NOTICE TO READER

This amended and restated management's discussion and analysis for the three and twelve months ended December 31, 2023 replaces and supersedes the previously filed management discussion and analysis in respect of the same periods filed on April 29, 2024. The Company has determined that due to a data entry error, the historical quarterly data shown in the tables on pages 8 & 9 under Summary of Quarterly Results should be amended to correct quarterly data for 2021, 2022 and the first three quarters of 2023. With the exception of the information contained within the Summary of Quarterly Results, all other figures remain correct and unchanged.

SIMPLY SOLVENTLESS CONCENTRATES

Management's Discussion & Analysis
For the Three and Twelve Months Ended December 31, 2023
(In Canadian Dollars)

MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Simply Solventless Concentrates Ltd. and its subsidiaries (the "Company" or "SSC") is dated as of May 13, 2024.

This MD&A should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2023, inclusive of the accompanying financial statement notes, all of which were prepared in accordance with International Financial Reporting Standards ("IFRS").

Unless otherwise noted, all amounts presented within this MD&A are in Canadian dollars.

This MD&A has been prepared with reference to the National Instrument 51-102 "Continuous Disclosure Obligations" established by the Canadian Securities Administrators.

COMPANY OVERVIEW

SSC was incorporated under the laws of Alberta on July 10, 2020. The Company manufactures a portfolio of pure, potent, terpene-rich cannabis products for discerning cannabis consumers, with sales into the recreational, medical, and business to business cannabis markets in Canada. SSC is led by a team of highly experienced business professionals and master hashishins.

On December 30, 2020, the Company entered into a Licence Agreement ("Licence Agreement") with a licensed cannabis producer (the "LP") that allowed the Company to build its team, develop customers, and commercialize solventless and other cannabis products under the LP's Health Canada licenses and in their facility (the "Facility"). On June 30, 2022, the Company acquired the Facility from the LP and received its own Health Canada licenses for cultivation, processing, and sales. From inception until May 2023, SSC completed business to business sales and perfromed tolling services for other LPs.

In May 2023 SSC launched its first recreational cannabis brand, Astrolab, in the Alberta recreational cannabis market. Astrolab is now available in Alberta, Ontario, and Saskatchewan.

On June 28, 2023, the Company completed a sale leaseback ("Sale Leaseback") of the Facility to a group of private investors, eliminating debt and royalties payable of $7,047,169. SSC then entered into a five year lease with a five year renewal option and an option to purchase the Facility back after two years for $3,000,000.

In August 2023, the Company completed a financing of units for proceeds of $584,694 of equity at $0.20/unit and converted $1,162,348 in convertible debentures to units at $0.17/unit. This eliminated all outstanding convertible debentures. After the Sale Leaseback and the conversion of the debentures, the Company was then long term debt free.

In November 2023 the Company launched its second recreational cannabis brand, Frootyhooty, in the Alberta recreational cannabis market. Frootyhooty is now available in Alberta, Ontario, and Saskatchewan.

On December 18, 2023, the Company went public on the TSX Venture Exchange under the ticker symbol "HASH" through a reverse takeover of Dash Capital Corp. ("Dash").

Subsequent to year end, on January 17, 2024, SSC acquired the recreational cannabis brand Lamplighter for consideration of up to $600,000, which, in the opinion of management represents less than the net book value of the tangible assets received, and is paid for on a vendor financed basis over 5 – 12 months. Lamplighter is currently available in Alberta, Ontario, and Saskatchewan.

Subsequent to year end, on April 17, 2024 SSC completed a financing through the issuance of 5,333,334 units at a price of $0.15 per unit for net proceeds of $800,000. Each Unit consisted of one common share and one common share purchase warrant of SSC. Each Warrant is exercisable for one common share of SSC at a price of $0.20 per share for a period of three years from the date issued.

CORPORATE STRATEGY & OUTLOOK

SSC's corporate strategy is to leverage our world class team, unique cannabis processing infrastructure, and strong industry relationships to provide differentiated experiences to Canadian cannabis consumers. It is our view that doing so will provide strong value to all SSC stakeholders. SSC has developed novel positioning in the cannabis space in Canada, and despite very challenging cannabis market conditions, is poised to capitalize on what is a significant market opportunity.

SSC is experiencing rapid revenue growth. In 2022, SSC generated average gross revenue of approximately $233,281 per month. In 2023, SSC generated average gross revenue of approximately $581,117 per month. In February 2024, SSC provided Q1 2024 guidance including average projected gross revenue of $1,033,334 per month.

SSC has achieved net income profitability in four of the past five quarters and normalized net income profitability for five straight quarters. Net income profitability is a rarity in the Canadian cannabis industry.

With a great team, revenue growth, net income profitability, no long term debt, and three compelling and popular recreational cannabis brands, SSC is positioned for success in the Canadian cannabis industry.

