

CAPTOR CAPITAL CORP.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2024

Introduction

The following interim Management's Discussion & Analysis ("Interim MD&A") of Captor Capital Corp. (the "Company" or "Captor") for the three and six months ended September 30, 2024 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended March 31, 2024. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since date of the Annual MD&A.

This Interim MD&A has been prepared in accordance with section 2.2.1 of Form 51-102F1 of the National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended March 31, 2024 and 2023, together with the notes thereto, and unaudited condensed consolidated interim financial statements for the three and six months ended September 30, 2024, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed consolidated interim financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of November 29, 2024 unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors, considered the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Captor common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or on the Company's SEDAR+ profile at www.sedarplus.ca.

Description of Business

Captor was incorporated under the laws of the Province of Ontario, Canada by articles of incorporation on September 26, 2003 and Captor's outstanding common shares became publicly listed on March 19, 2004 on the TSX Venture Exchange (the "Exchange") under the symbol "NWT". Subsequently, the Company's outstanding common shares were listed on the OTCBB under the symbol "NWURF" and on the Frankfurt Exchange. The Company de-listed its common shares from the Exchange on June 1, 2017 and submitted an application for listing its common shares on the Canadian Securities Exchange ("CSE"). The delisting of the Company's shares from the Exchange was done pursuant to a resolution approved by shareholders that was passed on December 16, 2016. On October 30, 2017, the common shares of Captor commenced trading on the CSE under the symbol "CPTR".

The Company is a Canadian investment entity. The objective of the Company is to provide its shareholders with long-term capital growth by investing in a portfolio of cannabis focused companies and other industries. The Company has determined that it meets the definition of an investment entity under IFRS 10. All investments are recorded at fair value at each reporting date.

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Highlights

- Effective July 11, 2024, the Company consolidated its common shares on a 15:1 basis. All references in the consolidated financial statements and this MD&A have been adjusted to reflect this share consolidation.

Adoption of IFRS 10

On April 1, 2024, the Company decided to prospectively adopt the IASB issued Investment Entities as defined in IFRS 10 - Consolidated Financial Statement. The Company has chosen to apply IFRS 10 which requires an investment entity to measure investments at fair value through profit or loss. As an investment company, the Company will focus its resources on investments in other companies. The investment objective of the Company will be to provide its shareholders with long-term capital growth by investing in a diversified portfolio of public companies and commodities.

Previously, the Company previously consolidated Captor Acquisition Corp., Captor Retail Group and certain subsidiaries (collectively "Captor Acquisition Group"), but as it has changed its mandate to be an investment entity the Company's investments are measured as financial assets classified as FVTPL with changes recognized in the consolidated statements of loss and comprehensive loss.

As at April 1, 2024, the Company deconsolidated Captor Acquisition Group resulting in a gain on transition to an investment entity of \$31,826,089 and recorded an investment at fair value. of \$3,111,000.

Investments at Fair Value

The Company's investments portfolio consisted of the following as at September 30, 2024:

Fair Value				
Investments	Level 1	Level 2	Level 3	Total
Equities	\$ 1,052,612	\$ -	\$ 4,112,977	\$ 5,165,589

The Company's investments portfolio consisted of the following as at March 31, 2024:

Fair Value				
Investments	Level 1	Level 2	Level 3	Total
Equities	\$ 1,372,519	\$ -	\$ 1,004,841	\$ 2,377,360

Level 3 fair value hierarchy

The following table presents the changes in fair value measurements classified at Level 3 of the fair value hierarchy. The financial instruments are measured at fair value utilizing non-observable market inputs. The net realized loss on disposals of investments and the net change in unrealized loss on investments are recognized in the statements of loss and comprehensive loss.

Level 3 investments	Opening balance	Purchases/ acquisitions	Proceeds	Realized gain (loss)	Unrealized gain (loss)	Ending balance
September 30, 2024	\$ 1,004,841	\$ 3,111,000	\$ -	\$ -	\$ (2,864)	\$ 4,112,977

Within Level 3, the companies includes non-public company investments. The key assumptions used in the valuation of these instruments include the value at which a recent financing was done by the investee; company-specific information and other valuation techniques. Specifically a market based approach using comparable transactions in the same geographic proximity.

