BZAM Ltd., formerly The Green Organic Dutchman Holdings Ltd.

Management's Discussion and Analysis

For the three and six months ended June 30, 2023 and June 30, 2022

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

This Management's Discussion and Analysis ("MD&A") reports on the interim consolidated financial condition and operating results of BZAM Ltd. (formerly, The Green Organic Dutchman Holdings Ltd.) (the "Company", "BZAM", "we" or "us") for the three and six months ended June 30, 2023, and 2022. The MD&A should be read in conjunction with the Company's interim condensed consolidated financial statements for the three and six months ended June 30, 2023, and June 30, 2022 (the "Interim Condensed Consolidated Financial Statements") which were prepared in accordance with International Accounting Standards 34, International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A provides information on the operating activities, performance and financial position of the Company and is intended to assist in understanding the Company's business and key factors underlying its financial results. All references to the Company's common shares (the "Common Shares") referenced herein have been updated to reflect the Consolidation (as defined herein) that occurred on November 8, 2022.

Additional information relating to the Company, including the Company's most recent annual information form for the year ended December 31, 2021 (the "Annual Information Form"), can be found on the Company's website at www.bzam.com or on SEDAR+ at www.sedarplus.ca.

This MD&A includes, or may include, trademarks and trade names that are protected under applicable intellectual property laws and are the property of the Company. Solely for convenience, our trademarks and trade names referred to in this MD&A may appear without the TM symbol or other applicable symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities laws. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events.

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "should", "could", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. Some examples of forward-looking statements include but are not limited to the expected costs, production capacity, receipt of licences, etc.

Assumptions

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to:

(i) the Company's ability to continue as a going concern and successfully execute its plans and intentions, including but not limited to the generation of revenues, positive operating cash flows from the sale of its products;
(ii) the continued compliance of current financing arrangements and availability of additional financing at reasonable terms;
(iii) with respect to all statements relating to the Company's intention to expand offerings in major and smaller markets, the Company's ability to expand into international markets and further across domestic markets, the markets for cannabis in those areas continuing on a relatively stable trajectory, the Company's products selling at the current pace, and there being no material slowdown in production or transportation of its products that would negatively impact the Company's ability to get products to market;
(iv) with respect to all statements relating to the Company being able to complete sales of any assets being held for sale, negotiations with potential buyers continuing to progress on terms that are commercially reasonable to the Company, the market for cannabis products in Canada remaining relatively stable, and there being no regulatory issues at any of the facilities discussed herein; and continuing to obtain necessary regulatory approvals or renewals, including renewal of the Company's licenses granted by Health Canada;
(v) general business and economic conditions, particularly in the Canadian medicinal and adult-use cannabis markets;
(vi) the Company's competitive position and the regulation of the markets in which the Company operates;
(vii) the Company's ability to attract and retain skilled staff;
(viii) the medical benefits, safety, efficacy, dosing, and social acceptance of cannabis;

(ix) the future growth of the cannabis industry;
(x) the Company's ability to meet the evolving standards regarding the sustainable and effective sourcing of the necessary materials to cultivate and produce its products and dispose of waste accordingly;
(xi) market competition, including the products and technology offered by the Company's competitors; and
(xii) maintenance of our strong ongoing relationships with our suppliers, distributors, service providers and other third parties.

Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada. The Company’s forward-looking statements are based on the reasonable beliefs, expectations, and opinions of management as of August 23, 2023, the date of this MD&A.

Use of Non-IFRS Financial Measures

This MD&A contains certain financial and operational performance measures that are not recognized or defined under IFRS (the “Non-IFRS Measures”). As there are no standardized methods of calculating these Non-IFRS Measures, the Company’s approaches may differ from those used by others, and this data may not be comparable to similar data presented by other licensed producers of cannabis and cannabis companies. As such, users are cautioned that these measures should not be construed as alternatives to measures determined in accordance with IFRS, including net income (loss) and gross profit, as measures of profitability or as alternatives to the Company’s IFRS-based Interim Condensed Consolidated Financial Statements. For an explanation of these measures to the most directly comparable financial information presented in the Interim Condensed Consolidated Financial Statements prepared in accordance with IFRS, refer to the discussion below.

The Company believes that these Non-IFRS Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operating performance of the Company. These Non-IFRS Measures include, but are not limited, to the following:

- “Yield Per Plant”, presented in grams, is calculated by taking the total amount of grams of dried flower harvested, excluding trim, and dividing it by the total number of plants harvested. Management believes that the Yield Per Plant provides a useful measure about the efficiencies gained through its operating activities.
- “Adjusted Gross Profit before changes in fair value of biological assets adjusted” is calculated by subtracting cost of sales, before the effects of (i) unrealized gain (loss) on changes in fair value of biological assets; (ii) realized fair value on inventories sold; and (iii) provisions and impairment of inventories and biological assets. Gross margin before fair value adjustments percentage is calculated by dividing gross margin before fair value adjustments (defined above) by net revenue. Management believes that these measures provide useful information to assess the profitability of our cannabis operations as it excludes the effects of non-cash fair value adjustments on inventory and biological assets, which are required by IFRS.
- “Adjusted Gross Profit” refers to gross profit excluding the adjustments for accelerated depreciation, write down of non-current deposits and write down of inventory. Adjusted Gross Profit is a useful measure as it represents gross profit for management purposes based on costs to manufacture, package and ship inventory sold, exclusive of any impairments due to changes in internal or external influences.
- “Adjusted EBITDA” has been identified by the Company as a relevant industry performance indicator. Adjusted EBITDA is a Non-IFRS financial Measure used by management that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management defines Adjusted EBITDA as loss for the period, as reported, excluding foreign exchange gains and losses, finance costs, accretion expenses, finance income, revaluation loss (gain) of contingent consideration, loss (gain) on disposal of assets, impairment (reversal of impairment) charge for non-financial assets, loss on derecognition of investment in joint venture, expenditures incurred in connection with research and development activities, debt modification, impairment loss on remeasurement of disposal group, gain on disposal of subsidiary, realized fair value adjustment on sale of inventories, unrealized gain on changes in fair value of biological assets, provisions and impairment of inventories and biological assets, share based compensation, depreciation, amortization, legal provisions, ERP implementation costs, restructuring costs and transaction costs. Management believes Adjusted EBITDA provides useful information as it is a commonly used measure in capital markets to approximate operating earnings. The Company provides the Non-IFRS Measure as supplemental information and in addition to the financial measures that are calculated and presented in accordance with IFRS. The Non-IFRS Measure is also presented because management believes such measure provides information which is useful to shareholders and investors in understanding its performance and which may assist in the evaluation of the Company’s business relative to that of its peers. Management believes the Non-IFRS Measure is a useful financial metric

to assess the Company's operating performance on a cash basis before the impact of non-cash items, and on an adjusted basis as described above. However, such Non-IFRS Measure should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the most comparable Non-IFRS Measure.

- Adjusted G&A is a Non-IFRS financial Measure used by management that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management defines Adjusted G&A as general and administrative expenses less termination costs, restructuring costs and any one-off expenses incurred.

A reconciliation of these non-IFRS financial measures is presented in the "Selected Operational Information" section below.

Non-IFRS Measures should be considered together with other data prepared in accordance with IFRS to enable investors to evaluate the Company's operating results, underlying performance and prospects in a manner similar to the Company's management. Accordingly, these Non-IFRS Measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

BUSINESS OVERVIEW

The Company was incorporated under the Canada Business Corporations Act on November 16, 2016. The Company's head and registered office is located at 200 Burrard Street, Suite 1570, Vancouver, BC, V6C 3L6. The Common Shares trade on the Canadian Securities Exchange ("CSE") under the symbol "BZAM" and on the OTCQX under the symbol "BZAMF". The Company also has three classes of warrants listed on the CSE under the symbols "BZAM.WR", "BZAM.WA" and "BZAM.WB".

The Company's wholly-owned Canadian subsidiaries, The Green Organic Dutchman Ltd. ("TGOD"), BZAM Management Inc., and its partially owned subsidiaries, Folium Life Science Inc. and BZAM Cannabis Corp., are all licensed producers under the Cannabis Act (Canada) (the "Cannabis Act") and hold licences to produce cannabis plants, cannabis plant seeds, dried cannabis, fresh cannabis, cannabis oils, cannabis topicals, cannabis extracts and edible cannabis and sell such cannabis products within Canada to provincially authorized retailers or distributors and federally licensed entities. The Company owns cannabis cultivation and processing facilities near Hamilton, Ontario (the "Hamilton Facility"), in Edmonton, Alberta (the "Edmonton Facility"), in Midway, British Columbia (the "Midway Facility") and in Maple Ridge, British Columbia (the "Maple Ridge Facility").

The Company also has leases for and operating licences with facilities holding cultivation and processing licences in Vaudreuil, Québec (the "Quebec Facility"), Saanichton, British Columbia (the "Saanichton Facility") and Pitt Meadows, British Columbia (the "Pitt Meadows Facility") and sells direct to customers under retail sales licences from two leased stores in Manitoba and Saskatchewan.

In addition to its Canadian operations, the Company, through its subsidiaries and strategic investments, is pursuing a limited international growth strategy, and has established strategic partnerships for the distribution of cannabis derived medical products primarily focused on Germany and the United Kingdom. The Company received EU GMP certification on its Hamilton Facility in May 2023.

The Company's goal is to build a sustainable Canadian market leader and consumer favourite, en route to becoming a global cannabis company as foreign markets open. The central pillars supporting the Company's strategy and value proposition include:

1. **<u>Innovation</u>:** In Canada, the Company has a growing product portfolio within multiple brands which cater to a diverse set of consumer segments. The Company's core brands include BZAM™, TGOD™, -ness™, Highly Dutch Organic™ ("HD"), TABLE TOP™ ("TT"), as well as partner brands DUNN Cannabis, FRESH and Wyld. The Company is focusing on adapting and optimizing its product portfolio. Notable categories include:
    - *Infused*: The Company launched infused pre-rolls across three brands; its distillate/terp infused pre-rolls from BZAM & -ness and its organic hash infused pre-rolls from Highly Dutch Organic.
    - *Multi-packs*: Multiple vape flavours or pre-roll strains in one pack – infused and craft options too. Fruity + flavourful -ness pre-rolls and vapes, alongside bold & potent infused options from BZAM. For a more classic experience the Company has BZAM x DUNN wholecraft flower pre-rolls.
    - *Edibles*: With real fruit flavours inspired by the Pacific Northwest, high-quality ingredients and consistent dosing, Wyld is formulated to provide the best possible experience. Made with real fruit in a variety of natural flavours and a synergistic blend of cannabinoids + botanical terpenes wrapped up in its award-winning compostable packaging.
    - *Organic*: The Company has created a natural, certified organic environment for growing its TGOD and Highly Dutch Organic brands. With the transition to hang drying and hand manicuring in the Spring of 2023, offerings from these brands aim to optimize terpene profile and bag appeal starting with 14g offerings.

- *Craft*: The Company includes partner brands DUNN Cannabis and FRESH, as well as its collaboration brand, BZAM x DUNN™ Craft Series, in partnership with DUNN Cannabis. The Company is proud to work with Logan Dunn of DUNN Cannabis and Traviss Graham from FRESH to bring their products across Canada while they support BZAM's core brands with their craft cultivation knowledge.

2. **Market Expansion:** The Company is currently targeting 50 to 70 unique stock-keeping units ("SKUs") being listed in each major market while servicing smaller markets with a more precision focused portfolio to bring both national product awareness as well as regionally unique products to each marketplace. Based on ongoing consumer research, the portfolio is refreshed frequently with different formats, new package formats and new product introductions with an emphasis on "convenience-based" categories. Key product launches include:
   - Highly Dutch Middelburg Hybrid flower in 7g and 28g pack sizes
   - Table Top City Slicker flower 14g and Fuzzy Hammer flower 28g pack sizes
   - Premium crafted flower under FRESH Purple Gas Mask, BZAM x DUNN T's Cut , -ness Jelly Breath, -ness Mint Sour, all in 3.5g packs, as well as -ness Double Mint Sherbert in 14g.
   - BZAM Black Hash 2g
   - Different flavours of infused pre-rolls under BZAM brand: Apple Bubba x Strawberry Guava Jet Pack 2x0.5g, Tropical Trip x Lemon Stomper Jet Pack, Orange Apricot Jet Pack 0.5g, Blueberry Breath Jet Pack 0.5g
   - A kief coated infused pre-roll under DUNN Cannabis brand: Double Iced Vanilla 1g
   - A diverse selection of flavours of vape cartridges under the -ness brand: Apricot Jelly 1g, Pumpkin Spice 1g, Nectarine Squeeze 1g, Key Lime 1g, Spiced Vanilla Mint x Strawberry Orange Smoothie Twin Pack 2x0.5g
   - The Company's first disposable vape: BZAM Magic Melon All-In-One 0.3g.

3. **Sustainability:** Environmental stewardship and sustainability are important aspects of our day-to-day operations. Environmental responsibility informs our approach to cultivation, production, and waste disposal. Each facility employs specifically suited practices, including grinding plant waste and adding compost accelerator for faster decomposition, using a controlled drip water system to boost irrigation efficiency, using living soil as a grow medium which reduces material waste, conserving energy by using insulation to keep hot processes hot and cold processes cold, using heat recovery in the HVAC systems to recapture and reuse heating and cooling energy, recycling cardboard, plastic, metal and glass.