FINANCIAL HIGHLIGHTS

- <u>December 31, 2023 Working Capital</u>: $3,693,879.
- <u>2023 Gross Revenue ($):</u> For the twelve months ended December 31, 2023, the Company generated gross revenue of $6,973,401 (twelve months ended December 31, 2022 - $2,799,367), an increase of 149%.
- <u>2023 Net Revenue ($):</u> For the twelve months ended December 31, 2023, the Company generated net revenue of $6,191,646 (twelve months ended December 31, 2022 - $2,799,367), an increase of 121%.
- <u>2023 Gross Margin ($):</u> For the twelve months ended December 31, 2023, the Company generated gross margin of $3,497,279 (twelve months ended December 31, 2022 - $38,427), an increase of 9,001%.
- <u>2023 Gross Margin (%):</u> For the twelve months ended December 31, 2023, the Company generated gross margin of 57% (twelve months ended December 31, 2022 - 1.4%), an increase of 3,971%.
- <u>2023 EBITDA ($):</u> For the twelve months ended December 31, 2023, the Company generated EBITDA of $1,401,847 (twelve months ended December 31, 2022 - $1,191,950 loss), an increase of 218%.

- 2023 Adjusted EBITDA ($): For the twelve months ended December 31, 2023, the Company generated adjusted EBITDA of $2,246,926 (twelve months ended December 31, 2022 - $1,143,343 loss), an increase of 297%.
- 2023 Net Income ($): For the twelve months ended December 31, 2023, the Company generated net income of $1,040,316 (twelve months ended December 31, 2022 - $1,683,799 loss), an increase of 162%.
- 2023 Normalized Net Income ($): For the twelve months ended December 31, 2023, the Company generated normalized net income of $1,885,395 (twelve months ended December 31, 2022 - $1,635,192 loss), an increase of 215%.
- Facility Sale Leaseback: During the twelve months ended December 31, 2023 SSC eliminated $7,047,169 of debt and liabilities through a sale leaseback transaction of the Facility, extinguishing all long term debt.
- Financings: During the twelve months ended December 31, 2023, SSC raised $584,694 of equity at $0.20/share and converted $1,162,348 in convertible debentures to common shares at $0.17/share. This eliminated all outstanding convertible debentures.
- Public Listing: During the twelve months ended December 31, 2023, SSC completed a reverse take over of Dash Capital Corp for which a one-time expense of $1,043,909 was recorded.

OPERATIONS

	Three months ended		Twelve months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Gross revenue	1,790,625	1,551,284	6,973,401	2,799,367
Excise taxes	479,314	-	781,755	-
Net revenue	1,311,311	1,551,284	6,191,646	2,799,367
Cost of goods sold	827,698	311,898	2,694,367	2,760,940
Gross profit	483,613	1,239,386	3,497,279	38,427
Selling, general and administration	393,858	432,247	1,214,725	945,307
Facility expense	-	184,000	-	184,000
Depreciation and amortization	12,903	97,329	48,207	229,854
Share compensation expense	36,726	68,556	218,984	48,607
Income (loss) from operations	40,126	457,254	2,015,363	(1,369,341)
Non-operating items:				
Interest	51,460	155,418	313,324	261,995
Finance costs	-	24,938	24,022	52,386
Gain on facility disposal	(63,980)	-	(417,814)	-
Acquisition of Dash	1,043,909	-	1,403,909	-
Foreign exchange loss	9,705	-	11,606	77
Net and comprehensive income (loss)	(1,000,968)	276,898	1,040,316	(1,683,799)
Income (loss) per share:				
Basic	(0.03)	0.01	0.03	(0.05)
Diluted	(0.02)	0.01	0.02	(0.05)

Weighted average number of shares outstanding				
Basic	38,691,302	34,986,147	38,691,302	34,986,147
Diluted	41,692,593	36,566,147	41,692,593	36,566,147

EBITDA and Adjusted EBITDA

	Three months ended		Twelve months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net and comprehensive (loss) income	(1,000,968)	276,898	1,040,316	(1,683,799)
Non-operating items:				
Depreciation and amortization	12,903	97,329	48,207	229,854
Interests	51,460	155,418	313,324	261,995
EBITDA	(936,605)	529,645	1,401,847	(1,191,950)
Non-operating items:				
Gain on facility disposal	(63,980)	-	(417,814)	-
Acquisition of Dash	1,043,909	-	1,043,909	-
Share compensation expense	36,726	68,556	218,984	48,607
Adjusted EBITDA	80,050	598,201	2,246,926	(1,143,343)

Normalized Net Income

	Three months ended		Twelve months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net and comprehensive (loss) income	(1,000,967)	276,898	1,040,316	(1,683,799)
Non-operating items:				
Gain on facility disposal	(63,980)	-	(417,814)	-
Acquisition of Dash	1,043,909	-	1,043,909	-
Share compensation expense	36,726	68,556	218,984	48,607
Normalized net income (loss)	15,687	345,454	1,885,395	(1,635,192)

Revenue

During the three and twelve months ended December 31, 2023, SSC earned $1,790,625 and $6,973,401, respectively, in gross revenue (three and twelve months ended December 31, 2022 - $1,551,284 and $2,799,367, respectively).