Corporate Update on Investment in Captor Acquisition Group

The Company is a Canadian investment entity. The objective of the Company is to provide its shareholders with long-term capital growth by investing in a diversified portfolio of companies. Captor's investments are accounted for at fair value. However, the Company would like to provide additional information on the operations of its investment in Captor Acquisition Group for the six months ended September 30, 2024.

	Apr to Sept 2024
Revenue	18,796,730
Cost of sales	<u>(13,068,445)</u>
Gross profit	<u>5,728,285</u>

EBITDA Summary

Net income	607,687
Depreciation	<u>147,357</u>
EBITDA	<u>755,044</u>

Captor Retail Group Update

CRG executive leadership continues to lead an experienced team with strong background in retail operations as well as highly educated, well-trained budtenders to lead the front-line customer engagement. Retail managers and front-line leadership from Captor are blending a select breed of operators that hail from cannabis retail and food and beverage ("F&B") service backgrounds, combining strong operations efficacy, extensive cannabis sector expertise, and corporate management experience.

Increasing the retail footprint from two to seven locations and increasing retail revenue has supported supply chain improvements for the network of stores. Aggressive expansion and a continued commitment to revenue growth have resulted in a variety of one-time charges for the Company including but not limited to, cost of acquiring leases, salaries of those involved in expansion, organizational costs of such M&A activity and general G&A. Captor remains confident the growth strategy will increase purchasing power, continue to streamline supply chains, and centralize business activities in the long-term. The growth-related expenses will support the development of operational effectiveness and economies of scale.

In addition to the instore retail operations expansion, the e-commerce experience is being revamped as growth in this business unit has not been inline with what was initially expected. CRG has retooled the customer loyalty program and launched their customer-facing app available in both the AppStore and Goggle Play. The opportunity to have an increased online presence, yet the resources available to the traditional retail markets is not readily available to the cannabis sector. Limited traditional online marketing coupled with financial regulatory restrictions create hurdles that are continuously navigated. The Company has incurred various one-time charges relating to growth and expansion initiatives.

CRG has seven operational dispensaries. The employee count full and part-time employees is 78.

Considering the changing retail landscape, CRG maintains a cautionary approach to its growth strategy and a keen focus on maximizing revenues from its current investments. CRG's retail footprint will support top line revenue expansion while strict standard operating procedures, centralized business activities, and a comprehensive enterprise mentality will correlate to income statement improvements and stabilize the assets earlier in their life cycle.

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Developing retail locations in mature, high-density markets, CRG will continue to benefit from brand awareness and social engagement. Economies of scale will drive down costs and create value as product purchasing power increases. CRG is well positioned for profitability and will continue to draw top talent from the cannabis sector while engaging a growing client base because of its organized retail strategies that remain in line with the ethos of the California cannabis culture.

Summary of Quarterly Results

Quarter ended	Revenue (\$)	Net income or (loss)		Net income or (loss) attributable to shareholders of the Company		Total assets (\$)
		Total (\$)	Basic and diluted per share ⁽⁹⁾ (\$)	Total (\$)	Basic and diluted per share ⁽⁹⁾ (\$)	
September 30, 2024	nil	(1,201,595) ⁽¹⁾	(0.35)	(1,201,595)	(0.35)	40,724,805
June 30, 2024	nil	30,277,823 ⁽²⁾	8.72	30,277,823	8.72	42,015,618
March 31, 2024	9,212,970	(15,423,941) ⁽³⁾	(4.44)	(9,477,592)	(2.73)	33,854,476
December 31, 2023	9,359,513	(393,833) ⁽⁴⁾	(0.11)	(709,458)	(0.20)	42,167,492
September 30, 2023	8,949,309	(159,333) ⁽⁵⁾	(0.05)	(730,697)	(0.21)	43,304,527
June 30, 2023	9,244,202	(158,140) ⁽⁶⁾	(0.05)	(463,228)	(0.13)	44,575,252
March 31, 2023	10,622,067	(17,369,344) ⁽⁷⁾	(5.00)	(13,025,046)	(3.75)	47,280,408
December 31, 2022	12,601,322	(840,509) ⁽⁸⁾	(0.24)	(956,932)	(0.28)	58,702,712

⁽¹⁾ Net loss of \$1,201,595 consisted primarily of unrealized loss on investments at fair value of \$409,449 and general and administrative expenses of \$464,555.

