ATLAS GLOBAL BRANDS INC.

Management's Discussion & Analysis

For the fifteen-month period ended March 31, 2023

Contents

INTRODUCTION

General

This management's discussion and analysis of financial condition and results of operations ("**MD&A**") of Atlas Global Brands Inc. ("**Atlas**" or "**Company**") should be read in conjunction with the Company's audited consolidated financial statements as at and for the fifteen months ended March 31, 2023 and the accompanying notes thereto (the "**Financial Statements**"), which have been prepared in accordance with International Accounting Standards ("**IFRS**") as issued by the International Accounting Standard Board ("**IASB**"). The Financial Statements are available under the Company's profile at www.sedarplus.ca.

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

This MD&A has been prepared as of April 9, 2024 pursuant to the disclosure requirements under National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") of the Canadian Securities Administrators.

The Business Combination

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 a 51% interest in each of Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd. (together the "**Israel Pharmacies**"), each an independent and privately held pharmacy in Israel (all together, the "**Transaction**").

The Company completed the Transaction pursuant to an amalgamation and share exchange agreement dated July 14, 2022, as amended, among Silver Phoenix, Atlas Biotech, AgMedica, Cambrosia, 2432998 Alberta Ltd. ("**Subco 1**"), 14060407 Canada Inc. ("**Subco 2**") and the ordinary shareholders of Cambrosia (the "**Amalgamation and Share Exchange Agreement**").

The Transaction constituted a "fundamental change" of the Company pursuant to the policies of the CSE.

The Transaction was structured as a three-cornered amalgamation and share exchange, pursuant to which (i) 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) Subco 2, a wholly-owned subsidiary of the Company and AgMedica, amalgamated (the "**AgMedica Amalgamation**") to form a newly amalgamated company ("**AgMedica Amalco**"); (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**"); and (iv) Cambrosia acquired a 51% interest in each of the Israel Pharmacies (collectively, the "**Cambrosia Acquisitions**").

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

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 and vendors of the Israel Pharmacies 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.

The Company completed the Transaction as of December 30, 2022, and on January 13, 2023 its common shares (the "**Shares**") began trading on the CSE under the symbol ATL.

Presentation of the Financial Statements

The result of the Transaction is that the shareholders of Cambrosia effectively gained control of the Company, thereby constituting a reverse acquisition per IFRS 3.B19 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.

Silver Phoenix did 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 was accounted for as a capital transaction under IFRS 2 –Share-Based Payments for the acquisition of the net assets of Silver Phoenix and its listing status on the Canadian Securities Exchange ("**CSE**"). The balance of the Transaction constituting the acquisitions of AgMedica, Atlas Biotech and the Israel Pharmacies have all been accounted for as a single business combinations under IFRS 3.

Accordingly, the 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 Transaction.

See "*The Transaction*" below for further details regarding these mergers and acquisitions.

Change in Year End

In February 2023, the Company announced a change to its fiscal year end from December 31 to March 31. The Company filed a notice of change of year end on February 28, 2023, pursuant to Part 4 of NI 52-102. Consequently, the Company is reporting financial results for a 15-month transition year from January 1, 2022, to March 31, 2023 compared to the period from Cambrosia's incorporation on March 17, 2021 to December 31, 2021.

References to "Fiscal 2023" or "FY 2023" are in respect of the fifteen months ended March 31, 2023.

Forward Looking Information

This MD&A contains forward-looking information within the meaning of applicable securities laws. Please refer to the Cautionary Statement Regarding Forward-Looking Information below.

Use of Non-GAAP Measures

The Company reports its financial results in accordance with IFRS. However, throughout this MD&A, we discuss non-GAAP financial performance measures that are not recognized or defined under IFRS, including reference to:

- Net revenue
- Net revenue from cannabis operations
- Earnings before interest, depreciation, taxes and amortization ("**EBIDTA**")
- Adjusted EBITDA
- Working capital
- Cannabis inventory and bio assets

All these non-GAAP financial measures should be considered in addition to, and not in lieu of, the financial measures calculated and presented in accordance with IFRS. These measures are presented to help investors' overall understanding of our financial performance and should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with IFRS. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These non-GAAP financial measures reflect an additional way of viewing aspects of operations that, when viewed with IFRS results, provide a more complete understanding of the business. The Company strongly encourages investors and shareholders to review Company financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

Please see "Reconciliation of Non-GAAP Financial Measures to IFRS Measures" below for a reconciliation of such non-GAAP Measures to the most directly comparable IFRS financial measures..

CORPORATE OVERVIEW

General

Silver Phoenix was incorporated on February 14, 2003, under the *Business Corporations Act* (British Columbia) which is the date of inception of the Company from a legal operational perspective. Cambrosia was incorporated on March 17, 2021, which is the inception date of the financial information presented in the Financial Statements.

The Company is listed on 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 Suite 3000, 1055 West Dunsmuir Street, Vancouver B.C. V7X 1K8.

As at March 31, 2023, the Company had the following subsidiaries:

Name of Subsidiary	Jurisdiction of Incorporation	Ownership Interest	
		March 31, 2023	December 31, 2021
Atlas Global Brands Inc.[1]	Canada	100%	-%
Tlalim Papo Ltd. [1]	Israel	51%	-%
Pharmacy Baron Ltd. [1]	Israel	51%	-%
R.J. Regavim Ventures Ltd. [1]	Israel	51%	-%
AgMedica Bioscience Inc. [1]	Canada	100%	-%
5047346 Ontario Inc. [1]	Ontario	100%	-%
Tavivat Naturals Inc. [1]	Canada	100%	-%
8050678 Canada Inc. [1]	Canada	100%	-%
Unique Beverages (USA) Inc. [1]	USA	100%	-%
Wellworth Health Corp. [1]	Canada	100%	-%
Atlas Biotechnologies Inc. [1]	Alberta	100%	-%
Atlas Growers Ltd. [1]	Alberta	100%	-%
Atlas Growers Denmark A/S[1]	Denmark	100%	-%

The Company's principal business activity is the production, distribution and sale of cannabis internationally and in Canada. Our medical cannabis is currently sold and distributed in Canada, Australia, Germany, Israel, Denmark, Norway, Spain, and United Kingdom and we sell cannabis for the adult recreational market in Canada.

As at March 31, 2023 the Company operated two licensed facilities in Canada: (1) an EU-GMP, GACP and CUMCS certified facility in Chatham, Ontario; and (2) a GACP certified facility in Gunn, Alberta, as well as three (3) pharmacies in Israel, all of which were acquired on December 30, 2022 as part of the Transaction further described below.

Also further described below, subsequent to March 31, 2023, the Company announced the following changes to its operations: (1) on May 1, 2023, the acquisition of GreenSeal Cannabis Company, Ltd and GreenSeal Nursery Ltd., in Stratford, Ontario adding another GACP certified facility and genetic selection program; and (2) on June 2, 2023, the closing of its Gunn, Alberta facility.

Facilities

The Company utilizes its fully integrated and GACP, IMC-GAP and EU-GMP growing facility in Chatham, Ontario for cultivation, packaging, and processing and as its hub for exports to international markets. The Company utilizes the cultivation from its GACP and IMC-GAP certified facility in Stratford, Ontario to augment fulfillment of the international demand as well as to satisfy demand in the domestic Canadian market.

In Israel, the Company uses the Israeli Pharmacies to sell product directly to patients. By having a controlling interest in these pharmacies, Atlas is assured increased shelf space, premium product placement and availability.

Chatham, Ontario

The Company owns 215,000 sq. ft. industrial building at 566 Riverview Drive, in Chatham, Ontario, of which 110,000 sq. ft. is a dedicated indoor growing, processing and drying facility (the "**Chatham Facility**"). The Chatham Facility has current growing capacity of approximately 6,500 kg/year.

The Chatham Facility is a purpose-built cannabis facility at which AgMedica cultivates crop using a three or four vertical tiered system. This system allows precise control growing conditions for each plant group and maximizes production per square foot within each grow room. The AgMedica Facility offers the ability to cultivate year-round, resulting in slightly more than five flowering room turns per year.

The Chatham Facility has six active three-tiered grow rooms and five active larger scale grow rooms with four vertical tiers.

Additionally, the Chatham Facility has been licensed for six additional larger scale grow rooms with four vertical tiers, which have yet to be onboarded into active production. These additional grow rooms have been structurally completed but require additional infrastructure investments prior to onboarding them into active production (the "**Chatham Expansion**"). It is estimated that the Chatham Expansion could expand capacity by an additional 6,000+ kgs/annually.

The Chatham Facility is currently only approximately 50% occupied by AgMedica. AgMedica currently rents a portion of the remaining industrial space to third-party tenants to generate non-core cash flow.

Commencing with initial samples in May 2023 followed by first commercial exports in July 2023, operations at the Chatham Facility were expanded to include EU-GMP vape production.

Stratford, Ontario

As a result of its acquisition of GreenSeal, the Company owns a 30,000 square foot facility in Stratford, Ontario which produces just over 3,500 kg of cannabis flower annually (the "**Stratford Facility**"). Within a two-hour drive of the Chatham Facility, the Stratford Facility offers operational efficiencies. The Stratford facility is also structured as a multi tier vertical grow facility, growing flower, and drying it indoor.

Gunn, Alberta

Prior to the liquidation of the Atlas Subsidiaries (as defined and described below), the Company owned a 38,000 sq. ft. facility located 45 minutes west of Edmonton in the Lac Ste. Anne County (the "**Gunn Facility**"). The Gunn Facility was purpose-built for indoor cultivation and processing of cannabis in accordance with the Health Canada's good production practices. The building included office space, change rooms, one propagation room, one vegetative room, one mother room, six flowering room micro-climates, two drying rooms, one irrigation room and nine processing and laboratory rooms.

