Simply Solventless Concentrates

Management's Discussion & Analysis
For the Years Ended December 31, 2024 and 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. (the "Company" or "SSC") is dated as of June 2, 2025.

This MD&A should be read in conjunction with the Company's annual consolidated financial statements for the years ended December 31, 2024 and 2023, (the "Financial Statements"), 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.

SSC is a publicly traded corporation whose principal business objective is the production and distribution of cannabis in Canada pursuant to the Cannabis Act. The Company does not engage in any cannabis-related activities in the United States as defined in Canadian Securities Administrators Staff Notice 51-352.

Additional information relating to SSC is available under SSC`s SEDAR profile at www.sedarplus.ca.

COMPANY BACKGROUND AND STRATEGIC TRANSACTIONS

- SSC was incorporated under the laws of Alberta on July 10, 2020. The Company owns confidential intellectual property regarding the branding, formulation, manufacturing, and sale of pure, potent, terpene-rich cannabis products for discerning cannabis consumers. The Company serves 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 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.
- 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 $570,000, 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 an oversubscribed 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 operated CannMart until close of the SPA. Under the SA, SSC received 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 were deducted from the final purchase price of CannMart. The Company was responsible for 100% of CannMart's operating expenses.
- On July 17, 2024, SSC completed an oversubscribed 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.
- On September 12, 2024, SSC closed the acquisition of CannMart. The final purchase price of $3,200,000 was settled through $500,000 cash, $500,000 in units under the same terms as the July 17, 2024 financing, discussed above, and $2,200,000 of Vendor-Take-Back ("VTB") debt. Payments made under the SA were applied as a reduction of the purchase price (through a reduction in the VTB). SSC acquired inventory with a net book value of $500,000 and estimated net working capital of $500,000 (excluding the $500,000 of inventory).
- On October 18, 2024, SSC closed the acquisition of ANC Solutions Inc. ("ANC"), a privately owned pre-roll and white label manufacturer in Alberta Canada. Partnering with LPs nationwide, ANC specializes in crafting traditional, cigarette-style, blunts and infused pre-rolls, ensuring unparalleled quality and innovation in every product. The net purchase price of ANC was $13,160,463, funded by 1) $3,000,000 in cash, 2) $3,000,000 in units of SSC ("SSC Units") at a price of $0.50 per SSC Unit, with each SSC Unit comprised of one common share of SSC and one half of one common share purchase warrant, with each whole warrant exercisable into one common share at an exercise price of $0.75/share for a period of two years following issuance. The SSC Units are subject to an escrow agreement and released in 20% tranches in three-month increments beginning on April 1, a $4,000,000 non-interest bearing secured promissory note due and payable in cash on May 31, 2025 (the "ANC Promissory Note"), 4) up to $3,500,000 Reverse Earn Out Promissory Note, and 5) up to $3,000,000 Patent Reverse Earnout Promissory Note. Pursuant to the acquisition agreement, a post-closing working capital adjustment in the amount

of $398,551 (net working capital excess over $2.0 million) and a negative fair value adjustment to the promissory note and reverse earnout component of the promissory note of $738,088 subsequently decreased the net purchase price to $13,160,463. Refer to the Subsequent Events section for further developments on the working capital adjustment and secured promissory note after the year end.

- During the Year, 21,558,277 warrants priced at $0.20 were exercised for total proceeds of $4,311,655 and 8,700,000 warrants priced at $0.40 were exercised for total proceeds of $3,480,000. The warrant exercises resulted in 30,258,277 common shares of the Company being 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 through organic growth acquisitions.

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. During the year ended December 31, 2024, SSC generated average gross revenue of $1,708,184 per month.

With a great team, revenue growth, a track record of accretive acquisitions, and a multitude of compelling and popular recreational cannabis brands, SSC is positioned for success in the Canadian cannabis industry.

CHANGES IN CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS THAT HAVE HAD A MATERIAL IMPACT TO THE FINANCIAL RESULTS FOR 2024

There has been a significant change in SSC's accounting estimates relating to revenue recognition of non-monetary tolling services, and recognition of overhead charges in cost of goods sold for the year ended December 31, 2024.

De-recognition of revenue related to non-monetary tolling services

During 2023 and for the nine month period ending September 30, 2024, the Company recognized revenue from tolling services with various arms-length counterparties where payment for the tolling services was paid in-kind with an equivalent value of the processed end product recorded into inventory. In the fourth quarter of 2024, the Company completed an in-depth analysis of its treatment of these non-monetary tolling contracts and made the judgement that the substance of the contracts is more aligned with a supplier or collaborator relationship. Consequently, the Company recorded an adjustment to derecognize $4,295,364 of tolling service revenue in 2024 with a corresponding reduction in cost of goods sold of $682,975 to reflect the change in cost base of the related inventory.

