

AVANT

February 27, 2023

Management Discussion & Analysis

Three and Twelve Months
Ending November 30, 2022

(Expressed in Canadian Dollars)

AVANT BRANDS INC.

Management Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of the Financial Condition and Results of the Operations of Avant Brands Inc. (formerly GTEC Holdings Ltd.) ("Avant" or the "Company") is for the period ended November 30, 2022. This MD&A should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended November 30, 2022 and 2021, together with the notes thereto. The Company's Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This MD&A, the Financial Statements, and other disclosures have been filed on SEDAR at www.sedar.com. Additional information can also be found on the Company's website at www.avantbrands.ca.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are expressed in thousands of Canadian dollars ("C\$"), except for share and per share calculations, references to \$ millions, per gram ("g") or kilogram ("kg") of dried flower, unless otherwise stated.

This MD&A contains "forward-looking information" within the meaning of applicable securities laws, and the use of certain non-IFRS measures. Refer to "Cautionary Statement Regarding Forward-Looking Information" and "Cautionary Statement Regarding Certain non-IFRS Performance Measures" in this MD&A.

This MD&A is prepared as of February 27, 2023.

COMPANY OVERVIEW

Avant is an innovative leading producer of high-quality, handcrafted cannabis products. Avant has multiple licensed and operational production facilities across Canada, which produce Avant's premium consumer brands. Avant's recreational brand portfolio includes BLK MKT™, Tenzo™, Cognoscente™, Treehugger™ and Pristine™ Seeds, which are produced from unique cultivars, and sold in British Columbia, Ontario, Saskatchewan, Manitoba, Yukon, Newfoundland and Labrador, Prince Edward Island, and New Brunswick. These markets represent approximately 65% of the total Canadian recreational cannabis market. Avant's medical cannabis brand, GreenTec™, is distributed nationwide, directly to qualified patients through its on-line portal and licensed partners.

Avant is a publicly traded corporation, listed on the Toronto Stock Exchange (TSX: AVNT), and trades on the OTCQX Best Market (OTCQX: AVTBF) and Frankfurt Stock Exchange (FRA: 1BU0). The Company is headquartered in Kelowna, British Columbia and has operations in British Columbia, Alberta and Ontario.

Avant is focused on creating long-term value for its shareholders and establishing itself as a premier craft cannabis company. As such, the Company has established the following key strategic areas of focus for Fiscal 2023:

1. Increasing production capacity through internal expansion and acquisitions to better meet growth in domestic and export demand.
2. New product innovation to maintain the Company's competitive edge as a top producer of premium cannabis products.
3. Explore new global markets for exporting cannabis, leveraging the Company's reputation in existing markets, including Israel and Australia.
4. Launch new cultivars from Avant's extensive library of genetics.
5. Continue to operate in a cost-efficient manner to ensure efficiency and maximize output, while seeking opportunities to reduce the Company's overall cost of production.
6. Continue to explore contract growing or acquisition opportunities, as needed, to fulfill consumer demand in Canada and internationally.

FISCAL 2022 HIGHLIGHTS

Key Corporate Highlights

Following a successful corporate and financial restructuring in Fiscal 2021, Avant has continued to build positive momentum, achieving record gross and net revenues for the year ended November 30, 2022. As at November 30, 2022, the Company maintained a strong financial position consisting of \$6.8 million in cash and \$24.2 million in working capital. Key highlights for the year included:

- Consistent growth of the Company's recreational cannabis brands to a record \$22.6 million of Gross Revenue in the year ended November 30, 2022, including \$8.8 million in the fourth quarter of 2022, a new quarterly record for the Company.
- Successfully expanded global cannabis exports, completing 9 export shipments of approximately 1,284kg of dried cannabis with a value of approximately \$5 million during the year ended November 30, 2022.
- Enhanced the Company's portfolio of unique cultivars, with the addition of approximately 50 cultivars, most of which are not currently available within the Canadian recreational market. The Company launched 12 new cultivars under its recreational cannabis brands during the period and expects to launch additional products throughout Fiscal 2023.
- Awarded the ADCANN 2022 Cannabis Brand of the Year (Canada) for the BLK MKT, the Company's primary recreational cannabis brand.
- Received the Best Rosin of 2022 at the KIND Awards, which accepts votes strictly from registered budtenders across Canada.
- Entered the concentrates market with the launch of new products in the live rosin, diamonds, and vape segments, leveraging the Company's cultivation expertise and brand equity.

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- Successfully executed the first production volumes under the Motif, Adastra, and Final Bell agreements, providing the Company with alternative revenue streams to further utilize production capacity.
- Continued ramp-up in production at the 3PL Ventures Inc. ("3PL") facility, with 3,091kg of cannabis produced as at November 30, 2022.
- Following the execution of an amended 3PL Shareholders Agreement (as defined below), the Company began consolidating the financial results of the 3PL facility in its consolidated financial statements.
- The Company has experienced an increase of 13% in business-to-consumer medical clients from November 30, 2021 to November 30, 2022, while expanding the range of products by adding new cultivars and product formats. Further, in November 2022, the Company achieved its highest monthly medical sales since going live in February 2021.

Sales and Production Highlights

- Production at the Company's facilities increased by 93% to 5,846kg for the year ended November 30, 2022, compared to 3,022kg in the prior year. As at November 30, 2022, the Company had 2,057kg of harvested flower and 1,248kg of harvested trim in inventory.
- The Company sold a total of 3,934kg of cannabis in the year ended November 30, 2022, generating gross revenue of \$22.6 million. This represents an increase of 1,924kg, or 96% in volume, and \$11.6 million, or 106% in gross revenue, compared to the prior year.
- Recreational cannabis sales accounted for 70% of net sales during the year ended November 30, 2022, with export sales comprising 22% of revenue, and the remainder coming from brand fees for extraction, bulk cannabis sales and consulting fees. This compares to 87% for recreational sales in the prior year, with the remainder coming from bulk export sales, brand fees or consulting fees.
- Entered into new provincial markets, including Newfoundland & Labrador and Prince Edward Island, and launched direct-to-retail store sales in British Columbia, generating approximately \$100,000 in sales in the first two months of direct shipments.
- Overall weighted average selling price of cannabis sold decreased by 11% to \$5.67 per gram (with recreational cannabis average being \$7.18, including excise tax) for the year ended November 30, 2022, compared to \$6.34 per gram (\$7.26 for recreational cannabis) in the prior year. This decrease was primarily due to an increase in the proportionate volume of sales to the bulk export market at lower average prices in the current year.

Key Financial Highlights

- Adjusted EBITDA income for the year ended November 30, 2022 was \$1.9 million, compared to adjusted EBITDA loss of \$1.6 million in the prior year. (Note: Adjusted EBITDA is a non-IFRS performance measure. Refer to "Cautionary Statement Regarding Certain Non-IFRS Performance Measures" for further details).
- The Company's cash inflow from operating activities before working capital was \$2.2 million for the year ended November 30, 2022, compared to operating cash outflow of \$1.0 million in the prior year. The cash outflow from operating activities after working capital movements was \$3.5 million compared to \$5.6 million in the prior year. This outflow was the result of the ramp-up of inventory at the 3PL facility and the Company's investment into new product development, packaging and other initiatives that were implemented in the current year.
- Gross margin before fair value adjustments was \$6.4 million, or 32% of net revenue in the year ended November 30, 2022, compared to \$3.7 million, or 39% of net revenue in the prior year. This increased dollar value was due to the increased sales verses the prior year period. The decreased percentage was due to the product mix weighting for the current year period, which was weighted more towards export than the prior year period.
- Operating expenses from continuing operations increased by \$1.1 million or 18% for the year ended November 30, 2022, compared to the prior year (excluding non-cash items such as depreciation, amortization, and share-based payments). The increase in operating expenses in the current year period was primarily from the acquisition of 3PL. The increase can also be attributed to an increase in salaries and wages relating to higher headcount as well as increases in consulting fees, directors' fees, and inflationary cost increases. (Note: Operating expenses from continuing operations is a non-IFRS performance measure. Refer to "Cautionary Statement Regarding Certain Non-IFRS Performance Measures" for further details).
- Net loss from operations was \$8.5 million for the year ended November 30, 2022, compared to \$5.4 million for the prior year. Comprehensive loss for the current year was \$6.6 million, compared to \$11.2 million for the prior year.

