ATLAS™ GLOBAL BRANDS

CSE: ATL

INTRODUCTION

This amended and restated management's discussion and analysis ("**MD&A**") reports on the operating results and financial condition of Atlas Global Brands Inc. ("**Atlas**" or "**Company**") for the three and twelve months ended December 31, 2022 and is prepared as at February 28, 2023. For information regarding the Company after February 28, 2023, readers are referred to the Company's continuous disclosure at www.sedarplus.ca.

This MD&A replaces the management's discussion and analysis for the three and twelve months ended December 31, 2022 filed on March 1, 2023 ("**Original MD&A**") for the purpose of restating the information contained in the Original MD&A to align with changes made to the Company's consolidated financial statements for the three and twelve months ended December 31, 2022 filed on March 1, 2023. Refer to Note 28 in the Company's consolidated financial statements for further information.

BACKGROUND

On December 30, 2022, the Company (then Silver Phoenix Resources Inc. ("**Silver Phoenix**") completed a business combination with Atlas Biotechnologies Inc. ("**Atlas Biotech**"), AgMedica Bioscience Inc. ("**AgMedica**") and Cambrosia Ltd. ("**Cambrosia**") and the concurrent acquisition by Cambrosia of each of Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd., privately held cannabis pharmacies in Israel (together the "**Business Combination**").

The Business Combination was structured as a three-cornered amalgamation and share exchange, pursuant to which: (i) 2432998 Alberta Ltd. ("**Subco 1**"), a wholly-owned subsidiary of the Company, and Atlas Biotech amalgamated (the "**Atlas Amalgamation**") to form a newly amalgamated company ("**Atlas Amalco**"); (ii) 14060407 Canada Inc. ("**Subco 2**"), a wholly-owned subsidiary of the Company, and AgMedica amalgamated (the "**AgMedica Amalgamation**") to form a newly amalgamated company ("**AgMedica Amalco**"); and (iii) the Company acquired all of the issued and outstanding securities of Cambrosia pursuant to a share exchange with the holders thereof (the "**Cambrosia Share Exchange**") immediately after which Cambrosia acquired a 51% interest in each of Tlalim Pappo Ltd., Pharmacy Baron Ltd. and R.J. Regavim Ventures Ltd., privately held operating cannabis pharmacies in Israel (collectively, the "**Cambrosia Acquisitions**").

Concurrently with the completion of the Business Combination, Cambrosia completed a financing pursuant to which it issued 100,000,000 ordinary shares of Cambrosia to S.H.R. Group Management (KSN) Ltd. (the "**S.H.R. Group**") for gross proceeds of ILS 9,000,000 (approximately CAD$3,487,441).

The result of the Business Combination is that the shareholders of Cambrosia effectively gained control of the Company, thereby constituting a reverse acquisition whereby the Company (the legal parent) has been treated as the accounting subsidiary and Cambrosia (the legal subsidiary) has been treated as the accounting parent.

The Company does not meet the definition of a business under IFRS 3 – *Business Combinations*, and therefore the transaction was treated as an asset acquisition and not as a business combination and has been accounted for as a capital transaction under IFRS 2 – *Share-Based Payments*. Accordingly, the Company's consolidated financial statements represent the continuation of the financial statements of Cambrosia except as to share capital structure, which has been retroactively restated to reflect the legal capital of the Company. Loss-per-share amounts have also been retrospectively restated to reflect the reverse take-over transaction. *See "The Business Combination" below.*

The information in this MD&A is current as of April 2, 2024 and should be read in conjunction with: (i) the audited financial statements of the Company for the year ended December 31, 2021 and the unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2022, and the notes thereto; (ii) the audited financial statements of Cambrosia for the year ended December 31, 2021 and the unaudited condensed interim consolidated financial statements of Cambrosia for the nine months ended September 30, 2022, and the notes thereto; (iii) the audited financial statements of AgMedica for the period ended December 31, 2021 and for the nine months ended September 30, 2022, and the notes thereto; (iv) the audited financial statements of Atlas Biotech for year ended September 31, 2021 and the unaudited condensed interim consolidated financial statements of Atlas Biotech for the three and nine months ended June 30, 2022, and the notes thereto and (v the restated interim financial statements of the Company for the three and twelve months ended December 31, 2022 (collectively, the "**Financial Statements**");(The Financial Statements are contained in the Company's amended and restated listing statement dated as at December 23, 2022 and available under the Company's profile at www.sedarplus.com (the "**Listing Statement**").