⁽²⁾ Net income of \$30,277,823 consisted primarily of the gain on transition to an investment entity of \$31,096,785.

⁽³⁾ Net loss of \$15,423,941 consisted primarily of general and administrative expenses of \$4,889,481, impairment of assets of \$8,070,520, unrealized loss on investments at fair value of \$2,083,854 and income tax expense of \$4,850,217 and was offset by gross profit of \$4,261,979.

⁽⁴⁾ Net loss of \$393,833 consisted primarily of general and administrative expenses of \$4,054,350 offset by gross profit of \$4,178,586.

⁽⁵⁾ Net loss of \$159,333 consisted primarily of general and administrative expenses of \$3,797,698 offset by gross profit of \$4,148,465.

⁽⁶⁾ Net loss of \$158,140 consisted primarily of general and administrative expenses of \$4,134,763 and was offset by gross profit of \$4,348,555.

⁽⁷⁾ Net loss of \$17,369,344 consisted primarily of general and administrative expenses of \$4,660,542, impairment of assets of \$4,519,937, write down of receivables of \$6,055,341 and income tax expense of \$4,419,445 and was offset by gross profit of \$3,983,073.

⁽⁸⁾ Net loss of \$840,509 consisted primarily of general and administrative expenses of \$4,742,326 and was offset by gross profit of \$4,530,146.

⁽⁹⁾ Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

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Results of Operations

For the three months ended September 30, 2024 compared with the three months ended September 30, 2023:

For the three months ended September 30, 2024, the Company's net loss was \$1,201,595 (\$0.35 per share), compared to net loss of \$159,333 (\$0.21 per share) for the three months ended September 30, 2023. The increase in net loss of \$1,042,262 is a result of the following:

- Unrealized loss on investment at fair value increased to \$409,449 for the three months ended September 30, 2024, compared to \$297,042 for the three months ended September 30, 2023 due to changes in the fair value of the Company's investments.

A breakdown of general and administrative expenses for the three months ended September 30, 2024 and 2023 is provided below.

Three Months Ended September 30,	2024 (\$)	2023 (\$)	Variance (\$)
Management and administrative services	115,000	125,000	(10,000)
Professional fees (i)	223,592	375,706	(152,114)
Operational expenses (i)	57,682	2,983,297	(2,925,615)
Travel expenses	54,332	4,951	49,381
Regulatory fees	13,949	13,989	(40)
Interest and penalty	nil	602	(602)
Depreciation (i)	nil	109,808	(109,808)
Accretion (i)	nil	179,113	(179,113)
Amortization – right of use assets (i)	nil	297,669	(297,669)
Gain on lease modification	nil	(292,437)	292,437
	464,555	3,797,698	(3,333,143)

- (i) The decrease in professional fees, operational expenses, depreciation, accretion and amortization – right of use assets in 2024 compared to the 2023 comparable period resulted from the company's transition to an investment entity. in the 2024 period.

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For the six months ended September 30, 2024 compared with the six months ended September 30, 2023:

For the six months ended September 30, 2024, the Company's net income was \$29,076,228 (\$8.37 per share), compared to net loss of \$317,473 (\$0.34 per share) for the six months ended September 30, 2023. The increase in net income of \$29,400,559 is a result of the following:

- During the six months ended September 30, 2024, the Company recorded gain on recognition of investment in Captor Acquisition Corp. of \$31,096,785 compared to \$nil for the six months ended September 30, 2023. The Company became an investment entity and recognized Captor Acquisition Group as an investment at fair value.
- Unrealized loss on investment at fair value increased to \$584,233 for the six months ended September 30, 2024, compared to \$551,326 for the six months ended September 30, 2023 due to changes in the fair value of the Company's investments.