CORPORATE OUTLOOK

The Company achieved gross revenues of \$22.6 million and net revenues of \$20.1 million in the year ended November 30, 2022, an increase from the prior year of 105% and 112%, respectively. The primary driver of sales continues to be the Canadian recreational cannabis market, accounting for 70% of revenue for the period, and therefore remains the Company's primary focus. Significant quarter-over-quarter volatility exists in the Canadian recreational cannabis market due to a variety of factors, including changes in Canadian provincial board listings, retail listings, pack formats and cultivars, making this a highly complex channel. However, Avant believes that its high-quality flower, innovative marketing and entrepreneurial culture will enable it to adapt to, and capitalize on, the industry dynamics and trends. Accordingly, the Company continues to enjoy strong demand for its recreational cannabis products and, due to this demand, intermittently experiences temporary challenges filling orders for certain unique cultivars and innovative products.

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Avant continues to fulfill export shipments to international clients, which accounted for 22% of revenue in the year ended November 30, 2022. While the Company's medical sales launched during last year, this market is still emerging and accounted for 1% of gross revenue in the year ended November 30, 2022.

The Company executed two key transactions recently that are expected to contribute to ongoing growth. On December 8, 2022, the Company announced that Avant Brands K1 Inc. (formerly 1000343100 Ontario Inc.), an entity of which Avant owns 50% of the issued and outstanding shares, was the successful bidder to purchase The Flowr Group (Okanagan) Inc. ("Flowr Okanagan"), including its 80,000 square-foot production facility in Kelowna, BC (the "Flowr Facility"). The Flowr Facility remains fully operational and is expected to increase the Company's production capabilities by approximately 60%.

On December 19, 2022, the Company announced it entered into a binding share purchase agreement to acquire the remaining 50% equity stake of 3PL Ventures Inc. ("3PL") for its production facility in Vernon, BC (the "3PL Facility"). This acquisition provides the Company with full ownership of the 3PL Facility, which is expected to generate positive cash flows over the course of Fiscal 2023.

The Company was successful in activating numerous growth catalysts in Fiscal 2021. Most notably, the licensing of the 3PL facility resulted in a significant increase in the Company's cultivation capacity. Assuming a continuation of the Company's current capacity utilization (approximately 52% in the year ended November 30, 2022 at the Company's existing facilities), this is expected to translate into a significant increase in total output through Fiscal 2023. The Company also anticipates that the recent expansion of its genetics library (from approximately 30 cultivars to approximately 80 cultivars) will facilitate increases in both sales, through the launch of leading-edge strains, and output, through the introduction of strains that excel in terms of yield, cannabinoids, terpenes and 'bag appeal'.

The Company focuses on a three-channel strategy (recreational, medical and export) to maximize sales and customer diversification. For the recreational market, Avant is highly focused on brand development and product innovation, driven by customer demand, market research and consumer insights. The Company has also leveraged its cultivation expertise and brand equity by signing co-pack agreements with selected extraction companies. Concurrent with these efforts, the Company continues to seek ways to expand into new provincial markets, with a view to increase market penetration above the current level of 65% (being the approximate share of the total Canadian market represented by the Company's current recreational cannabis markets).

The Company's export shipments demonstrate its ability to acquire the necessary accreditation (ICANN GAP via IQC) and develop the necessary export processes. More importantly, it illustrates that the competitive advantage generated by the Company's premium flower has potential to drive success in both domestic and international markets. The Company executed and fulfilled significant sales to Israel and Australia in the year ended November 30, 2022 and is preparing to fulfill further orders with existing export clients in addition to discussions with additional potential export clients.

The Company launched its GreenTec Medical Cannabis e-commerce site in February 2021. In doing so, the Company sought to differentiate itself from existing medical cannabis businesses through several strategies, including premium products, competitive pricing, low overhead costs and eschewing reliance on cannabis clinics as a source of clients. To date, this strategy has proven successful, as reflected by steady growth in client count and revenues. The Company is now seeking to accelerate this growth by expanding its product offerings (currently 32 cultivars and 12 package format-size variants) and adding select products from other Canadian licensed producers that complement the existing product selection. In May 2022, the Company received a license amendment from Health Canada for Avant Craft Cannabis to facilitate the sale of concentrate products through both medical and recreational channels.

FINANCIAL INFORMATION

Financial Highlights

	FY 2022	FY 2021	FY 2020	FY22 v FY21 % Change
Revenue	\$ 22,604	\$ 11,004	\$ 8,804	105%
Excise tax	(2,455)	(1,505)	(897)	(63%)
Net Revenue	20,149	9,499	7,907	112%
Recreational revenue	14,444	7,827	6,070	85%
Export and B2B revenue	5,192	1,350	1,837	285%
Medical revenue	247	153	-	61%
Management fees and other revenue	266	169	-	57%
Gross margin before fair value adjustments ⁽¹⁾	6,366	3,661	3,969	74%
Gross margin % before fair value adjustments ⁽¹⁾	32%	39%	50%	(18%)
Gross margin	3,914	1,899	6,152	106%
Operating expenses	12,456	7,294	5,870	71%
Other income (expenses)	2,288	(6,935)	(8,827)	133%
Net loss before income tax	(6,253)	(12,330)	(8,545)	49%
Adjusted net loss ⁽²⁾	(3,209)	(10,265)	(12,435)	69%

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Adjusted EBITDA ⁽³⁾	1,886	(1,557)	(40)	221%
Kilograms of cannabis flower sold	3,934	2,010	1,274	96%
Kilograms of cannabis produced	5,846	3,022	2,685	93%
Average recreational gross pricing per gram ⁽⁴⁾	7.18	7.26	8.67	(1%)
Weighted average gross pricing per gram ⁽⁴⁾	5.67	6.34	6.90	(11%)

- (1) Gross margin before fair value adjustments is a non-IFRS performance measure. Refer to "Cautionary Statement Regarding Certain Non-IFRS Performance Measures" for further details. Management determined that the exclusion of the fair value adjustment is an alternative representation of performance. The fair value adjustment is a non-cash gain (loss) and is based on fair market value less cost to sell.
- (2) Adjusted net loss is a non-IFRS performance measure. Refer to "Cautionary Statement Regarding Certain Non-IFRS Performance Measures" for further details.
- (3) Adjusted EBITDA is a non-IFRS performance measure. Refer to "Cautionary Statement Regarding Certain Non-IFRS Performance Measures" for further details.
- (4) Average recreational gross pricing per gram is a non-IFRS performance measure and is calculated by determining the total recreational sales divided by the total number of recreational grams sold. The weighted average gross pricing per gram is calculated by determining the total flower sales divided by the total number of flower grams sold. Refer to "Cautionary Statement Regarding Certain Non-IFRS Performance Measures" for further details.

Management continually reviews and analyzes various financial metrics, including financial ratios such as Current Ratio, Quick Ratio, Inventory Turnover Ratio, and consolidated models such as the Altman Z-Score. As of November 30, 2022, the Company maintains a Current Ratio of 8.3, a Quick Ratio of 3.9, and an Inventory Turnover Ratio of 2.4.

BRAND PORTFOLIO AND PRODUCT STRATEGY

Avant's portfolio of brands caters to a variety of cannabis consumer preferences, meeting ever-evolving tastes, trends and price points across targeted consumer segments. The Company endeavours to help drive the cannabis industry forward through intelligent, innovative and transparent brand and product development. Examples of the Company's strategy include being the first premium brand to package in glass bottles in Canada, development and introduction of Canada's first legal blunt, and being the first premium recreational brand to include terpene profiles on product packaging.