All Financial Statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standard Board ("**IASB**") and, in the case of interim financial statements International Accounting Standards ("**IAS**") 34, Interim Financial Reporting

Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking information" within the meaning of applicable securities legislation that relate to our current expectations and views of future events. Statements or information which are not purely historical are forward-looking statements and include any statements or information regarding beliefs, plans, outlook, expectations or intentions regarding the future, including words or phrases such as "anticipate", "objective", "may", "will", "should", "expect", "believe", "estimate", "potential", "plan", "project" or similar expressions that suggest future outcomes or the negative thereof or similar variations. Forward-looking statements and information may include, among other things, statements or information relating to the business strategy (including expected growth rate) of Atlas, any estimate of potential earnings and margins, the completion of any transaction including additional acquisitions, expected market growth and market penetration, timing of product development (both for future products and enhancements of existing products), expectations regarding expenses, sales, operations, our estimates regarding our capital requirements and our need for and ability to obtain additional financing, our expectations for the cost and timing of achieving our business objectives, our competitive position and anticipated trends and challenges in the markets in which we operate, including the regulatory environment.

Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Atlas will operate in the future, including: general business and economic conditions;the regulatory environment, the demand for our products; anticipated costs and ability to achieve goals, business plan and growth strategy; the availability of financing on reasonable terms as needed; our ability to attract and retain skilled staff; our ability to complete any contemplated transactions; and that there will be no regulation or law that will prevent us from operating our business or render it more costly to do so. Although Atlas believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect.

Forward-looking statements and information are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results to be materially different from those expressed or implied by such forward-looking statements or information, including but not limited to: the integration of the businesses involved in the Business Combination; business, economic and capital market conditions; the ability to expand our business internationally; the ability of the Company to make payments of principal and interest on its outstanding debt; the ability to refinance outstanding debt if required; the ability to manage our operating expenses which will increase significantly through business expansion and may adversely affect our financial condition; our ability to manage working capital; our ability to obtain additional financing; continued hostilities in the Middle East, potential dilution of the Company's share capital from future financing; our ability to successfully define, design and release new products in a timely manner that meet our customers' needs; our ability to remain competitive as competitors develop and release products; the ability to find and finance suitable acquisitions; legal and regulatory uncertainties; risks inherent in foreign operations in the countries in which the Company or its subsidiaries operates, including political, economic, legal, military and sovereign risk; market volatility in response to heightened inflation and the impact on demand and pricing for our products; exchange rate fluctuation; price and volume volatility of the Company's shares; our relationships with our customers, distributors, suppliers and business partners; volatility in cannabis supply and demand; logistics issues, delays or delivery costs; ability to meet target production; alteration of supply contracts; conflicts of interest; quality control; our ability to attract, retain and motivate qualified personnel; our dependence on key personnel and the sufficiency of their expertise in managing a public company; our failure to develop new products; our ability to successfully maintain and enforce our intellectual property rights and defend third-party claims of infringement of their intellectual property rights; product liability and recall; the risk that consumer interest in and sentiment towards Atlas products adversely changes; the impact of COVID-19 or other viruses and diseases on Atlas' ability to operate; equipment failures; unanticipated increases in operating costs; security threats; government regulations and laws regulating cannabis production and distribution and changes thereto; the availability and validity of licenses and permits required to operate the Company's business; changes or developments affecting the Company's production facilities; and failure of counterparties to perform their contractual obligations.

In addition, as previously stated, Atlas was formed as a result of the Business Combination between companies with a history of operating losses and it may not achieve its plans, projections or expectations. Further, Atlas is a holding company and essentially all of its operating assets are the capital stock of its subsidiaries. Given these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements or information.

The forward-looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. The Company cautions that the foregoing lists of assumptions, risks and uncertainties is not exhaustive. This MD&A has not been independently verified and the information contained within may be subject to updating, revision, verification and further amendment.

CORPORATE OVERVIEW

The Company

The Company was incorporated on February 14, 2003 under the *Company Act* (British Columbia). Prior to the Business Combination, the Company was an exploration stage company engaged in acquiring, exploring, and developing mineral properties, principally located in British Columbia, Canada.

The Company is listed on the Canadian Securities Exchange (the "**CSE**") under the trading symbol ATL. The address of the Company's corporate office and principal place of business is 566 Riverview Drive, Unit 104, Chatham, O.N. N7M 0N2 and its registered and records office is located at 1055 West Hastings Street, Suite 1700, Vancouver, B.C. V6E 2E9.

As a result of the Business Combination, the Company has three principal subsidiaries: Cambrosia, Atlas Amalco (which carries on the business of Atlas) and AgMedica Amalco (which carries on the business of Agmedica).