Gross revenue increased 15% during the three months ended December 31, 2023 compared to the prior year as a result of an increase in branded product revenue, partially offset by a decrease in B2B revenue.

Gross revenue increased 149% during the twelve months ended December 31, 2023 compared to the prior year as a result of an increase in branded product revenue due to the launch of SSC's brands Astrolab and Frootyhooty.

Cost of goods sold and margins

	Three months ended		Twelve months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Gross revenue	1,790,625	1,551,284	6,973,401	2,799,367
Excise taxes	479,314	-	781,755	-
Net revenue	1,311,311	1,551,284	6,191,646	2,799,367
Cost of goods sold	827,698	311,898	2,694,367	2,760,940
Gross profit	483,613	1,239,386	3,497,279	38,427
Gross margin	*37%*	*80%*	*57%*	*1.4%*

SSC's gross margin declined in the three ended December 31, 2023 in comparison to the three months ended December 31, 2022 due to a larger mix of branded product sales which can have a lower gross margin percentage. SSC's gross margin increased in the twelve months ended December 31, 2023 in comparison to the twelve months ended December 31, 2022 due to the overall increase in revenue and production efficiencies due to utilization of capacity.

General and administration expense

	Three months ended		Twelve months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Salaries and wages	152,395	147,733	469,817	240,570
Security	1,384	14,401	13,191	206,710
Office and general	160,249	266,496	447,403	399,869
Professional fees	66,638	605	278,187	87,296
Commissions	-	-	(12,462)	7,850
Leases	-	3,012	-	3,012
Information technology	13,192	-	17,861	-
Total	393,858	432,247	1,214,725	945,307

Salaries and wages increased during the three and twelve months ended December 31, 2023 compared to the same periods of 2022 due to a small increase in management, sales, and administrative staff.

Office and general expense decreased during the three months ended December 31, 2023 compared to the same period of 2022 due to costs being allocated to cost of goods sold. Office and general expense increased during the twelve months ended December 31, 2023 compared to the same period of 2022 due to additional operating activity.

Professional fees increased during the twelve months ended December 31, 2023 due to additional accounting and legal fees.

STATEMENT OF FINANCIAL POSITION

Accounts receivable

As at,	December 31, 2023 $	December 31, 2022 $
Trade receivables	536,838	567,947
Other current receivables	5,937	97,706
Allowance for expected credit losses	(10,895)	(203,595)
Total	531,880	462,058

Accounts receivable increased as a result of the decreased allowance for expected credit losses. SSC focused on the credit worthiness of the customers prior to extending credit terms.

Inventory

As at,	December 31, 2023 $	December 31, 2022 $
Raw materials	1,031,631	334,718
Processed intermediates	6,689,658	2,210,281
Total	7,721,289	2,544,999

Raw materials are products such as packaging, cannabis trim, dried and cured cannabis flower, and fresh frozen cannabis flower that have not been processed and classified into work in progress or processed intermediaries. Processed intermediates are bulk packaged products that are either sold in bulk to business-to-business customers, stored for use in the manufacture of future SSC Products, or packaged into finished goods. Inventory increased during the twelve months ended December 31, 2023 as SSC positioned itself to supply the recreational cannabis markets with its branded products.

Deposits

As at,	December 31, 2023 $	December 31, 2022 $
Prepaids	13,917	21,561
Other deposits	11,500	11,500
Deferred costs	-	146,902
Security deposit	59,666	12,916
Total	85,083	192,879

The net decrease in deposits was due to recognizing the deferred costs associated with the go-public transaction which were being accrued. The increase in security deposit was a result of the deposit required for the facility lease subsequent to the sale leaseback transaction.

Accounts payable

Accounts payable of $4,163,379 (December 31, 2022 - $1,877,977) increased due to the acquisition of raw materials for use in production, the commencement of branded product sales requiring more raw materials, and the commencement of branded product sales which result in excise taxes payable.

Capital assets

During the twelve months ended December 31, 2023, SSC closed on the sale leaseback of the Facility, which resulted in a reduction in capital assets and accumulated amortization of $6,575,055.

Related parties

During the year ended December 31, 2023, officers and directors received cash-based compensation of $387,451 (December 31, 2022 – $152,249), share-based compensation of $253,907 (December 31, 2022 – $nil), and severance payments in the amount of $nil (December 31, 2022 – $1,969).

The outstanding loan and accrued interest with Dash was extinguished as part of the amalgamation completed on December 18, 2023.