   Our Hamilton Facility operates fully "off the grid" which means it is not connected to the local electrical grid and generates its own power from clean burning natural gas CHP units (Combined Heat and Power Units). All irrigation for the site comes from collected rainwater stored in a 4.2 million litre pond, which provides over a year's worth of irrigation. The condensate recovery systems in the greenhouse return 90% of the water back to the pond.

Core Brands and Products

The Company's portfolio includes five core brands, three partner brands and one collaboration brand, allowing for offerings catered to a diverse set of consumer segments. Taken together, the Company's brand portfolio covers a broad mix of categories and formats, including organic cannabis, real fruit edibles and value bulk products.

BRAND	PRODUCT MIX	MARKETS
BZAM™	- Dried Flower - Pre-Rolls - Concentrates (Infused) - Vape	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland, Nunavut, PEI, Northwest Territories
Highly dutch organic	- Dried Flower - Pre-Rolls - Extracts - Vape	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland, PEI
-ness	- Dried Flower - Pre-Rolls - Concentrates (Infused) - Vape	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland, Nova Scotia, Nunavut, PEI, Northwest Territories
GREEN ORGANIC DUTCHMAN - ESTABLISHED 2012 -	- Dried Flower - Pre-Rolls	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland, Nunavut, PEI, Northwest Territories

TABLE TOP	- Dried Flower - Pre-Rolls - Extracts (milled)	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Newfoundland, Nova Scotia, PEI
WYLD	- Edibles	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, PEI, Nova Scotia, Newfoundland
DUNN CRAFT	- Dried Flower - Pre-Rolls - Live Rosin Vape Cartridges	British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Yukon
FRESH	- Dried Flower	British Columbia, Alberta, Quebec, Manitoba, Saskatchewan, Ontario, Yukon
CRAFT BZAM DUNN SERIES	- Dried Flower - Pre-Rolls	Alberta, Saskatchewan, Manitoba, Ontario

Production Facilities and Licences

The Company's products are currently cultivated and manufactured in the following licensed production facilities:

Facility	Location & Size (Sq Ft)	2023 Capacity [(1)]	Activities	Expiry of Current License Terms
Hamilton Facility	Ancaster, ON 166,000 Sq Ft	17,230kg flower	Owned facility with a research and development ("R&D") licence, and cultivation, processing and sales licence. The greenhouse space is where the Company grows and processes its organic cannabis flower. The facility also produces cannabis extracts, and packages flower, pre-rolls, oil, and infused pre-rolls products.	Cultivation/Processing/Sale: July 20, 2027 R&D licence: February 12, 2025
Quebec Facility	Vaudreuil, QC 8,800 Sq Ft 1,500 Sq Ft Cultivation	225kg flower 1,300kg hash	Leased facility with an indoor cultivation and processing licence, operating national hash production.	Cultivation/Processing: July 20, 2027
Saanichton Facility	Saanichton, BC 10,831 Sq Ft 3,600 Sq Ft Cultivation	700kg flower	Leased facility with an indoor cultivation and processing licence.	Cultivation/Sale for Medical Purpose Processing/Sale: May 10, 2024
Edmonton Facility[(3)]	Edmonton, AB 113,184 Sq Ft 25,000 SqFt cultivation	2,400kg flower	Owned facility with a cultivation, processing and sales licence. Indoor space equipped to support cultivation and processing of flower, as well as bulk packaging of flower and pre-rolls products.	Cultivation/Processing/Sale: December 5, 2027
Midway Facility [(2)]	Midway, BC 392 acres land 90 acres planted	37,500kg flower	Owned facility with a cultivation licence. The outdoor annual crop supplies flower for extraction.	Cultivation: September 4, 2023
Pitt Meadows Facility	Pitt Meadows, BC 39.098 Sq Ft Land 18,000 Sq Ft Processing	1,684kg distillate	Leased facility with a processing and sales licence. Highly equipped to operate extraction of distillates, production and packaging of vapes, pre-rolls, infused pre-rolls, gummies and final packaging of flower.	Processing/Sale: March 27, 2025

Notes:

(1) "2023 Capacity" refers to the potential output that could be produced in the fiscal year ended December 31, 2023 based on facility square footage and equipment, which may differ from actual outputs based on operational decisions. The production capacity is based on yields in each facility from previous years and assumes that those yields will continue to be accurate for 2023. It also assumes none of the facilities will be impacted by poor harvest, disease, lack of proper production resources in material and labour and other factors described in "Risk Factors and Uncertainties", below. The Company anticipates that Health Canada will renew all licences at the end of their respective terms; however, the Company cannot provide assurances that the licences will be renewed or renewed on the same terms and conditions. See "Risk Factors and Uncertainties" below for more information.

(2) Sold in August 2023. See "Recent Developments" below for more information.

(3) Listed for sale in August 2023. See "Recent Developments" below for more information.

KEY HIGHLIGHTS

During the three months ended June 30, 2023 ("Q2 2023"), the Company:

- Achieved quarterly gross revenues of $30.0 million (including $14.3 million from brands acquired in the BZAM Transaction) during Q2 2023, an 89% increase from the three months ended June 30, 2022 ("Q2 2022");
- Achieved quarterly net revenues of $19.3 million for Q2 2023, a 66% increase from Q2 2022;
- Adjusted EBITDA as a percentage of net revenue improved to negative 31% in Q2 2023 compared to negative 37% in Q2 2022;
- Had a recreational market share of 3.8% in June 2023, compared to 1.3% at the end of June 2022, as per Hifyre data;
- Achieved an adjusted SG&A (as defined below, excluding one-time non-recurring costs) of 55% of net revenue in Q2 2023, reduced from 57% in Q2 2022, primarily as a result of increasing revenues whilst reducing relative headcount, renegotiating service level agreements with vendors, and maintaining cost discipline;
- Achieved an adjusted G&A of 32% of net revenue in Q2 2023, reduced from 42% in Q2 2022;
- Recorded a loss of $65.5 million for Q2 2023, reflecting a non-cash impairment charged of $61.8 million arising primarily from the write-off of goodwill and the reduction in market values of Canadian cannabis properties impacting the BZAM CGU.

RECENT DEVELOPMENTS

The following key events took place during Q2 2023, and up to the date of this MD&A.

Sale of Galaxie Assets (Puslinch Facility)

Since November 2022, the Company has been engaged with a potential purchaser for a portion of the assets and liabilities acquired in connection with the acquisition of all of the issued and outstanding shares of Galaxie Brands Corporation ("Galaxie") on November 17, 2021 (the "Galaxie Acquisition"). Preliminary approval by the board of directors of the Company (the "Board") and lender consents were obtained to proceed with the transaction. On June 30, 2023, the Company completed the sale via a share purchase agreement whereby it sold all of the issued and outstanding shares of Galaxie to a third party for net proceeds of $0.56 million (the "Galaxie Sale").

Potential Sale of the Maple Ridge Facility

Since November 2022, the Company has been engaged with a potential purchaser of a portion of the dormant Maple Ridge Facility. Preliminary Board approval and lender consents were obtained to proceed with the proposed sale. The Company anticipates completing the sale within the next twelve months. As a result of this assessment, the Company has classified the specific assets as held for sale. Based on the fair value of the net assets using a market approach (level 2 fair value hierarchy), the Company has included an assumption that gross proceeds of approximately $3.8 million are expected to be recorded on the sale.

Sale of the Midway Facility

As at June 30, 2023, management was committed to a plan to sell the Company's outdoor cultivation facilities, equipment, inventory and accommodation building located at the Midway Facility that were acquired as part of the Company's acquisition of BZAM Holdings. The Midway Facility sale was completed on August 4, 2023 for total gross proceeds of $3.228 million (the "Midway Sale").

Potential Sale of Edmonton Facility

In August 2023, management listed the Edmonton Facility for sale with an asking price of $10.8 million.

Additional Purchase of BZAM Cannabis Corp. ("BCC")

On August 10, 2023, the Company announced that it had closed its purchase of an aggregate of 270,000 class A shares in the capital of BCC from certain minority shareholders of BCC (the "BCC Shareholders") pursuant to share purchase agreements entered into with each of the BCC Shareholders (the "Share Purchase"). As consideration for the Share Purchase, the Company: (i) issued an aggregate of 475,000 Common Shares to certain BCC Shareholders at a price of between $0.18 and $0.23 per Common Share; and (ii) paid an aggregate of $14,700 to other BCC Shareholders who did not receive Common Shares. The closing of the Share Purchase has resulted in the Company owning 88.2% of BCC, which is a 30.5% increase from the Company's prior ownership stake of BCC.

Executive Leadership and Board Composition

On April 28, 2023, the Company announced that Mmes. Wendy Kaufman and Sherry Tross were appointed to the Board, replacing Messrs Jacques Dessureault and Louis Sterling who stepped down.

Equity Issuances

On May 2, 2023 the Company issued 376,923 Common Shares of the Company, at a deemed issuance price of $0.325 per Common Share, to settle approximately $122,500 owing to a third party supplier for certain services provided to a wholly-owned subsidiary of the Company by the supplier.

On June 9, 2023 the Company completed a non-brokered private placement, whereby it issued 22,222,223 Units at a price of $0.225 per Unit for gross proceeds of $5 million (the "Offering"). Each Unit consisted of one Common Share and one Common Share purchase warrant (each, a "Private Placement Warrant"), with each Private Placement Warrant entitling the holder thereof to acquire one Common Share at an exercise price of $0.40 for a period of three years from the closing date of the Offering.

Stock Option Grants and RSU Grants

On May 2, 2023, in accordance with the Company's share option plan adopted by the Board on May 12, 2021, the Company granted options to purchase an aggregate of up to 475,000 Common Shares to certain directors, employees, and consultants of the Company, of which 300,000 options were granted to directors, and 175,000 options were granted to employees and consultants. Each option is exercisable into one Common Share at an exercise price per Common Share equal to $0.325. The options vest as to 1/3 of the total number of options granted on each of the first, second and third anniversaries of the grant date, and expire five years from the grant date.

On May 3, 2023, pursuant to the terms of the Company's amended and restated restricted share unit plan dated October 9, 2020, restricted share units ("RSUs") representing the right to receive up to an aggregate of 346,154 Common Shares, subject to the satisfaction of certain vesting conditions, were also issued to an officer of the Company, as the officer elected to take RSUs instead of cash in lieu of bonus earned for fiscal 2022.

EU-GMP Certification and Expansion into the United Kingdom

On May 11, 2023, the Company announced that TGOD received EU-GMP (as defined herein) certification for the Company's Hamilton Facility. This certification permits the Company to export certain medical cannabis products to numerous global markets and allows the Company to execute on existing strategic distribution partnerships which have already been established, including partnerships in Germany and the United Kingdom (the "UK"). The certification is valid for a three-year period from inspection, with a renewal date of August 31, 2025.

On May 23, 2023, the Company announced that TGOD entered into a strategic distribution agreement with 4C LABS Ltd. ("4C LABS"), a London, UK based import & distribution company focused on the medical cannabis market. Pursuant to the agreement, the Company expects to supply 4C LABS with approximately 600KG of flower annually for the next two years.

Revolver Loan Credit Facility

On May 29, 2023, the Company received a waiver pursuant to the amended and restated credit agreement dated September 29, 201, as amended (the "Credit Agreement") between TGOD and its Canadian lender (the "Lender") establishing the Company's secured revolving credit facility (the "Revolver Loan"), with respect to the EBITDA (as defined in the Credit Agreement) financial covenant, requiring achievement of positive EBITDA, under the fourth amendment to the Credit Agreement dated November 3, 2022. Under the waiver, the effective date of the requirement to achieve positive EBITDA was moved from April 30, 2023 to July 31, 2023.

On June 30, 2023, the Company entered into a fifth amendment to the Credit Agreement (the "Fifth Amendment") which amongst other things: (i) stated that any repayment made in respect of the Base Facility Amount (as defined in the Credit Agreement) prior to March 24, 2024, being the maturity date (each such repayment, a "Base Facility Prepayment") shall permanently reduce the Base Facility Amount (but, for greater certainty, not the Maximum Revolving Facility Limit (as defined in the Credit Agreement)) by an amount equal to such Base Facility Prepayment; (ii) requires the Company September 30, 2023 to make Base Facility Prepayments, on a monthly basis, in amounts to be determined by the Lender acting reasonably; (iii) amended the EBITDA financial covenant to take effect on July 31, 2023; and (iv) requires the Company to remit to the Lender no less than fifty percent of the proceeds from the Midway Sale, and no less than fifty percent of the future proceeds from the sale of the Maple Ridge Facility, for an aggregate amount that is greater than or equal to $3,000,000.

Other strategic initiatives including international expansion

The Company continues to review other strategic initiatives to maximize shareholder value, including acquisitions in Canada. The Company also continues to pursue international and partnership growth opportunities in Germany and the United Kingdom.

Refer to the Company's summary of regulatory framework for the international markets in the "Regulatory Landscape" section below.

OUTLOOK

The Company continues to monitor and adapt to changing market conditions. This section should be read in conjunction with "*Risk Factors and Uncertainties*" section below.