BRANDS

BLK MKT™

- Designed to resonate with legacy consumers – experienced connoisseurs who consume only top-shelf flower.
- 27 SKUs available as at February 24, 2023.
- Products include: Dried flower, pre-rolls, BLNT, concentrates, vapes.

Tenzo™

- Offers a diverse variety of bold cultivars that feature pungent aromas and exceptional terpene profiles.
- 6 SKUs available as at February 24, 2023.
- Products include: Dried flower, pre-rolls, vapes, concentrates.

cognōscente™

- Rare, limited-edition exclusives elevating the consumer experience with curated offerings.
- 3 SKUs available as at February 24, 2023.
- Products include: Craft tasting flight, craft pre-roll flight.

Treehugger™

- Premium and certified organic flower for the environmentally conscious cannabis consumer.
- 4 SKUs available as at February 24, 2023.
- Products include: Pre-rolls.

Pristine™ Seeds

- Providing a variety of quality seeds to help Canadians grow cannabis at home, in a fun, informative way.
- 4 SKUs available as at February 24, 2023.

GreenTec™

- Avant's medical cannabis brand, providing easy access to premium craft cannabis directly to qualified patients across Canada.
- 59 SKUs available as at February 24, 2023.
- Products include: Dried flower, pre-rolls, oils, vapes, edibles, concentrates, topicals.

DISTRIBUTION STRATEGY

Avant is currently distributing cannabis through the following four distinct and complementary channels:

Recreational

The core of the Company's business is its domestic recreational cannabis business. Avant currently sells via provincial-territorial liquor boards into British Columbia, Saskatchewan, Manitoba, Ontario, Atlantic Canada and the territories. These markets currently represent approximately

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65% of the Canadian recreational cannabis market. The Company is actively pursuing listings for its products in additional provincial and territorial markets.

Medical

The medical channel bypasses the high markups and risks associated with selling through provincial liquor boards by selling direct to consumer. In February 2021, the Company launched its GreenTec Medical portal to facilitate direct sales to medical patients and it has enjoyed steady growth in new clients since that time. Several competing on-line medical cannabis portals ceased operations in late 2021 and early 2022, enhancing the Company's ability to build its medical client base. Furthermore, the Company is confident that it has key competitive advantages over most of its existing on-line competitors, including vertical integration, reputable brands, fresh products and low overheads.

Bulk Export

Avant is a compelling supplier for international buyers seeking high quality cannabis flower. Avant currently has multiple export contracts with clients in Israel and Australia.

Bulk Domestic

From time to time, the Company utilizes bulk business-to-business ("B2B") sales relationships to sell excess or off-spec bulk cannabis to other licensed Canadian cannabis companies. Overall, however, the Company does not deem B2B sales as financially or strategically compelling, thus, it has migrated its sales mix away from this channel over the course of Fiscal 2021 and Fiscal 2022.

Given the current provincial legislative framework in Canada, Avant has pursued a multifaceted strategy to gain access to Canadian consumers. This includes supply arrangements with provincial control boards and retailers as well as building strong relationships with major Canadian retailers. Market-specific updates are as follows:

British Columbia

The Company is currently shipping products into the British Columbia market via the B.C. Liquor Distribution Branch ("BCLDB"). The Company currently has 14 SKUs listed with the BCLDB under the BLK MKT™, Tenzo™ and Treehugger™ brands.

Alberta

The Company supplies the Alberta market via its on-line medical cannabis portal (www.greentecmedical.ca).

Saskatchewan

The Company is currently shipping products into the Saskatchewan market via two wholesale distributors, in a manner that complies with the regulatory regime established by the Saskatchewan Liquor and Gaming Authority.

Manitoba

The Company is currently shipping products into the Province of Manitoba directly to Manitoba cannabis retail stores under the regulatory framework established by the Liquor, Gaming and Cannabis Authority of Manitoba.

Ontario

The Company is currently shipping products into the Ontario market via the Ontario Cannabis Store (the "OCS"). The Company currently has 39 SKUs listed with the OCS under the BLK MKT™, Tenzo™, TreeHugger™, cognōscente™ and Pristine™ brands. The OCS is currently the Company's largest recreational cannabis customer.

Quebec

The Company applied to the Autorité des Marchés Publics (the "AMP") to facilitate cannabis products listings via the Société Québécoise du Cannabis (the "SQDC"). The AMP has granted the Company approval to conduct business with Quebec government entities, and the Company is working to secure SQDC listings in order to facilitate supplying the Quebec recreational cannabis market.

Atlantic Canada | Territories

The Company is currently shipping products into these markets via the respective provincial or territorial boards.

CULTIVATION FACILITIES

	AVANT CONSOLIDATED	AVANT CRAFT CANNABIS	GREY BRUCE FARMS INC.	TUMBLEWEED FARMS CORP.	GREENTEC BIO- PHARMACEUTICALS INC.	3PL VENTURES INC.
Location	Canada	Edmonton Alberta	Tiverton Ontario	Chase British Columbia	Kelowna British Columbia	Vernon British Columbia
Total Size (Sq ft)	119,000	14,000	15,000	10,000	20,000	60,000
Production Capacity (KG) ¹	9,840	1,200	1,640	1,000	2,150	6,000
Status		Complete	Complete	Complete	Construction in Progress	Complete
Licence(s)		Cultivation, Processing, Sales (Medical)	Cultivation, Processing	Cultivation Processing, Sales (Medical)	-	Cultivation Processing, Sales (Medical)

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Note (1) Total Capacity of all operating facilities increased from 3,840kg to 9,840kg in 2021, concurrent with the licensing of 3PL, calculated based on output of 200g to 236g per square foot of canopy space on an annualized basis (or approximately two pounds per light each harvest).

Avant Craft Cannabis Inc. (“ACC”)

ACC has a fully built and operational 14,000 square foot cannabis production facility located in Edmonton, AB. ACC sells products into provincial recreational supply chains and facilitates direct sales to medical cannabis clients. In May 2022, ACC received a license amendment from Health Canada to facilitate sales of edibles and concentrates to provincial liquor boards.

Grey Bruce Farms Incorporated (“GBF”)

GBF has a fully built and operational 15,000 square foot cannabis production facility located in Tiverton, ON on six acres of land with significant future expansion capabilities. GBF sells dried cannabis to provincial liquor boards and export customers.

Tumbleweed Farms Corp. (“TWF”)

TWF has a fully built and operational 10,000 square foot cannabis production facility located in Chase, BC on 23 acres of land with significant future expansion capabilities. TWF sells to the provincial liquor boards.

3PL Ventures Inc. (“3PL”)

The Company, through its wholly-owned subsidiary, GreenTec Holdings Ltd. (“GreenTec”), holds a 50% equity interest in 3PL, which was increased from 49% subsequent to quarter-end on June 1, 2022. Pursuant to the terms of the shareholders agreement (the “3PL Shareholders Agreement”), the Company has the option to acquire the remaining 50% interest in 3PL from its partner. 3PL operates a fully licensed and operational cultivation facility in Vernon, BC that received its Standard Cultivation, Standard Processing and Medical Sales License from Health Canada on August 20, 2021 and a sales amendment on May 10, 2022. Pursuant to the terms of a services agreement, the Company is responsible for general management, cultivation, sales, marketing, finance, accounting and human resources at 3PL, for which the Company receives monthly fees. Pursuant to the 3PL Shareholders Agreement, distribution of the net profits of 3PL is allocated pro-rata based on outstanding shareholder loans (80% of net profits) and ownership (20% of net profits). Upon the shareholder loans being fully repaid, net profits will be allocated based on ownership percentage.