Cambrosia

Cambrosia is a company incorporated under the laws of Israel on March 17, 2021 as "Cambrosia Ltd.". Cambrosia maintains a registered and head office at 15 Israel Galili, Rishon LeZion, Israel. Cambrosia was incorporated to:

- evaluate prospective acquisition targets, negotiate acquisition agreements to acquire companies in Israel who are part of the cannabis value chain;
- seek prospective merger partners in other countries, including Canada, in order to combine with, and together form an integrated cannabis company with global reach in emerging markets;
- identify a publicly traded shell in Canada as a platform for the combination of Cambrosia, acquisition targets and licenced cannabis producers in Canada; and
- to raise capital for the foregoing.

Following the Business Combination, Cambrosia holds a 51% interest in each of Tlalim Pappo Ltd., Pharmacy Baron Ltd. and R.J. Regavim Ventures Ltd., privately held operating cannabis pharmacies in Israel acquired by Cambrosia concurrently with, and as a condition to, completion of the Business Combination.

AgMedica

AgMedica was incorporated under the Canada Business Corporations Act, on November 22, 2013 AgMedica maintains a head office and registered office at 104 – 566 Riverview Drive, Chatham, Ontario, N7M 0N2. AgMedica has five subsidiaries, all of which are wholly-owned, except for Wellworth Health Corp., which is 80% owned by AgMedica.

On December 2, 2019, the Ontario Superior Court of Justice – Commercial List granted an order to AgMedica pursuant to the CCAA to allow them to restructure their business and affairs (the "**CCAA Order**"). Such restructuring included: (i) a recapitalization transaction whereby AgMedica issued 445,000,000 AgMedica Class A Preferred Shares to eight confidential individual investors at a price per share of $0.01 per share to raise the aggregate amount of $4,450,000; (ii) the execution of a secured debt facility with AgriRoots Capital Management Inc. in the maximum principal amount of $10,000,000; (iii) the payment to affected creditors with a claim of $1,000 or less of an amount equal to the lesser of $1,000 and the amount of their claim; and (iv) the issuance or payment to affected creditors with a claim exceeding $1,000, at their option, of (a) the lesser of $1,000 and the amount of their claim, (b) their pro rata portion of 5,000,000 AgMedica Class B Preferred Shares, which are entitled to an annual return of capital based on the free cash flow of AgMedica until redemption, or (c) their pro rata portion of 61,965,221 AgMedica Common Shares at a conversion rate of $0.01, after which any shortfall would be satisfied with a pro rata portion of AgMedica Class B Preferred Shares. AgMedica was discharged from CCAA on October 9, 2020.

AgMedica is federally licensed to cultivate, process and sell medical and adult-use cannabis, cannabis-derived extracts and derivative cannabis products under the provisions of the *Cannabis Act* (Canada). AgMedica currently produces, markets and distributes its medical cannabis products under the AgMedica brand and its adult-use brands under the Vertical and Five Founders brands. Vertical, AgMedica's premium, adult-use brand, is designed to appeal to consumers seeking very high THC strains produced to a "craft" standard. Five Founders is AgMedica's value, adult-use brand, targeting consumers seeking quality cannabis at a low cost.

AgMedica operates a 215,000 sq. ft. industrial building at 566 Riverview Drive, in Chatham, Ontario, of which 11,000 sq. ft. is a dedicated indoor growing facility (the "**AgMedica Facility**").

AgMedica holds a cannabis licence by Health Canada for standard cultivation, standard processing and sale for medical purposes and has a GACP certification. Internationally, AgMedica was issued a Medical Cannabis Standard for propagation and cultivation in Israel and EU GMP certification for flower and oil.

Atlas

Atlas was incorporated under the Alberta Business Corporations Act on December 1, 2017 under the name "Atlas Biotechnologies Inc.". Atlas maintains a head office and registered office is at 200-16011 116 Avenue NW, Edmonton, Alberta, T5M 3Y1. Atlas has two wholly owned subsidiaries, Atlas Growers, and Atlas Growers Denmark A/S, which is inactive.

Atlas' subsidiary, Atlas Growers, is federally licensed in Canada for cultivation and processing of cannabis products, with a focus on health and wellness, and adult use products. Atlas, through Atlas Growers, currently produces, markets and distributes smokeless THC and CBD products through its' wellness-oriented brand: Atlas Thrive. Atlas also produces, markets and distributes its' inhalable adult-use focused products (such as flower, pre-rolls, vapes, concentrates and seeds) through its Natural History brand.

Atlas operates a 38,000 sq. ft. facility located 45 minutes west of Edmonton in the Lac Ste. Anne County. The Atlas Facility was purpose-built for indoor cultivation and processing of cannabis in accordance with the Health Canada's good production practices.

Atlas holds a cannabis licence authorizing the cultivation, processing, and sales of cannabis issued by Health Canada and has a GACP certification.