At this time, the Company's outlook remains positive on the cannabis market both in Canada and internationally. In the second quarter of 2023, Canada's regulated market for recreational cannabis continued on its growth trajectory, with total sales of cannabis products reaching CAD $1.3 billion, reflecting a 10.2% increase compared to the same period in the preceding year. Moreover, data sourced from Statistics Canada, substantiates the upward trajectory in the second quarter of 2023 with the sales of recreational cannabis products increasing by 6.1% in comparison to the preceding quarter.

This period also witnessed significant shifts in the relative share of different product categories, as consumer preferences continue to evolve. Notable among these shifts was the relative reduction in market share for the flower segment, which moved from 43.5% to 38.5% over the past twelve months. Conversely, the market share of pre-rolls increased by 28.6%, reaching a 31% share of the product mix. In addition, the vape market increased by 17.5%, reaching a 15.5% share of the overall adult use market. In aggregate, these three product categories make up approximately 85% of the recreational market.

In this context, the Company plans to:

- Continue to bolster and build upon existing provincial and retail partner relationships, through focused programming and strategic product launches;
- Continue to strengthen our product portfolio by focusing on efficient, high volume, high margin SKUs while adding innovation into trending categories like pre-rolls and vapes;
- Strategically launch our new co-manufacturing partners' SKUs into select provinces; and
- Deliver on signed international agreements and initiate sales distribution of B2B and branded EU-GMP product abroad.

Increased demand for the Company's products is evidenced by the Company's national adult-use recreational cannabis retail market share in Canada. According to Hifyre, the Company finished June 2023 with 3.9% market share (#7 amongst all producers) compared to 1.3% at the end of June 2022. Some of the Company's best performing SKUs include:

Category	Brand	SKU	Nationwide Rank (all presentations within respective category)
Flower	Highly Dutch	Amsterdam Sativa - 28g	#2
Hash	Highly Dutch	Organic Afghan Black Hash - 2g	#7
Vape	-ness	Blue Kiwi - 1mL	#10
Vape	-ness	Ninja Fruit - 1mL	#11

Management believes that the Company is well equipped to increase and fulfill demand in 2023. The Company is focused on improving operating cashflow from the streamlining of operations, implementing cost containment initiatives, a continued transition towards automation, and improving its balance sheet. Following a comprehensive review and integration of the Company's operations, the Company has identified the following impacts and opportunities which it believes have the potential to further improve financial performance and margins in 2023:

- Introduction and continuation of favourable accretive product mix and discontinuation of products at lower margin/price points;
- Rightsizing the cultivation and manufacturing footprint, and concentrating activities and maximizing utilization at its two core facilities (Hamilton Facility and Pitt Meadows Facility), now operating at a higher percentage of facility capacity continues to result in improved fixed overheads costs. The Company does not expect to incur expenses for unabsorbed overheads by 2024;
- Cultivation improvements with higher Yield Per Plant achieved in Q2 2023 are expected to continue through the balance of the year, lowering the cash cost price per gram. Also, with average THC potency %'s now consistently reaching the high 20's, a higher percentage of flower is going into premium SKU formats and the Company is better positioned to expand on its success in the dried flower and pre-roll categories, which collectively represent approximately 69% of the Canadian legal market;
- Transitioning activities between facilities to maximize economies of scale, specialization, automation and operational efficiencies as well as continually improving processing and manufacturing key performance indicators and ensuring the Company can scale to higher volumes in the future;
- Procurement synergies, as the Company's purchasing and negotiating power has now increased with vendors from the increased post-merger volumes;
- Supply chain optimization, standardization and logistics and freight saving initiatives with increased inbound and outbound average volumes per shipment;
- Selling, general and administrative ("SG&A") cost containment initiatives with most of the pre-merger synergies identified at the time of the transaction materializing at the time of writing this report, lowering the cost base and reducing SG&A as a % of net sales. Reduction of consolidated headcount, transitioning from outsourced sales team to a dedicated inhouse sales force team and renegotiating service level agreements with vendors to best fit the Company following the completion of the BZAM Transaction, have been the main contributors to these savings; and
- Departmental changes and streamlining core functions within the business has also led to an increased visibility of leading and lagging indicators, enabling the Company to make more informed decisions regarding sales and inventory.

The Company is focused on growing its topline, improving margins and reducing SG&A costs in order to become cash flow positive in subsequent quarters.

One of the biggest challenges on the Company's path towards profitability is the excise tax regime. The federal government created the taxation system based on expected $10 wholesale price for one gram of cannabis or 10% of the wholesale price. With the abundance of licensed producers and over supply of flower, as well as the need to entice more consumers away from the legacy market, the wholesale price for a gram of cannabis has fallen to less than approximately $3 per gram, with $1 minimum still needing to be paid as excise tax. With the wholesale price compression and excise dollar value fixed, the effective excise percentage has increased to approximately 33% as a result. This excise tax, compounded with the 2.5% regulatory fee on gross sales, has cannabis businesses licensed by the federal government struggling under the weight of taxes and fees, in an intensely competitive market.

SELECTED OPERATIONAL INFORMATION

Adjusted EBITDA is a Non-IFRS Measure. Adjusted EBITDA is a metric used by management which is net operating loss adjusted for interest, provisions for income taxes, other non-cash items including depreciation and amortization, share-based compensation, derivative liabilities, and extraordinary and non-recurring items.

All dollar amounts in the following sections are presented in thousands of Canadian dollars unless otherwise stated.

The following table reconciles the Company's net operating loss (as reported) and Adjusted EBITDA for the periods presented.

	For the three months ended		For the six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Adjusted EBITDA (Non-IFRS Measure)				
Net loss from continuing operations	$ **(65,467)**	$ **(6,622)**	$ **(84,789)**	$ **(19,834)**
Adjustments:				
Realized fair value adjustment on sale of inventories	**7,882**	**3,845**	**12,485**	**6,280**
Unrealized gain on changes in fair value of biological assets	**(6,656)**	**(8,683)**	**(11,116)**	**(12,988)**
Depreciation and amortization	**3,237**	**3,310**	**6,108**	**6,837**
Share based compensation	**393**	**270**	**978**	**837**
Foreign exchange loss (gain)	**115**	**1,707**	**181**	**1,622**
Finance costs	**1,771**	**1,144**	**3,463**	**2,113**
Accretion expense	**338**	**479**	**663**	**802**
Finance income	**(6)**	**(3)**	**(14)**	**(7)**
Revaluation loss of contingent consideration	**(19,405)**	**(2,245)**	**(15,870)**	**(885)**
Loss (gain) on disposal of assets	**23**	**(13)**	**(8)**	**(8)**
Lease modification	**—**	**—**	**389**	**—**
Impairment charge for non-financial assets	**61,791**	**—**	**61,791**	**6,183**
Debt Modification	**404**	**48**	**404**	**48**
Gain on debt settlement	**—**	**—**	**(65)**	**—**
Impairment loss on remeasurement of disposal group	**—**	**2,489**	**—**	**2,489**
Net gain on disposal of subsidiary	**(16)**	**—**	**(16)**	**—**
Impairment on assets held for sale	**8,281**	**—**	**10,023**	**—**
Change in fair value of investments	**74**	**—**	**74**	**—**
One-off restructuring costs	**722**	**—**	**2,121**	**—**
Returns provisions	**—**	**—**	**140**	**—**
Inventory provisions on cost	**464**	**—**	**3,099**	**—**
Adjusted EBITDA (Non-IFRS Measure)	**(6,055)**	**(4,274)**	**(9,959)**	**(6,511)**
Adjusted EBITDA as a percentage of net revenue (Non-IFRS Measure)	**-31%**	**-37%**	**-23%**	**-29%**

i) Finance Costs relates to interest on the loans and promissory notes as well as interest from leases as per IFRS 16.
ii) Revaluation of Contingent Consideration relates to the change in the valuation of the contingent consideration based on conditions at June 30, 2023.
iii) One-off restructuring costs relate to employee severance costs as well as other costs incurred in ending existing contractual relationships and costs to merge the entities from the BZAM Transaction.
iv) Inventory provisions relate to obsolescence for items that are in inventory as of June 30, 2023.
v) Impairment arising from impairment assessment of cash generating unit ("CGU") - During Q2 2023, as a consequence of the half year actual results and forecast for the next half year management determined that there were economic indicators of impairment warranting a calculation of the recoverable amount of the Company's CGU. The impairment test considers several factors including fair values of the Company's assets, forecasted operational cash flows (net of tax impact), on-going investments into working capital and sustaining capital expenditures, post-tax discount rates and terminal value growth rate. This analysis resulted in the recognition of an impairment loss of $61,453. A meaningful contributing factor to the quantum of the impairment charge was the deterioration in fair values as a result of the proliferation of distressed listings of cannabis property assets. The impairment loss was allocated in the amount of $34,657 to intangible assets and goodwill and $26,886 in relation to property, plant and equipment (refer to Note 7 and Note 8 of the Interim Condensed Consolidated Financial Statements for further information).

SUMMARY OF KEY QUARTERLY HIGHLIGHTS – Q2 2023 as compared to Q2 2022 and Q1 2023

		Q2-2023	Q1 2023	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021 *Restated
Gross Revenue	$	**29,974**	34,970	24,789	13,819	15,841	14,353	12,372	9,745	10,400
Loss from operations	$	**(12,097)**	(11,677)	(19,040)	(8,718)	(3,016)	(4,461)	(5,670)	(9,151)	(8,432)
Impairment loss on remeasurement of disposal group	$	**-**	-	-	-	(2,489)	-	(676)	(4,442)	-
Gain/(loss) on disposal of subsidiary	$	**16**	-	(4,353)	3,187	-	-	-	-	-
Impairment on assets held for sale	$	**(8,281)**	(1,742)	-	-	-	-	-	-	(17,688)
Reversal of impairment / (impairment)	$	**(61,791)**	-	(22,821)	-	-	(6,183)	-	-	-
Loss on lease termination/modification	$	**-**	(389)	(541)	-	-	-		-	-
Net loss from continuing operations	$	**(65,467)**	(19,322)	(9,663)	(6,862)	(6,622)	(13,212)	(6,278)	(13,941)	(32,181)
Gain/(loss) from discontinued operations	$	**-**	-	-	21	(159)	(294)	(1,458)	(603)	(299)
Revaluation gain/(loss) of contingent consideration	$	**19,405**	(3,535)	35,416	1,716	2,245	(1,360)	1,812	-	-
Comprehensive loss	$	**(65,556)**	(19,253)	(7,518)	(8,851)	(7,161)	(14,015)	(8,097)	(14,061)	(32,525)
Net loss per share (basic & diluted) - continuing operations	$	**(0.40)**	**(0.12)**	**(0.08)**	**(0.09)**	**(0.09)**	**(0.18)**	**(0.10)**	**(0.30)**	**(0.61)**

** Following the classification of the Company's HemPoland S.p.a. Z.o.o. operations as held for sale and discontinued operations, the comparatives prior to September 30, 2021, were restated to reflect only the continuing operations results historically.*

Gross Revenues

	For the three months ended					Three months ended		
	June 30, 2023	**June 30, 2022**	**Variance to Q2-2022 ($)**	**Variance to Q2-2022 (%)**		**March 31, 2023**	**Variance to Q1-2023 ($)**	**Variance to Q1-2023 (%)**
Revenue from adult-use cannabis products	**29,004**	15,154	13,850	91%		34,145	(5,141)	(15%)
Revenue from medical cannabis products	**355**	644	(289)	(45%)		464	(109)	(23%)
Revenue from toll and other agreements	**615**	43	572	1330%		361	254	70%
Gross Revenue	**29,974**	15,841	14,133	89%		34,970	(4,996)	(14%)

Gross revenue recognized for Q2 2023, amounted to $29,974, an increase of 89% compared to Q2 2022, mainly attributable to incremental sales under -ness, Table Top and BZAM brands (as a result of the BZAM Transaction for a total of $14,337) as well as increased demand under Highly Dutch Organic™ (increased by $3,375 or 41%), which was offset by the discontinuation products under Cruuzy ($1,613 decrease) and Ripple brands ($299 decrease), as well a decline in the TGOD Organic brand ($1,613 decrease).

Based on OCS data the retail demand for BZAM products increased from Q1 2023 to Q2 2023 by 20%. However, the OCS adjusted the inventory levels it carries such that it utilised its March 31 inventory to meet much of the increase in retail demand rather than placing the same level of wholesale orders from BZAM. This contributed to the 14% reduction in gross revenue from wholesale orders for Q2 2023 along with changes in mix of product categories (see table below).

