SIMPLY SOLVENTLESS CONCENTRATES

Management's Discussion & Analysis
For the Three and Six Months Ended June 30, 2024
(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. (the "Company" or "SSC") is dated as of August 14, 2024.

This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2024, (the "Financial Statements"), and the audited consolidated 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, tolling, 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 performed 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").

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.

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.

On June 25, 2024, SSC entered into a Services Agreement (the "SA") and Share Purchase Agreement (the "SPA") with CannMart Inc ("CannMart"). CannMart owns the brands Roilty and Zest which are leaders in hydrocarbon extract products in Alberta, Ontario, Saskatchewan, and Manitoba, and with a presence in Quebec, the Maritimes, and the Territories. Under the SA, SSC operates CannMart until close of the SPA. Under the SA, SSC receives 100% of CannMart's revenue, less a service fee calculated as the greater of $100,000 or 10% of Net Revenue (gross revenue less excise taxes) of CannMart. All service fees paid under the SA will be deducted from the final purchase price of CannMart. The Company is responsible for 100% of CannMart's operating expenses.

The purchase price of CannMart under the SPA is $2,500,000 which will be funded through $500,000 cash (the "Cash Payment"), $500,000 in units under the same terms as the April 17, 2024 financing, discussed above and below, and $1,500,000 of Vendor-Take-Back ("VTB") debt. Payments made under the SA will be applied as a reduction of the purchase price (through a reduction in the VTB). Under the SPA, SSC will acquire inventory with a net book value of $500,000 and estimated net working capital of $600,000 (excluding the $500,000 of inventory). Any changes to the estimated net working capital will be adjusted through the Cash Payment or VTB depending on the nature of the adjustment.

On July 17, 2024, SSC completed a financing through the issuance of 15,400,000 units at a price of $0.25 per unit for net proceeds of $3,850,000. Each Unit consisted of one common share and one-half common share purchase warrant of SSC. Each Warrant is exercisable for one common share of SSC at a price of $0.40 per share for a period of two 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 the six months ended June 30, 2024, SSC generated average gross revenue of $1,225,816 per month.

SSC has achieved net income profitability in six of the past seven quarters and normalized net income profitability for seven straight quarters. Net income profitability is a rarity in the Canadian cannabis industry. SSC has achieved EBITDA profitability in seven of the past eight quarters and adjusted EBITDA profitability for eight straight quarters.

With a great team, revenue growth, net income profitability, no long term debt, and five compelling and popular recreational cannabis brands (including CannMart's Roilty and Zest), SSC is positioned for success in the Canadian cannabis industry.

FINANCIAL HIGHLIGHTS

- Q2 2024 Net Income per Share (EPS): $0.024 (Q1 2024 - $0.01), an increase of 140%.
- Q2 2024 Annualized Net Income per Share (EPS): $0.096 (Q1 2024 - $0.04), an increase of 140%.
- Q2 2024 Cash Flow from Operations Before Working Capital Changes: $952,986 (Q1 2024 - $610,843), an increase of 56%.
- Q2 2024 Gross Revenue: For the three months ended June 30, 2024, the Company generated gross revenue of $4,232,663 (three months ended March 31, 2024 - $3,122,232, three months ended June 30, 2023 - $1,914,161), increases of 35.6% and 121.1% respectively.
- Q2 2024 Net Revenue: For the three months ended June 30, 2024, the Company generated net revenue of $2,902,206 (three months ended March 31, 2024 - $2,298,273, three months ended June 30, 2023 - $1,811,137), increases of 26.3% and 60.2% respectively.
- Q2 2024 Gross Margin ($): For the three months ended June 30, 2024, the Company generated gross margin of $1,720,920 (three months ended March 31, 2024 - $1,117,386, three months ended June 30, 2023 - $1,208,784) increases of 54.0% and 42.4% respectively.
- Q2 2024 Gross Margin (%): For the three months ended June 30, 2024, the Company generated gross margin of 59.3% (three months ended March 31, 2024 – 48.6%, three months ended June 30, 2023 – 66.7%).
- Q2 2024 EBITDA: For the three months ended June 30, 2024, the Company generated EBITDA of $1,282,969 (three months ended March 31, 2024 – $567,602, three months ended June 30, 2023 - $1,261,830), increases of 126.0% and 1.7% respectively.
- Q2 2024 Adjusted EBITDA: For the three months ended June 30, 2024, the Company generated adjusted EBITDA of $952,986 (three months ended March 31, 2024 - $611,571, three months ended June 30, 2023 - $938,060), increases of 55.8% and 1.6% respectively.
- Q2 2024 Net Income: For the three months ended June 30, 2024 the Company generated net income of $1,220,798 (three months ended March 31, 2024 - $502,536, three months ended June 30, 2023 - $1,161,241), increases of 142.9% and 5.1% respectively.
- Q2 2024 Normalized Net Income: For the three months ended June 30, 2024 the Company generated positive normalized net income of $890,815 (three months ended March 31, 2024 - $546,505, three months ended June 30, 2023 - $837,471), increases of 63.0% and 6.4% respectively.
- June 30, 2024 Working Capital: $5,909,655 (June 30, 2023 - $3,394,604)
- Inventory Turnover: For the three months ended June 30, 2023, the inventory turnover was 0.48x (June 30, 2023 – 0.59x). Taking into account planned revenue increases, the inventory turnover is expected to increase to 0.70x and 1.00x in Q3 and Q4 respectively.
- Lamplighter Acquisition: On January 17, 2024, SSC acquired the Lamplighter brand for proceeds of up to $600,000, which is the net book value of tangible assets received.
- $800,000 Unit Financing: Subsequent to Q1 2024, on April 17, 2024, SSC issued 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.