THE BUSINESS COMBINATION

The Company completed the Business Combination pursuant to an amalgamation and share exchange agreement dated July 14, 2022, as amended, among Silver Phoenix, Atlas Biotech, AgMedica, Cambrosia, Subco 1, Subco 2, and the ordinary shareholders of Cambrosia (the "**Amalgamation and Share Exchange Agreement**"). The Business Combination constitutes a "fundamental change" of the Company pursuant to the policies of the CSE.

The Company completed the Business Combination as of December 30, 2022. On January 13, 2023 its common shares began trading on the CSE under the symbol ATL.

The Company now carries on the business previously carried on by Atlas Biotech, AgMedica and Cambrosia and is a federally licensed Canadian cultivator and processor of cannabis with a focus on genetics, brands and unique cannabis delivery formulations. Pursuant to the terms of the Amalgamation and Share Exchange Agreement, immediately prior to closing, Silver Phoenix consolidated its shares on a 244,139 to 1 basis resulting in 3,445,380 shares outstanding post-consolidation, and all issued and outstanding Silver Phoenix warrants were cancelled.

Pursuant to the Atlas Amalgamation, former holders of common shares of Atlas Biotech received an aggregate of 38,550,838 post-consolidation shares of the Company on a pro-rata basis, and Atlas Amalco became a wholly owned subsidiary of the Company. Pursuant to the AgMedica Amalgamation, former holders of common shares of AgMedica received an aggregate of 38,550,870 post-consolidation shares of the Company, on a pro rata basis, and AgMedica Amalco became a wholly owned subsidiary of the Company. Pursuant to the Cambrosia Share Exchange, the former holders of ordinary shares of Cambrosia received an aggregate of 62,282,313 post-consolidation shares of the Company together with options to acquire an additional 2,621,027 post-consolidation common shares of the Company, and Cambrosia became a wholly owned subsidiary of the Company.

Concurrently, the shareholders of Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd. exchanged 51% of their shares of those entities with Cambrosia for an aggregate of 8,237,380 post-consolidation shares of the Company and became wholly controlled subsidiaries of Cambrosia, and indirect subsidiaries of the Company. Following completion of each of the Atlas Amalgamation, the AgMedica Amalgamation, the Cambrosia Share Exchange and Cambrosia Acquisitions, the Company became the parent and the sole shareholder of Atlas Amalco, AgMedica Amalco and Cambrosia and is the indirect majority shareholder of the Cambrosia Acquisitions and thus will indirectly carry on the business of AtlasBiotech, AgMedica, Cambrosia and the Cambrosia Acquisitions under the new name "Atlas Global Brands Inc."

As a result of the completion of the Transaction, former holders of Silver Phoenix now hold approximately 2% of the issued and outstanding common shares of Atlas, former shareholders of Atlas Biotech now hold approximately 25% of the issued and outstanding common shares of Atlas, former shareholders of AgMedica now hold approximately 25% of the issued and outstanding common shares of Atlas and former shareholders of Cambrosia together with the vendors of the Cambrosia Acquisitions now hold 70,519,693 post-consolidation common shares of Atlas, representing approximately 48% of the issued and outstanding common shares of Atlas, in each case, based on an aggregate of 151,066,781 common shares currently issued and outstanding.

Upon closing of the Business Combination, all existing directors and officers of Silver Phoenix resigned and were ultimately replaced by Bernard Yeung (Chief Executive Officer), Jason Cervi (Chief Financial Officer) and Jeffrey Gossain (Chief Operating Officer).

RESULTS OF OPERATIONS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 COMPARED TO THE YEAR ENDED DECEMBER 31, 2021

The following is an analysis of the Company's operating results for the 12 months ended December 31, 2022 and includes a comparison against the year ended December 31, 2021.

	For the twelve months ended	
	December 31, 2022	December 31, 2021
Net Revenue	$ -	$ -
Gross Profit	-	-
Total operating expenses	2,817,449	140,758
Net Loss (before other expenses)	(2,817,449)	(140,758)
Finance costs	1,700	328
Net loss	$ (2,819,149)	$ (141,086)

During the twelve months ended December 31, 2022, the Company had a net loss of $2,817,449 (year December 31, 2021 – net loss -$141,086). The loss is largely due to the accounting for the Business Combination with the valuation of the transaction resulting in the recording of a listing expense of $1,117,225 and acquisition expenses of $1,151,278.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2022 COMPARED TO THE THREE MONTHS ENDED DECEMBER 31, 2021

	For the three months ended	
	December 31, 2022	December 31, 2021
Net Revenue	$ -	$ -
Gross Profit	-	-
Total operating expenses	1,577,846	76,898
Net Loss (before other expenses)	(1,577,846)	(76,898)
Finance costs	1,561	314
Net loss	$ (1,579,407)	$ (77,212)

During the three months ended December 31, 2022, the Company had a net loss of $1,579,407 (three months ended December 31, 2021 – net loss -$77,212).