Recognition of overhead expenses in cost of goods sold

During 2024, the Company recognized an adjustment to cost of goods sold to recognize overhead costs not fully recognized in prior periods. On a routine basis, the Company reallocates certain general and corporate overhead costs to inventory and subsequently allocates these costs to cost of goods sold using a systematic allocation methodology driven by type and volume of products sold during the period. In the fourth quarter of 2024, the Company recorded a reconciliation adjustment of $3,102,029 to cost of goods sold. The recorded charge includes the recognition of an under allocation of the overhead allocation to cost of goods sold for during the first nine months of 2024. Overhead charges recognized in inventory as at December 31, 2024 was $2,983,551. All inventory is in saleable condition and there were no indicators of impairment as at the balance sheet date.

Further information on the Company's critical accounting policies and estimates are disclosed in Note 3 & 4 to the Financial Statements.

FINANCIAL HIGHLIGHTS

- 2024 Net loss per Share (EPS): $0.08 (2023 - $0.03 earnings per Share).

- 2024 Gross Revenue: the Company generated gross revenue of $20,498,204 (2023 - $6,973,401), increase of 194% over the prior year.

- 2024 Net Revenue: the Company generated net revenue of $13,679,144 (2023 - $6,191,646), increase of 121% over the prior year.

- 2024 Gross Profit ($): the Company generated gross profit of $1,181,189 (2023 - $3,497,279), decrease of 66% over the prior year, resulting largely from the Company's change in revenue recognition for certain non-monetary tolling services as further described above under the heading '*Changes in critical accounting estimates & judgements that have had a material impact on financial results for 2024*'.

- 2024 Adjusted EBITDA: the Company generated an adjusted EBITDA loss of $3,803,445 (2023 - $2,246,926), decrease of 269% over prior period resulting largely from a change in the Company's revenue recognition for certain non-monetary tolling services and overhead costs included in cost of goods sold as further described above under the heading '*Changes in critical accounting estimates & judgements that have had a material impact on financial results for 2024*'.

- December 31, 2024 Working Capital: $1,626,131 (2023 - $3,693,879), a decrease of 56% over the prior year.

- $800,000 Unit Financing: On April 17, 2024, SSC completed an oversubscribed financing issuing 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.

- $3,850,000 Unit Financing: On July 16, 2024, SSC completed an oversubscribed financing issuing 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: During the year, 21,558,277 warrants were exercised at $0.20 per warrant for total proceeds of $4,311,655. 8,700,000 warrants were exercised at $0.40 per warrant for total proceeds of $3,480,000.

OPERATIONS

	Three months ended		Twelve months ended	
	December 31, 2024	December 31, 2023	**December 31, 2024**	December 31, 2023
Gross revenue				
Cannabis sales	**5,967,693**	1,291,121	**20,498,204**	4,706,773
Product tolling services	**-**	499,504	**-**	2,266,628
Less: Excise duty	**(2,437,693)**	(479,314)	**(6,819,059)**	(781,755)
Net revenue	**3,529,769**	1,311,311	**13,679,144**	6,191,646
Cost of goods sold	**(7,035,905)**	(827,698)	**(12,497,955)**	(2,694,367)
Gross profit (loss)	**(3,620,297)**	483,613	**1,181,189**	3,497,279
Selling, general and administration	**2,143,487**	393,858	**4,386,180**	1,214,725
Depreciation and amortization	**166,312**	12,903	**250,924**	48,207
Share compensation expense	**238,124**	36,726	**628,709**	218,984
Income (loss) from operations	**(6,213,737)**	40,126	**(4,084,624)**	2,015,363
Non-operating items:				
Finance costs	**1,017,618**	51,460	**1,172,041**	337,346
Restructuring costs	**46,516**	-	**270,864**	-
Gain on facility disposal	**-**	(63,980)	**-**	(417,814)
Acquisition of Dash Capital Corp	**-**	1,043,909	**-**	1,043,909
Foreign exchange loss	**14,953**	-	**18,932**	11,606
Government rebates	**(66,346)**	-	**(66,346)**	-
Income (loss) before income taxes	**(7,247,358)**	(1,000,968)	**(5,480,115)**	1,040,316
Income tax (recovery)	**(285,426)**	-	**285,426**	-
Net income (loss) and comprehensive income (loss)	**(6,895,586)**	(1,000,968)	**(5,194,689)**	1,040,316
Income (loss) per share:				
Basic	**(0.103)**	(0.030)	**(0.078)**	0.030
Diluted	**(0.103)**	(0.020)	**(0.078)**	0.020
Weighted average number of shares outstanding				
Basic	**66,940,608**	38,691,302	**66,940,608**	38,691,302