Israel

As previously stated, the Company has a 51% interest in the three Israel Pharmacies, located in Tel Aviv, Israel. As further described below, two of the pharmacies are licensed under the Medical Cannabis Unit of the Israeli Ministry of Health to dispense medical cannabis.

Products

We currently have approximately 50 distinct products available for sale across Canada varying in availability province to province. The Company has direct supply agreements in place with the British Columbia Liquor Distribution Branch, the Alberta Gaming, Liquor and Cannabis Commission, the Ontario Cannabis Stores, the Yukon Liquor Corporation and sells directly to Manitoba Liquor & Lotteries, the Northwest Territories Liquor, Cannabis Commission, and the PEI Cannabis Management Corporation. We have distribution agreements with distributors in Saskatchewan who distribute the Company's products to certain provincial distributors and retailers.

The Company's primary products are currently as follows:

Canadian Adult-Use Market Brands

Brand	Description	Market Segment (economy, value, core, premium or premium +)
	Nurtured and curated using old school techniques of hang drying, hand trimming and cured to perfection.	PREMIUM+
GREENSEAL CANNABIS CO.	Standard approach, consistent craft experience with a genetic forward focus..	PREMIUM
Electric Lettuce	Accessible and convenient, with fun and unique flavours and products.. Offering a rotation of products featuring single strain, premium quality flower. Cultivated indoors with precision: hang dried, hand trimmed, and cured for weeks to ensure full flavour and potency.	VALUE
BONFIRE	Craft cannabis, grown in small batches, harvested at peak ripeness, hang dried, and hand trimmed without the use of machines. Bonfire product is all grown indoors using exclusive genetics sourced from our in-house nursery.	CORE

Recent Developments

Concentration of activities

Coincident with the liquidation of the Atlas Subsidiaries and consequential cessation of operations at the Gunn Facility, the Company shifted the focus of its activity at the Stratford facility on growing, processing and packaging for the domestic Canadian market while continuing to breed unique genetics for both the domestic and international markets. This shift has enabled the Company to enhance yields and the proportion of Grade A flower at both the Chatham Facility and Stratford Facility. The Company also maintains the ability to export GACP flower from its Stratford Facility to international markets.

Exclusive Agreement with Snoop Dogg

In February 2023, the Company entered into an exclusive licensing agreement with Calvin Broadus Jr. a.k.a "Snoop Dogg", granting Atlas use of the artist's name, image, logos, trademarks, and other authorized intellectual property to create, package, manufacture, distribute, sell, advertise, promote, and market a diverse range of cannabis products in Canada and all international medical cannabis markets (excluding the U.S.).

Acquisitions in Israel

Harmony

On February 6, 2023, the Company announced the proposed acquisition of a 51% controlling interest in a private limited liability company ("**Harmony**") operating two medical cannabis pharmacies, one in Tel-Aviv and one in Jerusalem, and a 51% interest in an Israeli licensed cannabis "Trading House" intended to serve as the Company's hub for imports to and distribution within Israel, for consideration consisting of up to 2,800,702 Shares of the Company, at a deemed price of $1.00 per share.

During the financial statement reporting period, the Company lent the Trading House approximately $375,000, guaranteed by the vendors, to be repaid immediately in the event the transaction does not close.

Subsequent to March 31, 2023, the Company advanced a further $150,000 and also entered into revenue transactions with the vendors.

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 the principals of Harmony 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 $525,000) as noted above.

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.

Hi Times

On May 17, 2023, the Company announced the proposed acquisition of a 51% controlling interest in a private limited liability company operating a medical cannabis pharmacy, doing business as "Hi Times", for consideration of approximately 1,132,000 Shares of the Company at the deemed issue price of $1.00 per Share, and approximately CAD $239,743, payable at closing (the "**Cash Consideration**"). Had the transaction closed, the Cash Consideration may have been increased by up to New Israeli Shekel ("**NIS**") 2,050,000 upon the pharmacy's revenue and profitability exceeding certain prescribed amounts for the financial years ending December 31, 2023, to 2025.

The transaction was subject to the receipt of applicable regulatory approvals in Israel, which were not received by the agreed deadline for consummating the transaction. As a result, the transaction lapsed. Numerous attempts to negotiate the terms of anew agreement have not succeeded..

Duda

On May 24, 2023, the Company announced the proposed acquisition of a 51% controlling interest in Umana Pharmacies Ltd (doing business as "Duda"), which owns three private limited liability companies for consideration of approximately $3,411,444, comprised of a cash payment and the issuance of 1,925,300 Shares of the Company at the deemed issue price of $1.00 per share. The entities operate pharmacies which are used to distribute medical cannabis in Israel.

The transaction was subject to the receipt of applicable regulatory approvals in Israel which were not received by the agreed deadline for consummating the transaction. As a result, the transaction was terminated pursuant to its terms.

GreenSeal Acquisition

On April 28, 2023, the Company acquired all of the issued and outstanding shares of GreenSeal Cannabis Company, Ltd. and GreenSeal Nursery Ltd. (together, "**GreenSeal**"), a privately owned Ontario-based licensed cannabis producer and nursery pursuant to a share purchase agreement dated February 24, 2023, as amended, among the Company, GreenSeal and the shareholders of GreenSeal (the "**Share Purchase Agreement**").

Pursuant to the Share Purchase Agreement, Atlas Global issued to the GreenSeal vendors an aggregate of 7,612,358 Shares at an issue price per share equal to CAD $0.4374, representing the 20-day volume weighted average closing price (the "**VWAP**") of the Company's Shares on the CSE prior to closing. A further 2,387,642 Shares have been reserved for issuance to the GreenSeal vendors under the Share Purchase Agreement in connection with certain withholding obligations of the Company (the "Withheld Shares"). Up to an additional 1,500,000 shares may be issued at the 12-month anniversary of the closing date of the acquisition (the "**Closing Date**") based on the then VWAP of the Shares.

Approximately $5.5M in bank debt and $0.6M in long-term loans remain with GreenSeal post-closing. The Shares are subject to a contractual lock-up, pursuant to which 15% of the Shares are released every six months commencing on the six-month anniversary of the Closing Date, until the 36-month anniversary of the Closing Date. If, the volume weighted average closing price per share for the 20 trading days preceding the share releases on the 18, 24, and 30-month release dates is at least CAD $2.00, an additional 5% of the Shares will be released on such release date.

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

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.

Closure of the Gunn, Alberta Facility

On June 2, 2023, the Company announced that it would cease operations at its facility in Gunn, Alberta and liquidate the assets of Atlas Biotech and Atlas Growers Ltd., respectively (together, the "**Atlas Subsidiaries**"). Approximately 50 employees were impacted by this decision. All packaging activities were relocated to the Company's facility in Chatham, Ontario, which is now the hub for processing of cannabis flower, 1.0 and 2.0 products, and oils.

Based on financial analysis and after careful consideration of available alternatives, as based on the cash positions of the Company and its subsidiaries, forecasted revenue and expenses, scheduled debt payments and demands for payment received from creditors and the operational capabilities of the Company's other business units in Ontario, it was determined to be in the best interests of the Company and its shareholders to have the assets of the Atlas Subsidiaries liquidated, through a court-supervised process, in an orderly fashion so as to maximize recoveries for all affected stakeholders.

At the Company's suggestion and with the Company's cooperation, on June 27, 2023, the Atlas Subsidiaries' senior lender, the Agriculture Financial Services Corporation (the "**AFSC**") filed a statement of claim against the Company with the Court of King's Bench of Alberta in connection with the enforcement of the indebtedness of Atlas Biotech to the AFSC as well as the existing $1,400.000 limited parental guarantee of the Company and the personal guarantees of certain former principals of the Atlas Subsidiaries.

Effective July 4, 2023, on the application of the AFSC and with the consent of the Company, Ernst & Young Inc. was appointed as receiver and manager over certain current and future assets of the Atlas Subsidiaries, under the *Bankruptcy and Insolvency Act* (Canada) and the *Personal Property Security Act* (Alberta).

Purchase Order and Accounts Receivable Sales

On July 6, 2023 the Company entered into an arrangement to sell certain accounts receivables in exchange for an advance of 75% of the accounts receivables sold with the remaining 25%to be remitted net of fees and charges upon collection. 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 and the Company receives an advance of 65% of the receivable. 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.

Purchase Order and Accounts Receivable Sales

On August 8, 2023, the Ontario Securities Commission (the "**OSC**"), as the principal regulator, issued a failure to file cease trade order (the "**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 completing the Annual Filings, the Company is also delayed in filing its interim financial report and related management's discussion and analysis and certifications for the interim period ended June 30, 2023, September 30, 2023 and December 31, 2023 that were due August 29, 2023, November 29, 2023, and February 29, 2024, respectively.

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.

New Loan

On February 6, 2024 Shahar Management Group Company (K.S.N.) Ltd. ("**Shahar**"), an entity controlled by Avi Elkayam, an insider of the Company (together with Shara, the "**Lender**"), made a loan to Cambrosia, a wholly-owned subsidiary of the Company in the principal amount of 3,000,000 NIS (approximately $1,110,000 CAD) (the "**Loan**").