SUMMARY OF QUARTERLY RESULTS

The following tables set out certain financial information for each of the Company's prior quarterly reporting periods:

Quarter ended	EBITDA	EBITDA per share	Adjusted EBITDA	Adjusted EBITDA per share
September 30, 2020	(30,359)	(0.002)	(30,359)	(0.002)
December 31, 2020	(34,483)	(0.003)	(34,228)	(0.003)
March 31, 2021	(630,497)	(0.024)	(596,054)	(0.023)
June, 30, 2021	(457,951)	(0.016)	(425,408)	(0.015)
September 30, 2021	(546,501)	(0.016)	(515,253)	(0.015)
December 31, 2021	(613,673)	(0.018)	(347,508)	(0.010)
March 31, 2022	(577,776)	(0.017)	(567,114)	(0.017)
June 30, 2022	(1,349,839)	(0.039)	(1,332,764)	(0.038)
September 30, 2022	206,020	0.006	158,334	0.005
December 31, 2022	529,645	0.015	598,201	0.017
March 31, 2023	876,296	0.025	958,807	0.027
June 30, 2023	1,261,830	0.036	938,060	0.027
September 30, 2023	200,326	0.005	270,009	0.007
December 31, 2023	(936,605)	(0.024)	80,050	0.002

SSC has achieved positive EBITDA in five of the past six quarters and positive adjusted EBITDA for six straight quarters.

Quarter ended	Net income (loss)	Net income (loss) per share	Normalized net income (loss)	Normalized net income (loss) per share
September 30, 2020	(30,359)	(0.002)	(30,359)	(0.002)
December 31, 2020	(37,483)	(0.003)	(37,483)	(0.003)
March 31, 2021	(635,283)	(0.024)	(600,840)	(0.023)
June, 30, 2021	(472,561)	(0.017)	(405,647)	(0.014)
September 30, 2021	(570,046)	(0.017)	(538,798)	(0.016)
December 31, 2021	(648,611)	(0.019)	(416,889)	(0.012)
March 31, 2022	(614,639)	(0.018)	(603,977)	(0.018)
June 30, 2022	(1,389,998)	(0.040)	(1,372,923)	(0.039)
September 30, 2022	43,940	0.001	(3,746)	(0.000)
December 31, 2022	276,898	0.008	345,454	0.010
March 31, 2023	758,828	0.022	841,339	0.024
June 30, 2023	1,161,241	0.033	837,473	0.024
September 30, 2023	121,215	0.003	190,896	0.005
December 31, 2023	(1,000,968)	(0.026)	15,687	0.000

SSC has achieved net income profitability in five of the past six quarters and normalized net income profitability for five straight quarters.

LIQUIDITY AND CAPITAL RESOURCES

To date, the Company has financed its operational and capital requirements through revenue and the issuance of common shares and debt. The Company's ability to sustain its capital resource needs with cash flows from operations is contingent on successful ongoing operations, maintenance of key sales relationships, and the Company's ability to generate revenues. Future financing may be required.

The Company's objective when managing its liquidity and capital resources is to maintain sufficient liquidity to support financial obligations as they come due while executing operating and strategic plans. The Company manages its liquidity through the preparation and use of cash flow forecasts and budgets to ensure it has sufficient funds to meet obligations as they come due. The Company manages its working capital as part of this process, and in doing so meets its funding needs by generating revenue, pursuing additional debt and equity financing sources, managing the timing of capital expenditures, and other measures.

The Company defines capital as total equity plus total debt financing. As at December 31, 2023, the Company's total capital of $4,356,097 (December 31, 2022 - $7,574,890) consists of $4,356,097 equity (December 31, 2022 - $434,285) and $313,678 short-term debt (December 31, 2022 - $7,140,605).

As at,	December 31, 2023 $	December 31, 2022 $
Cash	80,879	232,684
Accounts receivable	531,880	462,058
Inventory	7,721,289	2,544,999
Prepaids and deposits	85,083	192,879
Other current assets	-	34,844
Accounts payable	(4,163,379)	(1,877,976)
Current portion of royalty liability	-	(404,879)
Short term loan payable	(313,678)	(256,745)
Current portion of lease liability	(248,195)	(31,860)
Working capital	3,693,879	896,003

As at December 31, 2023, the Company had a working capital surplus of $3,693,879 (December 31, 2022 - $896,003). This working capital will be used to finance the development of SSC Products, generate revenue through product sales, and for financing operations.

CASH FLOWS

	Three months ended		Twelve months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Opening cash	199,048	101,971	232,684	155,221
Cash used in operations	34,743	(205,959)	(408,155)	(845,911)
Cash from (used) in investing	60,509	77,081	(40,786)	(506,788)
Cash from (used) in financing	(213,421)	259,591	297,136	1,430,162
Ending cash	80,879	232,684	80,879	232,684

As at December 31, 2023, the Company had a cash balance of $80,879 (December 31, 2022 - $232,684).

SSC used less cash in operations for the three months ending December 31, 2023 compared to the prior periods due to increased focus on collections of receivables, management of payables and continued focus on cutting costs and increasing efficiencies. SSC has used cash from operations to invest in inventory to position itself to make sales in the recreational cannabis market.