Diluted	**72,799,693**	41,692,593	**72,799,693**	41,692,593

EBITDA and Adjusted EBITDA

	Three months ended		Twelve months ended	
	December 31, 2024	December 31, 2023	**December 31, 2024**	December 31, 2023
Net and comprehensive income (loss)	**(6,895,586)**	(1,000,968)	**(5,194,689)**	1,040,316
Non-operating items:				
Depreciation and amortization	**166,312**	12,590	**250,924**	48,207
Finance costs	**1,017,618**	66,520	**1,172,041**	313,324
Tax recovery	**(285,426)**	-	**(285,426)**	-
Government rebates	**(66,346)**	-	**(66,346)**	-
EBITDA	**(6,032,693)**	(936,605)	**(4,123,496)**	1,401,847
Non-operating items:				
Gain on facility disposal	**-**	(63,980)	**-**	(417,814)
Acquisition of Dash	**-**	1,043,909	**-**	1,043,909
Restructuring costs	**46,312**	-	**270,864**	-
Share compensation expense	**238,124**	36,726	**628,709**	218,984
Adjusted EBITDA	**(5,346,140)**	80,050	**(3,223,924)**	2,246,926

Revenue

During the twelve months ended December 31, 2024, (the "Year"), SSC generated $20,498,204 in gross revenue (2023 – $6,973,401), an increase of 194%. The increase in gross revenue was due to an expanded array of product and service offerings including introduction of branded products from Astrolab, Frootyhooty and Lamplighter, CannMart's Roilty and Zest brands (acquired in September 2024), and the acquisition of ANC's Status brand and their business-to-business pre-rolling services.

During 2023 and for the nine month period ending September 30, 2024, the Company recognized revenue from tolling services with various arms-length counterparties where payment for the tolling services was paid in-kind with an equivalent value of the processed end product recorded into inventory. In the fourth quarter of 2024, the Company reviewed the assessment of non-monetary tolling services and reassessed the relationships in the agreements for tolling services with paid-in-kind payment terms were representative of supplier relationships. The Company consequently recorded an adjustment to derecognize $4,295,364 of tolling revenue in 2024 with a corresponding reduction in cost of goods sold of $682,975 to reflect the change in cost base of the related inventory. Pursuant to the Company's change in critical accounting estimates for these non-monetary transactions , paid-in-kind tolling services are now accounted for as purchases of raw materials with inventory and cost of goods sold reflecting the value of the raw materials purchased. Refer to the heading above '*Changes in critical accounting estimates & judgements that have had a material impact on financial results for 2024'* for further details.

Cost of goods sold and margins

	Three months ended		Twelve months ended	

	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Gross revenue	**5,967,692**	1,790,625	**20,498,204**	6,973,401
Excise taxes	**2,437,924**	479,314	**6,819,059**	781,755
Net revenue	**3,529,768**	1,311,311	**13,679,145**	6,191,646
Cost of goods sold	**7,035,905**	827,698	**12,497,956**	2,694,367
Gross profit (loss)	**(3,620,298)**	483,613	**1,181,189**	3,497,279
Gross margin	***-61%***	*43%*	***6%***	*57%*

During the Year, SSC generated gross margin of 6% (2023 – 57%), a decrease of 49%. The substantially lower gross margin in the current year is largely a result of the impact of recognizing an adjustment for previously unrecorded overhead cost allocation to cost of goods sold which was not fully recognized in 2023 and the nine months ended September 30, 2024.

In connection with the Company's assessment in its revenue recognition of tolling services during the fourth quarter of 2024, the Company recognized a reduction to costs of goods sold by $682,975, to reflect the change in cost base of paid-in-kind inventory. Under the assessment completed by management, paid-in-kind tolling services are now accounted for as purchases of raw materials with inventory and cost of goods sold reflecting the value of the raw materials purchased. Refer to the revenue analysis above for further details.

Refer to the heading above '*Changes in critical accounting estimates & judgements that have had a material impact on financial results for 2024'* for further details on the impacts to cost of goods sold for 2024.