The Loan was made pursuant to an agreement dated January 8, 2024, as amended on February 1, 2024, and further amended on March 12, 2024, between Cambrosia and the Lender (the "**Loan Agreement**"). The Loan has a term of two years commencing on February 1, 2024, and bears interest at a rate of 9.75% per annum. Loan repayment obligations for the first 12 months of the term shall be on an interest-only basis, and thereafter monthly payments of interest and principal. Pursuant to the Loan Agreement, Cambrosia deposited 250,000 NIS in a closed bank account to ensure timely interest payments for the first year of the term. Cambrosia has the option to request an extension to the term of the Loan by an additional 12 months, for an aggregate repayment term of three years.

Cambrosia's obligations under the Loan Agreement are secured by a pledge of its 51% interest in its three pharmacies located in Israel and its interest in any other subsequently acquired medical cannabis pharmacies. In addition, Atlas guaranteed the obligations of Cambrosia under the Loan Agreement and , subject to and conditional upon the revocation of the FFCTO , Atlas agreed to issue to Avi Elkayam, as sole shareholder of Shahar and/or to Shahar 3,693,444 Shares (the "**Loan Consideration Shares**").

The Lender has the right to enforce its' security interest in the pharmacies should the FFCTO not be revoked by April 15, 2024 to permit the issue of the Loan Consideration Shares. The Company has made application to the OSC for a partial revocation of the FFCTO, to permit the issue of the Loan Consideration Shares.

OVERALL PERFORMANCE

General

During the fifteen months ended March 31, 2023, the Company had a net loss of $16,447,572 and as at March 31, 2023 had cumulative deficit of $16,507,981 and current liabilities exceeding current assets by $26,203,053. The above events and conditions indicate there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Concurrently with the closing of the Transaction, the Company appointed a new Chief Executive Officer and Chief Financial Officer, not previously associated with the Company nor any of the entities included in the Transaction. As such, during the three-month period from closing of the Transaction to March 31, 2023, efforts were dedicated to evaluating the Company's existing operations, address urgent liquidity issues, assess the consolidated cost structure and ultimately, formulate a strategy to reduce costs, optimize operations, improve cash flow and shift focus to the higher margin international market.

Further, as previously stated, Cambrosia, the accounting parent, was incorporated on March 17, 2021, and, because the Transaction only completed on December 31, 2022, the 15-month period ended March 31, 2023 and reported in the Financial Statements represent only three (3) months of actual operations of the Company's acquired subsidiaries and are not comparable to the same period in the prior year.

The results of operations and overall performance during 15-month period ended March 31, 2023, do not reflect any steps taken to execute on that strategy nor the events described above under "Recent Developments", including in particular the discontinuation of operations at the Gunn Facility.

The Company's business has been affected by is likely to continue be affected by the industry and economic factors described immediately below and the risk factors described under "*Risks and Uncertainties*". In addition, the Company's financial condition will be affected by the changes in its business operations since March 31, 2023 and described above under "*Recent Developments*".

Industry and Economic Factors Affecting Our Business

Through analysis of the current market conditions, the following industry and economic factors have and are anticipated to continue to affect the Company's business..

Canadian cannabis market trends

- *Price compression.* We have historically seen and continue to see price compression in the market, when compared to the prior fiscal year, which was driven by intense competition from the approximately 800 licensed producers in Canada. The price compression year over year has reduced the Company's revenue and has made growing market share a challenge.

- *Excise tax Rates.* Given the impacts of the above-referenced price compression, excise tax has grown to become a larger component of net revenue as it is predominantly computed as a fixed price on grams sold rather than as a percentage of the selling price. In late February 2024, the House of Commons Standing Committee on Finance issued a report outlining several recommendations regarding the adult-use cannabis industry. One such recommendation was a request to "make adjustments to the excise duty formula for cannabis so that it is limited to a 10% ad valorem rate and a requirement to apply an excise stamp on cannabis products. While the Company believes that in the long term there is a possibility of some level of reform, it will likely not occur in the next 12 months.

- *Excise Tax Arrears*. Separately, as of March 1, 2024 it was reported that approximately $200M was owed to the Canada Revenue Agency (the "**CRA**") in excise tax in arrears. These arrears prompted the CRA to request that provincially owned cannabis wholesalers to garnish payments intended for licensed producers, such as the

Company. The Company has an arrears balance with the CRA and the potential garnishment of payments, without third party financing and/or some negotiation of the timing of payment of the arrears will materially adversely affect the Company's future financial performance.

International cannabis market trends

The cannabis industry in Europe is in its early stages of development, and countries within Europe are at different stages of legalization of medical and adult-use cannabis. Some countries have expressed a clear political ambition to legalize adult-use cannabis, some are engaging in an experiment for adult-use and some are debating regulations for cannabinoid-based medicine.

For example, on March 22, 2024, it was announced that cannabis possession and home cultivation will be decriminalized in Germany from April 1, 2024.. The decriminalization legislation is what is known as the "first pillar" in a two-step plan to legalize cannabis in the country. The "second pillar" is expected after the decriminalization bill, and would set up municipal five-year pilot programs for state-controlled cannabis to be sold in licensed shops.

Overall then, in Europe, we believe that, despite continuing recessionary economic conditions and the Russian conflict with Ukraine, cannabis legalization (both medicinal and adult-use) will continue to gain traction albeit more slowly than originally expected.

Strategy and Outlook

Atlas believes that profitable growth, smart capital allocation and balance sheet health are critical success factors in the dynamic and rapidly developing global cannabis industry.

On the basis of the industry and economic trends discussed above, we believe that our international medical business provides the foundation for profitability and positive cash flow, and so we continue to increase distribution in core international markets and use the Canadian consumer business as a platform to build brands particularly through partnerships such as that described above with Snoop Dogg.

As such and given the Company's current cash flow concerns and continuing losses, the Company's primary strategy is to secure a short term loan of up US$3 to $5 million to address immediate liquidity needs, refinance its Chatham Facility to complete the Chatham Expansion and increase its market share in the higher margin international medical cannabis market while adding a high margin revenue stream in the form of co-packing cannabis and cannabis accessories for export.

This strategy is heavily dependent on securing third party financing, absent which the Company have consider a reduction in corporate capacity and/or sale or liquidation of less strategic assets.

SELECTED ANNUAL INFORMATION

The following is select financial data derived from the Financial Statements of the Company.

		15 Months ended March 31, 2023		From incorporation on March 17, 2021 to December 31, 2021
Financial Results				
Revenue	$	6,212,241	$	-
Loss for the period		(16,366,895)		(141,086)
Loss per share		(0.50)		(0.00)
Statement of Financial Position				
Total Assets		61,653,037		429,355
Total current financial liabilities		48,527,681		7,071
Total non-current financial liabilities		3,992,997		-
Dividends		-		-

Cambrosia, the accounting parent, was incorporated on March 17, 2021, and had a primary objective of sourcing, import planning, sales and marketing of cannabis from international partners. As matters developed, the completion of the Transaction became the sole focus of its business, and accordingly, financial results for the period prior to 2022 are not helpful comparatively to those of the Company for the 15 months ended March 31, 2023.

Also, while Atlas Biotech and AgMedica were operational prior to the Transaction date having substantial revenues in 2022 and 2021, their respective pre-amalgamation results are not consolidated in the above financial data under IFRS accounting standards.

The Company's revenue is comprised of the domestic and export sales of our two wholly owned Canadian subsidiaries, AgMedica and Atlas Biotech, and the revenues of the Israel Pharmacies from the date of their acquisition on December 30, 2022.

The loss for the 15-month period ended March 31, 2023, includes a write-down of goodwill and other intangible assets in the amount of $7,373,056 resulting from changes in expected results linked to the eventual shutdown of our facility in Gunn, Alberta. The liquidation of the assets of the Atlas Subsidiaries will be accounted for in fiscal Q1 2024.

The Company's assets are primarily comprised of property, plant and equipment, totalling $36,412,517 (mainly land, buildings and productions rooms), inventory and biological assets of $12,893,684 (work in progress and finished goods), and trade and other receivables of $5,424,743.

DISCUSSION OF OPERATIONS

The following is an analysis of the Company's operating results for the 15 months ended March 31, 2023 and includes a comparison against the period ended December 31, 2021.

		15 Months ended March 31, 2023	From incorporation on March 17, 2021 to December 31, 2021
Financial Results			
Revenue	$	6,212,241	
Net revenue from cannabis products (1)		5,109,776	-
Gross Profit		813,754	-
Operating expenses		8,512,685	140,758
Loss before interest, depreciation, taxes and amortization ("EBIDTA") (2)		(7,245,758)	(128,422)
Adjusted EBITDA(2)		(3,824,806)	(128,422)
Statement of Financial position			
Working capital (deficiency) / surplus(3)		(25,432,813)	422,284
Cannabis inventory and bio assets (4)		12,893,684	-
Shareholder (equity) deficit		(9,132,359)	(422,284)
Total assets		61,653,037	429,355

Notes:
Refer to the following sections for reconciliation of Non-GAAP Measures to the IFRS equivalent measure.

(1) Refer to the "Net Revenue" section for a reconciliation to the IFRS equivalent.
(2) Refer to the "EBITDA" section for a reconciliation to the IFRS equivalent.
(3) "Working capital" is defined as Current Assets less Current Liabilities as reported on the Company's Consolidated Statements of Financial Position. Current Liabilities includes the current portion of convertible debentures.
(4) Represents total biological assets and inventory, accessories, supplies, consumables, and plant propagation biological assets.

As previously stated, Cambrosia, the accounting parent, was incorporated on March 17, 2021 and, accordingly, financial results for the period prior to 2022 are not helpful comparatively to those of the Company for the 15 months ended March 31, 2023. Further, given the Transaction closed on December 30, 2022, the operating results represent only three (3) months of actual operations of the Company's acquired subsidiaries.