Cash from investing activities primarily relates to the sale of redundant assets.

Cash from financing relates to equity raised through private placement of common shares discussed above.

CONTRACTUAL OBLIGATIONS

The Company's current contractual obligations as at December 31, 2023 included $4,491,417 of accounts payable and accrued liabilities, and short term loan (December 31, 2022 mortgage, convertible debentures, accounts payable and accrued liabilities of approximately $9,977,115). This obligation is expected to be repaid in 2024.

COMMITMENTS

SSC's only commitments pertain to the leases entered into in the current period. There are no other contractual commitments requiring payments that cannot be eliminated through termination of said contracts.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 48.5 million (December 31, 2022 – 35.2) common shares outstanding, 20.8 million (December 31, 2022 – 11.3 million) common share purchase warrants outstanding, and 3.5 million (December 31, 2021 – 1.6 million) stock options outstanding.

Capital

As at period end, the Company was authorized to issue an unlimited number of common shares and an unlimited number of first preferred shares.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements at period end in the Financial Statements nor as at the date of this MD&A that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

CRITICAL ACCOUNTING ESTIMATES

Critical judgements, estimates and assumptions that have the most material effect on the amounts recognized in the Financial Statements remain unchanged from that discussed in the annual MD&A for the year ended December 31, 2023.

FINANCIAL INSTRUMENTS

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The Company's financial instruments consist of cash, accounts receivable, due from shareholders, and accounts payable and accrued liabilities. Management estimates that the fair value of its cash, accounts receivable, due from shareholders and accounts payable and accrued liabilities approximates their carrying values as at December 31, 2023, due to the relatively short maturity periods of these instruments.

CAUTIONARY STATEMENT REGARDING NON-GAAP PERFORMANCE MEASURES

This MD&A contains certain financial performance measures that are not recognized or defined under IFRS (termed "Non-GAAP Measures"). As a result, this data may not be comparable to data presented by other cannabis companies. For an explanation of these measures to related comparable financial information presented in the Financial Statements prepared in accordance with IFRS, refer to the discussion below. The Company believes that these Non-GAAP Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operational performance of the Company. These Non-GAAP Measures include, but are not limited to working capital.

Working capital is an indicative measure of the Company's ability to service its short-term financial obligations with short-term assets. Management believes this measure provides useful information about the Company's current short-term liquidity. Refer to "Liquidity and Capital Resources" for a detailed calculation of this measure. The numbers that are input into this calculation can be found in the statement of financial position in the Company's Financial Statements.

FORWARD-LOOKING INFORMATION

This MD&A may contain "forward-looking information" with respect to the Company. This information may take the form of statements found within this document expressing the Company's expectations as to future outcomes and events based on the information currently available. All statements contained herein are given as at the date of this MD&A and the Company undertakes no obligation to update the information for new events or circumstances other than as required by securities laws.

Forward-looking information and statements may be identifiable by the use of words such as "achieve", "anticipate", "budget", "could", "estimate", "expect", "future", "forecast", "intend", "may", "might", "occur", "plan", "potential", "prospective", "should", "will", "would" and other similar expressions. By nature, forward-looking information and statements are inherently subject to the risk that the actual results can be materially different from the expected outcomes.

The Company does not provide any assurance as to the accuracy of this forward-looking information and statements and cautions readers not to place undue reliance on such. Certain forward-looking statements in this MD&A include, but are not limited to:

- expectations described in the Company's critical accounting judgements, estimates and assumptions;
- the Company's expectations regarding the adoption and impact of certain accounting pronouncements;
- the Company's expectations regarding revenue and/or commercialization of SSC Products;
- the Company's expectations for the authorization and approval of cannabis products to be manufactured;
- the Company's ability to produce products of high quality;
- expected demand for cannabis in the adult use recreational market or B2B market;
- the Company's expectations regarding obtaining licensing related to the processing and sale of cannabis products;
- the development of brands and brand equity;

- the Company's expectations of product sales;
- future corporate development;
- expectations regarding future expenditures, including but not limited to both operational and capital expenditures;
- the Company's interpretation and future expectations of municipal, provincial, and federal regulations;
- the Company's expectation for the use of proceeds received from fund raising activities;
- the Company's ability to achieve profitability without the need for further fund-raising activities;
- the Company's access to further financing; and
- the Company's impact assessment of COVID-19.

There are many risks and other factors beyond the Company's control which could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A. These risks and other factors include, but are not limited to the risk factors considered under "Industry Trends and Risks" in this MD&A.

INDUSTRY TRENDS AND RISKS

The Company's financial position and results of operations are subject to a number of risks and uncertainties. The Company's principal risks are described below.

Economic dependence

Although the Company is not economically dependant on a single or small group of suppliers and customers, access to quality input materials at a commercially viable value as well as markets for SSC Products is dependent on maintaining strong relationships with suppliers as well as the overall uptake by the provinces and other businesses for products.

