consolidated statement of loss in the period in which the reversal occurred.

d) Income taxes

The Company makes estimates in respect of deferred tax liabilities and deferred tax assets. Full provision is made for future and current taxation at the rates of tax prevailing at the year end unless future rates have been substantively enacted. These calculations represent the Company's best estimate of the costs that will be incurred and recovered but actual experience may differ from the estimates made and therefore affect future financial results. The effects would be recognized in profit or loss, primarily through taxation.

The Company recognizes the deferred tax benefit related to deferred tax assets to the amount that is probable to be realized. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax law could limit the ability of the Company to obtain tax deductions from deferred tax assets.

e) Depreciation and amortization

The Company provides for depreciation expense on property and equipment at rates designed to amortize the cost of individual items and their material components over their estimated useful lives as well as provides for amortization expense on intangible assets over the life of the intangible. Management makes estimates of future useful life based on patterns of benefit consumption and impairments based on experience and market conditions. Impairment losses, depreciation and amortization expense are presented in profit or loss of the current period.

f) Convertible debentures

Convertible debentures that can be converted into a fixed number of equity instruments have been separated into liability and equity components for accounting purposes based on the residual value method, whereby the fair value of the liability component is measured first with the residual value being allocated to the conversion feature. The fair value of the liability component is measured using a discount rate for a similar financial instrument without the conversion feature. The liability component is subsequently measured at amortized cost using the effective interest rate method and will accrete up to the principal at maturity.

g) Inventories

Inventory is valued at the lower of cost and net realizable value. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss of the current period on any difference between book value and net realizable value.

h) Leases

The Company cannot readily determine the interest rate implicit in the lease; therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR based on the lease term, collateral assumptions, and the economic environment in which the lease is denominated.

i) Share-based compensation

The fair value of share-based payments (stock options and warrants) are determined using the Black-Scholes option pricing model based on estimated fair value at the date of grant. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the award. Changes in assumptions can significantly affect the fair value estimate.

j) Identification of cash generating units (“CGU”)

A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Identifying CGUs is a critical step in the impairment review of assets and can have a significant impact on its results. The identification of CGUs requires judgement and may also change from time to time due to changes in the Company’s operations and the way it conducts them.

k) Impairment and reversal of impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Impairment is reversed when the recoverable amount exceeds the carrying amount.

The fair value less cost of disposal calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

Considerable judgment is applied in assessing indicators of impairment or impairment reversal and concluding whether impairment or reversal or impairment would subsequently be recorded. Many of the indicators used in these assessments are outside of management’s control and inherently uncertain. As a result, it is reasonably likely that assumptions and estimates could change in future periods that could then have significant impact on the recoverable amount.

l) Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Changes in assumptions could significantly affect the reported fair value of the financial instruments and estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

m) Going concern

The Company regularly reviews and makes an assessment of its ability to continue as a going concern. This assessment relies on significant judgments and assumptions, taking into account all known future information.

*Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimating uncertainty at the statement of financial position date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

a) Impairment of financial assets

All of the Company's financial assets are reviewed for indicators of impairment. At the end of each reporting period, management reviews the individual balances in accounts receivable and assesses their recoverability based on the aging of outstanding balances, historical bad debt experience, and indicators of changes in customer credit worthiness, and changes in customer payment terms, to identify and determine the extent of impairment, if any. The Company has established and applied a provision matrix to the trade accounts receivable balances in order to calculate an allowance for expected credit losses. Actual collectability of customer balances can vary from the Company's estimation.

b) Impairment of non-financial assets

The Company tests property, plant and equipment and intangible assets for impairment if indicators are present. Intangible assets with an indefinite useful life and goodwill are tested for impairment at least annually. An impairment loss is recognized for the amount by which the carrying amount of the cash generating unit ("CGU"), or group of CGUs, to which the property, plant and equipment, intangible asset and goodwill is allocated exceeds its recoverable amount. The recoverable amount of the CGU, or group of CGUs, is the higher of its fair value less cost of disposal and its value in use. Management estimates expected future cash flows from each CGU, or group of CGUs, in determining the value in use. Management makes assumptions about future cash flows which are based in future events and circumstances.

c) Deferred tax assets

Management estimates the probability of future taxable income in which deferred tax assets can be utilized based on the Company forecasts. The Company also takes into consideration non-taxable income and expenses and the various tax rules in effect or expected to be in effect at a future date. If a positive forecast of taxable income indicates the probably use of a deferred tax asset, that deferred tax asset is recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or economic limits or uncertainties is assessed individually by management based on specific circumstances.

d) Joint venture

Management has concluded that the Company has joint control over 10030712 Manitoba Ltd., even though it owns 51% of the outstanding shares of the entity. While the Company is the majority shareholder, the Company and the remaining shareholder each have equal representation on the board of directors. A Unanimous Shareholders Agreement signed April 1, 2021, stipulates that all substantial decisions (i.e. business plans, material expenses, obtaining financing, board members and asset sale or purchase etc.) must be approved by the board of directors and majority of shareholders. The two parties involved transfer the legal ownership of the assets that they contributed to the joint arrangement and only have rights to the net assets of 10030712 Manitoba Ltd. As a result, the Company has accounted for 10030712 Manitoba Ltd. as a joint venture using the equity method.