We reasonably believe that Company's future performance will be affected by the industry and economic factors described above, the risk factors described under "*Risks and Uncertainties*" and the changes in its business operations since March 31, 2023 and described above under "*Recent Developments*", especially the liquidation of the Atlas Subsidiaries.

Net Revenue

Net Revenue is defined as revenues less excise taxes included in the price to sell. Revenues of $6,212,241 were recorded in the period less excise taxes of $410,906, resulting in net revenues of $5,801,335. See Note 18 in the Financial Statements for further information on net revenues from cannabis operations.

The increase in revenue is a result of the consolidation, for the first time, of the results of operations of the entities acquired in the Transaction. The Company's revenue is comprised of the domestic and export sales of our two Canadian subsidiaries, AgMedica and Atlas Biotech, and the revenues of the Israel Pharmacies. The majority of our revenue is comprised of cannabis sales, with additional revenue coming from non-cannabis products sold in the Israel Pharmacies. The following is a breakdown of net revenues based on the customer's geographical region.

		For the 15 month period ended March 31, 2023	%
Canadian revenues	$	**2,092,509**	36%
International revenues:			
Oceania		**2,073,350**	36%
Asia		**1,194,290**	21%
Europe		**441,186**	7%
Net revenue	$	**5,801,335**	100%

As previously stated, the change in the Company's revenue from the comparative period is primarily a result of the structure and accounting of the Transaction and the limited historical operations of Cambrosia prior to the completion of the Transaction.

Gross Profit

The increase in gross profit is a result of the consolidation, for the first time, of the results of operations of the entities acquired in the Transaction. Gross Profit of $813,754 is primarily driven by the recognition of unrealized gains on changes in fair value of biological assets developed in the period.

Operating Expenses

The increase in selling, general and administrative ("**SG&A**") expenses is a result of the consolidation, for the first time, of the results of operations of the entities acquired in the Transaction. SG&A expenses include substantial items which are related to the Transaction, including $1,117,225 recognized as a listing expense associated with Cambrosia's accounting acquisition of Silver Phoenix, legal and professional fees of $1,348,016 relating to the Transaction and subsequent securities regulatory compliance matters, and company acquisition expenses of $2,303,727 relating to the acquisition of the Canadian and Israeli legal entities that are part of the Company. These Transaction expenses amounted to $4,768,968 in total and are expected to be non-recurring in nature.

EBITDA

EBITDA is defined as earnings (loss) before interest, taxes, depreciation and amortization. Adjusted EBIDTA is EBITDA less adjustments for non-recurring items

The increase in Adjusted EBITDA losses were brought about due to the first time consolidation of the activities of those entities acquired pursuant to the Transaction. As previously noted, these activities do not reflect any steps taken on the strategy outlined above following the appointment of the new Chief Executive Officer and new Chief Financial Officer subsequent to the closing of the Transaction.

Working Capital

The working capital deficiency of ($25,432,813) is primarily due to the classification of the Company's term debts as current in the amount of $25,862,873. Working Capital is further influenced by short-term liabilities, including government remittances payable of $8,877,886 and accounts payable of $9,454,714 mostly offset by inventory and biological assets of $12,893,684 and trade and other receivables of $5,424,743.

Cannabis Inventory

The increase in cannabis and biological inventory is a result of the consolidation, for the first time, of the balance sheets of the entities acquired in the Transaction.

Reconciliation of Non-GAAP Financial Measures to IFRS Measures

Net Revenue and Net Revenue from cannabis operations

Cannabis net revenue represents revenue from the sale of cannabis products less excise taxes.

The closest IFRS measure to net revenue and net revenue from cannabis operations is Revenue as reported on the consolidated statement of loss and comprehensive loss, a reconciliation to which is found in the below table.

		For the 15 month period ended March 31, 2023
Revenue	$	6,212,241
Less: excise taxes		**(410,906)**
Net revenue		5,801,335
Less: Revenue from non-cannabis goods – pharmacy operations		**691,559**
Net revenue from cannabis products		5,109,776

EBITDA and Adjusted EBITDA

The closest IFRS measure to EBIDTA and Adjusted EBITDA is net loss as reported on the consolidated statement of loss and comprehensive loss, a reconciliation to which is found in the below table.

	For the 15 month period ended March 31, 2023	**From the period of incorporation on March 17, 2021 to December 31, 2021**
Net Loss	16,366,895	141,086
Remove:		
Depreciation and Amortization	(1,144,480)	-
Share Based Compensation	(122,446)	(12,336)
Other income	138,749	-
Finance expense	(631,251)	(328)
Finance income	16,297	-
Impairment of intangible assets and goodwill	(7,373,056)	-
Loss on foreign exchange	(4,950)	-
EBITDA loss	7,245,758	128,422
Non-recurring items included in EBITDA:		
Listing Expense	(1,117,225)	-
Company acquisition expenses	(2,303,727)	-
Adjusted EBITDA loss	3,824,806	128,422

Adjusted EBITDA is intended to provide a proxy for the Company's operating cash flow and is widely used by industry analysts to compare issuers to its competitors, and derive expectations of future financial performance for Atlas, and excludes out-of-period adjustments that are not reflective of current operating results.

Working Capital and Cannabis Inventory and bio-assets

These non-GAAP measures are a result of the addition or netting of IFRS financial measures, a reconciliation to which is found in the below table.

		For the 15 month period ended March 31, 2023	From the period of incorporation on March 17, 2021 to December 31, 2021
Biological Assets	$	1,892,745	-
Inventories		11,000,939	-
Cannabis inventory and bio-assets		12,893,684	-
Add:			
Cash		2,614,498	127,205
Shor-term Investments		35,833	-
Trade and other receivables		5,424,743	-
Deposits and prepaid assets		2,126,110	302,150
Deduct:			
Trade and other payables		22,375,179	7,071
Current portion of term debt		25,862,873	-
Current portion of lease liabilities		161,778	-
Income taxes payable		49,618	-
Deferred revenue		66,331	-
Other current liabilities		11,902	-
Working capital deficiency		25,432,813	422,284

Management believes that working capital is an important liquidity measure and is defined as current assets less current liabilities as stated on the Company's Consolidated Statements of Financial Position.

SUMMARY OF QUARTERLY RESULTS

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 for any period prior to December 31, 2022.

		For 3 months ended March 31, 2023		As at March 31, 2023
Revenue	$	6,212,241	$	
Loss for the period		(14,787,488)		
Loss per share		(0.10)		
Total Assets				61,653,037
Total liabilities				52,520,678

The quarterly revenue is comprised of the domestic and export sales of our two Canadian subsidiaries (AgMedica and Atlas Biotech), and the revenues of the Israel Pharmacies. The majority of our revenue is comprised of cannabis sales, with additional revenue coming from non-cannabis products sold in our Israel Pharmacies.

The loss for the three months ending March 31, 2023 was impacted, to a very large extent, by expenses related to the Transaction of $2,016,864 for legal and professional fees can company acquisition expenses, which are not recurring in nature, as well as a write-down of goodwill and other intangible assets in the amount of $7,373,056 resulting from changes in expected results linked to the eventual shutdown of our facility in Gunn, Alberta. The liquidation of the assets of the Atlas Subsidiaries will be accounted for in fiscal Q1 2024

The Company's assets are primarily comprised of property, plant and equipment, of $36,412,517 (mainly land, buildings and productions rooms), inventory and biological assets of $12,893,684, and trade and other receivables of $5,424,743.

The Company's liabilities are primarily comprised of trade and other payables, of $22,375,179, and current portion of long-term debt of $25,862,873.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of ($25,432,813) as at March 31, 2023 as compared to a working capital surplus of $422,284 as at December 31, 2022. As at March 31, 2023, the Company had cash in the amount of $2,614,498 as compared to $127,205 at December 31, 2022.

Based on the current funds held, the Company does not have sufficient working capital for the short-term. The Company's primary short-term liquidity needs are to make the down payments necessary to source product from some third parties, to fund its net operating losses and capital expenditures to maintain existing facilities, and lease payments.

The Company's ability to fund its short-term operating requirements depends on (i) future operating performance and cash flows, which are subject to economic, financial, competitive, business and regulatory conditions, and other factors, some of which are beyond its control and (ii) the Company's ability to access third party financing, including by way of a refinancing of existing debt or a sale or lease back of certain assets previously described. In addition, recent developments in the Canadian cannabis industry regarding potential garnishment of excise taxes in arrears (of the Company has $6,819,519), inserts material uncertainty into the Company's cash flow forecasts and increase the risk that it may not be able to fund its short-term operating requirements, absent third party financing.

The Company's medium-term liquidity needs primarily relate to debt repayments and lease payments and financing the Chatham Expansion to increase cash flow from operations and international market penetration. The additional grow rooms,to be completed as part of the Chatham Expansion, have been structurally completed but require additional infrastructure investments of up to approximately $5 million, prior to onboarding them into active production.

Our long-term liquidity needs primarily relate to potential strategic plans. The Company does not have any current commitments for capital expenditures.

The Company's capital resources will continue to be insufficient, and to the extent available, costly, until it can sustain net positive cash flow from operations, whereupon the Company believes access to capital will increase and its cost will decrease.

The Company currently has $15.1M in principal mortgages secured against the Chatham Facility. This secured indebtedness includes financial covenants including a requirement to keep its debt-to-equity ratio at 1:1, and as of March 31, 2023, was in violation of this covenant, which resulted in the long-term debt being classified as current. The Company is in discussion with the lenders to secure a waiver of the default and while prior requests have been successful, there can be no assurance the Company will be successful again. See "*Risks and Uncertainties - The Company is in default of a covenant in a Mortgage registered against the Chatham Facility*".