General and administration expense

	Three months ended		Twelve months ended	
	December 31, 2024	December 31, 2023	**December 31, 2024**	December 31, 2023
Salaries and wages	**557,669**	152,395	**1,253,558**	469,817
Security	**2,941**	1,384	**5,915**	13,191
Office and general	**1,485,377**	160,249	**2,693,926**	447,403
Professional fees	**58,156**	66,638	**362,728**	278,187
Commissions	**9,189**	-	**9,189**	(12,462)
Leases	**-**	-	**-**	17,861
Information technology	**44,439**	-	**60,864**	-
Total	**2,157,771**	432,247	**4,386,180**	1,214,725

Salaries and wages increased 421% during the Year, compared to 2023. The increase is related to the addition of CannMart and ANC staff as well as increases in staffing required to facilitate continued revenue growth and increasing operations.

Office and general expenses increased 574% during the Year, compared to 2023. The increase is related to the additional costs associated with operating CannMart and ANC in addition to an overall increase in operations, consumption of general office supplies, increases in insurance and other fees.

Professional fees increased 316% for the Year, compared to 2023. The increase is related to the addition of professional fees in CannMart and ANC, increased contract costs and increases for regulatory and communication fees.

Selling expenses increased significantly for the Year, compared to 2023. The increase is related to increased selling, marketing and brand awareness campaigns through attending events, increased social media activity and in-store promotions.

STATEMENT OF FINANCIAL POSITION

Accounts receivable

As at,	**December 31, 2024**	December 31, 2023
Trade receivables	**3,780,043**	5,36,838
Other current receivables	**287,677**	5,937
Allowance for expected credit losses	**(133,151)**	(10,895)
Total	**3,934,569**	531,880

Accounts receivable at December 31, 2024 increased 640% compared to December 31, 2023 due to increased sales and the addition CannMart and ANC. Of the $3,934,569 outstanding, $2,019,729 is held with provincial bodies and $1,760,314 held with regional distributors to cannabis retail stores. SSC has updated the provision for expected credit losses based on the expected collectability of aged accounts.

Inventory

As at,	**December 31, 2024**	December 31, 2023
Raw materials	**5,553,673**	1,031,631
Processed intermediates	**10,542,514**	6,689,685
Total	**16,096,187**	7,721,289
Inventory turnover	***1.05x***	*0.52x*

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 at December 31, 2024 increased 108% compared to December 31, 2023 due to the acquisition of CannMart and ANC, increased input purchases, and increased production of inventory to ramp up to historic revenue levels for both acquired companies.

In connection with the Company's reassessment of its revenue recognition of non-monetary tolling services during the fourth quarter of 2024, the Company recognized an adjustment to reduce inventory by $2,783,057, to reflect the change in cost base of paid-in-kind inventory. Under the assessment completed by management, paid-in-kind tolling services are now accounted for as purchases of raw materials with inventory and cost of goods sold reflecting the value of the raw materials purchased. Refer to the revenue analysis above for further details.

Ending inventory includes a monthly reallocation of general and corporate overhead costs that are subsequently allocated to cost of goods sold using a systematic allocation methodology driven by type and volume of products sold during the period. In the fourth quarter of 2024, the Company recorded a reconciliation adjustment of $3,102,029 to cost of goods sold. The recorded charge includes the recognition of an under allocation of the overhead allocation to cost of goods sold for during the first nine months of 2024. Overhead charges recognized in inventory as at December 31, 2024 was $2,983,551. All inventory is in saleable condition and there were no indicators of impairment as at the balance sheet date.

Refer to the heading above '*Changes in critical accounting estimates & judgements that have had a material impact on financial results for 2024' for further details on the impact to inventory*.

Annualized inventory turnover has increased slightly from 0.52 in 2023 to 1.05 in 2024 as SSC moves some of the on-hand inventory that was built up to ensure sales demand is met. Inventory turnover is expected to increase as the investment in inventory for CannMart is sold. Expectations for 2025, is for the annualized inventory turnover to operate 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,	**December 31, 2024**	December 31, 2023
Prepaids	**144,722**	13,917
Other deposits	**1,180,727**	11,500
Security deposit	**59,666**	59,666
Total	**1,385,115**	85,083

Deposits increased 1,528% due mostly to a large deposit required for the Hydrocarbon Extraction system, increased inventory deposits with suppliers and a overall increase of pre-paid service fees.