## Non-IFRS financial measures

The non-IFRS measures included in this MD&A are not recognized measures under IFRS, and do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers. When used, these measures are defined in such terms as to allow the reconciliation to the closest IFRS measure. These measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from its perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. Despite the importance of these measures to management in goal setting and performance measurement, these are non-IFRS measures that may be limited in their usefulness to investors.

Working capital is a non-IFRS measure calculated as current assets less current liabilities. This measure is used to assist management and investors in understanding liquidity at a specific point in time.

Management uses non-IFRS measures, such as EBITDA and Adjusted EBITDA to provide investors with a supplemental measure of the Company's operating performance and thus highlight trends in the Company's core business that may not otherwise be apparent when relying solely on IFRS financial measures. Management also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the valuation of issuers. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets, and to assess the Company's ability to meet its future debt service, capital expenditure and working capital requirements. The definition and reconciliation of EBITDA and Adjusted EBITDA used and presented by the Company to the most directly comparable IFRS measures follows below:

*EBITDA and Adjusted EBITDA*

EBITDA is defined as net (loss)/income adjusted for income tax, depreciation of property and equipment, amortization of intangible assets, interest on long-term debt and other financing costs, interest income, and changes in fair values of derivative financial instruments. Management uses EBITDA to assess the Company's operating performance. Adjusted EBITDA is defined as EBITDA adjusted for, as applicable, share-based compensation, impairment of intangible assets, loss of control of related company, fair value of guarantee, gain on disposal of intangible assets and goodwill, reverse takeover transaction costs, additional professional fees due to the RTO transaction and Asset Acquisition Transaction. We use Adjusted EBITDA as a key metric in assessing our business performance when we compare results to budgets, forecasts and prior years. Management believes Adjusted EBITDA is a good alternative measure of cash flow generation from operations as it removes cash flow fluctuations caused by non-cash expenses, or extraordinary and non-recurring items, including changes in working capital. A reconciliation of net (loss)/income to EBITDA (and Adjusted EBITDA) is set out below:

| | For the three months ended December 31, | | For the twelve months ended December 31, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Net (loss) attributable to shareholders | $ (3,164,533) | $ (372,811) | $ (8,866,250) | $ (374,506) |
| Adjustments: | | | | |
| Amortization of intangible assets | 60,063 | - | 140,577 | - |
| Depreciation | 194,673 | - | 741,890 | - |
| Finance expense* | 72,831 | - | 601,373 | - |
| EBITDA | $ (2,836,966) | $ (372,811) | $ (7,382,410) | $ (374,506) |
| | | | | |
| Share-based compensation | 160,966 | - | 547,700 | - |
| Loss of control of related company | 6,110 | - | 88,757 | - |
| Related party bad debt expense | 365,707 | - | 365,707 | |
| Fair value (gain) loss of guarantee | (20,238) | - | 54,762 | - |
| Impairment of intangible assets | 678,347 | - | 678,347 | - |
| Gain on disposal of intangible assets and goodwill | - | - | (255,328) | - |
| Reverse takeover transaction cost | - | - | 1,251,608 | - |
| Additional professional fees due to RTO Transaction | - | - | 509,252 | - |
| Additional professional fees due to Asset Acquisition Transaction | - | - | 112,891 | - |
| Adjusted EBITDA | $ (1,646,074) | $ (372,811) | $ (4,028,714) | $ (374,506) |

*this figure includes interest expense, financing expense, fair value of financing facilities and accretion expense.

**Legal claim contingencies**

In the normal course of business, the Company may be the subject of litigation claims. While management assesses the merits of each lawsuit and defends itself accordingly, they may be required to devote significant resources to defending itself against such litigation. As at December 31, 2021, no accruals have been made regarding any potential legal claims or contingencies.

**Disclosure controls and procedures and internal controls over financial reporting**

*Disclosure controls and procedures and internal controls over financial reporting*

As at December 31, 2021 management has disclosure controls and procedures ("DCP") that provide reasonable assurance that information required to be disclosed by the Company it its filings under Canadian securities legislation is recorded, processed, summarized and reported in a timely manner. The system of DCP includes, among other things, the Company's Corporate Disclosure and Whistleblower policies and Code of Conduct, the review and approval procedures of the Disclosure Committee and continuous review and monitoring procedures by senior management.

As at December 31, 2021, management has designed internal controls over financial reporting ("ICFR") within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. These controls were designed based on the framework established by Internal Control – Integrated Framework: 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Due to its assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all future events, no matter how remote, or that the degree of compliance with the policies or procedures may not deteriorate. Accordingly, even effective ICFR can only provide reasonable, not absolute, assurance of achieving the control objectives for financial reporting.

*Changes in internal controls over financial reporting*

There have been no changes to the Company's internal controls over financial reporting during the year ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

An evaluation of the design and effectiveness of the Company's DC&P and ICFR has been conducted by management, under the supervision of the Chief Executive Officer (CEO) and Chief Financial Officer (CF). Based on this evaluation, the CEO and CFO have concluded that, as of December 31, 2021, the Company's disclosure controls and procedures and internal control over financial reporting, as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, are operating effectively.

**Additional information**

Additional information about Pathway, including the company's Annual Information Form dated April 26, 2022, is available in documents filed by the Company with Canadian securities regulatory authorities and made available on the System for Electronic Document Analysis and Retrieval at www.sedar.com.