- CannMart Services Agreement & Acquisition: On June 25, 2024, SSC entered into a Services Agreement (the "SA") and Share Purchase Agreement (the "SPA") with CannMart Inc ("CannMart"). Under the SA, SSC has full operational control of CannMart until close of the SPA. The purchase price of CannMart under the SPA is $2,500,000 which will be funded through $500,000 cash, $500,000 worth of units under the same terms as those issued in the April 17 2024 financing and $1,500,000 of VTB debt.
- $3,850,000 Unit Financing: Subsequent to Q2 2024, on July 17, 2024, SSC issued 15,400,000 units at a price of $0.25 per unit for net proceeds of $3,850,000. Each Unit consisted of one common share and one-half common share purchase warrant of SSC. Each Warrant is exercisable for one common share of SSC at a price of $0.40 per share for a period of two years from the date issued.
- Warrant Exercises: Subsequent to Q2 2024 up until August 14, 2024, 3,311,959 warrants have been exercised at $0.20 per warrant for proceeds of $662,392.

OPERATIONS

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Gross revenue	4,232,663	1,914,161	7,354,895	3,703,721
Excise taxes	1,330,457	103,024	2,154,416	103,024
Net revenue	2,902,206	1,811,137	5,200,479	3,600,697
Cost of goods sold	1,181,286	602,353	2,362,172	1,134,039
Gross profit	1,720,920	1,208,784	2,838,307	2,466,658
Selling, general and administration	767,934	270,724	1,273,626	545,765
Depreciation and amortization	13,234	11,549	26,558	22,714
Share compensation expense	101,688	30,063	145,657	112,576
Income from operations	838,064	896,448	1,392,466	1,785,603
Non-operating items:				
Interest	48,937	89,040	100,769	195,344
Finance costs	-	-	-	24,022
Foreign exchange loss	-	-	124	-
Gain on settlement	431,671	-	431,671	-
Gain on disposal	-	353,833	-	353,833
Net and comprehensive income	1,220,798	1,161,241	1,723,244	1,920,070
Income per share:				
Basic	0.024	0.033	0.034	0.055
Diluted	0.022	0.031	0.032	0.051
Weighted average number of shares outstanding				
Basic	50,331,539	35,214,375	50,331,539	35,214,375
Diluted	54,261,263	37,557,986	54,261,263	37,557,986

Normalized Net Income

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net and comprehensive income	1,220,798	1,161,241	1,723,244	1,920,069
Non-operating items:				
Gain on settlement	(431,671)	-	(431,671)	-
Gain on disposal	-	(353,833)		(353,833)
Share compensation expense	101,688	30,063	145,657	112,576
Normalized net income (loss)	890,815	837,471	1,437,230	1,678,813

EBITDA and Adjusted EBITDA

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net and comprehensive (loss) income	1,220,798	1,161,241	1,723,244	1,920,070
Non-operating items:				
Depreciation and amortization	13,324	11,549	26,558	22,714
Interest	48,937	89,040	100,769	195,344
EBITDA	1,282,969	1,261,830	1,850,571	2,138,128
Non-operating items:				
Gain on settlement	(431,671)	-	(431,671)	-
Gain on disposal	-	(353,833)	-	(353,833)
Share compensation expense	101,688	30,063	145,657	112,576
Adjusted EBITDA	952,986	938,060	1,564,557	1,896,871

Revenue

During the three months ended June 30, 2024, SSC earned $4,232,663 in gross revenue (three months ended June 30, 2023 - $1,914,161), an increase of 121%. The increase in gross revenue was due to increased branded product sales for Astrolab, Frootyhooty and Lamplighter.