A breakdown of general and administrative expenses for the six months ended September 30, 2024 and 2023 is provided below.

Six Months Ended September 30,	2024 (\$)	2023 (\$)	Variance (\$)
Management and administrative services	230,000	240,000	(10,000)
Professional fees (i)	339,395	783,509	(444,114)
Operational expenses (i)	103,787	5,833,377	(5,729,590)
Travel expenses	113,367	10,509	102,858
Regulatory fees	29,233	19,814	9,419
Interest and penalty	nil	1,205	(1,205)
Depreciation (i)	nil	221,741	(221,741)
Accretion (i)	nil	446,907	(446,907)
Amortization – right of use assets (i)	nil	667,836	(667,836)
Gain on lease modification	nil	(292,437)	292,437
	815,782	7,932,461	(7,116,679)

- (ii) The decrease in professional fees, operational expenses, depreciation, accretion and amortization – right of use assets in 2024 compared to the 2023 comparable period resulted from the company's transition to an investment entity in the 2024 period.

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Liquidity and Financial Position

As at September 30, 2024, the Company had a cash balance of \$7,422,082 compared to \$12,125,570 at March 31, 2024. The Company had a working capital of \$36,157,230 as at September 30, 2024, compared to a working capital of \$1,195,205 at March 31, 2024.

The activities of the Company, which consist of the acquisition of investments in a diversified portfolio of public companies and commodities, are financed through cash, as well as the completion of equity offerings and the exercise of stock options and warrants.

During the six months ended September 30, 2024, the Company used \$4,777,924 of cash from its operations which included adjustments for non-cash items of \$30,216,387 and movement in working capital items of \$658,576. The Company purchased investments at fair value of \$261,462, eliminated cash on transition to an investment entity of \$2,330,829 and advanced loan to investee of \$386,898.

As of September 30, 2024, and to the date of this MD&A, the cash resources of the Company are held with select financial institutions in Canada and the United States. At September 30, 2024, the Company's current liabilities consisted primarily of trade payables. Accounts payable and accrued liabilities are in the ordinary course of business, short term and non-interest bearing.

The Company's use of cash at present occurs principally in two areas: the funding of its general and administrative expenditures and acquisition of investments. In connection with the Company's operating and investment activities, the Company will seek to raise capital primarily through the issuance of equity securities. The Company has sufficient capital to meet its ongoing operating and investment activities.

Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Remuneration of directors and key management of the Company was as follows:

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023
Fees	\$	\$	\$	\$
Kyle Appleby ⁽¹⁾	15,000	15,000	30,000	30,000
Mark Klein ⁽¹⁾	15,000	15,000	30,000	30,000
Brady Cobb ⁽¹⁾	30,000	40,000	60,000	70,000
Alegana Enterprises Ltd. ("Alegana") ⁽²⁾	55,000	55,000	110,000	110,000
Marrelli Support Services Inc. ("MSSI") ⁽³⁾	49,985	25,075	65,530	37,741
Totals	164,985	150,075	295,530	277,741

⁽¹⁾ Fees paid to directors of the Company. Included in accounts payable and accrued liabilities at September 30, 2024, is \$nil (March 31, 2024 - \$13,175) due to directors of the Company.

⁽²⁾ Alegana is a company controlled by Mr. John Zorbas, the President and Chief Executive Officer ("CEO") of the Company. Alegana provides consulting services to the Company for \$220,000 a year under the terms of a written contract that runs for an indefinite term. The consulting fees paid to Alegana are for the function of the President which include, but are not limited to, managing the capital

structure and current investment portfolio of the Company. Alegana may receive, at the sole discretion of the board of directors, a performance bonus of up to 400% of the annual consulting fee payable by the Company to Alegana.

Upon termination of Alegana by the Company without cause or a termination following a change of control, the Company is obligated to pay Alegana: (a) 1.5 times Alegana's annual consulting fee; and (b) an amount equal to 1.5 times the amount of all bonuses John Zorbas received for the most recent calendar year ended prior to the termination date or 2 times the amount of Alegana's annual consulting fee should John Zorbas not have received a bonus for the most recent calendar year ended prior to the termination date. Upon termination of Alegana under any other circumstances, the Company is not obligated to pay Alegana any penalty.