	For the three months ended					Three months ended		
	June 30, 2023	**June 30, 2022**	**Variance to Q2-2022 ($)**	**Variance to Q2-2022 (%)**		**March 31, 2023**	**Variance to Q1-2023 ($)**	**Variance to Q1-2023 (%)**
Revenue from dried flower	**17,879**	11,087	6,792	61%		21,356	(3,477)	(16%)
Revenue from pre-rolls	**962**	441	521	118%		2,093	(1,131)	(54%)
Revenue from vapes	**5,612**	202	5,410	2678%		7,378	(1,766)	(24%)
Revenue from hash	**2,345**	2,220	125	6%		1,979	366	18%
Revenues from Infused Pre-Rolls	**2,201**	885	1,316	149%		1,195	1,006	84%
Revenue from other products	**5**	319	(314)	(98%)		144	(139)	(97%)
Total adult-use cannabis products	**29,004**	15,154	13,850	91%		34,145	(5,141)	(15%)

The adult-use cannabis segment generated gross revenues of $29,004 for Q2 2023, an increase of $13,850 compared to the same period of the prior year, with flower as the main contributor followed by vapes and infused pre-rolls. Flower gross revenues increased by 61% for the same period comparison, mainly due to acquired brands BZAM, Table Top, -ness as part of the BZAM Transaction (for a total of $5,463), higher demand in Highly Dutch Organic™ (by $3,023 or 50%), lower demand in TGOD Organics by $1,341 and discontinuation of Cruuzy brand. Vapes and Infused Pre-rolls gross revenues increase is mainly due to the Company's expanded portfolio as a result of the BZAM Transaction, having as the main contributors -ness brand with $5,130 and BZAM brand with $2,580, respectively. Vapes and Infused Pre-rolls gross revenues for the same period comparison was negatively impacted by the discontinuation of Cruuzy brand ($1,174 decrease).

The adult-use cannabis segment decreased by 15% in comparison to Q1 2023 largely by Flower products driven by SKU rationalization, price compression and change in demand of organic flower under TGOD Organic brand, offset by increase in the Hash and infused pre-rolls categories.

Gross profit

	Three months ended					Three months ended		
	June 30, 2023	**June 30, 2022**	**Variance to Q2-2022 ($)**	**Variance to Q2-2022 (%)**		**March 31, 2023**	**Variance to Q1-2023 ($)**	**Variance to Q1-2023 (%)**
Net Revenue	**19,284**	11,627	7,657	66%		24,097	(4,813)	(20%)
Cost of sales	**(16,224)**	(9,134)	(7,090)	78%		(20,995)	4,771	(23%)
Gross profit before changes in fair value of biological assets	**3,060**	2,493	567	23%		3,102	(42)	(1%)
Gross profit % before changes in fair value of biological assets	***16%***	*21%*				13%		
Realized fair value adjustment on sale of inventory	**(7,882)**	(3,845)	(4,037)	105%		(4,603)	(3,279)	71%
Unrealized gain on changes in fair value of biological assets	**6,656**	8,683	(2,027)	(23%)		4,460	2,196	49%
Gross profit	**1,834**	7,331	(5,497)	(75%)		2,959	(1,125)	(38%)
Gross profit %	***10%***	*63%*				12%		

The Company's gross profit before changes in fair value of biological assets ("**direct gross profit**") was $3,060 for Q2 2023, representing 16% gross profit margin before changes in fair value of biological assets (Q2 2022 –$2,493, representing 21% direct gross profit). The decrease in direct gross profit percentage compared to the prior year is primarily as a result of price compression, inventory provisions, inflationary pressures and an increase in depreciation.

The Company achieved an overall gross profit percentage for Q2 2023 of 10% (Q2 2022 – gross profit percentage of 63%) which has decreased from Q2 2022 for the reasons outlined above as well as an increase in realized fair value adjustment on the sale of inventory as a result of increased sales and inventory provisions.

In comparison to Q1 2023, the direct gross profit percentage increased by 3% mainly as a result of gradual reductions in production costs and small improvements in yields in Q2 2023.

Refer to the Adjusted Gross Profit table below that shows the effect of the inventory provisions.

Adjusted Gross Profit

Adjusted Gross Profit is defined as gross profit excluding the adjustments for write down of inventory. The following table reconciles the Company's gross profit (as reported) to Adjusted Gross Profit for the periods indicated.

In addition to the effects as shown in the Adjusted Gross Profit table below, the Company was also affected by sales price compression on the products that it sells, compounded by the sales mix, with an increase in the proportion of lower margin products being sold in the period. Inflationary pressures on costs also affected the gross profit by increasing raw material, packaging and overhead costs.

Adjusted Gross Profit (Non-IFRS Measure)	**Three months ended**					**Three months ended**		
	June 30, 2023	**June 30, 2022**	**Variance to Q2-2022 ($)**	**Variance to Q2-2022 (%)**		**March 31, 2023**	**Variance to Q1-2023 ($)**	**Variance to Q1-2023 (%)**
Gross profit before changes in fair value of biological assets	**3,060**	2,493	567	23%		3,102	(42)	(1%)
Adjustments								
Returns Provision	**-**	-	-	n/a		140	(140)	(100%)
Inventory provisions - Cost	**464**	-	464	n/a		2,635	(2,171)	(82%)
Adjusted Gross profit before changes in fair value of biological assets adjusted (non-IFRS measure)	**3,524**	2,493	1,031	41%		5,877	(2,353)	
Adjusted Gross profit % before changes in fair value of biological assets adjusted (non-IFRS measure)	**18%**	21%				24%		
Gross Profit	**1,834**	7,331	(5,497)	(75%)		2,959	(2,959)	(100%)
Adjustments								
Returns provision	**-**	-	-	n/a		140	(140)	(100%)
Inventory provisions - Cost	**464**	**-**	464	n/a		2,635	(2,635)	(100%)
Inventory provisions - Fair Value	**1,982**	**-**	1,982	n/a		1,135	(1,135)	(100%)
Adjusted Gross Profit (Non-IFRS Measure)	**4,280**	7,331				6,869		
Adjusted Gross Profit % (Non-IFRS Measure)	**22%**	63%				29%		

Sales and marketing expenses

	Three months ended					**Three months ended**		
	June 30, 2023	**June 30, 2022**	**Variance to Q2-2022 ($)**	**Variance to Q2-2022 (%)**		**March 31, 2023**	**Variance to Q1-2023 ($)**	**Variance to Q1-2023 (%)**
Personnel costs	**1,182**	494	688	139%		1,468	(286)	(19%)
Third party marketing expenses	**1,688**	686	1,002	146%		621	1,067	172%
Travel and promotion expenses	**334**	14	320	2286%		96	238	248%
Sales agency costs	**78**	417	(339)	(81%)		3	75	2500%
Other marketing expenses	**1,177**	88	1,089	1238%		1,135	42	4%
Termination costs	**-**	-	-	n/a		97	(97)	(100%)
	4,459	1,699	2,760	162%		3,420	1,039	30%

Sales and marketing expenses of $4,459 for Q2 2023, increased in comparison to expenses of $1,699 for the same period in the prior year due to the BZAM Transaction and additional sales efforts undertaken to provide direct store support as well as additional third-party marketing expenses commensurate with the increased revenue that was achieved.

In comparison to Q1 2023, sales and marketing expenses increased by $1,039, primarily due to increased in-store activity to promote sales.

Research and Development ("R&D") expenses

	Three months ended					Three months ended		
	June 30, 2023	**June 30, 2022**	**Variance to Q2-2022 ($)**	**Variance to Q2-2022 (%)**		**March 31, 2023**	**Variance to Q1-2023 ($)**	**Variance to Q1-2023 (%)**
Personnel costs	**19**	160	(141)	(88%)		50	(31)	(62%)
Product development	**5**	1	4	400%		-	5	n/a
Travel related expenses	**-**	7	(7)	(100%)		-	-	n/a
Other research and development expenses	**-**	-	-	n/a		-	-	n/a
Termination costs	**-**	-	-	n/a		-	-	n/a
	24	168	(144)	(86%)		50	(26)	(52%)

R&D expenses of $24 for Q2 2023, decreased by $144 in comparison to the R&D expenses for Q2 2022 as a result of operational synergies initiatives and reduced activity.

In comparison to Q1 2023, R&D expenses decreased by $26 due to reduced research and development activity.

General and administrative ("G&A") expenses

	Three months ended					Three months ended		
	June 30, 2023	**June 30, 2022**	**Variance to Q2-2022 ($)**	**Variance to Q2-2022 (%)**		**March 31, 2023**	**Variance to Q1-2023 ($)**	**Variance to Q1-2023 (%)**
Personnel costs	**3,519**	2,349	1,170	50%		4,004	(485)	(12%)
Office and other administrative expenses	**1,051**	992	59	6%		1,946	(895)	(46%)
Third party professional, consulting, legal fees	**1,441**	1,465	(24)	(2%)		1,558	(117)	(8%)
Computer and IT expenses	**481**	94	387	412%		549	(68)	(12%)
Termination costs	**393**	-	393	n/a		358	35	10%
	6,885	4,900	1,985	41%		8,415	(1,530)	(18%)

G&A expenses of $6,885 for Q2 2023 increased by $1,985 in comparison to expenses of $4,900 for Q2 2022. The increase was primarily due to the increase in administrative overheads arising from the BZAM Transaction, as well as severance costs following the BZAM Transaction. Refer below for the table showing the G&A less non-recurring costs.

Compared to Q1 2023 G&A expenses decreased by $1,530 or 18% due to the increase in operational synergies in Q2 2023.

Adjusted G&A (Non-IFRS Measure)	Three months ended					Three months ended		
	June 30, 2023	**June 30, 2022**	**Variance to Q2-2022 ($)**	**Variance to Q2-2022 (%)**		**March 31, 2023**	**Variance to Q1-2023 ($)**	**Variance to Q1-2023 (%)**
G&A	**6,885**	4,900	1,985	41%		8,415	(1,530)	(18%)
Adjustments								
Termination costs	**(393)**	-	(393)	n/a		(358)	(35)	10%
Restructuring and one-off costs	**(329)**	-	(329)	n/a		(944)	615	(65%)
Adjusted G&A (Non-IFRS Measure)	**6,163**	4,900	1,263	26%		7,113	(950)	(13%)

Adjusted G&A impacts include termination costs from the restructuring of head count in the quarter, committed costs for non-operational sites and continuation of projects to integrate the combined Company and ERP implementation costs.

Share based compensation expenses

The Company recognized a share-based compensation expense of $393 for Q2 2023, compared to $270 for Q2 2022. The increase is due to the share options issued in November 2022 and May 2023.

Share based compensation was valued using the Black-Scholes valuation model and represents a non-cash expense.

In comparison to Q1 2023, share based compensation expense decreased by $192 primarily as a result of expiry and cancellation of options in Q2 2023.

Depreciation and amortization

The Company recognized depreciation and amortization expense of $2,170 in Q2 2023, compared to $3,310 for the same period in the prior year quarter primarily due to the lower depreciation based on the reducing balance method as well as increased capitalisation of depreciation to inventory.

Loss from operations

Loss from operations was $12,097 in Q2 2023, compared to $3,016 for Q2 2022, with the increase primarily driven by the lower gross profit with higher sales and marketing expenses, and higher general and administrative expenses as a result of the BZAM Transaction.

In comparison to a loss from operations of $11,667 in Q1 2023, the increase in loss in Q2 2023 was mainly due to lower gross profit and higher sales and marketing expenses as discussed above which was partially offset by reduced general and administrative expenses quarter over quarter.

Impairment loss

In Q2 2023, the Company recorded an impairment loss of $61,453 from the impairment assessment on cannabis related activities from production at the Company's facilities ("BZAM CGU"). The impairment assessment was triggered by a deterioration in the economic environment affecting cannabis companies adversely, as reflected by distressed sales of assets and properties by cannabis companies, decreases in cannabis companies' market capitalisations, as well as actual operating results being below expected target (refer to Note 7 of the Interim Condensed Consolidated Financial Statements). There was also $338 from the impairment of assets sold in the Galaxie Sale and $8,136 impairment arising on classification of the Midway Facility to assets held for sale, as well as $145 from the remeasurement of the Maple Ridge Facility assets held for sale to updated expectations of the fair value less costs to sell (Q2 2022 – $Nil).

Net loss from continuing operations

The Company's net loss from continuing operations in Q2 2023, was $65,467 (Q2 2022 – net loss of $6,622) which has increased primarily due to increased loss from operations as well as an increase in impairment and an increase in finance costs as a result of increased drawdown on the Revolver Loan and higher interest rates, which was partially offset by the gain on revaluation of contingent consideration.

Comprehensive loss

The Company's comprehensive loss in Q2 2023, was $65,556 (Q2 2022 - $7,161) and is comprised primarily of the net loss from continuing operations discussed above.

In comparison to Q1 2022, the Company's comprehensive loss in Q2 2023 increased by $45,176, primarily due to the impairment discussed above.

SUMMARY OF SIX MONTHS ENDED JUNE 30, 2023 ("YTD") RESULTS – YTD 2023 as compared to YTD 2022

The table below summarizes selected information regarding the Company's loss from operations and other financial information for the periods presented in accordance with IFRS and on a consistent basis with the Interim Condensed Consolidated Financial Statements and related notes:

	For the six months ended			
		June 30, 2023		**June 30, 2022**
Revenue	**$**	**64,944**	$	30,194
Loss from operations	**$**	**(23,774)**	$	(7,477)
Net loss from continuing operations	**$**	**(84,789)**	$	(19,834)
Comprehensive loss	**$**	**(84,809)**	$	(21,176)
Net loss per share from continuing operations (basic & diluted)	**$**	**(0.53)**	$	(0.26)

Gross Revenues

	For the six months ended			
	June 30, 2023	**June 30, 2022**	**Variance to 2022 ($)**	**Variance to 2022 (%)**
Revenue from adult-use cannabis products	**63,148**	28,647	34,501	120%
Revenue from medical cannabis products	**820**	1,285	(465)	(36%)
Revenue from toll agreements	**976**	262	714	273%
Gross Revenue	**64,944**	30,194	34,750	115%

Gross revenue recognized for YTD 2023, amounted to $64,944, an increase of 115% compared to YTD 2022, mainly attributable to incremental sales under -ness, BZAM and Table Top brands (as a result of the BZAM Transaction for a total of $30,144) and increased demand in Highly Dutch brand (by $7,837 or 45%), offset by discontinuation of Cruuzy ($2,118 decrease) and Ripple brands ($182 decrease).