SUMMARY OF QUARTERLY RESULTS

Again, this MD&A relates to the financial results of Cambrosia, as the reverse takeover acquirer. Having not previously been a reporting issuer, Cambrosia has not prepared financial statements on a quarterly basis and as a result, quarterly financial results are not available.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of $20,273,769 as at December 31, 2022 as compared to a working capital surplus of $422,285 as at December 31, 2021. As at December 31, 2022, the Company had cash and cash equivalents in the amount of $4,368,851 as compared to $127,205 at December 31, 2021.

Prior to the Business Combination, neither the Company nor Cambrosia (as the legal subsidiary) had any operating revenues and had financed their operations principally through equity financing. AgMedica's activities however have been funded primarily by the capital received upon the exit of CCAA through the issuance of Class A preferred shares and by an increase in its debt facilities (based on a material increase in the value of its real estate) and Atlas Biotech's activities have been previously funded primarily by cashflow from operations, the issue of additional convertible debentures and additional equity raises to both new and existing shareholders.

The Company's primary short-term liquidity needs are to fund its net operating losses and capital expenditures to maintain existing facilities, and lease, and debt payments. The Company's medium-term liquidity needs primarily relate to debt repayments and lease payments. The Company's long-term liquidity needs primarily relate to potential strategic plans. As of December 31, 2022, the Company has access to the following capital resources available to fund operations and obligations: $4.4 million cash and cash equivalents.

Atlas is subject to an externally imposed capital covenant related to its indebtedness and must keep its debt-to-equity ratio at 1:1, and as of September 30, 2020, was in violation of this covenant, which resulted in the long-term debt being classified as current. Atlas was granted a waiver by the lender until the period ended September 30, 2023.

Volatility in the cannabis industry, stock market and the Company's share price may impact the amount and our ability to raise financing.

Based on all of the aforementioned factors, the Company believes that a reduction of operating costs, current liquidity position and a sale or lease back of certain assets will be adequate to address its working capital deficiency and fund operating activities and cash commitments for investing and financing activities for the short and medium future.

In the longer term and subject to the availability of funds, the Company anticipates investing capital resources into the AgMedica facility to complete the onboarding of six additional larger scale grow rooms with four vertical tiers into active production. These additional grow rooms have been structurally completed but require additional infrastructure investments prior to onboarding them into active production during the next twelve to twenty-four months at an approximate cost of $4.5 million to $5.0 million, in the following phases (subject to available funds):

	Estimated Cost ($)	**Estimated Completion Date**
Additional cooling chillers	750,000	June 30, 2023
Grow room environmental controls, electrical connections, irrigation and air handling commissioning	900,000	June 30, 2023
Harvesting and processing equipment	600,000	August 31, 2023
Additional cooling chillers	750,000	November 30, 2023
Grow Room environmental controls, electrical connections, irrigation, and air handling commissioning	1,000,000	March 31, 2024
Additional grow lights	1,000,0000	March 31, 2024
Total	**5,000,000**	

PROPOSED TRANSACTIONS

On February 7, 2023, the Company announced that, its wholly-wed subsidiary, Cambrosia, had signed a definitive agreement through Cambrosia to acquire a 51% interest in Harmony AI Holdings Ltd., an Israeli licensed cannabis "Trading House" intended to serve as the Company's hub for imports to and distribution within Israel, and Harmony I.L. Management and Escorting Ltd., which owns two pharmacies licensed to dispense medical cannabis in Israel, for consideration of up to 2,800,702 common shares of the Company at a deemed price of $1 per common share. Pursuant to the definitive agreement, the Company will loan an aggregate of $196,180 to the vendors immediately, which loan will be guaranteed by the vendors and will be repaid immediately in the event the transaction does not close. After closing, the Company will make an additional loan of the same amount. The parties are unrelated and negotiated at arm's length.

On February 27, 2023, the Company announced that it signed a definitive agreement to acquire GreenSeal Cannabis Company, Ltd. and GreenSeal Nursery, Ltd. (together "**GreenSeal**"), a privately-owned Ontario-based licensed cannabis producer. GreenSeal is expected to be accretive to Atlas' international strategy, adding a GACP and CUMCS certified facility with a vertical cultivation model. This is expected to expand the Company's annual production capacity by approximately 3,500 kg and adds a nursery program with hundreds of exotic genetics, further establishing the Company's international footprint. Pursuant to the definitive agreement, the Company will issue up to 11,500,000 common shares in the Company (the "**Consideration Shares**") to acquire 100% ownership of the issued and outstanding common and preferred shares of GreenSeal. The Consideration Shares will be subject to a lock-up pursuant to which 15% of the Consideration Shares will be released every six months commencing on the six-month anniversary of closing of the until the 36-month anniversary of the closing of the Acquisition. The parties are unrelated and negotiated at arm's length.