GreenTec Bio-Pharmaceuticals Inc. (“GBP”)

The GBP facility was originally intended to be 80,000 square feet with the first phase of development to be 20,000 square feet (“GBP Phase One”). The facility is located in Kelowna, BC and was intended to serve as Avant’s flagship cultivation facility with an anticipated opening of late-2019. After completing an extensive financial review, the Company suspended construction, in order to redirect capital to other priorities. The estimated cost to complete construction is approximately \$4 million. As a result of the increased levels of demand from the export market and provincial boards, the Company has resumed the build-out of GBP Phase One in preparation for future demand.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (“ESG”)

Many corporate organizations are moving to transparently disclose their ESG policies and practices. Various regulatory and governance requirements are currently under development, including the proposed National Instrument 51-107 – Disclosure of Climate-Related Matters (“NI 51-107”) from the Canadian Securities Administrators. If adopted, NI 51-107 would mandate reporting issuers to disclose climate-related information in alignment with the four core disclosure elements of the Task Force on Climate-Related Financial Disclosures.

With these developments in mind, ESG considerations have been added to the mandate of the Company’s Governance Committee. Management is developing an ESG framework, starting with identifying, understanding, and quantifying climate-related risks and opportunities to be considered when creating a formal ESG strategy. The Company’s ESG framework will include a formalized approach to governance oversight and activities, embedding ESG into corporate strategy and risk management, and identifying metrics and targets for measuring ESG performance for communication with our stakeholders.

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Operating Results – Three and Twelve Months Ended November 30

	Three months ended		Twelve months ended	
	2022	2021	2022	2021
Revenue	\$ 8,837	\$ 2,770	\$ 22,604	\$ 11,004
Excise taxes	(915)	(428)	(2,455)	(1,505)
Net revenue	7,922	2,342	20,149	9,499
Cost of sales	4,926	1,548	13,783	5,838
Gross margin before fair value changes ⁽¹⁾	2,996	794	6,366	3,661
Unrealized gain (loss) on changes in fair value of biological assets	(148)	1050	3,200	858
Change in fair value of biological assets realized through inventory sold	(2,436)	(1,804)	(5,652)	(2,620)
Gross margin	412	40	3,914	1,899
Operating expenses	2,951	2,707	12,456	7,294
Net loss from operations	(2,539)	(2,667)	(8,542)	(5,395)
Other income (expense)				
Canadian emergency wage subsidy	-	159	-	1,639
Financing costs	(6)	3	(37)	(68)
Equity gain (loss) on investment in associate	-	246	1,233	(270)
Gain on sale of assets	1	(642)	7	(142)
Gain on legal settlement	-	0	130	-
Gain (loss) on marketable securities and derivatives	(3)	(74)	(160)	(74)
Non-refundable deposit	-	(25)	-	-
Loss on extinguishment of loan	-	0	-	(1,024)
FV gain on acquisition	1,115	0	1,115	-
Provision of doubtful receivables	-	(106)	-	(106)
Impairment of goodwill and intangible	-	(5,810)	-	(5,810)
Interest and accretion	-	23	-	(1,080)
Net loss before income tax	(1,432)	(8,893)	(6,254)	(12,330)
Deferred income tax (expense) recovery	(364)	1,199	(364)	1,199
Net loss from continuing operations	(1,796)	(7,694)	(6,618)	(11,131)
Net income (loss) from discontinued operations	-	10	-	(103)
Net loss and comprehensive loss	\$ (1,796)	\$ (7,684)	\$ (6,618)	\$ (11,234)
Loss per common share				
Basic and diluted	\$ (0.01)	\$ (0.04)	\$ (0.04)	\$ (0.06)

(1) Gross margin before fair value adjustments is a non-IFRS performance measure. Refer to "Cautionary Statement Regarding Certain Non-IFRS Performance Measures" for further details.

Revenue and Gross Margin

The Company recognized net revenue of \$20.1 million in the year ended November 30, 2022 from the sale of 3,934kg of cannabis, compared to \$9.5 million in the prior year from the sale of 2,010kg of cannabis. This increase was due to the Company releasing new products to increase market share, including pre-rolls, blunts, concentrates, and extracts, as well as sales recorded for international export amounting to 1,284kg (approximately \$5.0 million).

The Company recognized net revenue of \$7.9 million in the three-month period ended November 30, 2022 from the sale of 1,439kg of cannabis compared to \$2.3 million in the comparative period of 2021 from the sale of 361kg of cannabis. This increase was due to the Company releasing new products to increase market share, including pre-rolls, blunts, and extracts, as well as sales recorded for international export amounting to 684kg (approximately \$2.7 million).

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Gross margin before fair value adjustments was \$6.4 million, or 32% of net revenue, in the year ended November 30, 2022, compared to \$3.7 million or 39% of net revenue in the prior year. This decrease in gross margin percentage was due to decreases in selling prices, increased cost per gram associated with new products, a change in revenue mix, and supply chain constraints. Gross margin before fair value adjustments is a non-IFRS measure. Refer to “Cautionary Statement Regarding Certain Non-IFRS Performance Measures” for further details.

Production at the Company’s facilities increased by 93% to 5,846kg for the year ended November 30, 2022, compared to 3,022kg of cannabis in the prior year. Additionally, 70% of sales during the current year period was from recreational cannabis sales into the provincial supply chain, compared to 87% of total sales in the prior year period. The remaining sales were to wholesale customers (domestic and international), or from medical sales.

Gross margin before fair value adjustments was \$3.0 million, or 38% of net revenue, in the three-month period ended November 30, 2022, compared to \$0.8 million or 34% of net revenue in the prior year. This increase in gross margin percentage was due to a change in revenue mix verses the prior period.

Production at the Company’s facilities increased by 177% to 1,870kg for the three-month period ended November 30, 2022, compared to 675kg of cannabis in the comparative period of 2021. Additionally, 62% of sales during the current year period was from recreational cannabis sales into the provincial supply chain, compared to 97% of total sales in the comparative period. The remaining sales were to wholesale customers (domestic and international), or from medical sales.

Cost of Sales

Cost of sales increased to \$13.8 million in the year ended November 30, 2022 (three-month period ended November 30, 2022 - \$4.9 million), compared to \$5.9 million in the prior year (three-month period ended November 30, 2021 - \$1.6 million). This increase was primarily due to higher sales volume in the current year period. The Company also had a larger variety of SKUs in 2022 as it continues to strategically expand product offerings, which resulted in increased labour and material costs as new packaging materials and vendors needed to be sourced. Cannabis operations cost of sales were comprised of the purchase of materials, testing, packaging, freight, wages and salaries including benefits, and an allocation of other operating expenses including facility overhead and depreciation costs.

Operating Expenses

Operating expenses from continuing operations (excluding non-cash items such as depreciation, amortization, and share-based payments) for the year ended November 30, 2022 increased by \$1.1 million or 18% over the prior year. (Note: Operating expenses from continuing operations is a non-IFRS performance measure. Refer to “Cautionary Statement Regarding Certain Non-IFRS Performance Measures” for further details). The significant variances in operating expenses during 2022 compared to 2021 included:

- Administration and general expenses increased by \$0.4 million relating to the increased scale of operations for the Company.
- Consulting fees increased by \$0.3 million relating to the expansion initiatives and capital markets engagement.
- Professional fees increased by \$0.1 million due to increased legal, audit and TSX-related costs as the Company continues to increase scale of operations.
- Salaries and wages increased by \$0.3 million due to salary increases for existing staff and increased salaried headcount.

Operating expenses from continuing operations (excluding non-cash items such as depreciation, amortization, and share-based payments) for the three-month period ended November 30, 2022 decreased by \$0.1 million or 5% over the comparative period of 2021. (Note: Operating expenses from continuing operations is a non-IFRS performance measure. Refer to “Cautionary Statement Regarding Certain Non-IFRS Performance Measures” for further details). The significant variances in operating expenses during 2022 compared to 2021 included:

- Professional fees decreased by \$0.2 million due to an increase in legal, audit and TSX-related costs the Company incurred in the prior year.
- Administration and general expenses increased by \$0.1 million relating to the increased scale of operations for the Company.