	For the six months ended			
	June 30, 2023	**June 30, 2022**	**Variance to 2022 ($)**	**Variance to 2022 (%)**
Revenue from dried flower	**39,235**	21,428	17,807	83%
Revenue from pre-rolls	**3,055**	1,028	2,027	197%
Revenue from vapes	**12,990**	390	12,600	3231%
Revenue from hash	**4,323**	3,932	391	10%
Revenues from Infused Pre-Rolls/Flower	**3,396**	1,465	1,931	132%
Revenue from other products	**149**	404	(255)	(63%)
Total adult-use cannabis products	**63,148**	28,647	34,501	120%

The adult-use cannabis segment generated gross revenues of $63,148 for YTD 2023, an increase of $34,501 compared to the same period of the prior year. Flower gross revenues increased by 83% for YTD 2023, attributable mainly to new products under the -ness, BZAM and Table Top brands acquired as part of the BZAM Transaction (for a total of $11,414) and increased demand in Highly Dutch Organic™ (by $6,589 or 52%). Vapes gross revenue increase is mainly due to the Company's expanded portfolio as a result of the BZAM Transaction.

Gross profit

	For the six months ended			
	June 30, 2023	**June 30, 2022**	**Variance to 2022 ($)**	**Variance to 2022 (%)**
Net Revenue	**43,381**	22,202	21,179	95%
Cost of sales	**(37,219)**	(16,002)	(21,217)	133%
Gross profit before changes in fair value of biological assets	**6,162**	6,200	(38)	
Gross profit % before changes in fair value of biological assets	***14%***	*28%*		
Realized fair value adjustment on sale of inventory	**(12,485)**	(6,280)	(6,205)	99%
Unrealized gain on changes in fair value of biological assets	**11,116**	12,988	(1,872)	(14%)
Gross profit	**4,793**	12,908	(8,115)	(63%)
Gross profit %	***11%***	*58%*		

The Company's gross profit before changes in fair value of biological assets ("**direct gross profit**") was $6,162, representing 14% gross profit margin before changes in fair value of biological assets (YTD 2022 –$6,200, representing 28% direct gross profit). The decrease in direct gross profit percentage in Q2 2023 is primarily as a result of price compression, inventory provisions, an increase in depreciation and inflationary pressures.

The Company achieved an overall gross profit percentage for YTD 2023 of 11% (YTD 2022 – gross profit percentage of 58%) which has decreased from YTD 2022 for the reasons outlined above as well as an increase in realized fair value on the sale of inventory as a result of increased sales and inventory provisions.

Refer to the Adjusted Gross Profit table below that shows the effect of the inventory provisions.

Adjusted Gross Profit

Adjusted Gross Profit is defined as gross profit excluding the adjustments for write down of inventory. The following table reconciles the Company's gross profit (as reported) to Adjusted Gross Profit for the periods indicated.

In addition to the effects as shown in the Adjusted Gross Profit table below, the Company was also affected by sales price compression on the products that it sells, compounded by the sales mix, with an increase in the proportion of lower margin products being sold in the period. Inflationary pressures on costs also affected the gross profit by increasing raw material, packaging and overhead costs.

Adjusted Gross Profit (Non-IFRS Mmeasure)	For the six months ended			
	June 30, 2023	June 30, 2022	Variance to 2022 ($)	Variance to 2022 (%)
Gross profit before changes in fair value of biological assets	**6,162**	6,200	(38)	(1%)
Adjustments				
Returns Provisions	**140**	-	140	n/a
Inventory provisions and write-offs- Cost	**3,099**	-	3,099	n/a
Adjusted Gross profit before changes in fair value of biological assets adjusted (Non-IFRS Measure)	**9,401**	6,200	3,201	52%
Adjusted Gross profit % before changes in fair value of biological assets adjusted (Non-IFRS Measure)	**22%**	28%		
Gross Profit	**4,793**	12,908	(8,115)	(63%)
Adjustments				
Returns Provisions	**140**	-	140	n/a
Inventory provisions and write-offs- Cost	**3,099**	**-**	3,099	n/a
Inventory provisions - Fair Value	**3,117**	**-**	3,117	n/a
Adjusted Gross Profit (Non-IFRS Measure)	**11,149**	12,908		
Adjusted Gross Profit % (Non-IFRS Measure)	**26%**	58%		

Sales and marketing expenses

	For the six months ended			
	June 30, 2023	June 30, 2022	Variance to 2022 ($)	Variance to 2022 (%)
Personnel costs	**2,650**	1,031	1,619	157%
Third party marketing expenses	**2,309**	1,442	867	60%
Travel and promotion expenses	**430**	27	403	1493%
Sales agency costs	**81**	950	(869)	(91%)
Other marketing expenses	**2,312**	142	2,170	1528%
Termination benefits	**97**	-	97	n/a
	7,879	3,592	4,287	119%

Sales and marketing expenses of $7,879 for YTD 2023, increased in comparison to expenses of $3,592 in the prior year due to the BZAM Transaction and additional sales efforts undertaken to provide direct store support as well as additional third-party marketing expenses commensurate with the increased revenue that was achieved.

Research and Development ("R&D") expenses

	For the six months ended			
	June 30, 2023	**June 30, 2022**	**Variance to 2022 ($)**	**Variance to 2022 (%)**
Personnel costs	**69**	284	(215)	(76%)
Product development	**5**	2	3	150%
Travel related expenses	**-**	10	(10)	(100%)
Other research and development expenses	**-**	5	(5)	(100%)
Termination costs	**-**		-	n/a
	74	301	(227)	(75%)

R&D expenses of $74 for YTD 2023, decreased by $227 in comparison to the R&D expenses for YTD 2022. The Company incurred lower R&D costs due to decreased research and development activity.

General and administrative ("G&A") expenses

	For the six months ended			
	June 30, 2023	**June 30, 2022**	**Variance to 2022 ($)**	**Variance to 2022 (%)**
Personnel costs	**7,523**	4,407	3,116	71%
Office and other administrative expenses	**2,997**	1,931	1,066	55%
Third party professional, consulting, legal fees	**2,999**	2,296	703	31%
Computer and IT expenses	**1,030**	184	846	460%
Termination costs	**751**	-	751	n/a
	15,300	8,818	6,482	74%

G&A expenses of $15,300 for YTD 2023, increased by $6,482 in comparison to expenses of $8,818 for YTD 2022. The increase was primarily due to the increase in administrative overheads arising from the BZAM Transaction, as well as severance costs following the BZAM Transaction. Refer below for the table showing the G&A less non-recurring costs.

Adjusted G&A (Non-IFRS Measure)	For the six months ended			
	June 30, 2023	**June 30, 2022**	**Variance to 2022 ($)**	**Variance to 2022 (%)**
G&A	**15,300**	8,818	6,482	74%
Adjustments				
Termination costs	**(751)**	-	(751)	n/a
Restructuring costs	**(1,273)**	-	(1,273)	n/a
Adjusted G&A (Non-IFRS Measure)	**13,276**	8,818	4,458	51%
Adjusted G&A as a % of Net revenue (Non-IFRS Measure)				
Net Revenue	**43,381**	22,202	21,179	95%
Adjusted G&A (Non-IFRS Measure)	**13,276**	8,818	4,458	51%
Adjusted G&A as a % of Net revenue (Non-IFRS Measure)	**31%**	40%		

Adjusted G&A impacts include termination costs from the restructuring of head count in the quarter, committed costs for non-operational sites and continuation of projects to integrate the combined Company and ERP implementation costs.

Share based compensation expenses

The Company recognized a share-based compensation expense of $978 for YTD 2023, compared to $837 for YTD 2022. The increase is due to the share options issued in November 2022 and May 2023.

Share based compensation was valued using the Black-Scholes valuation model and represents a non-cash expense.

Depreciation and amortization

The Company recognized depreciation and amortization expense of $4,336 for YTD 2023, compared to $6,837 for the same period in the prior year primarily due to the lower depreciation based on the reducing balance method as well as increased capitalisation of depreciation to inventory.

Loss from operations

Loss from operations was $23,774 in YTD 2023, compared to $7,477 for YTD 2022, with the increase primarily driven by the lower gross profit with higher sales and marketing expenses, and higher general and administrative expenses as a result of the BZAM Transaction.

Impairment loss

For YTD 2023, the Company recorded an impairment loss of $61,453 from the impairment assessment on cannabis related activities from production at the Company's facilities ("BZAM CGU"). The impairment assessment was triggered by a deterioration in the economic environment affecting cannabis companies adversely, as reflected by distressed sales of assets and properties by cannabis companies, decreases in cannabis companies' market capitalisations, as well as actual operating results being below expected target (refer to Note 7 of the Interim Condensed Consolidated Financial Statements). There was also $338 from the impairment of assets sold in the Galaxie Sale and $8,136 impairment arising from the classification of the Midway Facility to assets held for sale and $1,887 from the remeasurement of the Maple Ridge Facility held for sale to updated expectations of the fair value less costs to sell (YTD 2022 – $6,183 asset specific impairment loss related to the Puslinch Facility leasehold improvements).

Net loss from continuing operations

The Company's net loss from continuing operations in YTD 2023, was $84,789 (Q2 2022 – net loss of $19,834) which has increased primarily due to increased loss from operations as well an increase in impairment and increased finance costs as a result of increased drawdown on the Revolver Loan and higher interest rates, which was partially offset by the gain on revaluation of contingent consideration.

Comprehensive loss

The Company's comprehensive loss for YTD 2023, was $84,809 (YTD 2022 - $21,176) and is comprised primarily of the net loss from continuing operations discussed above.

ASSETS HELD FOR SALE

Maple Ridge Facility

As at June 30, 2023, management was committed to a plan to sell the Maple Ridge Facility that was acquired as part of the Company's acquisition of BZAM Holdings. Accordingly, the Company reclassified these assets as held for sale. Efforts to sell the Maple Ridge Facility have commenced and a sale is expected within the next twelve months of reclassifying the assets as held for sale.

As at June 30, 2023, these assets were stated at fair value less costs to sell and comprised of the following:

	As at June 30, 2023	**As at December 31, 2022**
Land	1,020	1,020
Buildings	2,190	3,740
Production equipment	263	448
Furniture and fixtures	129	221
Computer equipment	84	144
Assets held for sale	**3,686**	**5,573**

Measurement of fair values

The fair value less costs to sell of the assets was estimated to be $3,686 (December 31, 2022 - $5,573) using a market approach (level 2 on the fair value hierarchy), from the listing contract entered into on June 7, 2023, which provided reliable information to determine the fair value of the assets held for sale. The fair value is based on the expected cash proceeds of $3,800 less expected selling costs of $114.

Impairment losses related to the disposal group

Impairment losses of $1,887 for write-downs of the assets held for sale to the lower of its carrying amount and its fair value less costs to sell have been recognized for the six months ended June 30, 2023.

Midway Facility

As at June 30, 2023, management was committed to a plan to sell the Company's outdoor cultivation facilities, equipment and accommodation building located at the Midway Facility that were acquired as part of the Company's acquisition of BZAM Holdings. Accordingly, the Company reclassified these assets as held for sale. The Midway Facility sale was completed on August 4, 2023.

As at June 30, 2023, the assets held for sale were measured at their fair value less costs to sell and comprised of the following:

	As at June 30, 2023
Land	784
Buildings	358
Production equipment	555
Furniture and fixtures	6
Computer equipment	377
Health Canada Licences	357
Inventory	675
Assets held for sale	**3,112**

Measurement of fair values

The fair value less costs to sell of the assets and liabilities was estimated to be $3,112 (December 31, 2022 - $Nil) using a market approach (level 2 on the fair value hierarchy), from the listing contract entered on June 23, 2023, which provided reliable information to determine the fair value of the assets held for sale. The fair value is based on the expected cash proceeds of $3,250 less expected selling costs of $138. Included in the sale agreement is the sale of certain cannabis inventory to the purchaser.

Impairment losses related to the disposal group

Impairment losses of $8,136 for write-downs of the assets held for sale to the lower of its carrying amount and its fair value less costs to sell have been recognized for the six months ended June 30, 2023.

FINANCIAL POSITION

The table below summarizes selected information regarding the Company's financial position for the periods presented in accordance with IFRS and on a consistent basis with the Interim Condensed Consolidated Financial Statements and related notes:

	As at June 30, 2023	As at December 31, 2022	As at December 31, 2021	As at December 31, 2020
Total assets	**$ 185,023**	$ 274,444	$ 194,346	$ 211,575
Total current liabilities	**$ 64,629**	$ 42,214	$ 29,391	$ 66,377
Total non-current liabilities	**$ 17,396**	$ 53,919	$ 28,144	$ 5,394
Total shareholders' equity	**$ 102,998**	$ 178,311	$ 136,811	$ 139,804

The following is a discussion of the significant changes to selected balances in the Company's financial position as at June 30, 2023 as compared to December 31, 2022.