In addition, the Company is in discussions with lenders for the refinancing of this debt prior to maturity in November 2024. The Company has appraised the Chatham Facility, including land and building, at a fair value of approximately $30M and is seeking to leverage the equity in the facility to secure additional financing for short term operations of the Company and the Chatham Expansion.

PROPOSED TRANSACTIONS

There are no undisclosed proposed transactions that will materially affect the Company.

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.

The remuneration of directors and key management personnel during the reporting periods-ended March 31, 2023, is set out below:

Related Party Reconciliation	**For the Reporting Period Ended March 31, 2023 ($)**
Salaries and benefits	583,093
Share-based compensation	96,025
Total Related Party Compensation	679,118

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company has not initially adopted any new accounting policies during the reporting period and, other than as set forth below, has not and does not expect to adopt any accounting policies 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 IAS 41 effective January 1, 2022 which did not have a material impact to 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 January 1, 2022 which did not have a material impact to 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 January 1, 2022 which did not have a material impact to 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 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 AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, cash equivalents, accounts payable, accounts receivable, the AgMedica Class B Preferred Shares, and other financial assets, term debt and accrued liabilities. Financial instruments are measured either at fair value or at amortized cost. The table below lists the valuation methods used to determine the fair value of each financial instrument.

Financial asset / liability	IFRS 9
Cash	Amortized cost
Accounts receivable	Amortized cost
Other financial assets	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Term debt	Amortized cost
Deposits	Amortized cost
Class B - preferred shares	Amortized cost

The Company classifies its cash and cash equivalents at amortized cost. The carrying values of accounts payable, amounts payable and consideration payable, which have been classified as financial liabilities, are measured at amortized cost using the effective interest method.

The carrying values of the financial instruments at March 31, 2023 are summarized in the following table:

Financial asset / liability	Carrying Value
Cash	2,614,498
Trade and other receivables	5,424,743
Other financial assets	35,833
Trade and other payables	(22,375,179)
Term debt	(25,862,873)
Deposits and prepaid assets	2,126,110
Class B - preferred shares	(804,203)

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. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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 fair value of the promissory notes and term debt and equipment financings also approximate their fair value.

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 potential loss if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its accounts receivable in the aggregate amount of $5,424,743 as at March 31, 2023 (December 31, 2021 - $nil). Cash is held with certain Canadian and Israeli financial institutions with high credit worthiness.

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 Canadian 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. Pharmacy operations in Israel do not extend credit to its retail customers.

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

The aging of the Company's trade receivables has changed significantly between March 31, 2023 and December 31, 2021 due to the increase in operations and the Transaction. As at March 31, 2023, no financial assets were past due except for the outstanding accounts receivable, of which $495,206 (December 31, 2021 - $nil) was greater than 60 days outstanding as at March 31, 2023.

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 when possible, raises capital as required to support investment in production facilities and working capital requirements.

Based on the current funds held, the Company does not have sufficient working capital for the short term, and thus will need to rely upon financing from shareholders and/or debt holders, or from new investors, or from the refinancing or sale and leaseback of its Chatham, Ontario facility, to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company or at all.

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.

The Company, through its international customers and vendors, is exposed to currency risk. As at March 31, 2023, $4,699,977 (December 31, 2021 - $nil) of its financial assets were denominated in NIS. At March 31, 2023, $2,151,323 (December 31, 2021 - $nil) of its financial liabilities, were denominated in NIS.

The Company is exposed to the NIS and a 10% strengthening or weakening in the NIS against the Canadian dollar on financial assets and financial liabilities would result in a decrease or increase of approximately $232,744 (December 31, 2021 - $nil) in net loss for the reporting period-ended March 31, 2023.

The Company has not entered into any hedging agreements or purchased any financial instruments to hedge its foreign currency risk.

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. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. As at March 31, 2023, the Company does not hold any financial liabilities with variable interest rates, other than short-term revolving credit facilities at its pharmacy subsidiaries in Israel. Atlas does maintain bank accounts and occasionally government investment certificates which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

Interest rate risks on the interest-bearing financial liabilities are mostly limited due to the fact that the Company's substantial financial liabilities are fixed rate interest instruments carried at amortized cost. In Israel, the Company's pharmacy subsidiaries have bank lines of credit, with fluctuating interest rates, but their impact on the Company's overall interest rate risk is limited.

Foreign Currency Risk

The Company, through its international customers and vendors is exposed to currency risk. As at March 31, 2023, $4,745,096 of the Company's' financial assets (December 31, 2021 - $nil) and $2,417,652 of the Company's financial liabilities (December 31, 2021 - $nil) are translated to and denominated in Canadian dollars.

The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables and planned expenditures.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 158,679,139 shares issued and outstanding, 13,434,759 stock options and 600,000 restricted share units.

Lastly, (i) in connection with the acquisition of GreenSeal and the recent receipt of a clearance certificate from the CRA, the Company is obligated to issue the 2,387,642 Withheld Shares; and (ii) subject to full or partial revocation of the existing cease trade order, the Company will issue 3,693,444 Loan Consideration Shares.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties. The following discussion summarizes certain risk factors that apply to the Company's business and may 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 Shares if any such risks actually occur.

The Company's ability to continue as a going concern depends on several factors, primarily securing additional funding.

During the fifteen months ended March 31, 2023, the Company had a net loss of $16,447,572 and as at March 31, 2023 had cumulative deficit of $16,507,981 and current liabilities exceeding current assets by $26,203,053. The above events and conditions indicate there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent, among other things, upon its capability to grow its revenue or reduce its cost base, to achieve self-sustaining operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, is sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company, or at all.

The Company is in default of a covenant in a Mortgage registered against the Chatham Facility

Any default under our existing debt that is not waived by the applicable lenders could materially and adversely impact our results of operations and financial results, may impact the Company’s ability to continue as a going concern, and may have a material adverse effect on the trading price of our Shares (once the FFCTO is revoked in whole or in part).

We are required to comply with the covenants in our debt instruments. These covenants may create a risk of default on our debt if we cannot satisfy or continue to satisfy these covenants. If the Company cannot comply with a debt covenant or anticipate that it will be unable to comply with a debt covenant under any debt instrument it is party to, management may seek a waiver and/or amendment to the applicable debt instrument in respect of any such covenant in order to avoid any breach or default that might otherwise result therefrom. If we default under a debt instrument and the default is not waived by the lender(s), the debt extended pursuant to all of its debt instruments could become due and payable prior to there stated due date. If such event were to occur, the Company cannot give any assurance that (i) its lenders will agree to any covenant amendments or waive any covenant breaches or defaults that may occur, and (ii) it could pay this debt if it became due prior to its stated due date. Accordingly, any default by us on existing debt that is not waived by the applicable lenders could materially adversely impact our results of operations and financial results, may impact the Company’s ability to continue as a going concern, and may have a material adverse effect on the trading price of our Common Shares.

In that regard, Atlas is subject to externally imposed capital covenants related to secured indebtedness registered against the Chatham Facility and must keep its debt-to-equity ratio at 1:1, and as of March 31, 2023, was in violation of this covenant, which resulted in the long-term debt being classified as current.

The Company is in discussion with the applicable lender regarding a waiver of this breach and possibly repayment, in the event discussions regarding a refinancing of the Chatham Facility are successful.

Garnishment of Excise Tax Arrears Would Materially and Adversely Affect The Company’s Near Term Cash Flow

As stated above, in an industry wide effort to collect substantial arrears, CRA has requested that provincially owned cannabis wholesalers to garnish payments intended for licensed producers, such as the Company. The Company has an arrears balance with the CRA of $6,819,519 and potential garnishment, without third party financing and/or some negotiation of the timing of payment of the arrears will materially adversely affect the Company’s future financial performance. The Company is in discussion with the CRA regarding payment of the arrears on a schedule that will mitigate the effect on the Company’s near term cash position.

The FFCTO is not Revoked to Permit the Issue of Loan Consideration Shares

As stated above, the Loan is secured by a pledge of Cambrosia’s majority interest in its’ three pharmacies located in Israel and its interest in any other subsequently acquired medical cannabis pharmacies and the Lender has the right to enforce its’ security interest in the pharmacies should the FFCTO not be revoked, at least in part, by April 15, 2024 to permit the issue of the Loan Consideration Shares. The Company has made application to the OSC for a partial revocation of the FFCTO but there is no assurance that such application will be successful.

Challenging Global Financial Conditions

In recent years, global financial conditions have become increasingly volatile due to events like the COVID19 pandemic, the ongoing conflict in Ukraine, the Israel-Hamas war, recession and high inflationary environment which have had an impact on global capital markets. Future crises could stem from a variety of causes, including natural disasters, geopolitical instability, pandemics, new infectious diseases or viruses, energy price changes, or supply chain disruptions. Any sudden or rapid destabilization of the global economic conditions could have negative consequences for the Company, making it difficult to access credit and capital markets. It could also affect the Company's ability to deliver product to its international units and customers, fulfill obligations to counterparts, including interest and other debt payments, ultimately having a negative impact on its financial position, cash flow, and operating results. If volatility levels continue to rise, or if global economic conditions experience a general decline, it could impact consumption patterns, financial markets, and the value and liquidity of the Company's common shares, significantly affecting the Company's well-being. These events may damage the Company’s properties, deny the Company access to an adequate workforce, increase the cost of energy and other raw materials, temporarily or permanently close the Company’s facilities, disrupt the production, supply and distribution of the Company’s products, and disrupt the Company’s information systems.