Operating expenses for the year ended November 30, 2022 included a \$3.6 million non-recurring stock option and grant of restricted share units (“RSUs”), granted to certain officers, employees, and other eligible service providers of the Company. The Canadian economy is currently experiencing elevated rates of inflation, which is having a significant adverse impact on the cost of living for Canadians. Accordingly, the Company utilized its RSU plan as an employee retention measure, avoiding an increase to base salaries and wages. The RSU plan was adopted in 2020 but remained unused until Q2 of Fiscal 2022. The Company anticipates that future RSU grants will be lower than what was granted in Q2 of Fiscal 2022.

Other Income and Expense

Other income and expenses for the year ended November 30, 2022 related to the Company’s investments, as well as one-time non-recurring transactions, as follows:

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- Equity income on investment in associate was \$1.2 million for the year (three-month period ended November 30, 2022 - nil) and related to the Company's investment in 3PL. For the first half of 2022 the Company recorded its investment in 3PL using the equity method (see Note 10 of the condensed interim consolidated financial statements).
- Fair value gain on acquisition was \$1.1 million for the year (three-month period ended November 30, 2022 - \$1.1 million) and related to the Company's acquisition of 3PL on June 1, 2022 (see Note 11 of the condensed interim consolidated financial statements).
- Loss on marketable securities of \$0.2 million (three-month period ended November 30, 2022 - \$0.1 million loss) related to the fair value loss on shares held in Lexston Life Sciences Corp.

Summary of Quarterly Results

	Q4 22	Q3 22	Q2 22	Q1 22	Q4 21	Q3 21	Q2 21	Q1 21
Revenue	\$ 8,837	\$ 4,697	\$ 4,456	\$ 4,614	\$ 2,770	\$ 3,101	\$ 2,904	\$ 2,229
Excise tax	(915)	(741)	(382)	(417)	(428)	(371)	(446)	(259)
Net Revenue	7,922	3,956	4,074	4,197	2,342	2,730	2,458	1,970
Cost of sales	4,926	2,475	3,139	3,243	1,548	1,635	1,497	1,159
Gross margin before fair value adjustments ⁽¹⁾	2,996	1,982	935	954	794	1,095	961	811
Net change in fair value of biological assets & impairment	(2,584)	(1,508)	(85)	(259)	(754)	(2,301)	368	927
Gross margin	412	1,955	850	695	40	(1,206)	1,329	1,738
Operating expenses	2,951	2,436	5,322	1,746	2,707	1,765	1,453	1,370
Net (loss) income from operations	(2,539)	(481)	(4,472)	(1,051)	(2,667)	(2,971)	(124)	368
Other income (expense)	1,107	2,712	628	556	(6,226)	325	(1,420)	(115)
Net (loss) income before income tax	(1,432)	2,231	(3,844)	(495)	(8,893)	(2,646)	(1,544)	253
Deferred income tax	(364)	-	-	-	1,199	-	-	-
Net (loss) income from continuing operations	(1,796)	2,231	(3,844)	(495)	(7,694)	(2,646)	(1,544)	253

(1) Gross margin before fair value adjustments is a non-IFRS performance measure. Refer to "Cautionary Statement Regarding Certain Non-IFRS Performance Measures" for further details.

LIQUIDITY AND CAPITAL RESOURCES

The following table provides a summary of the Company's cash flows for the years ended November 30, 2022 and 2021.

	2022	2021
Cash from/used in operating activities		
- Before changes in non-cash working capital items	2,178	(1,035)
- After changes in non-cash working capital items	(3,461)	(5,623)
Cash flows used in investing activities	(3,095)	(1,649)
Cash flows used in/from financing activities	(993)	20,960
Net cash (outflows) inflows	(7,549)	13,688
Cash and cash equivalents	6,764	14,313

Financing

Management intends to finance operating costs over the next twelve months with current cash on hand and cash flow from operations.

During the year ended November 30, 2021, the Company announced the closing of a bought deal public offering (the "Offering") of units of the Company (the "Units") for gross proceeds of \$23 million. Pursuant to the Offering, the Company issued 28,750,000 Units at a price of \$0.80 per Unit. Each Unit consisted of one Common Share (as defined below) and one Common Share purchase warrant, entitling the holder thereof to acquire one Common Share at a price of \$1.04 (subject to adjustment in certain circumstances) until March 30, 2024, provided that the Company may accelerate the expiry date in certain circumstances. The Company used a portion of the proceeds to repay all existing debt obligations on its balance sheet. The table below describes the differences between the Company's anticipated use of the net proceeds from the Offering, as described in the final prospectus dated March 23, 2021 (the "Final Prospectus") and the Company's actual use of the net proceeds:

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	Original Allocation of Use of Proceeds	Approximate Actual Expenditures (to November 30, 2022)	Remaining Proceeds ⁽²⁾
Indebtedness	7,500,000	6,333,000	1,167,000
Increased Operational Capacity	1,000,000	1,000,000	-
Product Development	2,800,000	1,670,000	1,130,000
Capital Expenditures	4,000,000	2,007,000	1,993,000
International Expansion	500,000	Nil	500,000
Working Capital	4,249,454	4,249,454	-
	20,049,454 ⁽¹⁾	15,259,454	4,790,000

1. Includes \$2,820,000 received by the Company on exercise of the over-allotment option, which was allocated to working capital as described in the Final Prospectus.

Liquidity and Capital Recourses

The Company manages its capital structure based on the funds available to the Company for operations. The Company's board of directors (the "Board") does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders' equity. The Company has historically relied on a combination of income from operations, the equity markets and debt financing to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

FINANCIAL POSITION

The following table provides a summary of the Company's financial position as at November 30, 2022 and November 30, 2021.

	November 30, 2022	November 30, 2021	November 30, 2020
Total assets	\$ 67,031	\$ 50,570	\$ 40,800
Total liabilities	18,788	2,696	12,380
Share capital	107,532	99,621	68,825
Deficit	\$ (59,289)	\$ (51,747)	\$ (40,405)

ADJUSTED EBITDA (NON-IFRS PERFORMANCE MEASUREMENT)

The Company has identified adjusted EBITDA as a relevant industry performance indicator. Adjusted EBITDA is a non-IFRS financial measure used by management that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies.

Management defines adjusted EBITDA as income (loss) from continuing operations, as reported, adjusted for depreciation and amortization, equity (gain) loss on investment in associate, financing costs, gains and losses on sale of marketable securities, Canadian emergency wage subsidy, interest and accretion, share-based payments, fair value gain on acquisition, impairment of inventory, change in fair value of biological assets realized through inventory sold, and unrealized gains and losses on changes in fair value of biological assets. Management believes this measure provides useful information as it is a commonly used measure in the capital markets to approximate operating earnings. See table below for determination of specific components of adjusted EBITDA.

	Three months ended November 30		Year ended November 30	
	2022	2021	2022	2021
Loss from continuing operations	\$ (1,796)	\$ (7,964)	\$ (6,618)	\$ (11,131)
Depreciation and amortization	1,533	386	4,366	1,603
Equity (gain) loss on investment in associate	-	(246)	(1,233)	270
Deferred income tax (expense) recovery	364	(1,199)	364	(1,199)
Financing costs	46	3	212	68
Loss on sale of marketable securities	3	74	160	74
(Gain) loss on sale of assets	(1)	642	(7)	142

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Canadian emergency wage subsidy	-	(159)	-	(1,639)
Interest and accretion	-	(23)	-	1,080
Share based payments	258	323	3,597	473
Non-refundable deposit	-	25	-	-
Loss on extinguishment of loan	-	-	-	1,024
Impairment of AR	-	106	-	106
Impairment of goodwill and intangible assets	-	5,810	-	5,810
Fair value gain on acquisition	(1,115)	-	(1,115)	-
Change in fair value of biological assets realized through inventory sold	148	(1,050)	(3,200)	(858)
Unrealized (gain) loss on changes in fair value of biological assets	2,142	1,804	5,360	2,620
Adjusted EBITDA	\$ 1,582	\$ (1,468)	\$ 1,886	\$ (1,557)

ADJUSTED NET LOSS (NON-IFRS PERFORMANCE MEASUREMENT)

The Company has identified adjusted net income as a relevant industry performance indicator. Adjusted net income is a non-IFRS financial measure used by management that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies.