Assets

The Company's consolidated cash and cash equivalents of $2,345 as at June 30, 2023 decreased from $4,650 as at December 31, 2022 primarily as a result of cash used in operating and investing activities, offset by proceeds received in financing activities. The increase in the Company's trade receivables to $10,832 as at June 30, 2023 (December 31, 2022 - $10,256) relates primarily to the increase in revenues. As at June 30, 2023, the Company had $43,688 in inventory as compared to $52,416 as at December 31, 2022 primarily as a result of better utilization of inventory into revenue, and additional inventory provisions. The Company's property, plant and equipment decreased by $38,729 to $90,640 primarily as a result of depreciation and impairment as discussed above.

Liabilities

The Company's accounts payable and accrued liabilities were $27,165 as at June 30, 2023, a decrease from $29,511 as at December 31, 2022, with the decrease primarily relating to increased payments to suppliers for previously overdue amounts. Payments were primarily funded by additional funds drawn under the Company's Revolver Loan, as well as proceeds from the Offering discussed above under "Equity Issuances".

The Company's loans payable increased to $37,303 at June 30, 2023 as compared to $32,618 as at December 31, 2022 primarily due to an increase in the drawn balance on the Revolver Loan.

Equity

The Company's shareholders' equity decreased from $178,311 as at December 31, 2022 to $102,998 as at June 30, 2023, primarily due to the increase in the accumulated deficit of $81,503 related to the loss from operations for the period, partially offset by an increase in share capital of $8,686 primarily due to share issuances in relation to the RSUs, shares exchanged in the BZAM Transaction, shares issued to settle debt and shares issued in the private placement.

LIQUIDITY AND CAPITAL RESOURCES

During the six months ended June 30, 2023, the Company financed its operations and met its capital requirements through revenue generated from domestic cannabis production and sales together with draws on the Revolver Loan, an equity private placement and a promissory note from Stone Pine Capital. The Company's objectives when managing its liquidity and capital resources are to maintain a sufficient capital base to maintain investor and creditor confidence and to sustain the future development of the business.

As at June 30, 2023, the Company had a positive working capital of $9,560 (December 31, 2022 – positive $45,499) with the change from prior year-end mainly reflecting the movement of the Revolver Loan term portion from non-current liabilities to current liabilities. The total cash position was $3,049, including $704 of restricted cash (December 31, 2022 – $5,000 of which $350 was restricted cash). This cash will be used primarily towards covering working capital requirements and operating costs as the Company moves towards achieving positive operating cashflow.

The Company has primarily financed its operations to date through drawdowns on certain of the Company's debt facilities and equity issuances. Should the Company not achieve positive operating cashflow as expected, the Company may need to increase its debt or obtain capital through various means including the issuance of equity to repay its obligations or the divestiture of other assets. The Interim Condensed Consolidated Financial Statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future if revenue plans, asset sales, debt refinancing and/or additional debt or equity financing or any combination thereof is realized. In addition, the terms of the Revolver Loan require the Company to satisfy various affirmative and negative covenants and to meet certain future financial tests. A failure to comply with these covenants, including a failure to meet the financial tests, would result in an event of default under the Revolver Loan and if not cured would allow the lender to accelerate the debt, which would materially and adversely affect the business, results of operations and financial condition of the Company. Subsequent to June 30, 2023 in anticipation of a possible breach of the covenant requiring positive EBITDA for the month of July 2023, the Company has requested a waiver on the covenant from its lender.

There can be no assurance that additional funding will be available to the Company, or, if available, that such funding will be on acceptable terms. If adequate funds are not available, the Company will be required to delay or reduce the scope of any or all of its projects. Management continues to pursue other alternatives to fund the Company's operations and looks to reduce costs, such as:

- Reduction of headcount and rightsizing future operating and administrative needs;
- Minimizing the Company's reliance on third party service providers and professional fees; and
- Monetize redundant and available for sale assets.

These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

To date, the completion of the BZAM Transaction has increased assets and revenues of the Company as well as reduced relative costs. Management of the Company anticipates that a larger asset and revenue base together with reduced relative costs for the Company and reduced debt to asset ratio will increase the profitability of the Company, as well as increase the likelihood of additional funding being available to the Company.

	For the six months ended		
	June 30, 2023	**June 30, 2022**	**Variance to 2022 ($)**
Net cash used in operating activities	$ **(9,078)**	$ (8,472)	$ (606)
Net cash provided/(used) in investing activities	**(912)**	21	(933)
Net cash provided by financing activities	**7,705**	7,510	195
Net effects of foreign exchange	**(20)**	(612)	592
Decrease in cash and cash equivalents	$ **(2,305)**	$ (1,553)	$ (752)

Operating Activities

For YTD 2023, net cash used in operating activities was $606 higher than YTD 2022. The increase was primarily due to lower gross profit and increased costs for YTD 2023.

Investing Activities

For YTD 2023, the net cash used in investing activities was $933 higher than YTD 2022. The increase was primarily due to proceeds from the sale of HemPoland in YTD 2022 which was partially offset by less cash transferred to restricted cash in YTD 2023.

Financing Activities

For YTD 2023, net cash provided in financing activities was $195 higher than YTD 2022. The increase was primarily the result of $2,500 from the promissory note from the company controlled by the BZAM Shareholder, Stone Pine Capital, the private placement proceeds and net proceeds from the Revolver Loan which was higher than the loan drawdowns in YTD 2022 and also partially offset by an increase in interest paid in YTD 2023.

Contractual Obligations

The Company had the following estimated gross contractual obligations as at June 30, 2023, which were expected to be payable in the following respective periods:

			Contractual cash flows - 12 months ending [1]					
	Carrying amount	**Total**	**June 2024**	**June 2025**	**June 2026**	**June 2027**	**June 2028**	**Thereafter**
	$	**$**	$	$	$	$	$	$
Accounts payable and accrued liabilities	**27,165**	**27,165**	27,165	-	-	-	-	-
Sales taxes payable	**3,066**	**3,066**	3,066	-	-	-	-	-
Loans	**37,303**	**42,438**	36,230	500	500	5,208	-	-
Lease liabilities	**14,246**	**21,097**	2,391	2,494	2,431	2,438	2,414	8,929
Total contractual obligations	**81,780**	**93,766**	**68,852**	**2,994**	**2,931**	**7,646**	**2,414**	**8,929**

[1] Contractual cash flows include expected interest payable until the maturity date.

The Company's accounts payable and accrued liabilities include consolidated trade payables and accrued liabilities for work incurred, including for the construction of the facilities and the payables related to its licencing revenue stream.

The contractual cash flows in the table above include the relevant interest and principal payments related to the total of $30,551 drawn on the Revolver Loan as at June 30, 2023, payable until maturity dates. Over the balance on June 30, 2023, the Company expects further draws on the $3,449 available credit under the Revolver Loan secured by trade receivables, for which it will have to incur interest charges based on actual use.

The Company's lease liabilities are measured in accordance with IFRS 16 where the Company has recognized an increase to both assets and liabilities on the consolidated statements of financial position, as well as a decrease to operating expenses (for the removal of rent expense for leases), an increase to depreciation and amortization (due to depreciation of the right-of-use assets), and an increase to finance costs (due to accretion of the lease liability).

Other Contractual Commitments

Pursuant to certain agreements related to the Hamilton Facility, as at June 30, 2023, the Company had letters of credit in the amount of $133 which may be drawn upon in the event of material breaches of the respective agreements. These letters of credit bear conventional rates of interest partially offset by the interest earned on guaranteed investment certificates ("GIC") securing the letters as collateral. The Company has pledged corresponding GICs as collateral, which have been recorded in other assets. As at June 30, 2023, there have been no breaches and no amounts have been drawn on the letters of credit.

Claims and Litigation

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to defend itself vigorously against all legal claims. The Company is subject to certain employment related claims by a former employee for which a provision in accounts payable and accrued liabilities has been recognized only to the extent that it is likely to result in future economic outflows. Other than the claims previously described in the Company's most recent Annual Information Form, the Company is not aware of any other material or significant claims against the Company.

Should the remaining claim or any other litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating, the value or market price for the Common Shares and could require the use of significant resources. Even if the Company is involved in litigation and is ultimately successful, litigation can require the redirection of significant resources. Litigation may also create a negative perception of the Company's brand.

Use of Proceeds from Previous Financings

The Company filed a prospectus supplement dated December 19, 2022, and closed an offering in order to raise gross proceeds of approximately $5.08 million, with the use of proceeds described as for working capital and general corporate purposes. Since the closing of the offering all proceeds have been expended on working capital and general corporate purposes as therein described. As at the date of this MD&A, there have been no updates to the use of proceeds disclosure.

OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company had no material off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on the financial performance or financial condition of the Company.

CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES IN ACCOUNTING POLICIES

There were no significant changes in the Company's accounting policies and critical accounting estimates for the six months ended June 30, 2023. The preparation of the Interim Condensed Consolidated Financial Statements requires the use of estimates and judgements that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

[a] Fair values

The Company's financial instruments were comprised of the following as at June 30, 2023: cash and cash equivalents; restricted cash; refundable sales tax receivable; trade receivables; other current assets; accounts payable and accrued liabilities; sales taxes payable; loans and contingent consideration.

The fair values of the financial assets and financial liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The assumption for the instrument's recorded at amortized cost is that the instrument's fair value approximates their carrying amount is largely due to the short-term maturities of these instruments.

[b] Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. During the six months ended June 30, 2023, there were no transfers of amounts between levels (year ended December 31, 2022 – no changes).

[c] Management of key risks arising from financial instruments.

Credit Risk

As at June 30, 2023, the Company had two customers whose balances individually were greater than 10% of total trade receivables as at June 30, 2023 (December 31, 2022 – three customers). Customer A accounted for 52% and Customer B accounted for 21%

of trade receivables as at June 30, 2023 (December 31, 2022 – Customer A accounted for 36%, Customer B accounted for 15% and Customer C accounted for 23%). Customer A, B and C are provincial government entities.

RELATED PARTY TRANSACTIONS

Identification of related parties

Related parties as at June 30, 2023 have been identified as follows:

Related party	Business relationship	Measurement basis
Angus Footman	Former Director	Exchange amount
Olivier Dufourmantelle	Former Director, Senior Officer	Exchange amount
Louis Sterling	Former Director	Exchange amount
Jacques Dessureault	Former Director	Exchange amount
Chris Schnarr	Director	Exchange amount
Keith Merker	Director	Exchange amount
Bassam Alghanim	Director	Exchange amount
Tony Moschella	Former Director, Officer	Exchange amount
Wendy Kaufman	Director	Exchange amount
Sherry Tross	Director	Exchange amount
Sean Bovingdon	Director, Senior Officer	Exchange amount
Matt Milich	Senior Officer	Exchange amount
Jordan Winnett	Senior Officer	Exchange amount
Wyld GLX Corp.	Joint venture	Exchange amount

Key transactions with related parties

On June 9, 2023 the Company issued 22,222,223 Common Shares pursuant to the Offering detailed in "Equity Issuances" above. The Common Shares were issued to Stone Pine Capital Ltd. ("Stone Pine") a company controlled by the Chairman of the Board. Aside from the Offering, Indemnity Escrow Share Release, and the release of the Milestone Escrow Shares, there have been no material transactions with related parties and no unusual transactions outside of the normal course of business during the six months ended June 30, 2023. No expense has been recognized in the current or prior period for bad or doubtful debts in respect of amounts owed by related parties. No other new guarantees have been given or received by related parties during the six months ended June 30, 2023. As at June 30, 2023, the Company had an outstanding loan from Stone Pine, totalling $2,500 (December 31, 2022 – $2,200), which is subordinate to the Revolver Loan. There are no other receivable or payable balances with key management personnel and $94 of director fees payable (December 31, 2022 – $139 directors fee payable).

REGULATORY LANDSCAPE

The results of operations and financial condition of the Company are subject to a number of regulations and are affected by a number of factors outside the control of management.

Canadian Regulatory Landscape

The production, distribution and sale of cannabis in Canada is strictly regulated. On October 17, 2018, the Cannabis Act and accompanying regulations promulgated under the Cannabis Act (the "Cannabis Regulations"), and the new industrial hemp regulations (the "IHR", and together with the Cannabis Regulations, collectively, the "Regulations"), came into force, legalizing the production, distribution and sale of cannabis for adult recreational purposes, as well as incorporating the pre-existing medical cannabis regulatory scheme under one complete framework. Amendments legalizing the sale of edible cannabis, cannabis extracts, and cannabis topicals in the Canadian market came into force on October 17, 2019. A federally licensed entity with authorization to produce and sell any class of cannabis (except plants and seeds) must provide 60-days notice to Health Canada of its intent to sell any new cannabis retail product prior to making such product available for sale to provincially authorized purchasers or medical users.