Refinancing debt on the Chatham Facility as an opportunity to increase working capital for AGB

The Company currently has $15.1M in principal mortgages secured against the Chatham Facility which matures in November 2024. The Company is in discussions with lenders for the refinancing of this debt, however upon maturity of the debt, there can be no certainty that refinancing will be available at terms acceptable to the Company.

Our continued growth requires additional financing, which may not be available on acceptable terms or at all.

Our continued development and our ability to meet planned growth and increased cash flow for operations, particularly the Chatham Expansion, requires additional financing. The Company has appraised the Chatham facility, including land and building, at a fair value upwards of $30M and is seeking to further leverage the equity in the facility to secure additional financing for the Chatham Expansion and other operations of the Company.

The failure to raise such capital would result in the delay or indefinite postponement of our current business strategy or our ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be available on favorable terms. If additional funds are raised through issuances of equity, equity-linked securities, or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of holders of Common Shares. In addition, from time to time, we may enter into transactions to acquire assets or equity securities of other companies. These transactions may be financed wholly or partially with debt, which may increase our debt levels above industry standards and our ability to service such debt. Any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which could make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, entitle lenders to accelerate repayment of debt and there is no assurance that we would be able to repay such debt in such an event or prevent the enforcement of security, if any, granted pursuant to such debt financing.

An economic downturn of global capital markets may make raising additional capital more difficult. If uncertain market conditions persist, the Company’s ability to raise capital could be jeopardized, which could have an adverse impact on the Company’s operations and the trading price of the Company’s shares.

Price Compression in the Cannabis Industry

The cannabis industry has experienced, and continues to experience, price compression, which may adversely impact the Company’s profitability both domestically and internationally. In addition, such price compression, as well as, or together with, the oversupply of certain types of products in the industry, may result in the Company incurring additional impairment losses on inventory in the event the cost of our inventory exceeds its net realizable value. The continuing evolution of these market conditions represent ongoing uncertainties that may affect the Company’s future financial results and its ability to continue as a going concern.

We are and may become party to litigation, mediation, and/or arbitration from time to time.

We are and may in the future become party to regulatory proceedings, litigation, mediation, and/or arbitration from time to time in the ordinary course of business, which could adversely affect our business, financial condition, operations and our ability to continue as a going concern. Monitoring and defending against legal actions, with or without merit, can be time-consuming, divert management’s attention and resources and can cause us 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. While we have insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact our business, financial condition, or operations. Litigation, and any decision resulting therefrom, may also create a negative perception of our company.

We have expanded and intend to further expand our business and operations into jurisdictions outside of Canada and Israel, and there are risks associated with doing so.

As stated above, we intend to expand our operations and business into jurisdictions outside of Canada and Israel, some of which are emerging markets, but there can be no assurance that any market for our products will develop in any such foreign jurisdiction. The continuation or expansion of our operations internationally will depend on our ability to renew or secure the necessary permits, licenses, or other approvals in those jurisdictions. An agency’s denial of or delay in issuing or renewing a permit, license, or other approval, or revocation or substantial modification of an existing permit or approval, could prevent us from continuing our operations in or exports to other countries.

Operations in non-Canadian or Israeli markets may expose us to new or unexpected risks or significantly increase our exposure to one or more existing risk factors. Some governmental regulations may require us to award contracts in, employ citizens of, and/or purchase supplies from the jurisdiction. These factors may limit our capability to successfully expand our operations and may have a material adverse effect on our business, financial condition and operations.

In addition, we are further subject to a wide variety of laws and regulations domestically and internationally with respect to the flow of funds and product across international borders and the amount of medical cannabis we export may be limited by the various drug control conventions to which Canada is a signatory.

While we continue to monitor developments and policies in the emerging markets in which we operate and assess the impact thereof on our operations, such developments cannot be accurately predicted and could have an adverse effect on our business, operations or profitability.

Our business may be affected by a period of sustained inflation across the markets in which we operate could result in higher operating costs.

In the past year, the worldwide economy has experienced significant inflation and inflationary pressures. Inflation may negatively impact our business, raise cost and reduce profitability. While we have and will continue to take actions, wherever possible, to reduce the impact of the effects of inflation, in the case of sustained inflation across several of the markets in which we operate, it could become increasingly difficult to effectively mitigate the increases to our costs. In addition, the effects of inflation on consumers' budgets could result in the reduction of our customers' spending habits. If we are unable to take actions to effectively mitigate the effect of the resulting higher costs, our profitability and financial position could be negatively impacted.

Future execution efforts may not be successful.

There is no guarantee that our current execution strategy will be completed in the currently proposed form, if at all, nor is there any guarantee that we will be able to expand into additional jurisdictions. There is also no guarantee that expansions to our marketing and sales initiatives will be successful. Any such activities will require, among other things, various regulatory approvals, licenses and permits (such as additional licenses from Health Canada under the Cannabis Act, and approvals by the Israeli Ministry Of Health) and there is no guarantee that all required approvals, licenses and permits will be obtained in a timely fashion or at all. There is also no guarantee that we will be able to complete any of the foregoing activities as anticipated or at all. Our failure to successfully execute our strategy could adversely affect our business, financial condition and operations and may result in our failing to meet anticipated or future demand for products, when and if it arises.

In addition, the construction (or remaining construction) of any current or future facilities, including the Chatham Expansion, is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond our control, including the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by our suppliers, difficulties in integrating new equipment with its existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed our budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, we may not be able to achieve the intended economic benefits, which in turn may materially and adversely affect our business, prospects, financial condition and operations.

Our business is reliant on the good standing of our licenses.

Our ability to continue our business of cannabis cultivation, production, storage, and distribution is dependent on the good standing of all of our licenses, authorizations, and permits and adherence to all regulatory requirements related to such activities, in Canada, Israel and other jurisdictions. We will incur ongoing costs and obligations related to regulatory compliance. Any failure to comply with the terms of the licenses, or to renew the licenses after their expiry dates, would have a material adverse impact on the financial conditions and operations of the business. Although we believe that we will meet the requirements of the *Cannabis Act* (Canada), and the relevant Israeli regulations, for future extensions or renewals of the licenses, there can be no assurance that Health Canada or the Israeli Ministry of Health will extend or renew the licenses, or if extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada or the Canada Revenue Agency ("**CRA**") or the Israeli Ministry of Health not extend or renew the licenses, or should they renew the licenses on different terms, our business, financial condition and operations would be materially adversely affected. The same risks may arise when expanding our operations to other jurisdictions.

We are committed to regulatory compliance, including but not limited to the maintenance of good production practices and physical security measures required by Health Canada and the Israeli Ministry of Health. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or restrictions on our operations. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require changes to our operations, increased compliance costs or give rise to material liabilities, which could have an adverse effect on our business, financial condition and operations.

Our Canadian licenses are reliant on our established sites.

The Canadian licenses we hold are specific to individual facilities. Any adverse changes or disruptions to the functionality, security and sanitation of our sites or any other form of non-compliance may put our licenses at risk, and ultimately adversely impact our business, financial condition and operations. As our operations and financial performance may be adversely affected if we are unable to keep up with such requirements, we are committed to the maintenance of our sites and intend to comply with Health Canada and their inspectors as required.

As our business continues to grow, any expansion to or update of our current operating sites, may require the approval of Health Canada. There is no guarantee that Health Canada will approve any such expansions and/or renovations, which could adversely affect our business, financial condition and operations.

The continued trading of our shares depends on our ability to compile and file financial statements on a timely basis.

As a publicly traded company, we are subject to various reporting requirements with deadlines associated with them. Failure to compile and file our financial statements, and any other required reports or documents, with the appropriate securities regulator on a timely basis, may result in suspension of trading in our shares, and if trading in our shares is suspended, there can be no assurance that trading would resume. Trading in our shares is currently suspended, as a result of our failure to compile and file our financial statements on a timely basis. While we are planning to apply to the securities regulator with a request to allow resumed trading in our shares shortly after the filing of these financial statements, there can be no assurance that trading would resume, or that similar incidents would not occur in the future.

Risks related to the Company's business in Israel.

Laws and regulations, applied generally, grant Israeli government agencies, such as the Medical Cannabis Unit of the Ministry of Health ("MCU"), and self-regulatory bodies, broad administrative discretion over the activities of the Company's Israeli units, which can include the power to limit, terminate or restrict business activities, the import and export of cannabis products and the imposition of additional quality criteria and disclosure requirements on the products and services provided. Achievement of the business objectives of the Israeli units is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities such as the MCU, and obtaining and maintaining all regulatory approvals, where necessary, for the production and sale of their products.

The Company cannot predict the time required to secure all appropriate regulatory approvals for its products and activity, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations, financial condition and prospects of the Company.

Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate Cambrosia or the Cambrosia Purchased Entities, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. To the extent that there are changes to the existing laws and regulations or the enactment of future laws and regulations that affect the sale or offering of products or services in any way, this could have a material adverse effect on the business, results of operations, financial condition, and prospects of the Company.

Certain Israeli subsidiaries' ability to produce, store, import, distribute and sell cannabis in Israel is dependent on such Entities maintaining a license with the MCU. Failure to comply with the requirements or any failure to maintain such license could have a material adverse impact on the business, financial condition, and operating results of the Company. There can be no guarantees that the MCU will extend or renew any of the Company's Israeli units' licenses as necessary or, if a license is extended or renewed, that any of such licenses will be extended or renewed on the same or similar terms. Should the MCU not extend or renew any of the Company's Israeli units' licences or should it renew any of such licenses on different terms, the business, financial condition and results of the operations of the Company could be materially adversely affected.