Management defines adjusted net income as income (loss) from continuing operations, as reported, adjusted for equity (gain) loss on investment in associate, Canadian emergency wage subsidy, share-based payments, fair value gain on acquisition, change in fair value of biological assets realized through inventory sold, and unrealized gains and losses on changes in fair value of biological assets. Management believes this measure provides useful information as it is a commonly used measure in the capital markets to approximate operating earnings. See table below for determination of specific components of adjusted net income.

	Three months ended November 30		Year ended November 30	
	2022	2021	2022	2021
Loss from continuing operations	\$ (1,796)	\$ (7,964)	\$ (6,618)	\$ (11,131)
Equity (gain) loss on investment in associate	-	(246)	(1,233)	270
Canadian emergency wage subsidy	-	(159)	-	(1,639)
Share based payments	258	323	3,597	473
Fair value gain on acquisition	(1,115)	-	(1,115)	-
Change in fair value of biological assets realized through inventory sold	148	(1,050)	(3,200)	(858)
Unrealized (gain) loss on changes in fair value of biological assets	2,142	1,804	5,360	2,620
Adjusted net loss	\$ (363)	\$ (7,292)	\$ (3,209)	\$ (10,265)

PROPERTY, PLANT AND EQUIPMENT – SEGMENTED

The following table provides a summary of the Company's segmented property, plant, and equipment as at November 30, 2022:

	ACC	GBF	TWF	GBP	3PL	Corporate	TOTAL
Land	-	195	160	19	-	974	1,348
Buildings	-	3,679	3,634	-	-	-	7,313
Growing & processing equipment	765	857	421	1,139	3,186	41	6,409
Other	10	12	8	-	9	16	55
Right-of-use assets	144	-	-	-	2,635	87	2,866

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Leasehold improvements	236	-	-	-	6,056	-	6,292
Construction in process	-	-	-	4,368	-	-	4,368
	1,155	4,743	4,223	5,526	11,886	1,118	28,651

SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares ("Common Shares"). The table below outlines the number of issued and outstanding Common Shares, stock options ("Options"), RSUs, deferred share units ("DSUs") and share purchase warrants ("Warrants") of the Company.

	February 27, 2023	November 30, 2022	November 30, 2021
Common shares	237,580,731	206,094,740	199,591,886
Warrants	36,816,250	36,816,250	36,816,250
RSUs and DSUs	3,911,530	5,016,972	-
Options – vested and exercisable	7,027,500	7,207,500	3,087,500

Escrow shares

As at November 30, 2022, there were 1,845,080 Common Shares held in escrow. The following is a summary of escrow shares to be released:

Escrow release date	Escrow shares to be released	Escrow Balance
December 8, 2022	355,855	1,489,221
April 30, 2023	403,512	1,085,713

Of the Common Shares held in escrow summarized in the table above, as at November 30, 2022 there were:

- 1,085,713 common shares held in escrow pursuant to an agreement with a consulting firm to facilitate the acquisition and cultivation of cannabis genetics, which will be released contingent upon the occurrence of future events.
- 355,855 common shares held in escrow pursuant to the debt financing, which are subject to a three-year release schedule, with 355,855 shares being released each six-month period.
- 403,512 common shares held in escrow pursuant to the debt financing, which are subject to a three-year release schedule, with 403,512 shares being released each six-month period.

Warrants

As at November 30, 2022, the following Warrants were outstanding:

Number of Warrants	Exercise price per share	Expiry date
6,772,500	\$ 0.30	March 8, 2024
1,293,750	\$ 0.80	March 30, 2024
28,750,000	\$ 1.04	March 30, 2024
36,816,250	\$ 0.90	

RSUs and DSUs

As at November 30, 2022, the following RSUs and DSUs were outstanding:

Number of RSUs and DSUs	Grant date
49,232	January 17, 2022
4,877,22	March 1, 2022
90,518	June 17, 2022
5,016,972	

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Options

At November 30, 2022, the following Options were outstanding:

Number of shares	Options Vested	Exercise price per share	Expiry date
1,500,000	1,500,000	\$0.34	August 14, 2024
100,000	100,000	\$0.30	September 25, 2024
387,500	387,500	\$0.30	October 23, 2024
50,000	50,000	\$0.30	August 12, 2023
200,000	200,000	\$0.60	February 23, 2023
50,000	50,000	\$0.78	February 24, 2023
5,060,000	4,920,000	\$0.27	February 28, 2025
7,347,500	7,207,500	\$0.30	

RELATED PARTY TRANSACTIONS

Key management compensation

All transactions with related parties have occurred in the normal course of operations. Key management is comprised of directors and executive officers. Key management compensation for the years ended November 30, 2022 and November 30, 2021 consists of the following:

	November 30, 2022	November 30, 2021
Salaries and wages	\$ 731	\$ 840
Director fees	167	346
Share-based payments	1,170	393
	\$ 2,068	\$ 1,578

(1) Share-based payments are the fair value of Options and RSUs granted and vested to key management of the Company under the Company's incentive plans.

Related party balances

As at November 30, 2022, accounts payable included \$nil (November 30, 2021: \$460) which was due to directors of the Company in connection with directors' fees.

Related party transactions

During the year ended November 30, 2017, the Company entered into share purchase agreements to purchase 100% interest in GBF, 1118157 B.C. Ltd. ("1118157 BC"), Zenalytic Laboratories Ltd and GBP. Each one of these entities was under common control with two of the Company's executive officers. Certain milestones within these agreements remain outstanding and are disclosed under Note 22 of the condensed interim consolidated financial statements.

COMMITMENTS

The Company has the following outstanding commitments based on achieving certain milestones:

GBF

On March 13, 2020, the Company entered into an amending agreement with the vendors of GBF amending certain terms and conditions of the definitive share purchase agreement, dated September 15, 2017. During the year ended November 30, 2022, the final milestone related to GBF was achieved and the Company issued 1,000,000 Common Shares in connection with such milestone.

GBP

As at November 30, 2022, the Company has committed to issue Common Shares valued at \$2.5 million contingent on future events as follows:

Trigger event	
Completion of GBP construction of a Health Canada approved cannabis production facility in compliance with the <i>Cannabis Act</i> and the regulations promulgated thereunder (collectively, the "CA&R")	500
GBP obtaining a license to sell cannabis under the CA&R	500

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GBP having sold an aggregate of 3,000kg of dried cannabis	750
GBP completing construction of an expansion to its production facility to increase production by at least 8,500kg per annum and receiving an amendment to its production and sales licenses	750
	\$ 2,500

On March 13, 2020, the Company entered into an amending agreement with the vendors of GBP amending certain terms and conditions of the definitive share purchase agreement, dated November 15, 2017.

The vendors of GBP agreed to reduce their entitlement to a portion of the purchase price such that the remaining payment obligations of the Company in connection with the acquisition of GBP were reduced by \$5,750. In addition to reducing the milestone payments, the vendors of GBP agreed to restructure the remaining milestones, as shown in the above table and raise the floor price of the Common Shares to be issued in connection with the new milestones to a deemed price per share equal to the greater of (A) the 10-day volume-weighted average trading price of the Company's Common Shares, and (B) \$1.00. Of the \$5,750 reduction to the Company's payment obligations, \$5,615 of the remaining milestone payments was waived by an executive officer of the Company.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates and apply judgment affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period.