Neither of the proposed transaction are subject to shareholder approval but are subject to various third-party consents and regulatory approvals related to the change of control of cannabis license holders.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company has not adopted any accounting policies during the reporting period and, other than as set forth below, has not and does not expect to adopt any in the period subsequent to the reporting period.

Amendments to IAS 41: Agriculture

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IAS 41. The amendment removes the requirement 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 adopted the amendments to IFRS 41 effective July 1, 2022 which did not have a material impact on the Company's consolidated financial statements.

Amendments to IFRS 9: Financial Instruments

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company adopted the amendments to IFRS 9 effective July 1, 2022 which did not have a material impact on the Company's consolidated financial statements.

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

The amendment specifies that the '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, 2022 with early application permitted. The Company adopted the amendments to IAS 37 effective July 1, 2022 which did not have a material impact on the Company's consolidated financial statements.

New Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

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

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 adoption of these amendments will not have a significant impact on the Company's consolidated financial statements.

IFRS 17 – Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The standard is effective for annual periods beginning on or after January 1, 2023.

This standard is expected to have no impact on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, cash equivalents accounts payable, accounts receivable, the Class B Preferred Shares, term debt, deposits and other financial assets and accrued liabilities. The table below lists the valuation methods used to determine the fair value of each financial instrument.

Financial Asset / Liability	IFRS 9
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Term debt	Amortized cost
Class B - preferred shares	Amortized cost

The carrying values of the financial instruments at December 31, 2022 are summarized in the following table:

Financial Asset / Liability	Carrying Value
Cash and cash equivalents	$4,368,851
Accounts receivable	$7,402,943
Accounts payable and accrued liabilities	$19,609,746
Term debt	$26,074,039
Class B - preferred shares	$1,145,497

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that reflects the significance of inputs used in measuring fair value as follows:

> Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
>
> Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
>
> Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. Further information on fair value measurements is available in Note 2 of the Financial Statements.

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The carrying value of the debt and equipment financings approximate their fair value as the loans were taken out with third parties on commercial terms.

The risks associated with the Company's financial instruments and how these risks are managed are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk principally impacts the Company's cash, and accounts receivable. The Company is exposed to credit-related losses in the event of nonperformance by the counterparties.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. The Company has assessed that it has limited customer credit risk due to the fact that accounts receivable is primarily from the sale of cannabis to government agencies and large retail outlets and have a payment terms of 30 – 60 days. For smaller customers, payment is fulfilled through the processing of a credit card or obtaining payment in advance of delivery, therefore limiting the Company's credit risk exposure on these types of transactions.

To mitigate credit risk exposure for its international customers, the Company receives a minimum of a 50% deposit prior to shipment.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements and raises capital as required to support investment in production facilities and working capital requirements.

Other than as noted in the description of the Business Transaction, during the twelve months ended December 31, 2022 and nine month period ended December 31, 2021 respectively, the Company did not complete any equity financings.

Market Risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, currency exchange rates and changes in market prices due to other factors including changes in equity prices.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Foreign Currency Risk

The Company is exposed to foreign currency in the seven international jurisdictions in which it currently operates. The Company aims to negotiate terms of supply agreements from Canada to be denominated in CAD. Where this is not commercially reasonable, deposits are secured up front so as to mitigate any significant currency risk.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 158,679,139 shares issued, 5,762,911 stock options and 600,000 restricted share units ("**RSUs**").

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties. Please refer to the Listing Statement for a description of the risks that could affect the Company's financial condition, results of operation or business and that could cause actual results to differ materially from those expressed in our forward-looking statements. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also materially adversely affect the business, financial condition and results of operations, or the trading price of the Company's common shares if any such risks actually occur.

KEY DEVELOPMENTS SUBSEQUENT TO THE TWELVE MONTHS ENDED DECEMBER 31, 2022

Acquisition of GreenSeal

On April 28, 2023, the Company acquired all of the issued and outstanding shares of GreenSeal Cannabis Company LTD ("GreenSeal Cannabis") and GreenSeal Nursery LTD ("GreenSeal Nursery"), privately-owned Ontario-based licensed cannabis producers.