We operate in a highly regulated business and any failure or significant delay in obtaining applicable regulatory approvals could adversely affect our ability to conduct our business.

Our business and activities are heavily regulated in all jurisdictions where we carry on business. Achievement of our business objectives is contingent, in part, upon compliance with the regulatory requirements enacted by applicable government authorities, including those imposed by Health Canada and or the Israeli Ministry of Health, and obtaining all applicable regulatory approvals, where necessary. We cannot predict the time required to secure all appropriate regulatory approvals for our products, or with respect to any activities or our facilities, or the extent of testing and documentation that may be required by government authorities on an ongoing basis. The impact of regulatory compliance regimes and any delays in obtaining, maintaining or renewing, or failure to obtain, maintain or renew, regulatory approvals may significantly delay or impact the development of our business and operations. Non-compliance could also have a material adverse effect on our business, financial condition and operations.

Change in the laws, regulations, and guidelines that impact our business may cause adverse effects on our operations.

Our business is subject to a variety of laws, regulations, and guidelines relating to the marketing, manufacturing, management, transportation, storage, sale, packaging and labeling, disposal and, if necessary, acquisition of cannabis. We are also subject to laws, regulations, and guidelines relating to health and safety, the conduct of operations, taxation of products and the protection of the environment. As the laws, regulations and guidelines pertaining to the cannabis industry are relatively new, it is possible that significant legislative amendments may still be enacted – either provincially, federally or in Israel – that address current or future regulatory issues or perceived inadequacies in the regulatory framework. It is also possible that laws that impact our business may not develop as we expect or on the timeline we expect, including the federal legalization of cannabis use in the U.S. if and when it occurs. Changes to such laws, regulations, and guidelines, may cause material adverse effects on our business, financial condition and operations.

The legislative framework pertaining to the Canadian non-medical cannabis market is subject to significant provincial and territorial regulation. The legal framework varies across provinces and territories and results in asymmetric regulatory and market environments. Different competitive pressures, additional compliance requirements, and other costs may limit our ability to participate in such markets.

Failure to comply with anti-money laundering laws and regulation could subject us to penalties and other adverse consequences.

We are subject to a variety of domestic and international laws and regulations pertaining to money laundering, financial recordkeeping and proceeds of crime, including the Proceeds of Crime (Money Laundering) and *Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities internationally.

In the event that any of our operations or investments, any proceeds thereof, any dividends or distributions therefrom, or any profits or revenue accruing from such operations or investments were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation, and any persons, including such U.S. based investors, found to be aiding and abetting us in such violations could be subject to liability. Any violations of these laws, or allegations of such violations, could disrupt our operations, involve significant management distraction and involve significant costs and expenses, including legal fees. We could also suffer severe penalties, including criminal and civil penalties, disgorgement and other remedial measures. This could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

We compete for market share with many competitors, and many of our competitors may have longer operating histories, more financial resources, and lower costs than us.

As the cannabis market continues to mature, both domestically and internationally, the overall demand for products and the number of competitors is expected to increase.

Consumers that once solely relied on the medical cannabis market may shift some, or all, of their consumption or preferences away from medical cannabis and towards consumer cannabis. The Cannabis Act also permits patients to produce a limited amount of cannabis for their own purposes or to designate a person to produce a limited amount of cannabis on their behalf. Such shifts in market demand, and other factors that we cannot currently anticipate, could potentially reduce the market for our products, which could ultimately have a material adverse effect on our business, financial condition and operations.

The cannabis industry is undergoing substantial change, which has resulted in an increase in new and existing competitors, consolidation and the formation of strategic relationships. Acquisitions or other consolidating transactions could harm our business in a number of ways, including losing patients and/or customers, revenue and market share, or forcing us to expend greater resources to meet new or additional competitive threats. There is potential that we will face intense competition from not only existing companies but from new entrants including those resulting from the federal legalization of cannabis use in the U.S. if and when it occurs, all of which could harm our operating results. Changes in the number of licenses granted and the number of licensed producers ultimately authorized by Health Canada, as well as other regulatory changes in Canada, the U.S., Israel and other markets that have the effect of increasing competition, could have an adverse impact on our ability to compete for market share in Canada's, Israel's and other cannabis markets.

Some competitors may have significantly greater financial, technical, marketing, and other resources compared to us. Such companies may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships. Such competition may make it difficult to enter into supply agreements, negotiate favourable prices, recruit or retain qualified employees, and acquire the capital necessary to fund our capital investments.

We also face competition from illegal cannabis dispensaries and 'black market' operations and participants, who do not have a valid license, that are selling cannabis to individuals, including products with higher concentrations of active ingredients, using flavours or other additives or engaging in advertising and promotion activities that are not permitted by law. Because they do not comply with the regulations governing the cannabis industry, illegal market participants' operations may also have significantly lower costs.

In order for us to be competitive, we will need to invest significantly in research and development, market development, marketing, new client identification, distribution channels, and client support. If we are not successful in obtaining sufficient resources to invest in these areas, our ability to compete in the market may be adversely affected, which could materially and adversely affect our business, financial conditions and operations.

Our future success depends upon our ability to maintain competitive production costs through economies of scale and our ability to recognize higher margins through the sale of higher margin products. To the extent that we are not able to continue to produce our products at competitive prices or consumers prioritize established low margin products over innovative, higher margin products, our business, financial conditions and operations could be materially adversely affected.

We may not be able to realize our growth targets.

Our ability to continue the production of cannabis products at the same pace as we are currently producing, or at all, and our ability to continue to increase both our production capacity and our production volumes, may be affected by a number of factors, including plant design errors, non-performance by third party contractors, increases in materials or labour costs, construction performance falling below expected levels of output or efficiency, contractor or operator errors, breakdowns, aging or failure of equipment or processes, and labour disputes. Factors specifically related to indoor agricultural and processing practices, such as reliance on provision of energy and utilities to our facilities, those specifically related to outdoor cultivation practices, such as droughts, environmental pollution and inadvertent contamination, and any major incidents or catastrophic events affecting the premises, such as fires, explosions, earthquakes or storms, may all materially and adversely impact the growth of our business.

In addition, the Company may be subject to other growth-related risks, including pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. If the Company is unable to deal with this growth, it may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The continuance of our contractual relations with provincial and territorial governments cannot be guaranteed.

Part of our current revenue depend upon our supply contracts with the various Canadian provinces and territories. There are many factors which could impact our contractual agreements and alterations to, or the termination or renewal of, such contracts may adversely impact our business, financial condition and operations.

In addition, not all of the Company's supply arrangements with the various Canadian provinces and territories contain purchase commitments or otherwise obligate the provincial or territorial wholesaler to buy a minimum or fixed volume of cannabis products from the Company. The amount of cannabis that the provincial and territorial wholesalers may purchase under the supply arrangements may therefore vary from what the Company expects or has planned for. As a result, the Company's revenue could fluctuate materially in the future and could be materially and disproportionately impacted by the purchasing decisions of the provincial and territorial wholesalers. If any of the provincial or territorial wholesalers decide to purchase lower volumes of products from the Company than the Company expects, alters its purchasing patterns at any time with limited notice, decides to return product or decides not to continue to purchase the Company's cannabis products at all, the Company's revenue could be materially adversely affected, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Obtaining new strains and developing new product offerings may not be successful or aligned to consumer demands

While the Company has proven to be successful at acquiring and growing new strains, there is no guarantee the Company will continue to be able to acquire and cultivate new strains in the future. The prevailing challenges in obtaining new strains are compounded by the intricate legal processes involved. These regulatory constraints not only present hurdles for legitimate enterprises like ours but also inadvertently confer a competitive advantage to the illicit market, which operates outside the bounds of such restrictions. Furthermore, there is no certainty that the selected strains and new products offerings will have sufficient consumer demand to be sold for a profit, if at all. An inability to access new strains or innovate new products, which delight consumers may results in depressed sales, product returns, inventory write-offs, and other adverse impacts on the Company's operations.

Restrictions on branding and advertising may negatively impact our ability to attract and retain customers.

Our success depends on our ability to attract and retain customers. In Canada, the Cannabis Act strictly regulates the way cannabis is packaged, labelled, and displayed. The associated provisions are quite broad and are subject to change. It is currently prohibited to use testimonials and endorsements, depict people, characters and animals and produce any packaging that may be appealing to young people. The restrictions on packaging, labelling, and the display of our cannabis products may adversely impact our ability to establish brand presence, acquire new customers, retain existing customers and maintain a loyal customer base. This may ultimately have a material adverse effect on our business, financial conditions and operations.

The Company is subject to similar risk should proposed restrictions on packaging and branding go into effect in Israel and other countries.

The cannabis business may be subject to unfavorable publicity or consumer perception.

We believe that the cannabis industry is highly dependent upon positive consumer and investor perception regarding the benefits, safety, efficacy and quality of the cannabis distributed to consumers. Cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to cannabis will be favorable. Consumer perception of our products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for our products and our business, financial condition, results of operations and prospects. Our dependence upon consumer perception means that adverse scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity, whether or not accurate or with merit, could have a material adverse effect on us, the demand for products, and our business, financial condition, results of operations and prospects.

Adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on us. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately, or as directed. Although we believe that we operate in a manner that is respectful to all stakeholders and that we take care in protecting our image and reputation, we do not ultimately have direct control over how we are perceived by others. There is also a risk that the actions of other companies and service providers in the cannabis industry may negatively affect the reputation of the industry as a whole and, thereby, negatively impact our reputation. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share negative opinions and views in Canada and elsewhere in regard to our activities and the cannabis industry in general, whether true or not. The legal restrictions with respect to labelling and marketing cannabis may exacerbate these risks by increasing the influence of social media users and prohibiting us from effectively responding to negative publicity.