Other risks

Limited operating history

SSC has seen strong growth in revenue; however, SSC is still subject to many of the risks common to early-stage companies, including undercapitalization, cash shortages, lack of revenues and limited resources, including personnel and financial. Revenues are expected to increase to while operational efficiencies are attained but this is uncertain.

Access to capital

SSC has limited financial resources and there is no assurance that additional funding will be available to the Company for further operation expansions. The ability of the Company to arrange financing in the future will depend in part upon prevailing capital market conditions, as well as upon the business success of SSC and the success of the cannabis industry in general.

If additional financing is raised by the issuance of shares or other forms of convertible securities from treasury, control of the Company may change and shareholders may suffer additional dilution. Similarly, future acquisitions may be funded in part by equity of a proposed acquisition target as may be determined by the directors from time to time. Any such arrangement could have a dilutive effect on the interest of shareholders. If adequate funds are not available, or are not available on acceptable terms, the Company may not be able to take advantage of opportunities, or otherwise respond to competitive pressures and remain in business.

Competition

The Canadian recreational cannabis industry is competitive. SSC will face strong competition from other companies.

Because of the early stage of the industry in which the Company operates, SSC may face additional competition from new entrants. If the number of users of recreational cannabis in Canada is high, the demand for products will increase and SSC expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products.

To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of SSC.

Regulatory risks

SSC operates in a highly regulated, highly competitive and rapidly evolving industry. As such, new risks may occur and the Company may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements. The Company's business is subject to the Cannabis Act and Cannabis Regulations. The Company's ability to produce cannabis derivative products is dependent on the Company's ability to maintain its applicable licence(s) pursuant to the Cannabis Tracking and Licensing System (CTLS) and any provincial and municipal authorities for retail sales and maintaining such licence(s) in good standing.

Failure to:

(i) comply with the requirements of the applicable licence(s) to allow for sale of recreational cannabis products to the public; and
(ii) maintain these licence(s) in good standing;

would have a material adverse impact on the business, financial condition and operating results of the Company. The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions of The Company's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or may give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, including changes to government regulations. Changes in government levies and taxes could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic.

The recreational cannabis industry is subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business in a regulated industry, SSC will need to continue to build brand awareness through significant investment in strategy, production capacity and quality assurance. The Company's brand and products may not be effectively promoted as intended. The recreational cannabis industry is marked by competitive conditions, consumer tastes and unique circumstances, and spending patterns that differ from existing markets.

In addition to regulation regarding the production and sale of cannabis, the Company is also subject to health, safety and environmental regulations with which it is required to comply. See the section below titled "Environmental Regulations and Risks" for more information on environmental regulations.

The provincial legislative and operational framework pertaining to the distribution of cannabis varies among provinces and territories and could result in additional provincial and territorial regulations, creating additional compliance and other costs and/or limitations on the Company's ability to participate in such markets. There is no guarantee that provincial legislation regulating the distribution and sale of cannabis for adult-use purposes will be enacted according to all the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the growth opportunities that the Company currently anticipates.

While the impact of any new legislative framework for the regulation of the Canadian adult-use cannabis market is uncertain, any of the foregoing could result in a material adverse effect on the Company's business, financial condition, and results of operation. The asymmetrical regulatory and market environment for cannabis in each of the provinces and territories could materially and adversely affect the business, financial condition, and results of operations of the Company. The governments of every Canadian province and territory have, to varying degrees, announced regulatory regimes for the distribution and sale of cannabis for adult-use purposes within those jurisdictions as more fully described immediately below. The provincial regimes governing adult-use cannabis is uncertain.

Product liability

There is inherent risk of exposure to product liability claims in the Company's future operations as a distributor and producer of products designed to be consumed by humans. Regulatory actions or litigation may result if its products are alleged to have caused loss or injury. In addition, the future sale of the Company's products may involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of its products alone or in combination with other substances or medications could occur. The Company may be subject to various product liability claims, including but not limited to, that the Company's products caused illness or injury, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against the Company could result in increased costs, adverse affects on its reputation with its clients and consumers generally and could have a material adverse effect on the results of operations and financial condition of the Company. There can be no guarantee that the Company will be able to maintain product liability insurance with adequate coverage against potential liabilities on reasonable terms. There can be no assurance of availability of this insurance in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage at commercial terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of some or all of the Company's potential products.

Product recalls and returns

Manufacturers and distributors of products are sometimes subject to the recall or return of the products they produce or sell for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure.

Should any of the Company's products be subject to a recall due to an alleged product defect or for any other reason, the Company could be forced to incur the expense of the recall and any legal proceedings that may arise in connection with the recall.

The Company may be unable to sell a significant amount of its inventory or lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, or at all. A product recall may require significant management attention in addition to the financial costs.

Although the Company has detailed procedures in place for testing its products, there can be no guarantee that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's brands were subject to a recall, the customer perception of that brand and the Company as a whole could be harmed.