Accounts payable

Accounts payable of $11,523,699 (December 31, 2023 - $4,163,37) increased 177% due to the acquisition of CannMart and ANC, purchase of inventory and increased sales subject to excise.

Capital assets

During the Year, SSC acquired additional production assets of $195,128, computer equipment of $69,397, facility improvements of $34,358, and office equipment of $7,469.

As part of the acquisitions of CannMart and ANC, SSC acquired capital assets consisting of the following: production equipment of $481,067, facility upgrades $747,894, office equipment of $93,963, and computer equipment of $84,711.

Related parties

During the Year, officers and directors received cash-based compensation of $827,593 (2023 - $387,451), and share-based compensation of $308,067 (2023 - $253,907) and severance payments in the amount of $28,125 (December 31, 2022 – nil).

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
September 30, 2024	505,509	0.009	1,004,542	0.017
December 31, 2024	(5,747,267)	(0.053)	(5,060,714)	(0.046)

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
September 30, 2024	424,446	0.007	923,479	0.016
December 31, 2024	(6,895,586)	(0.063)	(6,237,215)	(0.057)

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 December 31, 2024, the Company's total capital of $26,445,524 (December 31, 2023 - $4,684,135) consists of equity $15,458,467 (December 31, 2023 - $4,370,457) and $9,029,937 short-term debt (December 31, 2023 - $313,678).

As at,	**December 31, 2024**	December 31, 2023
Cash	**1,885,074**	80,879
Accounts receivable	**3,934,569**	531,880
Inventory	**16,096,187**	7,721,289
Prepaids and deposits	**1,385,115**	85,083
Accounts payable	**(11,523,699)**	(4,163,379)
Deferred revenue	**(228,009)**	-

Taxes payable	**(418,756)**	-
Short term loan	**(653,533)**	(313,678)
Promissory note	**(7,426,404)**	-
Vendor take back	**(950,000)**	-
Current portion of lease liability	**(474,412)**	(248,195)
Working capital	**1,626,133**	3,693,879

As at December 31, 2024 the Company had a working capital surplus of $1,626,133 (December 31, 2023 - $3,693,879). SSC continues to monitor its working capital position to ensure that it is sufficient to manage the ongoing needs of the business. Refer to the Subsequent Events section for details on the Company's material developments, including financing activities occurring after December 31, 2024.

CASH FLOWS

For the year ended December 31,	**2024**	2023
Opening cash	**80,879**	232,684
Cash used in operations	**(5,849,259)**	(408,155)
Cash used in investing	**(2,969,365)**	(40,787)
Cash provided (used) in financing	**10,622,819**	297,137
Ending cash	**1,885,074**	80,879

As at December 31, 2024, the Company had a cash balance of $1,885,074 (December 31, 2023 - $80,879).

2024 cash used in operations was $ (5,849,259) (2023 - $408,155), an increase of 1333%. The change is due increased operational costs resulting from the Company's ongoing organic growth and acquisitions during the year.

Cash provided in financing relates to financing completed during the year, less issuance costs, warrant conversions in November and December and lease payments.

CONTRACTUAL OBLIGATIONS

The Company's current contractual obligations as at December 31, 2024 included the above noted accounts payable and accrued liabilities of $11,523,699 (December 31, 2023 - $4,163,379). These obligations are expected to be repaid in the 2025 - 2026 fiscal periods.

COMMITMENTS

SSC is committed to numerous office and facilities leases including acquired leases in connection with the Company's acquisition of CannMart and ANC during the year. Below is a summary of the annual commitments for the upcoming 4 years.

	2025	2026	2027	2028	Total
Lease obligations	643,581	656,341	622,690	469,725	2,392,337

OUTSTANDING SHARE DATA

At December 31, 2024 the Company had 107.9 million (December 31, 2023 – 48.5 million) common shares outstanding, 4.5 million (December 31, 2023 – 20.8 million) common share purchase warrants outstanding, and 8.0 million (December 31, 2023 – 1.6 million) stock options outstanding.

Capital

As at December 31, 2024, the Company was authorized to issue an unlimited number of common shares and an unlimited number of first preferred shares.

GOING CONCERN

The financial statements for the year ended December 31, 2024 are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2024, the Company had a working capital surplus of $1,626,132 (December 31, 2023 – $3,693,879) and a deficit of $8,232,515 (December 31, 2023 – $3,037,826 deficit). During the year ended December 31, 2024, the Company incurred a net and comprehensive loss totalling $5,194,689 (December 31, 2023 – net and comprehensive income totalling $1,040,316). Cash used in operations for the year ended December 31, 2024 was $5,849,259 (December 31, 2024 - $408,155).