As consideration, the Company agreed to issue 10,000,000 common shares subject to a lock-up period of up-to 36 months. Commencing on the six-month anniversary of the closing, 15% will be released from lock up every six months. Of the 10,000,000 shares, 7,612,358 were issued upon closing, with the remainder subject to hold-back. The Company also agreed to issue up to 1,500,000 additional common shares if, 12 months from the closing date, the fair market value of the shares released from lock up to that point is not at least in aggregate $3,000,000.

The following table summarizes the preliminary fair value of the assets and liabilities acquired and consideration paid:

Fair value of share consideration		
Common shares issued (i)	$	2,521,118
Common shares to be issued (ii)		790,757
Contingent consideration (iii)		308,562
Total consideration paid for transaction	**$**	**3,620,437**
Net assets acquired		
Net working capital	$	2,051,670
Biological assets		792,603
Property, plant and equipment		9,913,000
Right of use assets		570,230
Right of use liabilities		(570,230)
Intangible assets		25,000
Contingent liability (iv)		(1,058,172)
Debt		(6,013,518)
Total net assets acquired		5,710,583
Gain on bargain purchase	**$**	(2,090,146)

(i) Share consideration

The share consideration has been determined based on the fair value of the Company's shares on the closing date of the transaction.

(ii) Shares to be issued

2,387,642 common shares have been reserved for issuance to the GreenSeal vendors under the Share Purchase Agreement in connection with certain withholding obligations of the Company.

(iii) Contingent consideration

Up to an additional 1,500,000 shares may be issued at the 12-month anniversary of the closing date of the acquisition based on the then share price of the Company's common shares.

(iv) Contingent liability

As part of the GreenSeal acquisition, the Company recognized a liability related to past investment tax credits received by GreenSeal which may be repayable in the future. The timing of any repayment is uncertain.

Harmony Acquisition

On February 7, 2023, the Company entered into a definitive agreement for the acquisition of 51% of the outstanding securities of one trading house and two additional purpose-built cannabis pharmacies in Israel (the "Harmony Acquisition"). In anticipation of the completion of the transaction, Cambrosia, extended loans to Harmony in the amount of NIS 1,000,000 (CAD 325,785) as at March 31, 2023.

Subsequent to the reporting date, the Company advanced a further NIS 400,000 (CAD 146,600)and also entered into revenue transactions with Harmony.

Owing to disputes regarding, among other matters, payment for product, the acquisition agreement was terminated in accordance with its terms, on the basis that the transaction was not completed by the date prescribed for completion in the definitive agreement.

On December 20, 2023, the Company filed a lawsuit against Harmony and its four founders in the District Court of Tel Aviv, seeking various remedies including repayment of a loan in the amount of NIS 1,431,838 (approx. CAD $524,768) of which NIS 1,000,000 (CAD $325,785) was advanced by March 31, 2023.

As part of the claim, the Company asked the court for a lien on the bank accounts of Harmony and its four founders. On December 21, 2023 the court approved the Company's request and issued a lien on those accounts in an amount of NIS 2,137,226 (approx. CAD $783,293), on each of the accounts of all 6 defendants. Following a request by the Company, on December 25, 2023, the court issued new liens on the accounts of all defendants, revising the amount of the liens to NIS 3,291,764 (approx. CAD $1,206,431) in each account.

High Times Acquisition

On May 17, 2023, the Company entered into a definitive agreement for the acquisition of 51% of the outstanding securities of an Israeli private limited liability company operating a medical cannabis pharmacy. The consideration consists of 1,132,000 common shares of Atlas and NIS 650,000 (approx. CAD $238,743). The cash consideration may be increased by up to NIS 2,050,000 upon the Pharmacy's revenue and profitability exceeding certain prescribed amounts for the financial years completed December 31, 2023 to 2025. The shares will be subject to a lock-up period of 36 months during which 15% shall be released every six months, commencing on the six-month anniversary of the closing.

The acquisition also includes a call option whereby Atlas Global can acquire, and the vendor has a put option to sell, the remaining 49% interest in the Pharmacy at a price equal to the revenue of the twelve-month period ended September 30, 2026, multiplied by 0.7. The put option is subject to satisfaction of conditions of profitability and good corporate standing.