Pursuant to the federal regulatory framework in Canada, each province and territory may adopt its own laws governing the distribution, sale and consumption of cannabis and cannabis accessories within the province or territory provided that the provincial or territorial legislation contains certain measures that mirror the public health policy goals of the federal regime. All Canadian provinces and territories have implemented mechanisms for the distribution and sale of cannabis for recreational purposes within those jurisdictions, and retail models vary between jurisdictions.

The Cannabis Act maintains separate access to cannabis for medical purposes, including providing that import and export licences and permits will only be issued in respect of cannabis for medical or scientific purposes or in respect of industrial hemp. Patients who have the authorization of their healthcare provider may register with Health Canada to have access to cannabis, either purchased directly from a federally licensed entity authorized to sell for medical purposes, or by registering to produce a limited amount of cannabis for their own medical purposes or designating someone to produce cannabis for them.

Provincial Regulatory Framework for Recreational Cannabis

While the Cannabis Act provides for regulation of the commercial production of cannabis and related matters by the federal government, the provinces and territories of Canada have authority to adopt their own laws and regulations governing the distribution, sale and consumption of cannabis and cannabis accessory products within the province or territory, permitting for example, provincial and territorial governments to set lower possession limit for individuals and higher age requirements. Currently each of the Canadian provincial and territorial jurisdictions has established a minimum age of 19, except for Alberta, where the minimum age is 18, and Québec, where the minimum age is 21.

All Canadian provinces and territories have implemented regulatory regimes for the distribution and sale of cannabis for recreational purposes within those jurisdictions. In most provinces, provincial/territorial crown corporations act as intermediaries between entities licensed federally under the Cannabis Act and consumers, such bodies acting in some jurisdictions as exclusive cannabis wholesalers and distributors, and in some instances as exclusive retailers.

Some provinces also authorize municipal governments to impose additional requirements and regulations on the sale of recreational cannabis, such as by restricting the number of recreational cannabis retail outlets that are permitted in a certain geographical area. Municipal zoning authority also generally permits a municipality to restrict the geographical locations wherein such retail outlets may be opened.

Regulatory Landscape Outside Canada

The Company only conducts business in jurisdictions outside of Canada where such operations are legally permissible in accordance with all laws of the foreign jurisdiction, the laws of Canada and the rules of the CSE. The legal and regulatory requirements in the foreign countries in which the Company operates with respect to the cultivation and sale of cannabis, as well as local business culture and practices, are different from those in Canada. Prior to commencing operations in a new country, in partnership with local legal counsel, consultants and partners, the Company conducts legal and commercial due diligence in order to ensure that the Company and its officers and directors gain a sufficient understanding of the legal, political and commercial framework and specific risks associated with operating in such jurisdiction. Where possible, the Company seeks to work with respected and experienced local partners who can help the Company to understand and navigate the local business and operating environment, language and cultural differences. In consultation with advisors, the Company takes steps deemed appropriate in light of the level of activity and investment it expects to have in each country to ensure the management of risks and the implementation of necessary internal controls.

Germany

In March 2017, the German legislature introduced “The Cannabis as Medicine Act” (Gesetz zur Änderung betäubungsmittelrechtlicher und anderer Vorschriften) which regulates the requirements for the marketability of cannabis pharmaceuticals and their inclusion in health insurance plans. Under this Act, statutory insured patients suffering from a severe disease (i.e. life-threatening or seriously affecting quality of life) are entitled to treatment with medicinal cannabis (flowers or extracts in standardized quality) if (i) generally recognized treatment in accordance with medical standards is either not available, or cannot be applied in individual cases according to the justified assessment of the treating physician, and (ii) if there is a not entirely distant prospect of a noticeable positive effect on the course of the disease or on serious symptoms.

Importers of cannabis pharmaceuticals which have not been produced in an EU/EFTA Member State and which shall be distributed in Germany on a commercial or professional basis must apply for an import authorization to the competent health authority in the federal state (Bundesland) in which the importer is based pursuant to section 72 Medicinal Products Act (Arzneimittelgesetz – ”AMG”). Generally, the import authorization can be issued for cannabis from cultivations controlled by the country of origin pursuant to the requirements of the 1961 UN Single Convention on Narcotic Drugs. Additionally, importers must apply for a manufacturing authorization pursuant to section 13 AMG if they carry out at least one manufacturing step within the meaning of section 4 (14) AMG (e.g. preparing, formulating, treating or processing, filling, decanting, packaging, labelling) after import. Furthermore, the distribution of drug products treated with radiation (e.g. E-Beam) requires a permit under the German Regulation on Drug Products treated with Radiation (Verordnung über radioaktive oder mit ionisierenden Strahlen behandelte Arzneimittel – “AMRadV”).

The marketing of medicinal cannabis products that qualify as finished medicinal products requires a marketing authorization issued by the competent Federal Institute for Drugs and Medical Devices (Bundesinstitut für Arzneimittel und Medizinprodukte – "BfArM").

Pursuant to sec. 72a AMG, importers of medicinal cannabis must ensure that their products have been produced in compliance with applicable quality standards and must obtain a written confirmation from a competent authority to prove compliance. In particular, cannabis medicinal products must be manufactured in compliance with the manufacturing standards of the Pharmaceuticals and Active Agent Manufacturing Ordinance (Arzneimittel- und Wirkstoffherstellungsverordnung – "AMWHV") which implements the EU Good Manufacturing Practice ("EU-GMP"). In addition to standards for the growing and cultivation of the cannabis plant itself, such as the Good Agricultural and Collection Practice (GACP), which is annexed to the EU-GMP, specific pharmaceutical quality standards must be met before placing the product on the market. Such standards are established by pharmaceutical monographs (e.g. "Cannabis Flowers", "Cannabis Extract"), which are published by the BfArM in the German Pharmacopoeia (Deutsches Arzneibuch – "DAB").

Finally, medicinal cannabis products with a THC concentration of at least 0.2 percent qualify as narcotics under German law and are therefore subject to the authorization requirements under the German Narcotic Drugs Act (Betäubungsmittelgesetz –"BtMG"). Under this Act, the seller, buyer and other processors (e.g. importers, distributors, etc.) of medicinal cannabis products must obtain an authorization by the BfArM. Such an authorization has been issued per se for qualified doctors and pharmacists who sell or buy narcotics for the treatment of a patient or in the course of the operation of a pharmacy. Although CBD as such is not subject to the BtMG unless the possible THC traces exceed 0.2 percent, it is currently unclear whether products containing CBD will be classified and marketed as industrial hemp products or food rather than narcotic drugs following a judgment from the Court of Justice of the European Union on November 19, 2020 and the European Commission's ongoing review of applications for approval of products containing CBD as novel foods. In its ruling of March 24, 2021, the German Federal Court of Justice (Bundesgerichtshof - "BGH") ruled that the sale of hemp flowers and leaves to end-consumers may qualify as a narcotic but is not necessarily prohibited under the BtMG, provided that these products serve exclusively commercial or scientific purposes without intent to cause intoxication.

RISK FACTORS AND UNCERTAINTIES

Many factors could cause the Company's results of operations, performance and financial condition to differ materially from those expressed or implied by the forward-looking statements and forward-looking information contained in this management's analysis and discussion, including the following factors, which are discussed in greater detail under the heading "Risk Factors" in the Company's most recent Annual Information Form as updated by subsequent reports, filed with securities regulators and available on the Company's SEDAR+ profile at www.sedarplus.ca, which risk factors are incorporated by reference into this document and should be reviewed in detail by all readers:

- the Company's ability to continue as a going concern;
- the Company's ability to raise required additional capital through the sale of equity or debt instruments or the factoring of receivables or otherwise;
- the Company has a limited operating history;
- the Company may be unable to achieve revenue growth and development;
- there are factors which may prevent the Company from the realization of growth targets;
- the Company's actual financial position and results of operations may differ materially from the expectations of the Company's management;
- the Company may incur significant ongoing costs and obligations related to its investment in infrastructure, growth, research and development, regulatory compliance and operations;
- there is no assurance that the Company will turn a profit or generate immediate revenues;
- the Company is subject to risks typically associated with secured debt financing;
- the Company may incur additional indebtedness;
- the adult-use cannabis market in Canada is a relatively new industry;
- the adult-use cannabis market in Canada may experience supply and demand fluctuations that could result in revenue and price decreases;
- the Company's business is dependent on key supply chains which could be adversely disrupted by a number of factors including, among others, major health issues or pandemics;
- the Company is reliant on regulatory approvals and cultivation licences for its ability to grow, process, package, store and sell cannabis and other products derived therefrom, and these regulatory approvals are subject to ongoing compliance requirements, reporting obligations and fixed terms requiring renewal;
- any failure on the Company's part to comply with applicable regulations could prevent it from being able to carry on its business and there may be additional costs associated with any such failure;
- under Canadian regulations, a Licensed Producer of cannabis is restricted regarding the type and form of marketing it can undertake which could materially impact sales performance;

- the Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition;
- the Company may be unsuccessful in competing in the overall legal adult-use cannabis market in Canada and any other countries it intends to operate in;
- if the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market;
- the Company, or the cannabis industry more generally, may receive unfavourable publicity or become subject to negative consumer or investor perception;
- the Company's products may not have, or may not be perceived to have, the effects intended by the end user;
- if the Company is unable to develop and market new products, it may not be able to keep pace with market developments;
- there has been limited study on the health effects of cannabis products, including CBD, and future clinical research studies may lead to conclusions that dispute or conflict with the Company's understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of such products;
- consumer preferences may change and the Company may be unsuccessful in retaining customers;
- trade of cannabis for non-medicinal purposes within Canada may be restricted by the Canadian Free Trade Agreement;
- the Company must rely on international advisors and consultants in the foreign countries in which it operates and intends to operate;
- the Company is required to comply concurrently with federal, state or provincial, and local laws in each jurisdiction where it operates or to which it exports its products;
- the Company has entered into and in the future may seek to enter into strategic alliances including contractual relationships, joint ventures, selective acquisitions, licensing arrangements or other relationships, or expand the scope of currently existing relationships, with third parties that the Company believes will have a beneficial impact, and there are risks that such strategic alliances or expansions of the Company's currently existing relationships may not continue or enhance its business in the desired manner;
- the Company may not be able to successfully identify and execute future acquisitions or dispositions or successfully manage the impacts of such transactions on its operations;
- the cultivation of cannabis includes risks inherent in an agricultural business including the risk of crop loss, sudden changes in environmental conditions, equipment failure, product recalls and others;
- the Company may not be able to meet the rapidly evolving standards regarding the sustainable and effective sourcing of the necessary materials to cultivate and produce its products and dispose of waste accordingly;
- the Company is reliant on key inputs, such as water and utilities, and any interruption of these services could have a material adverse effect on the Company's finances and operation results. The Company is also dependent on access to skilled labour, equipment and parts;
- the Company is vulnerable to rising energy costs;
- the Company's quality control systems may not operate effectively;
- the Company's cannabis products may be subject to recalls for a variety of reasons, which could require it to expend significant management and capital resources;
- the Company faces an inherent risk of exposure to product liability;
- the Company's operations are subject to safety, health and environmental laws and regulations applicable to its operations and industry in the various jurisdictions in which it operates, and it may be held liable for any breaches of those laws and regulations;
- the Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses or claims against the Company;
- the Company may become subject to litigation in the ordinary course of business;
- the Company will be reliant on information technology systems and may be subject to damaging cyber-attacks;
- the Company may be exposed to liability or the threat of liability in relation to the use of customer information and other personal and confidential information;
- the Company may be subject to risks related to the protection and enforcement of its intellectual property rights, or intellectual property it licenses from others, and may become subject to allegations that it or its licensors are in violation of intellectual property rights of third parties;
- the Company may be subject to breaches of security at its facilities;
- management may not be able to successfully implement adequate internal controls over financial reporting;
- if the Company has a material weakness in its internal controls over financial reporting, investors could lose confidence in the reliability of the Company's financial statements, which could result in a decrease in the value of its securities;
- the Company has negative operating cash flow;
- the Company may be subject to credit risk;
- tax and accounting requirements may change in ways that are unforeseen to the Company and it may face difficulty or be unable to implement or comply with any such changes;
- the Company may not be able to renew or secure adequate insurance to protect its assets, operations and employees;
- the Company may not be able to expand its operations and product offerings into international markets;

- fluctuations in foreign currency exchange rates could harm the Company's results of operations;
- the price of the Common Shares in public markets may experience significant fluctuations;
- if securities or industry analysts do not continue to publish research, or publish inaccurate or unfavourable research, about the Company's business, the Common Share price and trading volume could decline;
- the Company continues to sell shares for cash to fund operations, expansion, and mergers and acquisitions that will dilute the current shareholders;
- it is not anticipated that any dividends will be paid to holders of Common Shares for the foreseeable future; and
- the Company is subject to ongoing reporting requirements under applicable securities laws and exchange policies.