The areas involving higher degrees of judgment, or areas where assumptions and estimates are significant to the financial statements are:

Biological assets and inventory

In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant. In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compare the inventory cost to estimated net realizable value.

Estimated useful lives and impairment considerations

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Business combinations

Judgment is used in determining whether control over an investee exists, and if so, whether an acquisition is a business combination or an asset acquisition. In an asset acquisition, the purchase price is allocated across all acquired assets and liabilities. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Investments in associates

Management exercises judgment in determining whether the Company has acquired significant influence over an entity. An assessment of significant influence is performed at the inception of a relationship between any entity and the Company. When performing this assessment, the Company considers all facts and circumstances, and it must reassess whether it still has significant influence over an investee if facts and circumstances indicate there are changes to one or more of the conditions of significant influence.

Share-based compensation and Warrants

In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of Options granted, the expected life of the Option, the volatility of the price of the Common Shares and the risk-free interest rate are used. In calculating the fair value of the Warrants, the Company includes key estimates such as the volatility of the price of the Common Shares, the value of the Common Shares, and the risk-free interest rate.

Deferred tax assets and liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Going concern

Management applies judgment in its evaluation of the Company's ability to continue as a going concern.

ADOPTION OF NEW ACCOUNTING POLICIES

New IFRS Standards in issue but not yet effective:

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract

The amendment specifies that 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment narrowed the scope of certain recognition exemptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendment is effective for annual periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's condensed interim consolidated financial statements.

Amendments to IAS 41: Agriculture

As part of its 2018-2020 annual improvements to IFRS standards process, the International Accounting Standards Board (the "IASB") issued amendments to IAS 41. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flow when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the potential impact of these amendments on the Company's condensed interim consolidated financial statements.

Disclosure initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments help companies provide useful accounting policy disclosures.

The key amendments include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and,
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2023 with early adoption permitted. The Company is currently evaluating the potential impact of these amendments on the Company's condensed interim consolidated financial statements.

FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks, such as: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk). The Company's management team carries out risk management with guidance from the Company's audit committee (the "Audit Committee") under policies approved by the Board. The Board also provides regular guidance for overall risk management.

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The Company's financial instruments consist of cash and cash equivalents, accounts receivable, marketable securities, deposits, investment in associate, accounts payable, other liability and lease liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

Market Risk

Market risk is the risk that the fair value of future cash flows will fluctuate due to changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and commodity price risk.

Foreign Currency Risk

The Company operates primarily in Canadian dollars and as such is not materially affected by the fluctuations of the Canadian dollar with other currencies.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's current policy is to invest excess cash in certificates of deposit or interest-bearing accounts of major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its financial institutions.

Cash is subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would not have a material impact on the reported consolidated net (loss) income and comprehensive consolidated net (loss) income for the period.

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices of cannabis. As a result, commodity price risk may affect the Company's ability to operate profitably, completion of future equity transactions such as equity offerings and the exercise of Options and Warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and accounts receivable. At present, the Company holds its cash in Canadian rated financial institutions and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. The Company has established guidelines, including diversification, credit ratings and maturities, to ensure safety and liquidity of its cash. Over 60% of the Company's trade accounts receivable balance at November 30, 2022 is due from a governmental agency. Subsequent to year-end, the Company has collected on the majority of the receivable balance. The Company does not have a history of inability to collect on its trade accounts receivable and all balances due at November 30, 2022, are considered collectible. At November 30, 2022, the Company's maximum exposure to credit risk is the carrying value of its financial assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board considers securing additional funds through issuances of equity and debt or partnering transactions. The Board approves any material transactions outside the ordinary course of business. Management regularly reviews the Company's operating and capital budgets and maintains short-term cash flow forecasts. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

Inflation Risk

Inflation risk is the risk that the Company's costs become subject to significant inflationary pressures, which could have a material effect on the Company's business, financial condition or results of operations. The Company may not be able to fully offset such higher costs through price increases. The Company's inability or failure to do so could harm its business, financial condition and results of operations. Furthermore, the Company's suppliers are also subject to risks associated with inflationary pressures that could impact their business and financial condition. These pressures could subsequently result in impacts to the Company's financial results and further affect the business.

Maturity Risk

The Company's cash and cash equivalents balance at November 30, 2022 was \$6.8 million. At November 30, 2022, the Company had accounts receivable of \$4.4 million, accounts payable and accrued liabilities of \$2.7 million, current lease liabilities of \$0.6 million, long-term lease liabilities of \$2.4 million and an other liability of \$12.0 million. All accounts payable and accrued liabilities are current.

As at November 30, 2022, the Company did not have derivative financial liabilities with contractual maturities.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses and commitments for a period of 90 days. To achieve this objective, the Company prepares annual operating and capital expenditure budgets, which are regularly monitored and updated as considered necessary.

The following table summarizes the maturities of the Company's financial liabilities as at November 30, 2022 based on the undiscounted contractual cash flows:

	Carrying value	Principal amount	Less than 1 year	1 - 5 years
Accounts payable and accrued liabilities	\$ 2,683	\$ 2,683	\$ 2,683	\$ -
Lease liabilities	3,011	3,838	876	2,961
Amount due to non-controlling interests	11,989	11,989	-	11,989

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\$ 17,683 \$ 18,510 \$ 3,559 \$ 14,950

Fair value classification of financial instruments

	Amortized cost \$	Fair Value through Profit or Loss \$	Total \$
Assets			
Cash	6,764	-	6,764
Accounts receivable	4,409	-	4,409
Marketable securities	-	16	16
Liabilities			
Accounts payable and accrued liabilities	2,683	-	2,683
Lease liabilities	3,011	-	3,011
Amount due to non-controlling interests	11,989	-	11,989

Fair value measurement is based on a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value which are:

Level 1 — measurement based on quoted prices (unadjusted) observed in active markets for identical assets and liabilities.

Level 2 — measurement based on inputs other than quoted prices included in Level 1, that are observable for the asset and liability.

Level 3 — measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

At November 30, 2022, the Company had Level 1 financial instruments, consisting of cash and cash equivalents and marketable securities, with a fair value of \$6,780 (November 30, 2021: \$14,313).

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking information within the meaning of Canadian securities laws (collectively referred to herein as “forward looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often identified by the words “may”, “would”, “could”, “should”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect” or similar expressions.

Such forward-looking statements are based on numerous assumptions, including among others, the Company’s ability to create long-term value for its shareholders and establish itself as a premier craft cannabis company; the Company’s ability to grow market share; the Company’s ability to develop new and innovative products; the Company’s ability to expand into international cannabis export markets; the Company’s ability to operate in a cost-efficient manner; the Company’s ability to fulfill consumer demand in Canada and internationally; the Company’s expectations with respect to future increases in product output; the Company’s expectations with respect to the expansion of its genetics library; the Company’s ability to fulfill current and future orders; the Company’s expectations with respect to continuing demand for its products; the Company’s expectations with respect to the expansion of its cultivation facilities; the Company’s ability to achieve positive cash flow from operations; the Company’s ability to expand into new provincial and territorial markets; the Company’s expectations with respect to maintaining a competitive advantage over competitors; the Company’s ability to finance operating costs with current cash on hand and cash flow from operations; and the Company’s expectations with respect to other economic, business, and/or competitive factors.

Forward-looking statements are not guarantees of future performance, but are instead based on the reasonable assumptions and estimates of management of the Company at the time they are made and involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements contained in this MD&A. Such factors include, but are not limited to the factors discussed in the section entitled “Risks and Uncertainties” herein and in the section entitled “Risk Factors” herein and the section entitled “Risk Factors” in the Company’s annual information form dated February 27, 2023 (the “AIF”).