The ability of the Company to continue as a going concern will depend on its ability to successfully integrate its acquisitions and achieve sufficient profitability or arrange additional financing which is a material uncertainty. These consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, revenues, expenses and the balance sheet classifications that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material. Refer to Subsequent Events below for further updates on activities subsequent to the year end.

SUBSEQUENT EVENTS

$6.0 million Convertible Debenture Financing

On February 13, 2025, the Company completed a financing through the issuance of 6,000 Debenture Units pursuant to an offering (the “Offering”) at a price of $1,000 per Debenture Unit. Each Debenture Unit is comprised of one $1,000 principal value secured convertible debenture of SSC ("Debentures") and 1,000 common share purchase warrants of SSC (the "Warrants"). The Debentures are convertible into SSC common shares ("Common Shares") at $1.00 per Common Share at the option of the holder and at any time during the term of the Debentures. Interest accrues on the Debentures at 11% per annum, which interest is payable quarterly in cash by SSC. The Debentures mature on the date which is 48 months from the closing date and are secured by all present and after acquired property of SSC and its subsidiaries.

A total of 6,000,000 Warrants were issued pursuant to the Offering. Each Warrant is exercisable for one Common Share at a price of $1.20 per Common Share for a period of four years from the closing date. The Debentures, Warrants and underlying Common Shares are subject to a hold period of four months and one day from the closing date. 350 Units ($350,000) were issued to ANC Promissory Note holders for partial settlement of the ANC Promissory Note balance outstanding. The proceeds from the Offering are expected to be used to fund the outstanding purchase price for the Bio-Tech acquisition in the amount of $2,250,000, to further strengthen SSC's balance sheet and for general working capital purposes.

Acquisition of Delta 9 Bio-Tech

On February 28, 2025 SSC acquired all the issued and outstanding shares of Delta 9 Bio-Tech ("Bio-Tech") for cash consideration of $3,000,000, pursuant to a share purchase agreement and pursuant to the approval of the King's Bench of Alberta (the "Court") issued on January 29, 2025, pursuant to proceedings under the Companies' Creditors Arrangement Act (the "CCAA") granted by the Court on July 15, 2024. In accordance with the SPA, a cash deposit of $0.75 million was paid on January 2, 2025 with the balance of $2.25 million paid on closing of the Acquisition. In connection with the Acquisition, SSC entered into a lease agreement on closing in respect of the Bio-Tech facility with an arms-length party for a 10-year term with renewal options.

Bio-Tech operates a 98,000 square foot GACP certified cannabis cultivation facility in Winnipeg, Manitoba (the "Facility"), with an annual cultivation capacity of approximately 8,000-9,000kg of dried cannabis flower and trim. Bio-Tech services the recreational dried flower markets in Ontario, Alberta, Manitoba, Saskatchewan, British Columbia, and the Maritimes, and the business-to-business wholesale market in Canada and internationally.

Announcement and subsequent termination of CanadaBis Inc. Acquisition Agreement

On March 12, 2025, the Company announced that it had entered into an arrangement agreement (the "Arrangement Agreement") dated March 11, 2025 pursuant to which SSC will acquire all of the issued and outstanding common shares of CanadaBis Capital Inc. ("Canadabis") by way of a plan of arrangement under the Business Corporations Act (Alberta) (the "Transaction"). CanadaBis is a publicly traded vertically integrated Canadian cannabis company. In connection with the Transaction, CanadaBis announced that it has launched and closed a brokered private placement financing of 4,035 unsecured convertible debentures (the "Debentures") at a price of $1,000 per Debenture, for gross proceeds of $4.04 million (the "Financing").

On April 28, 2025, CanadaBis announced that it was terminating the Transaction effectively immediately. On April 29, 2025, the Company issued a demand payment from CanadaBis of the break fee in the amount of $1,200,000 by no later than April 30, 2025. No response and no payment has been received from CanadaBis.

Management Cease Trade Order

On April 30, 2025, the Company announced that it had been notified by its on auditor on April 28, 2025 that it was likely the audit of its annual financial statements and management discussion and analysis for the year ended December 31, 2024 would not be complete by April 30, 2025. The delay was due to the fact that SSC's auditors required additional time to complete the audit process. In particular, SSC and its auditor were evaluating the tax treatment of a reorganization transaction of one of its subsidiaries completed prior to SSC's acquisition of it, pursuant to which certain debt of the subsidiary owing to its then parent company was settled in exchange for shares. The tax implications of this reorganization were complicated and resulted in extensive investigation and additional audit procedures. A further extension of the MCTO to June 2, 2025 was granted by the ASC on May 14, 2025.