A recall for any reason could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies including Health Canada and require further management attention, increased legal fees and other expenses.

Attracting customers

SSC' cash flow and desired revenue is dependent on its ability to attract customers. Successful sales and marketing initiatives will be required to achieve adequate sales of the Company's product in the market to realize adequate cash flow. In addition, the Company is exposed to certain industry specific risks to the extent and effectiveness of its advertising such as legal restrictions on advertising for cannabis, and negative public perception of cannabis consumption, which can affect consumer base and desire of third parties to do business with the Company.

Marketing constraints

The Company's intended operations and future operating results may be hindered by the applicable regulations which restrict the sales and marketing activities of the Company and the cannabis industry. These regulations may limit the Company's ability to compete for market share if it is unable to effectively market its products. If the Company is unable to effectively market its products its intended operations and future operating results may be affected adversely.

Key personnel

SSC is highly dependent on the ability, expertise, judgement, discretion and good faith of our senior management team as well as other senior employees within the Company. The Company's future success depends on its ability to retain these key personnel as well as to attract, develop and retain highly qualified and skilled employees. There is significant demand for qualified individuals and as a result the Company may incur significant costs to attract and retain them.

As part of the Company's Health Canada application, each key person at the Company must receive security clearance from Health Canada. There is no guarantee that existing personnel will receive security clearance. Under Health Canada regulations, a security clearance remains in effect for a maximum of five years and must be renewed before expiration. There is no guarantee that existing personnel will receive security clearance upon the required renewal in this period. Failure by a key person to gain or maintain the required security clearance could result in a material adverse effect on the Company.

Information technology systems and cyber-security

The Company relies heavily on information technology, such as computer hardware and software systems, to operate its business. In the event the Company is unable to regularly deploy software and hardware, effectively upgrade systems and network infrastructure, and take other steps to maintain or improve the efficiency and efficacy of systems, the operation of such systems could be interrupted or result in the loss, corruption, or release of data, compromise confidential customer or employee information, result in the disruption of business, theft or extortion of funds, regulatory infractions, loss of competitive advantage and reputational damage.

In addition, information systems could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical and/or sensitive data or similar effects, which could have a material adverse impact on the protection of intellectual property, and confidential and proprietary information, and on the Company's business, financial condition, results of operations and cash flows.

In the ordinary course of business, the Company collects, uses and stores sensitive data, including intellectual property, proprietary business information and personal information of the Company's employees and third parties. Despite the Company's security measures, its information systems, technology and infrastructure may be vulnerable to attacks by hackers and/or cyberterrorists or breaches due to employee error, malfeasance or other disruptions. Any such breach could compromise information used or stored on the Company's systems and/or networks and, as a result, the information could be accessed, publicly disclosed, lost or stolen.

To date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches. However, there can be no assurance that the Company will not incur such losses in the future. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties or other negative consequences, including disruption to the Company's operations and damage to its reputation, which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Although the Company maintains a risk management program, which includes an insurance component that may provide coverage for the operational impacts from an attack to, or breach of, the Company's information technology and infrastructure, including process control systems, the Company does not currently maintain stand-alone cyber insurance, however, an insurance application for cyber insurance is currently in progress. Furthermore, not all cyber risks are insurable. As a result, the Company's existing insurance may not provide adequate coverage for losses stemming from a cyber-attack to, or breach of, its information technology and infrastructure.

Management of growth

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

Reliance on suppliers and skilled labour

The ability of SSC to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to the raw products, supplies and skilled labour it requires to develop or grow its product. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour and raw products.

Ability to successfully execute strategies

If the Company fails to execute any element of its strategy in a timely and effective manner, competitors may be able to seize marketing opportunities that the Company has identified. SSC' business strategy will require that it successfully and simultaneously complete many tasks. In order to be successful, the Company must:

(i) attract and retain customers;
(ii) hire, train and retain quality employees; and
(iii) evolve the Company's business to gain advantages in a competitive environment.

Insurance and uninsured risks

SSC is subject to a variety of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in personal injury or death, delays in operations, monetary losses, environmental damage, damage to assets and possible legal liability. The Company maintains and intends to maintain insurance to protect against certain risks in such amounts which it considers to be reasonable and at an economically feasible cost. Although it intends to maintain this insurance, it will not cover all potential risks associated with its actions and future operations. Insurance may not be available in the future or may not adequately cover any resulting liability.

Insurance is not generally available against certain risks, including but not limited to environmental pollution and other hazards which may be encountered by the Company from time to time and general limitations on crop, business interruption and other inclusions available to the cannabis industry, including general risks associated with insurers and new industries. The Company may become subject to liability for hazards which it is not insured against or which the Company may have elected not to insure against due to premium costs or other reasons. Losses related to these hazards may affect the Company in a material and adverse manner.