Cost of goods sold and margins

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Gross revenue	4,232,663	1,914,161	7,354,895	3,703,721
Excise taxes	1,330,457	103,024	2,154,416	103,024
Net revenue	2,902,206	1,811,137	5,200,479	3,600,697
Cost of goods sold	1,181,286	602,353	2,362,172	1,134,039
Gross profit	1,720,920	1,208,784	2,838,307	2,466,658
Gross margin	*59%*	*67%*	*55%*	*69%*

Gross margin decreased for the three months ended June 30, 2024 compared to the same period in 2023. The decrease in gross margin due to a larger mix of branded product sales which can have a lower gross margin percentage. Despite this increase in gross margin percentage, SSC's margins remain strong in the context of the Canadian cannabis industry.

General and administration expense

	Three months ended		Six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Salaries and wages	230,407	83,813	463,948	151,358
Security	2,974	11,209	2,974	12,535
Office and general	120,895	80,078	221,120	149,085
Professional fees	107,902	80,872	209,609	216,701
Selling expenses	301,507	14,752	369,280	16,086
Information technology	4,249	-	6,695	-
Total	767,934	270,724	1,273,626	545,765

Salaries and wages increased 175 percent during the three months ended June 30, 2024 compared to the similar period of 2023. The increase is related to the requirements of operating a company with more revenue and more extensive operations, including having a larger number of employees in sales and management roles.

Office and general expenses increased 51 percent during the three months ended June 30, 2024 compared to the similar period of 2023. The increase is related to the requirements of operating a company with more revenue and more extensive operations, including additional expenditures on general office supplies, insurance premium increases, as well as fees associated with operating a public company. Professional fees increased 33 percent for the three months ended June 30, 2024 compared to the similar period of 2023. The increase is related to increased regulatory and communication fees associated with operating a public company.

Selling expenses increased significantly for the three months ended June 30, 2024 compared to the similar period of 2023. The increase is related to increased selling, marketing and brand awareness campaigns.

STATEMENT OF FINANCIAL POSITION

Accounts receivable

As at,	June 30, 2024	March 31, 2024
Trade receivables	1,098,178	1,122,411
Other current receivables	-	5,937
Allowance for expected credit losses	(10,895)	(10,895)
Total	1,087,283	1,117,453

Accounts receivable decreased 3 percent over the 3 months ended June 30, 2024 as a direct result of increased collections. SSC has maintained the provision for expected credit losses as there has not been a change to the related customer accounts.

Inventory

As at,	June 30, 2024	March 31, 2024
Raw materials	3,498,010	1,973,469
Processed intermediates credit losses	8,902,716	7,564,598
Total	12,400,726	9,538,067

Raw materials are products such as cannabis trim, dried and cured cannabis flower, fresh frozen cannabis flower, distillate, and vape cartridges 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 over the 3 months ended June 30, 2024 due to the acquisition of Lamplighter and in preparation for increased sales volumes related to the CannMart SA and pending acquisition.

Annualized inventory turnover has decreased slightly from 0.55 in Q1 2024 to 0.43 in Q2 2024 due to SSC intentionally building inventory to meet significant increases in revenue. Expectations for Q3 2024 is for the annualized inventory turnover to increase to around 0.55. Expectations for Q4 2024 is for the annualized inventory turnover to increase to around 1.00. Management is focused on ensuring an appropriate level of inventory is being held to meet current and expected sales volumes.

All inventory is in saleable condition.

Deposits

As at,	June 30, 2024	March 31, 2024
Prepaids	123,948	25,517
Other deposits	28,334	5,750
Security deposit	146,931	63,166
Total	299,213	94,433

Deposits of increased 217 percent due to a larger base of revenue which requires more procurement of inventory and deposits.

Accounts payable

Accounts payable of $6,767,395 (March 31, 2024 - $5,561,344) increased due to certain vendors providing SSC with credit terms on purchases which were not available historically the overall acquisition of inventory for use in production and higher sales that are subject to excise.

Capital assets

During the three months ended June 30, 2024, SSC acquired additional production assets of $124,992, peripheral computer equipment of $9,611, and facility improvements of $10,829.