On May 29, 2025, ASC granted an extension of the MCTO until June 20, 2025 to accommodate the late filing of the Company's quarterly results for the 3-month period ending March 31, 2025.

Options granted and exercised

2,715,000 stock options were granted to directors, officers and employees at an exercise price of $0.63 per share and 558,333 options were exercised by numerous option holders, for total proceeds of

$132,417.

Warrants issued and converted

A total of 6,000,000 warrants were issued pursuant to the convertible debenture financing on February 13, 2025 as disclosed above. Each warrant is exercisable for one Common Share at a price of $1.20 per Common Share for a period of four years from the closing date.

133,333 warrants with a conversion of $0.20 per share, were converted in January 2025.

ANC promissory note repayment and amendment

On June 2, 2025, the Company negotiated an amendment to the ANC Promissory Note (the "Amending Agreement") in connection with the outstanding secured ANC Promissory Note in the amount of $3.65 million due on May 31, 2025. Pursuant to the terms of the Amending Agreement, the Company agreed to a payment of $3.01 million in connection with the contingent consideration pursuant to the earn out provisions of the acquisition agreement between the Company and ANC thereby increasing the ANC Promissory Note to $6.7 million ("Revised ANC Promissory Note Balance"). $3.4 million of the Revised Promissory Note Balance has been settled by the issuance of 6.89 million Common Shares at a value of $0.50 per share (subject to approval from the TSX Venture Exchange), leaving a remaining Revised ANC Promissory Note Balance of $3.22 million. $1.0 million of the remaining Revised ANC Promissory Note will be due and payable in cash on the first anniversary of the Amending Agreement with no accruing interest charges and $2.2 million of the remaining Revised Promissory Note Balance will be paid with weekly installments of $25,000 for the first 78 weeks and thereafter $10,480 for the remaining 26 weeks until the remaining Revised ANC Promissory Note Balance is repaid in full.

The Parties agree that if the Company makes a lump sum payment to retire the Promissory Note by July 31, 2025, the remaining principal balance at that time shall be reduced by $750,000. If the Company makes a lump sum payment to retire the Promissory Note by December 31, 2025, the remaining principal balance at that time shall be reduced by $367,500.

ANC and the Company have agreed to a final working capital settlement of $245,000, pursuant to the acquisition agreement. This payment was made in cash on signing of the Amending Agreement.

All warrants previously issued by the Company to the ANC shareholders in connection to the Company's acquisition of ANC., totaling 3,000,000 warrants, with each whole warrant exercisable into SSC common shares at $0.75 per SSC common share, will be exercisable on a cashless basis, meaning that the Company will issue from treasury the common shares related to the exercise of the Warrants, provide such issued common shares from the warrant exercise to the exercising warrant holder, and the exercising warrant holder will then pay to the Company the total warrant exercise price (number of warrants exercised times the warrant exercise price of $0.75) within 10 business days.

Should the Company raise capital, 35% of the proceeds of such financing will be applied to reduce any remaining balance of the ANC Promissory Note.

Should the Company default on a weekly payment, the Company shall have a period of 10 business days to cure the default. The Company has provided a consent summary judgement in the event of an uncured default.

The Amending Agreement results in a significant positive improvement in the Company's working capital through the elimination of the original $3.5 million ANC Promissory Note principle balance originally due on May 31, 2025, the settlement of the Earn Out agreement for $3.01 million (prior maximum obligation was $3.5 million), and financing of the remaining cash settlement portion of which is now financed over a approximate 2 year period (with exception to $1.0 million which will be cash settled in full on the 1st anniversary date of the Amending Agreement.)

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

The Company has made certain material changes to critical judgements, estimates and assumptions that have had a material effect on the amounts recognized in the Financial Statements for the year ended December 31, 2024 as follows;

De-recognition of revenue related to non-monetary tolling services

During 2023 and for the nine month period ending September 30, 2024, the Company recognized revenue from tolling services with various arms-length counterparties where payment for the tolling services was paid in-kind with an equivalent value of the processed end product recorded into inventory. In the fourth quarter of 2024, the Company completed an in-depth analysis of its treatment of these non-monetary tolling contracts and made the judgement that the substance of the contracts is more aligned with a supplier or collaborator relationship. Consequently the Company recorded an adjustment to derecognize $4,295,364 of tolling service revenue in 2024 with a corresponding reduction in cost of goods sold of $682,975 to reflect the change in cost base of the related inventory.