Internal controls

Effective internal controls are a necessity for the Company to be able to provide reliable and accurate financial reports and to help safeguard against fraud. Although the Company undertakes procedures and has implemented a number of preventative measures, in each case, in order to help ensure the reliability of its financial reports, the Company cannot be sure that such measures will ensure the Company will maintain adequate control over financial reporting and processes. Failure to implement newly required or improved controls, or difficulties or delays encountered in their implementation, could harm the Company's financial position or operating results or cause it to fail to meet its reporting obligations.

If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce investor confidence in the Financial Statements and materially adversely affect the perceived value of the Company or its ability to access capital markets.

Litigation

SSC may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any 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 and the market price for the common shares and could use significant resources.

Even if the Company is involved in litigation and wins, litigation can redirect significant the Company's resources. Litigation may also create a negative perception of the Company's brand. The Company is not aware of any legal disputes in which it is named, nor does it have any financial contingencies for litigation at this time.

Third party transportation

In order for the Company to distribute its products, the Company must depend on third party transportation services. This can cause logistical problems and delays in shipment of its orders and cannot be directly controlled by the Company. Any delay by third party transportation services may adversely affect the Company's financial performance.

Moreover, security of the product during transportation to and from locations to which the Company delivers retail products is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financials, and prospects. Any such breach, could impact the Company's ability to continue operating under its Licence or the prospect of renewing its Licence.

Protection of intellectual property rights

The future success of SSC' business is dependent upon the intellectual property rights surrounding certain technology held by the Company, including trade secrets, know-how and continuing product innovation. Although the Company seeks to protect proprietary rights, their actions may be inadequate to protect any proprietary rights or to prevent others from claiming violations of their proprietary rights. There can be no assurance that other companies are not investigating or developing other products that are similar to the products of the Company.

In addition, effective intellectual property protection may be unenforceable or limited in certain countries. Any of these claims, with or without merit, could subject the Company to costly litigation. If the protection of proprietary rights is inadequate to prevent unauthorized use or appropriation by third parties, the value of the Company's intangible assets may be diminished. Any of these events could have an adverse effect on the Company's business and financial results.

Employee regulations

SSC is exposed to the risk of employee fraud and other misconduct. Employee fraud includes intentional failure to comply with regulations, intentional failure to provide accurate information to regulatory authorities and intentional failure to comply with industry standards. Other misconduct includes failure to report financial information accurately, failure to disclose unauthorized activities to the Company, and the improper use of information obtained in the course of employment. Employee misconduct resulting in legal action, significant fines or other sanctions could result in a material adverse effect to the Company's consolidated business, results of operations or financial condition.

Potential conflicts of interest

Some of the directors or officers of SSC are also directors and/or officers of other reporting and non-reporting issuers. As of the date of this MD&A, and to the knowledge of the directors and officers of the Company, there are no existing conflicts of interest between the Company and any of its directors or officers. Additional situations may arise where the directors and/or officers of the Company may be in competition with SSC.

Any conflicts will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Additional financing - risk factors related to dilution

The Company may issue additional common shares in the future. Future issuances or sales of equity securities could dilute shareholders' ownership and voting power. The issuance of equity securities could also reduce the Company's earnings per share and value of the common shares. The Company is permitted by its articles to issue an unlimited number of common shares subject to approval of the Board of Directors and, in the event of any such issuance, shareholders will have no pre-emptive rights associated with the issuance.

Environmental regulations and risks

The Company's current and future operations are subject to the environmental regulations of the jurisdictions in which they operate. These regulations mandate the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of waste, both solid and hazardous. Environmental regulations are evolving, generally becoming more stringent and requiring a greater level of responsibility from companies and their officers, directors and employees. Future regulations or changes to regulations may have material adverse effects on the Company and its current and future operations.

The development of certain operations of the business rely upon the receipt of permits or government approvals. To the extent such approvals are required and not obtained, the Company may not be able to develop certain operations as they are currently proposed. If the Company fails to comply with applicable laws, regulations and permitting requirements it may result in enforcement actions against the Company, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed. These orders may include corrective measures requiring installation of additional equipment or remedial actions which could cause the Company to incur additional capital expenditures or other expenses.

Amendments to current laws, regulations, and permits governing the production and sale of cannabis, or more stringent implementation thereof, could have a material adverse affect on the Company by way of increased expenses, capital expenditures or production costs or a reduction in levels of production or revenue or the requirement of abandoning or delaying development.

Loss of investment risk

An investment in SSC is speculative and may result in the loss of a substantial portion of an investment. Only potential investors who are experienced in high-risk investments and who can afford to lose a substantial portion of their investment should consider an investment in the Company.

Dividends

Any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law, and other factors that the Board of Directors may deem relevant.

As a result, investors may not receive any return on an investment in the common shares unless they sell their shares of the Company for a price greater than that which such investors paid for them. The Company has no earnings or dividend record and may not pay any dividends on its common shares in the foreseeable future. Dividends paid by the Company could be subject to tax and, potentially, withholdings.

Additional details for the Company can be found on SEDAR+.