On December 24, 2023, the parties agreed to extend the final deadline for completing the transaction to December 31, 2024, and made numerous amendments to the terms of the proposed transaction, including in material part:

- 90% of the shares to be purchased will be deposited with a trustee, as soon as a trustee agreement is entered into.
- Following the signing of the trustee agreement, the Company will have the right to appoint 2 of 3 board members of the pharmacy, will have effective management of the pharmacy, and will have control of the pharmacy's bank account.
- Following the signing of the trustee agreement, the Company will indemnify the vendor for 51% of the pharmacy's existing bank loan, the indemnified amount being approximately NIS 150,000 (approx. CAD $54,975).
- Funding requirements of the pharmacy following the signing of the trustee agreement will be provided as to 51% by Cambrosia and as to 49% by the vendor.
- Should all conditions precedent be met by December 31, 2024, the Company will receive 100% of the shares of the pharmacy, for the same aggregate purchase price as was originally agreed for the purchase of a 51% interest.
- Should all conditions precedent not be met by December 31, 2024, the Company will have the right to instruct the trustee to sell 100% of the pharmacy, with proceeds allocated as to NIS 650,000 (approx. CAD $238,225) to the Company, and the balance equally as between the Company and the vendor.

As of the date of this document, no trustee agreement has been entered into.

Receivership of Atlas Biotech

On June 26, 2023, Ernst & Young Inc. was appointed as receiver and manager (the "Receiver") over certain current and future assets of Atlas Biotech under the Bankruptcy and Insolvency Act (Canada) and the Personal Property Security Act (Alberta). As a result, of the appointment, the Company lost control of Atlas Biotech.

Atlas Biotech's senior lender, the Agriculture Financial Services Corporation (the "AFSC"), obtained the receivership order from the Court of King's Bench of Alberta (the "Court") with the consent of Atlas Biotech. The order follows on the Company's decision to cease operations at its facility in Gunn, Alberta and liquidate the assets of Atlas Biotech in an orderly manner as it focuses on cost reductions, savings and production efficiencies across its operations and the cannabis value chain.

The AFSC has also filed a statement of claim against the Company with the Court in connection with the enforcement of an existing $1.4 million limited parental guarantee of the Company in respect of the indebtedness of Atlas Biotech to the AFSC.

The Company recorded a gain on loss of control of approximately $10M.

Purchase Order and Accounts Receivable Sales

On July 6, 2023 the Company entered into an arrangement to sell certain accounts receivables for which they would receive an advance of 75% of the accounts receivables sold with the remaining 25%to be remitted net of fees and charges once the receivables are collected. On September 9, 2023, the Company amended the arrangement to include the sale of certain purchase orders which, once the purchase order is fulfilled, convert into a sold receivable. Amounts advanced on the sale of purchase orders is 65%. The receivables are sold on a non-recourse basis, and the Company pays a fee of 1.8% per month of the uncollected amounts advanced up to $1,000,000, and 1.67% per month on amounts advanced that are greater than $1,000,000. In addition, the Company is obligated to pay an unused facility fee of 2% per annum on the unused amount of the facility.

New Loan

On February 6, 2024, the Company borrowed 3,000,000 NIS ($1,100,000 CAD) from a shareholder, with an interest rate of Israeli prime plus 3.75%, with a floor of 9.75%. In addition, the Company agreed to issue 3,693,444 common shares to the lender upon and subject to the revocation of the failure to file cease trade order imposed by the Ontario Securities Common as principal regulator on August 8, 2023.

War in Gaza

On October 7, 2023, an attack was launched against Israel by Hamas (a terror organization) which thrust Israel into a state of war (hereinafter: "The state of war") in Israel and in Gaza strip. The Company is continuing with its operations both in Israel and globally, as the state of war had no substantial impact on its operations or business results. The Company continues to assess the effects of the state of war on its financial statements and business.

Third Israeli Acquisition

The Company announced on May 24, 2023, that it had entered into a definitive agreement for the acquisition of 51% of the outstanding securities of three Israeli private limited liability companies operating medical cannabis. This agreement was terminated pursuant to its terms on September 30, 2023.

Legal Claim

In January 2024, the Company was served with a claim related to the termination of a consultant which occurred in June 2023. The Company believes that it had appropriate cause for termination and that an economic outflow associated with this claim is unlikely

Failure to File Cease Trade

On August 8, 2023, the OSC, as the principal regulator, issued a FFCTO, upon the Company's failure to file the Financial Statements and related MD&A and certifications (the "**Annual Filings**") by July 31, 2023, due to the complexity of accounting for the Company's tri-partite and multijurisdictional Transaction and subsequent acquisitions. As a consequence of the delay in filing the Filings Statements, the Company is also delayed in filing its interim financial report and related management's discussion and analysis and certifications for the interim periods ended June 30, 2023, September 30, 2023 and December 31, 2023 that were due August 29, 2023 (the "**Interim Filings**").

The FFCTO prohibits the trading by any person of any securities of the Company in each jurisdiction in Canada in which the Company is a reporting issuer and in which Multilateral Instrument 11-103 – *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* applies, including trades in the Shares made through the CSE, for as long as the FFCTO is in effect, with limited exceptions.

The FFCTO will be lifted subsequent to the Annual Filings and Interim Filings being made.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com