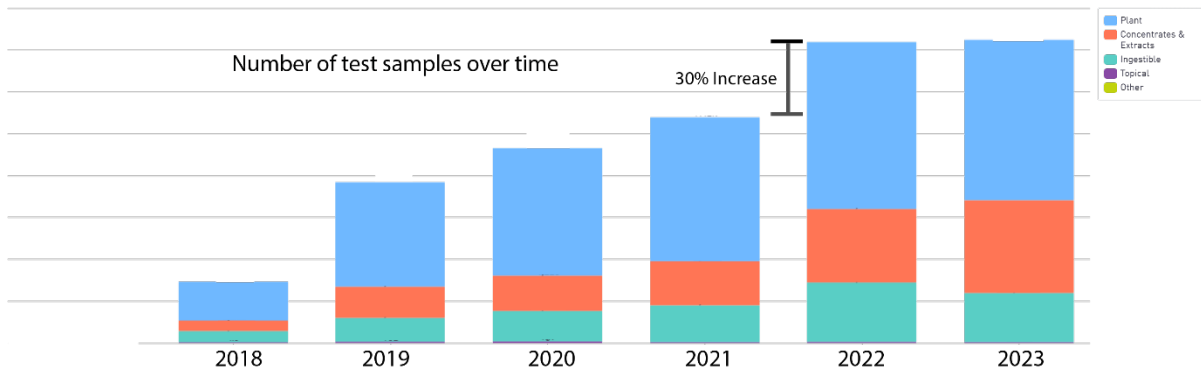


Testing Volumes Data over the Years

Data spans 2018 (medicinal only) and extends through November 2023 (year has not yet completed)



Testing Increase of ~30%

- Initial expectation that sales would be directly proportional to # of samples being tested.
- Further investigation showed that this is not a direct correlation.

Analysis:

- Why not a linear increase in test samples?
 - More mass passed with same number of tests.

Pre-Recreational	Post-Recreational
5 strains @ 1lbs. each = 5 tests (5lbs)	5 strains @ 5 lbs. each = 5 Tests (25 lbs)

End of 2021	Flower Add-on (about 1lb)/Full (about 5lbs)	1.6 ratio
2023	Flower Add-on (about 2lb)/Full (about 5lbs)	0.8 ratio

- Passing approximately 2-3x flower with the same amount of tests.
- Increased concentrate production (1.7x). Plant mass is used for concentrate oil. Oil recovered from plant mass is not 1:1 ratio (1lb of plant material does not equal to 1lb of oil)

Pre Rec Concentrates	Post Rec Concentrates
50 carts 1 test	2000 carts 1 test

Summary:

1. Sales to number of samples tested do *not* directly correlate. Appropriately so.
2. Fidelity believes, based on loose calculations of total plant material produced in 2022, all the flower is being tested.
3. Much more plant material is being extracted to account for the concentrate increase.

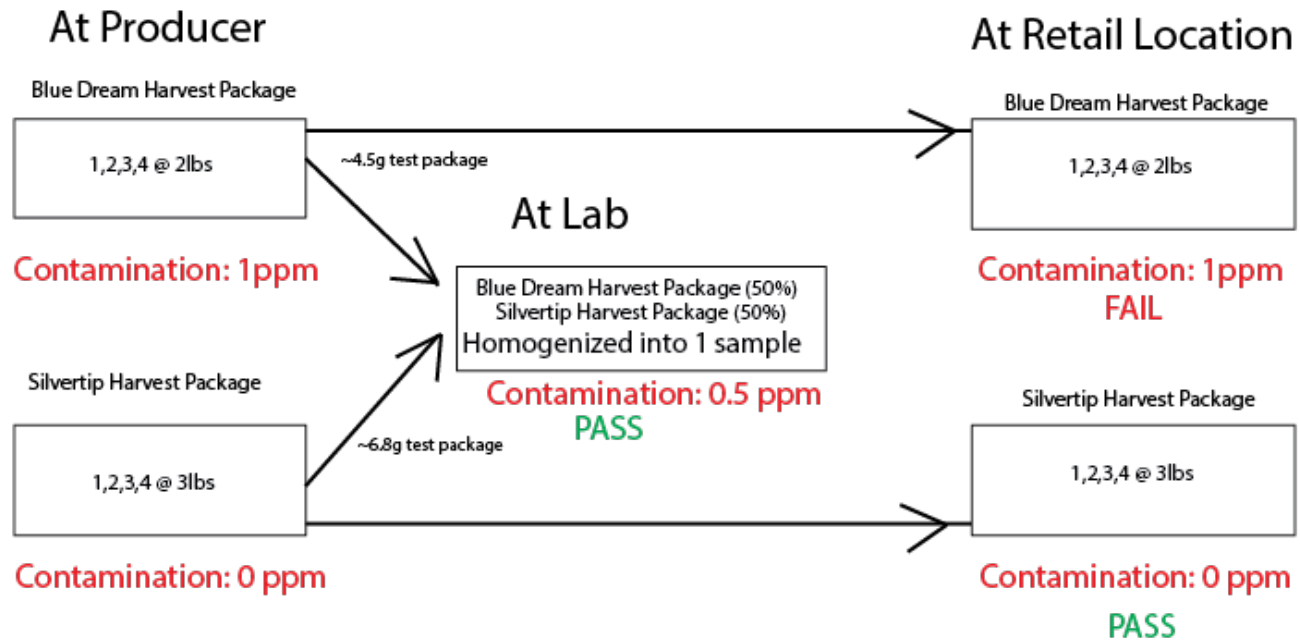
Sampling and Turnaround time

- Fidelity's reports (COAs and METRC) are typically within 3-4 business days from the day of pickup.
- Fidelity only uses company vehicles inspected by the CCD and employees as field technicians.
 - No 1099s/no personal cars.
 - 10 field technicians with 2 transporters of samples back to Missoula.
 - Sample in every geographical region in the state.
 - In almost every case, all samples from any region, return to Missoula the same day.

Sample Batching

- MAR Definitions permit compositing of multiple strains from same Harvest Lot or concentrates in the same Process Lot to the SAME SAMPLE at the testing lab for contaminants testing.
- Compositing samples can dilute contaminants.
 - System set up in ~2018 during medical and a small program under assumption that strains were all grown under same conditions (small grows and manufacturing capabilities)
 - Systemic Pesticides (no spray necessary)
 - The existence of a wholesale and then retail market compounds this problem.
 - Packages with sub-standard results and/or contaminants may pass using this testing model, because of the dilution.
 - To our knowledge, no other adult use states or other industries (such as waste water and milk) use composite testing.
- Solution – it is possible for the Department to change Administrative Rule to eliminate composite sampling. Fidelity appreciates their working relationship with the Department on policies around testing, and will continue to work through appropriate channels with the Department.

Contaminant testing, sample compositing workflow diagram



- *MAR Definitions: MAR 42.39.601 - Harvest lot (may contain multiple strains), process lot (produced over 48 hrs), MAR 42.39.102 - Test Batch (portion of process or harvest lot submitted for testing). SOP-001 v1.0 - requires test batches not to exceed 5.0 lbs for flower).*