Recognition of overhead expenses in cost of goods sold

During 2024, the Company recognized an adjustment to cost of goods sold to recognize overhead costs not fully recognized in prior periods. On a routine basis, the Company reallocates certain general and corporate overhead costs to inventory and subsequently allocates these costs to cost of goods sold using a systematic allocation methodology driven by type and volume of products sold during the period. During 2024, the Company recognized an overhead allocation charge of $3,569,515 in cost of goods sold. However, in the fourth quarter of 2024, the Company recorded a reconciliation adjustment of an additional $3,102,029 to cost of goods sold to account for an under recognition of capitalized overhead costs recorded through cost of goods sold for during 2023 and for the first nine months of 2024.

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.

The Company's financial Instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, short term loan, promissory note, and vendor take back. Management estimates that the carrying values of these financial Instruments approximate their fair values as at December 31, 2024.

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.

For the twelve months ended December 31,	**2024**	2023
Net Income and Comprehensive Income	**(5,194,689)**	1,040,316
Add back:		
Finance costs	**1,172,041**	-
Interest	**-**	24,022
Taxes / (recoveries)	**(285,426)**	-
Government rebates	**(66,364)**	-
Depreciation and amortization	**250,924**	48,207
EBITDA	**(4,123,514)**	1,112,545
Non-operating items:		
Gain on facility disposal	**-**	(417,814)
Acquisition of Dash	**-**	1,043,909
Restructuring costs	**270,864**	-
Share compensation expense	**628,709**	218,984
Adjusted EBITDA	**(3,223,924)**	2,246,926

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 production and sale of adult-use cannabis involves many risks which may influence the ultimate success of the Company. While the management of SSC realizes these risks cannot be eliminated, we are committed to monitoring and mitigating these risks. These risks include, but are not limited to the following:

- actions by governmental authorities, including changes in laws, regulations and guidelines which may have adverse effects to the Company's operations;
- the risk that the Company continues as a going concern;
- potential for loss of key employees;
- risks related to negative public perception of cannabis consumption which may have an adverse effect on the Company's operational results, consumer base, and financial results;
- competition in the marketplace, in what is quickly maturing industry;
- ability to execute the Company's strategy without additional financing;
- ability to expand operations into international jurisdictions;
- availability of strategic alliances which complement or augment the Company's existing business;
- possibility of product liability claims against the Company;
- risk of product recalls and returns;
- ability to successfully develop new products and obtain required regulatory approvals;
- conflicts of interest which may arise between the Company and its directors and officials;
- risks related to agricultural operations, including disease, insect pests, and changes in climate;
- the Company's dependence on transportation and the possibility of disruptions;
- fluctuating prices of raw materials;
- risks related to compliance with safety, health, and environmental regulations;
- ability to protect and preserve intellectual property rights;
- risk of political and economic instability in the jurisdictions in which the Company operates;
- to successfully identify and make attractive acquisitions, joint ventures or investments, or successfully integrate future acquisitions;
- capital cost of expected expansion by the Company;
- ability of the Company to achieve expected production;
- competitive conditions of the cannabis industry;
- operating hazards and uninsured risks;
- global economy risk, which may impact the Company's ability to raise equity or obtain additional financing;
- misappropriation of assets and security breaches;
- cyber security risks, loss of information and computer systems;
- demand for the Company's products and services and fluctuations in future revenues;
- development costs remaining consistent with budgets;
- ability to manage anticipated and unanticipated costs;
- pricing of various cannabis products;
- approval by the TSX-V and regulatory authorities of the financings and acquisitions being undertaken by the Company;
- market demand for proposed product and brand launches;
- regulatory authorities continuing to act in accordance with prior guidance;
- equity and debt markets continuing to provide the Company with access to capital on terms acceptable to the Company;

- general economic trends and conditions;
- expected actions of third parties;
- future growth prospects and business opportunities;
- expected growth in the amount of cannabis sold by the Company and the expected timing, size and pricing regarding the recreational market;
- ability to renew Cannabis Act licenses and adhere to all regulatory requirements;
- expectations with respect to future production costs;
- risk of failure to acquire regulatory approvals required to produce and sell cannabis;
- expectations with respect to the renewal and/or extension of the Company's licences and permits;
- applicable laws, regulations and any amendments thereof; and
- grant and impact of any licence or supplemental licence to conduct activities with cannabis or any amendments thereof.