Related parties

During the three months ended March 31, 2024, officers and directors received cash-based compensation of $161,250 (three months ended March 31, 2024 - $177,500), and share-based compensation of $69,335 (three months ended March 31, 2024 - $32,320).

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
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
March 31, 2024	567,602	0.012	611,571	0.013
June 30, 2024	1,282,969	0.025	952,986	0.019

SSC has achieved positive EBITDA in seven of the past eight quarters and positive adjusted EBITDA for eight straight quarters.

Quarter ended	Net income (loss)	Net income (loss) per share	Normalized net income (loss)	Normalized net income (loss) per share
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	837,471	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
March 31, 2024	502,536	0.010	546,505	0.011
June 30, 2024	1,220,798	0.024	890,815	0.018

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

LIQUIDITY AND CAPITAL RESOURCES

Historically, the Company has financed its operational and capital requirements through 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 June 30, 2024, the Company's total capital of $7,924,221 (March 31, 2024 - $5,727,988) consists of $6,958,996 equity (March 31, 2024 - $4,916,923) and $965,225 short-term loans (March 31, 2024 - $811,026).

As at,	June 30, 2024	March 31, 2024
Cash	109,554	135,451
Accounts receivable	1,087,283	1,117,453
Inventory	12,400,726	9,538,067
Prepaids and deposits	299,213	94,433
Accounts payable	(6,767,395)	(5,561,344)
Short term loan	(965,225)	(811,026)
Current portion of lease liability	(254,501)	(249,323)
Working capital	5,909,655	4,263,711

As at June 30, 2024 the Company had a working capital surplus of $5,909,655 (March 31, 2024 - $4,263,711). Working capital continued to grow in the quarter as the company built inventory to satisfy increasing revenue. SSC continues to monitor its working capital position to ensure that it is sufficient but not excessive.

CASH FLOWS

For the three months ended June 30,	2024	2023
Opening cash	135,451	92,143
Cash from operations before changes in working capital	952,986	638,189
Chanes in working capital	(1,448,899)	(325,211)
Cash used in investing	(145,432)	(43,601)
Cash provided (used) in financing	615,448	(3,289)
Ending cash	109,554	358,231

As at June 30, 2024, the Company had a cash balance of $109,554 (March 31, 2024 - $135,451, June 30, 2023 - $358,231).

SSC achieved increased cash from operations before working capital during the three months ended June 30, 2024 compared to the same period in the prior year. The change is due increased revenue and maintaining or decreasing operational costs. The increase in working capital for the period compared to the same period in the prior year is due to increased inventory purchases and increase receivables due to stronger sales.

Cash provided in financing relates to financing completed in April less issuance costs and lease payments (June 30, 2023 - issuance of convertible debentures net of lease payments).

CONTRACTUAL OBLIGATIONS

The Company's current contractual obligations as at June 30, 2024 included the above noted accounts payable and accrued liabilities of approximately $6,767,395 (March 31, 2024 - $5,561,344). These obligations are expected to be repaid in the 2024 and 2025 fiscal periods.

COMMITMENTS

SSC's only commitments pertain to existing and new 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

At June 30, 2024 the Company had 53.8 million (March 31, 2024 – 48.5 million) common shares outstanding, 26.5 million (March 31, 2024 – 20.8 million) common share purchase warrants outstanding, and 4.9 million (March 31, 2024 – 3.9 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.

SUBSEQUENT EVENTS

Subsequent to period end, the Company issued 15,400,000 common shares and 7,700,000 common share purchase warrants in a non-brokered private placement of units for $0.25 per unit and total gross proceeds of $3,850,000. Each common share purchase warrant is exercisable for one common share of the company at a price of $0.40 per share for a period of 2 years from the date of issuance. The Company will use the proceeds to facilitate the Services Agreement with CannMart Inc., fund the acquisition of CannMart Inc. and commission in-house hydrocarbon extraction equipment.

Subsequent to period end, 3,311,959 warrants have been exercised at a price of $0.20 per warrant for proceeds of $662,392. The exercise resulted in 3,311,959 common shares of the company being issued.

Subsequent to period end, the SPA signed with CannMart Inc. has not closed and the Company is still operating CannMart under the Services Agreement. Closing of the SPA is expected to occur in Q3.

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 June 30, 2024, 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

SSC's industry trends and risks remain unchanged from that discussed in the annual MD&A for the year ended December 31, 2023.