Included in accounts payable and accrued liabilities at September 30, 2024 is \$12,219 (March 31, 2024 - \$12,219) owing to Alegana.

- (3) Mr. Jing Peng, the Chief Financial Officer ("CFO"), is a senior employee of MSSl. The management fees paid to MSSl relate to CFO function performed by Mr. Peng which includes the reporting of financial information and the safeguard of the Company's assets. Included in accounts payable and accrued liabilities at September 30, 2024 is \$57,709 (March 31, 2024 – \$36,905) owing to MSSl. The Company has no ongoing contractual obligation or commitment to MSSl.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources, that are material to investors.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for annual periods beginning on or after January 1, 2024 or later periods.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period".
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

The amendment did not have any impact on the unaudited condensed interim consolidated financial statements.

Outstanding Share Data

The number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of Captor as at November 29, 2024 are as follows:

Securities	As at November 29, 2024
Common shares outstanding	3,473,366
Stock options outstanding	335,575

Proposed Transactions

There are no material proposed transactions as of the date of this MD&A, except for those disclosed in "Highlights" above.

Cautionary Note Regarding Forward-Looking Information

This MD&A includes "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws (collectively, "forward-looking information"). All information, other than statements of historical facts, included in this MD&A that addresses activities, events or developments that the Company expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, among others, information and statements regarding:

- the business, revenue, results and future activities of, and developments related to, the Company after the date of this MD&A, including planned reductions of operating (including marketing) and capital expenses, including that cost of goods sold will increase at a slower rate than revenues;
- future business strategy, competitive strengths, goals, future expansion and growth of the Company's business and operations;
- the successful implementation of cost reduction strategies and plans, expectations and any targets for such strategies and plans, including expected additional improvements in reduction of Corporate SG&A (Non-IFRS) in upcoming quarters and reductions in marketing expenditures and focus on high return on investment marketing initiatives that drive sales and profitability;
- whether any proposed transactions will be completed on the current terms and contemplated timing;
- expectations for the effects of any such proposed transactions, including the potential number and location of dispensaries or licenses to be acquired or disposed of;
- the ability of the Company to successfully achieve its business objectives as a result of completing such proposed acquisitions or dispositions;
- the contemplated use of proceeds remaining from previously completed capital raising activities;
- the application for additional licenses and the grant of licenses or renewals of existing licenses for which the Company has applied or expects to apply;
- the rollout of new dispensaries, including as to the number of planned dispensaries to be opened in the future and the timing and location in respect of the same, and related forecasts;
- the expansion into additional markets;
- expectations as to the development and distribution of the Company's brands and products;
- new revenue streams;
- the impact of the Company's digital and online strategy;
- the ability of the Company to successfully execute its strategic plans;
- expectations of market size and growth in the United States and the states in which the Company operates or contemplates future operations and the effect that such growth will have on the Company's

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- financial performance;
- statements that imply or suggest that returns may be experienced by investors or the level thereof;
- expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and
- other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on assumptions, estimates, analysis and opinions of management of the Company at the time they were provided or made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements.

Forward-looking information and statements are not a guarantee of future performance and are based upon estimates and assumptions of management at the date the statements are made including among other things estimates and assumptions about:

- the impact of epidemic diseases;
- contemplated dispositions being completed on the current terms and current contemplated timeline;
- development costs remaining consistent with budgets;
- the ability to raise sufficient capital to advance the business of the Company and to fund planned operating and capital expenditures and acquisitions;
- the ability to manage anticipated and unanticipated costs;
- achieving the anticipated results of the Company's strategic plans;
- increasing gross margins, including relative to increases in revenue;
- the amount of savings expected from cost-cutting measures and divestitures of non-core assets, including the impact on Corporate SG&A (Non-IFRS) and EBITDA (Non-IFRS);
- favorable equity and debt capital markets;
- the availability of future funding under the Company's equity and debt finance facilities;
- stability in financial and capital markets;
- the ability to sustain negative operating cash flows until profitability is achieved;
- the ability to satisfy operational and financial covenants under the Company's existing debt obligations;
- favorable operating and economic conditions;
- political and regulatory stability;
- obtaining and maintaining all required licenses and permits;
- receipt of governmental approvals and permits;
- sustained labor stability;
- favorable production levels and sustainable costs from the Company's operations;
- consistent or increasing pricing of various cannabis products;
- the ability of the Company to negotiate favorable pricing for the cannabis products supplied to it;
- the level of demand for cannabis products, including the Company's and third-party products sold by the Company;
- the continuing availability of third-party service providers, products and other inputs for the Company's operations; and
- the Company's ability to conduct operations in a safe, efficient and effective manner.

While the Company considers these estimates and assumptions to be reasonable, the estimates and assumptions are inherently subject to significant business, social, economic, political, regulatory, public health, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking information and statements. Many estimates and assumptions are based on

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factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements include, among others:

- uncertain and changing U.S. regulatory landscape and enforcement related to cannabis, including political risks;
- risks and uncertainties related to a pandemic and the impact it may have on the global economy and retail sector, particularly the cannabis retail sector in the states in which the Company operates, and on regulation of the Company's activities in the states in which it operates, particularly if there is any resurgence of the pandemic in the future;
- the inability to raise necessary or desired funds;
- risks related to future acquisitions or dispositions, resulting in unanticipated liabilities;
- reliance on the expertise and judgment of senior management of the Company;
- adverse changes in public opinion and perception of the cannabis industry;
- risks relating to anti-money laundering laws and regulation;
- risks of new and changing governmental and environmental regulation;
- risk of costly litigation (both financially and to the brand and reputation of the Company and relationships with third parties);
- risks related to contracts with and the inability to satisfy obligations to third-party service providers;
- risks related to the unenforceability of contracts;
- the limited operating history of the Company;
- risks inherent in an agricultural business;
- risks related to proprietary intellectual property and potential infringement by third parties;
- risks relating to regulatory actions and approvals from the Food and Drug Administration and risks of litigation;
- risks relating to financing activities including leverage;
- the inability to effectively manage growth;
- costs associated with the Company being a publicly traded company;
- the dilutive impact of raising additional financing through equity or convertible debt given the decline in the Company's share price;
- increasing competition in the cannabis industry;
- legal and regulatory risks inherent in the cannabis industry;
- increases in energy costs and other input costs;
- inputs, suppliers and skilled labor being unavailable or available only at uneconomic costs;
- breaches of and unauthorized access to the Company's systems and related cybersecurity risks;
- constraints on marketing cannabis products;
- risks relating to the ongoing conflict in eastern Europe;
- risks relating to supply chain constraints;
- fraudulent activity by employees, contractors and consultants;
- tax and insurance related risks, including any changes in cannabis or cultivation tax rates;
- risks related to the economy generally;
- conflicts of interest of management and directors;
- failure of management and directors to meet their duties to the Company, including through fraud or breaches of their fiduciary duties;
- risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada;
- sales by existing shareholders negatively impacting market prices;
- the limited market for securities of the Company; and
- limited research and data relating to cannabis.

Readers are cautioned that the foregoing lists are not exhaustive of all factors, estimates and assumptions that may apply to or impact the Company's results. Although the Company has attempted to identify important factors that could cause actual results to differ materially from the forward-looking information and statements contained in this MD&A, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented to assist readers in understanding the Company's expected financial and operating performance and the Company's plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this MD&A represent the Company's views and expectations as of the date of this MD&A unless otherwise indicated. The Company anticipates that subsequent events and developments may cause its views and expectations to change. However, while the Company may elect to update such forward-looking information and statements at a future time, it has no current intention of and assumes no obligation for doing so, except to the extent required by applicable law.

Disclosure Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date at and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company uses the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risks and Uncertainties

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk and Uncertainties" in the Company's MD&A for the fiscal year ended March 31, 2024, available on SEDAR+ at www.sedarplus.ca.