Forward-looking statements contained herein are made as of the date of this MD&A and, other than as required by law, the Company disclaims any obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive and all forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements.

The forward-looking statements contained herein are based on information available as of February 27, 2023.

CAUTIONARY STATEMENT REGARDING CERTAIN NON-IFRS PERFORMANCE MEASURES

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

- Adjusted EBITDA is a measure of the Company's financial performance. It is intended to provide a proxy for the Company's operating cash flow and is widely used by industry analysts to compare the Company to its competitors and derive expectations of future financial performance of the Company. Adjusted EBITDA increases comparability between comparative companies by eliminating variability resulting from differences in capital structures, management decisions related to resource allocation, and the impact of fair value adjustments on biological assets and inventory, which may be volatile on a period-to-period basis. Adjusted EBITDA is not a recognized, defined, or standardized measure under IFRS. Management defines adjusted EBITDA as loss from continuing operations, as reported, adjusted for depreciation and amortization, equity loss on investment in associate, financing costs, gains and losses on sale of marketable securities, Canadian emergency wage subsidy, interest and accretion, share-based payments, change in fair value of biological assets realized through inventory sold, and unrealized gains and losses on changes in fair value of biological assets.
- Adjusted net income is a measure of the Company's financial performance. Management defines adjusted net income as income (loss) from continuing operations, as reported, adjusted for equity (gain) loss on investment in associate, Canadian emergency wage subsidy, share-based payments, fair value gain on acquisition, change in fair value of biological assets realized through inventory sold, and unrealized gains and losses on changes in fair value of biological assets. Management believes this measure provides useful information as it is a commonly used measure in the capital markets to approximate operating earnings.
- Gross margin before fair value adjustments is a relevant industry performance indicator. Management determined that the exclusion of the fair value adjustment is an alternative representation of performance. The fair value adjustment is a non-cash gain (loss) and is based on fair market value less cost to sell. Management believes this measure provides useful information as it is a commonly used measure in the capital markets to approximate gross margin less non-cash gains/losses.
- Average recreational gross pricing per gram is a relevant industry performance indicator. Average recreational gross pricing per gram is calculated by determining the total recreational sales divided by the total number of recreational grams sold. The primary driver of changes in this metric are shifts in product mix. Management believes this measure provides useful information as it is a commonly used measure in the capital markets to evaluate a Company's ability to resist price compression.
- Weighted average gross pricing per gram is a relevant industry performance indicator. Average recreational gross pricing per gram is calculated by determining the total flower sales divided by the total number of flower grams sold. The primary driver of changes in this metric are shifts in business mix (e.g. between recreational and export sales). Management believes this measure provides useful information as it is a commonly used measure in the capital markets to evaluate a Company's ability to resist price compression.
- Operating expenses from continuing operations is a measure of the Company's financial performance. It is intended to provide a proxy for the Company's operating cash flow and removes non-cash operating expenses such as share-based payments and depreciation.

RISK FACTORS

There are several risk factors that could cause the Company's actual results, performance, and achievements to differ materially from those described herein. If any of these risks occur, the Company's business may be harmed, and its financial condition and results of operations may suffer significantly. Such risk factors include, but are not limited to, the following risk factors as well as those listed under the heading "Risk Factors" in the Company's AIF, which has been filed under the Company's profile on SEDAR at www.sedar.com. For a more extensive discussion on risks and uncertainties, please refer to the AIF.

This section discusses factors relating to the business of the Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner.

Liquidity and Additional Financing

The Company has limited financial resources and revenues. There can be no assurance that additional funding will be available to the Company for further development of its assets or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could cause the Company to reduce or terminate its operations.

Reliance on Licenses

The Company's ability to cultivate, produce and sell cannabis in Canada is dependent on maintaining its license with Health Canada. All of the Company's licenses are, or will be, subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the licenses, to maintain its licenses, and to renew the licenses after their expiry dates would have a material adverse impact on the business, financial condition and operating results of the Company.

Should Health Canada not extend or renew existing licenses, renew existing licenses on different terms, or refuse applications for new licenses, the business, financial condition and operating results of the Company would be materially adversely affected.

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Change in Laws, Regulations and Guidelines

The Company's business is subject to particular laws, regulations, and guidelines. The production and distribution of cannabis is a highly regulated field, and although the Company intends to comply with all laws and regulations, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company may cause adverse effects to its operations.

Limited Operating History, History of Losses, and No Assurance of Profitability

The Company was incorporated and began operations in June 2017, and as of the date of this MD&A has not generated material positive cash flow from operations. The Company is subject to all of the business risks and uncertainties associated with any early-stage enterprise, including under-capitalization, cash shortages, limitation with respect to personnel, financial and other resources, and lack of revenues.

The Company has incurred operating losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations.

Litigation

The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business, which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages.

Fluctuating Prices of Raw Materials

The Company's revenues, are largely derived from the production, sale and distribution of agricultural products or products related to the growth of such agricultural products. The price of production, sale and distribution of these products will fluctuate widely and is affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new production and distribution developments and improved production and distribution methods. The effect of these factors on the price of the Company's products and, therefore, the economic viability of any of the Company's business, cannot accurately be predicted.

In addition, the current economic environment may result in significant inflationary pressures for the price of the Company's inputs and labour, which could have a material effect on the Company's business, financial condition or results of operations. The Company may not be able to fully offset such higher costs through price increases. The Company's inability or failure to do so could harm its business, financial condition and results of operations.

Volatile Market Price of Common Shares

The market price of the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of Common Shares to sell their securities for a profit, or at all. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts (including short-sellers) or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors.

Financial markets have historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the Common Shares may be materially adversely affected.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

In the preparation of the Company's financial statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Pursuant to National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI52-109"), the Company is required to establish and maintain disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). DC&P are designed to provide reasonable assurance that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the issuer's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure. ICFR is a process designed by, or under the supervision of, an issuer's certifying officers, and effected by the issuer's board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

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Pursuant to NI52-109, the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO” and together with the CEO, the “Certifying Officers”) of the Company are required to certify that they are responsible for establishing and maintaining the Company’s DC&P and ICFR. In addition, the Certifying Officers are required to confirm that they have designed, or caused to be designed, the Company’s DC&P and provide reasonable assurance that (i) material information relating to the Company was made known to the Certifying Officers by others, particularly during the period in which the Filings (as defined below) were prepared; and (ii) information required to be disclosed by the Company in the Filings was recorded, processed, summarized and reported within the time periods specified in securities legislation. Further, the Certifying Officers are required to confirm that they have designed, or caused to be designed, the Company’s ICFR and provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Certifying Officers are also responsible for disclosing any changes in the Company’s ICFR that occurred during the most recent period that has materially affected, or is reasonably likely to materially affect, the Company’s ICFR.

In accordance with NI 52-109, the Certifying Officers have certified that they have reviewed the Financial Statements and MD&A (collectively, the “Filings”) and that, based on their knowledge, and having exercised reasonable diligence, (i) the Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the Filings; and (ii) the Financial Statements together with the other financial information included in the Filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in the Filings.

The Company’s ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements and fraud, which may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Management has used the Internal Control – Integrated Framework (COSO 2013 Framework) issued by the Committee of Sponsoring Organization of the Treadway Commission to assess the effectiveness of the Company’s ICFR. There have been no changes in the Company’s ICFR reporting during the year ended November 30, 2022 which have materially affected, or are reasonably likely to materially affect, the Company’s ICFR.

Proposed Transactions

There are currently no significant proposed transactions except as otherwise disclosed in this MD&A. Confidentiality agreements and non-binding agreements may be entered into from time to time, with independent entities to allow for discussions of the potential acquisition and/or development of potential business relationships.

Approval

The Board oversees management’s responsibility for financial reporting and internal control systems through the Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board. The Board has approved the financial statements and the disclosure contained in this MD&A.