In addition, the Company highlights the following risk factors:

Assumptions related to cash flows and future sales of the Company's product lines

The Company expects to be required to fund negative Canadian operating cash flows prior to achieving positive Canadian operating cash flows and expects that the Company's financial resources and expected revenues and draw downs on its Revolver Loan, will be sufficient to pay its obligations and fund its operations for the coming months. Achieving positive Canadian operating cash flows and funding operations for the coming months is reliant on revenues and working capital requirements being in line with expectations, which is in turn reliant on, among other things, future sales of the Company's product lines over the coming months. The Company's expectations of positive Canadian operating cash flows and of achieving sufficient revenues to fund, when taken together with its other financial resources, its operations over the coming months is based on a variety of assumptions relating to production and production capacity, growth in the number of product offerings and store locations in which the Company's products are sold, growth in total sales, consumer demand for the Company's products, market pricing of cannabis products, cost of sales, sales and marketing expenses, the pace of opening of and increase in the total number of recreational cannabis retail stores across Canada, and the total size of the Canadian recreational and medical cannabis markets over the coming months. Actual results may vary materially from the Company's expectations if any of the Company's assumptions are inaccurate. Accordingly, readers should not place undue reliance on forward-looking statements, including the Company's expectations relating to future Canadian operating cash flows and sales of its products. The Company does not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada. See "Cautionary Statement Regarding Forward-Looking Information". Actual results may also be impacted by all of the risk factors in this MD&A and in the Company's most recently filed Annual Information Form.

Acquisition and Integration Risk

The Company recently completed the BZAM Transaction. It may in the future make further acquisitions and investments that could divert management's attention, result in operating difficulties and dilution to our shareholders and otherwise disrupt our operations. The Company may have difficulty integrating any such acquisitions, including the BZAM Transaction, successfully or realizing the anticipated benefits therefrom, any of which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Pursuing potential strategic acquisitions or investment opportunities is one possible growth strategy. Any transactions that the Company enter into could be material to its business, financial condition, results of operations, cash flows and prospects. The process of acquiring and integrating another company or technology could create unforeseen operating difficulties and expenditures. Acquisitions and investments involve a number of risks, including:

- diversion of management time and focus from operating the Company's business;
- use of resources that are needed in other areas of the Company's business;
- integration of the acquired company;
- implementation or remediation of controls, procedures and policies of the acquired company;
- difficulty integrating the accounting systems and operations of the acquired company;
- coordination of product, engineering and selling and marketing functions, including difficulties and additional expenses associated with supporting legacy services and products and hosting infrastructure of the acquired company and difficulty converting the customers of the acquired company onto its platform, including disparities in the revenue, licensing, support or professional services model of the acquired company;
- difficulty integrating, supporting or enhancing acquired products or services, including difficulty in transitioning acquired products or services;
- retention and integration of employees from the acquired company, and preservation of its corporate culture;
- the potential loss of key employees;
- unforeseen costs or liabilities, including the use of substantial portions of its available cash to consummate the acquisition;
- adverse effects to its existing business relationships with customers as a result of the acquisition or investment;
- the possibility of adverse tax consequences;
- litigation or other claims arising in connection with the acquired company or investment; and

- the need to integrate potential operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries.

Acquisitions are accompanied by the risk that the obligations and liabilities of an acquired company or asset may not be adequately reflected in the historical financial statements of or other financial information relating to such company or asset and the risk that such historical financial statements may be based on assumptions, which are incorrect or inconsistent with the Company's assumptions or approach to accounting policies. In addition, such future acquisitions could involve tangential businesses which could alter the strategy and direction of the Company. Furthermore, a significant portion of the purchase price of companies the Company has acquired may be allocated to acquired goodwill and other intangible assets, which must be assessed for impairment at least annually. In the future, if the Company's acquisitions do not yield expected returns, the Company may be required to take charges to its operating results based on this impairment assessment process, which could adversely affect its results of operations.

Although the Company has conducted and will conduct due diligence in connection with potential strategic acquisitions or investment opportunities and potential vendors have, may or will provide a number of representations and warranties in favour of the Company in connection with these acquisitions, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of or issues concerning the acquired entities. Following the closing of any potential strategic acquisitions or investment opportunities, the Company may discover that it has acquired substantial undisclosed liabilities or that certain of the representations made by the vendors are untrue. There can be no assurance of recovery by the Company from potential insurers or potential vendors for any breach of the representations, warranties or covenants to be provided by such potential vendors under the applicable acquisition agreements because there can be no assurance that the amount and length of such potential insurance coverage or of the potential indemnification obligations will be sufficient to satisfy such potential obligations, or that such potential vendors will has any assets or continue to exist. The Company's eventual inability to claim for full indemnification from potential vendors could have a material and adverse effect on the Company.

Acquisitions and investments may also result in dilutive issuances of equity securities, which could adversely affect its share price, or result in the incurrence of debt with restrictive covenants that limit the Company's future uses of capital in pursuit of business opportunities. Additionally, the Company, and any potential target for a strategic acquisition or investment as a combined entity, is subject to numerous risks that could adversely affect the Company's growth and profitability, including: (i) the risk that the Company may not be able to successfully manage a potential target for a strategic acquisition or investment's operations, (ii) the risk that its operational, financial and management systems may be incompatible with, or inadequate to effectively integrate and manage systems acquired from potential target for a strategic acquisition or investment, (iii) the risk that a potential strategic acquisition or investment may require financial resources that could otherwise be used in the development of other aspects of its business, (v) the risk that the Company may not obtain the consents required under agreements entered into with third parties, (vi) the risk that the integration process may result in operational problems, costs, expenses, liabilities, including loss of contracts and customers, and (vii) the risk that the Company's key management or employees and of a potential target for a strategic acquisition or investment may not be retained or may leave following the strategic acquisition or investment, which could have a significant impact on the combined entity's operations, specifically if such departures were to occur in positions or roles which require significant technical and operational knowledge and for which qualified replacement personnel is scarce.

The successful integration of recent and potential strategic acquisitions or investments will also require cooperation between the Company's employees and the acquired companies or investees and is subject to the risk that personnel from the Company and the acquired companies or investees may not be able to work together successfully, which could adversely impact the Company's business, financial condition and results of operations. The Company may not be able to identify acquisition or investment opportunities that meet its strategic objectives, or to the extent such opportunities are identified, the Company may not be able to negotiate terms with respect to the acquisition or investment that are acceptable to the Company.

Permits and Approvals on Real Property

The Company's operations may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing cannabis, occupational health, waste disposal, land use, environmental protections, and other matters. Adverse changes or developments affecting the Company's facilities, including but not limited to the failure to maintain all requisite regulatory and ancillary permits and licenses, the failure to comply with state or municipal regulations, or a breach of security, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. In addition, any breach of any leases relating to any of the Company's real property, or any failure to renew any applicable leases on materially similar or more favourable terms, may have a material adverse effect on the Company's business, financial condition, results of operations and prospects, and could also have an impact on the Company's ability to continue operating.

Failure to Dispose of Certain Assets Held for Sale

There can be no assurance that the Company's efforts to dispose of the current assets and liabilities held for sale, being the Maple Ridge Facility, will be successful and that it will result in a sale on terms favourable to the Company. Further, there can be no assurance that the disposal of the assets and liabilities held for sale will be completed on the assumed timeline. If the disposal of the assets and liabilities held for sale is not completed, the business of the Company may be adversely affected as a result of the costs (including opportunity costs) incurred in respect of pursuing the sales.

Controlling Shareholder Exercises Significant Control

Mr. Bassam Alghanim, the Chairman of the Board, beneficially owns or exercises control or direction of over 50% of the issued and outstanding Common Shares. As the Corporation's largest shareholder, Mr. Alghanim has the ability to exercise significant influence over the Corporation's business and operations due to his ownership interest.

This significant ownership by Mr. Alghanim may adversely affect the trading price for the Common Shares because investors often perceive disadvantages in owning shares in companies with significant shareholders. In addition, Mr. Alganhim may be able to exercise significant influence over certain matters requiring shareholder approval, including the election of directors, approval of security-based compensation arrangements and approval of corporate transactions, such as a merger or other sale of the Corporation or its assets. This concentration of ownership could limit investors' ability to influence corporate matters and may have the effect of delaying or preventing a change in control, including a merger, consolidation, or other business combination involving the Corporation, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if that change in control would benefit the Corporation's other shareholders.

The Company has expanded and intends to further expand its business and operations into jurisdictions outside of Canada, and there are risks associated with doing so.

As international demand grows, the Company intends to consider the expansion of its operations and business into jurisdictions outside of Canada, but there can be no assurance that any market for its products will develop in any such foreign jurisdiction. The continuation or expansion of its operations internationally will depend on the Company's ability to renew or secure the necessary permits, licenses, or other approvals in those jurisdictions. An agency's denial of or delay in issuing or renewing a permit, license, or other approval, or revocation or substantial modification of an existing permit or approval, could prevent the Company from continuing its operations in or exports to other countries.

Operations in non-Canadian markets may expose the Company to new or unexpected risks or significantly increase the Company's exposure to one or more existing risk factors. Some governmental regulations may require the Company to award contracts in, employ citizens of, and/or purchase supplies from the jurisdiction. These factors may limit the Company's capability to successfully expand the Company's operations and may have a material adverse effect on the Company's business, financial condition and operations.

In addition, the Company is further subject to a wide variety of laws and regulations domestically and internationally with respect to the flow of funds and product across international borders and the amount of cannabis the Company exports may be limited by the various drug control conventions to which Canada is a signatory.

While the Company continues to monitor developments and policies in the markets in which the Company operates and assess the impact thereof to the Company's operations, such developments cannot be accurately predicted and could have an adverse effect on the Company's business, operations or profitability.

As the cannabis market continues to mature, the Company's products may become obsolete, less competitive, or less marketable.

Because the cannabis market and associated products and technology are rapidly evolving, both domestically and internationally, the Company may be unable to anticipate and/or respond to developments in a timely and cost-efficient manner. The process of developing the Company's products is complex and requires significant costs, development efforts, and third-party commitments. The Company's failure to develop new products and technologies and the potential disuse of the Company's existing products and technologies could adversely affect the Company's business, financial condition and operations. The Company's success will depend, in part, on the Company's ability to continually invest in research and development and enhance the Company's existing technologies and products in a competitive manner.

The Company competes for market share with a number of competitors, and many of the Company's current and future competitors may have longer operating histories, more financial resources, and lower costs than us.

As the cannabis market continues to mature, both domestically and internationally, the overall demand for products and the number of competitors is expected to change. Such shifts in market demand, and other factors that the Company cannot currently anticipate, could potentially reduce the market for the Company's products, which could ultimately have a material adverse effect on the Company's business, financial condition and operations.

The cannabis industry is undergoing substantial change, which has resulted in an increase in new and existing competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company's business in a number of ways, including losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats. There is potential that the Company will face intense competition from not only existing companies but from new entrants, all of which could harm the Company's operating results.

The Company also faces competition from illegal cannabis dispensaries and 'black market' operations and participants, who do not have a valid license, that are selling cannabis to individuals, including products with higher concentrations of active ingredients, using flavours or other additives or engaging in advertising and promotion activities that are not permitted by law. Because they do not comply with the regulations governing the cannabis industry, illegal market participants' operations may also have significantly lower costs.

The Company's future success depends upon the Company's ability to maintain competitive production costs through economies of scale and the Company's ability to recognize higher margins through the sale of higher margin products. To the extent that the Company is not able to continue to produce the Company's products at competitive prices or consumers prioritize established low margin products over innovative, higher margin products, the Company's business, financial conditions and operations could be materially adversely affected.

The Company relies on international advisors and consultants in foreign jurisdictions.

The legal and regulatory requirements in the foreign countries in which the Company currently or intends to operate are different from those in Canada. The Company's officers and directors must rely, to a great extent, on local legal counsel and consultants in order to ensure the Company's compliance with material legal, regulatory and governmental developments as they pertain to and affect the Company's business operations, to assist with governmental relations and enhance the Company's understanding of and appreciation for the local business culture and practices. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the Company's control. The impact of any such changes may adversely affect the Company's business, financial condition and operations.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer (the "Certifying Officers"), in accordance with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, have certified that they have reviewed the Interim Condensed Consolidated Financial Statements and this MD&A (the "Filings") and that, based on their knowledge having exercised reasonable diligence, (a) the Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the Filings; and (b) the financial report together with the other financial information included in the Filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the Filings.

Since the Company's Common Shares are traded on the CSE, the Company is considered a "Venture Issuer" as defined in National Instrument 51-102 *Continuous Disclosure Obligations* and is not required to certify the design and evaluation of its disclosure controls and procedures ("DC&P") nor internal controls over financial reporting ("ICFR") and has not completed such an evaluation. The inherent limitations on the ability of the Certifying Officer to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of annual filings and other reports provided under securities legislation.

The Certifying Officers believe that any system of controls and procedures over financial reporting and disclosure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls also is based in part upon certain 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 potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had the following securities issued and outstanding:

Common Shares (1)	180,818,952
Warrants (2)	48,096,811
RSUs issued to employees	187,500
Stock options	6,828,367

Notes:

(1) The Company completed the Consolidation on November 8, 2022 whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio (the "Consolidation Ratio").
(2) The Consolidation Ratio also applies to the Warrants which are currently exercisable on the basis of one Warrant for one Common Share. Accordingly, effective as of the Consolidation date, the holders of Warrants will be entitled to receive one post-Consolidation Common Share on the exercise of ten Warrants.

See the Company's Unaudited Interim Condensed Consolidated Financial Statements for a detailed description of these securities. The Warrants, RSUs, and stock options are each convertible into Common Shares.