Third parties with whom we do business may perceive themselves as being exposed to reputational risk by virtue of their relationship with us and may ultimately elect to discontinue their relationships with us.

The parties with which we do business may perceive that they are exposed to reputational risk as a result of our cannabis business activities. In particular, while we attempt to conduct our cannabis-related business activities in compliance with all laws, negative perception of cannabis- related activities could cause the parties with whom we do business to discontinue their relationships with us and may cause potential counterparties to decline to do business with us. These risks may increase during periods in jurisdictions where cannabis-related activities are illegal and where jurisdictions focus their enforcement efforts on eliminating such activities. Failure to establish or maintain business relationships could have a material adverse effect on our business, financial condition and operations.

There may be unknown health impacts associated with the use of cannabis and cannabis derivative products.

There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether used for recreational or medicinal purposes. As such, there are inherent risks associated with using our cannabis and cannabis derivative products, including unexpected side effects or safety concerns, the discovery of which could lead to civil litigation, regulatory actions and even possibly criminal enforcement actions.

Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur and consumers should consume cannabis at their own risk or in accordance with the direction of a health care practitioner.

We may enter into strategic alliances or expand the scope of currently existing relationships with third parties that we believe complement our business, financial condition and results of operation and there are risks associated with such activities.

We have entered into, and may in the future enter into, strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete and develop strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen regulatory issues, integration obstacles or costs, may not enhance our business, and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from current operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on our business, financial condition and operations.

Our success will depend on attracting and retaining key personnel.

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its key personnel.

Our future success will depend on our directors' and officers' ability to develop and execute our business strategies and manage our ongoing operations, as well as our ability to attract and retain key personnel. Competition for qualified professionals, technical, sales and marketing staff, as well as officers and directors can be intense, and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations. While employment and consulting agreements are customary, these agreements cannot assure the continued services of such individuals.

Further, as a Licensed Producer under the Cannabis Act, certain key personnel, as well as directors, are required to obtain a security clearance by Health Canada. Licenses will not be granted until all key personnel have been granted security clearance. Under the Cannabis Act, a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing or future key personnel will be able to obtain or renew such clearances. A failure by key personnel to maintain or renew their security clearance could result in a material adverse effect on our business, financial condition and operations. There is also a risk that if key personnel leave the Company, we may not be able to find a suitable replacement that can obtain a security clearance in a timely manner, or at all.

Dependence on Senior Management

The success of the Company and its strategic focus is dependent to a significant degree upon the contributions of senior management. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient numbers of qualified senior management personnel could adversely affect the Company's business. As well, the implementation of employee compensation packages, composed of monetary short-term compensation and long-term equity-based compensation, has been designed for the retention of key employees.

Certain of our directors and officers may have conflicts of interests due to other business relationships.

We may be subject to potential conflicts of interest as some of our directors and officers may be engaged in a range of other business activities. Our directors and officers are permitted to devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. However, in some cases these outside business interests can require significant time and attention which may interfere with their ability to devote the necessary time to our business, and there is no assurance that such occurrences would not adversely affect our operations.

We may also become involved in other transactions which conflict with the interests of its directors and officers who may, from time to time, deal with persons, institutions or corporations with which we may be dealing, or which may be seeking investments similar to those the Company desires. The interests of these persons could conflict with our interests. In addition, from time to time, these persons may be competing with us for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval thereof in accordance with applicable laws. In accordance with applicable laws, our directors are required to act honestly, in good faith and in the Company's best interests.

Necessary security clearances take time to obtain and may impact the Company's ability to attract and retain board members and officers

The Cannabis Act and Cannabis Regulations require several individuals to obtain and maintain a valid security clearance, including directors, officers, and large shareholders of the Company. A security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of the Company's existing directors and officers who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. Prospective qualified directors or officers may be deterred from accepting appointments to positions in the cannabis industry that require security clearances due to the onus of the lengthy application process and uncertainty that a security clearance will be granted at all. Inability to attract and retain such qualified directors and officers may result in a material adverse effect on the Company's business, operating results, financial condition, or prospects.

Failure to develop and maintain an effective system of internal controls increases the risk that we may not be able to accurately and reliably report our financial results or prevent fraud, which may harm our business, the trading price of our Common Shares and market value of other securities

The Company maintains a system of internal controls over financial reporting ("ICFR") to ensure the Company's financial reporting is reliable and that its financial statements have been prepared in accordance with IFRS. Regardless of how well controls are designed, internal controls have inherent limitations and can only provide reasonable assurance that the controls are meeting the Company's objectives in providing reliable financial reporting information in accordance with IFRS. Effective internal controls are required for us to provide reasonable assurance that our financial results and other financial information are accurate and reliable. Any failure to design, develop or maintain effective controls, or difficulties encountered in implementing, improving or remediation lapses in internal controls may affect our ability to prevent fraud, detect material misstatements, and fulfill our reporting obligations. As a result, investors may lose confidence in our ability to report timely, accurate and reliable financial and other information, which may expose us to certain legal or regulatory actions, thus negatively impacting our business, the trading process of our Common Shares and market value of other securities.

We rely on international advisors and consultants in foreign jurisdictions.

The legal and regulatory requirements in the foreign countries in which we currently or intend to operate are different from those in Canada and Israel. Our officers and directors must rely, to a great extent, on local legal counsel and consultants in order to ensure our compliance with material legal, regulatory and governmental developments as they pertain to and affect our business operations, to assist with governmental relations and enhance our understanding of and appreciation for the local business culture and practices. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond our control. The impact of any such changes may adversely affect our business, financial condition and operations. Failure to comply with the Corruption of Foreign Public Officials Act (Canada) ("CFPOA") and the Foreign Corrupt Practices Act (U.S.) ("FCPA"), as well as the anti-bribery laws of the other nations in which we conduct business, could subject us to penalties and other adverse consequences.

We are subject to the CFPOA and the FCPA, which generally prohibit companies and their employees from engaging in bribery, kickbacks or making other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The CFPOA and the FCPA also require companies to maintain accurate books and records and internal controls, including at foreign controlled subsidiaries. In addition, we are subject to other anti-bribery laws of other countries in which we conduct, or will conduct, business that apply similar prohibitions as the CFPOA and FCPA (e.g. the Organization for Economic Co-operation and Development Anti-Bribery Convention). Our employees or other agents may, without our knowledge and despite our efforts, engage in prohibited conduct under our policies and procedures and the CFPOA, the FCPA, or other anti-bribery laws to which we may be subject for which we may be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and operations.

We may be subject to uninsured or uninsurable risks.

While we may have insurance to protect our assets, operations, and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed. No assurance can be given that such insurance will be adequate to cover our liabilities or that it will be available in the future or at all, and that it will be commercially justifiable. We may be subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our normal business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our business, financial condition and operations.

We may be subject to product liability claims.

As a manufacturer and distributor of products designed to be topically applied, inhaled and ingested or otherwise consumed by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. We may in the future have to recall certain of our cannabis products as a result of potential contamination and quality assurance concerns. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that the products produced by us caused or contributed to injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs, adversely affect our reputation and goodwill with our customers, and could have a material adverse effect on our business, financial condition and operations. There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of such products.

Our cannabis products may be subject to recalls for a variety of reasons.

Manufacturers and distributors of consumer goods and products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by us are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits, whether frivolous or otherwise. Additionally, if any of the products produced by us were subject to recall, the reputation and goodwill of that product and/or us could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on our business, financial condition and results of operations. Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada or other regulatory agencies, requiring further management attention, increased compliance costs and potential legal fees, fines, penalties and other expenses. Furthermore, any product recall affecting the cannabis industry more broadly could lead consumers to lose confidence in the safety and security of the products sold by participants in the industry generally, which could have a material adverse effect on our business, financial condition and operations.

The transportation of our products is subject to security risks and disruptions.

We depend on fast, cost-effective, and efficient third-party courier services to distribute our product to both wholesale and retail customers. Any prolonged disruption of these courier services could have an adverse effect on our business, financial condition and operations. Rising costs associated with the courier service we use to ship our products may also adversely impact our business and our ability to operate profitably.

Due to the nature of our products, security during transportation is of the utmost concern. Any breach of the security measures during the transport or delivery of our products, including any failure to comply with recommendations or requirements of government regulators, whether intentional or not, could have a materially adverse impact on our ability to continue operating under our current licenses and may potentially impact our ability to renew such licenses.

Our business is subject to the risks inherent in agricultural operations.

Since our business revolves mainly around the growth and processing of cannabis, an agricultural product, the risks inherent with agricultural businesses apply to our business. Such risks may include disease and insect pests, among others. Cannabis growing operations consume considerable energy and any rise in energy costs may have a material adverse effect on our ability to produce cannabis, and therefore, our business, financial condition and results of operations.

Although we currently grow, and expect to grow, most of our cannabis in climate-controlled, monitored, indoor locations, some of our production takes place outdoors and there is no guarantee that changes in outside weather and climate will not adversely affect such production. Like other agricultural products, the quality of cannabis grown outdoors is affected by weather and the environment, which can change the quality or size of the harvest. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that results in lost revenues. In addition, other items may affect the marketability of cannabis grown outdoors, including, among other things, the presence of non-cannabis related material, genetically modified organisms and excess residues of pesticides, fungicides, and herbicides. High degrees of quality variance can affect processing velocity and capacity utilization, as the process required to potentially upgrade lower quality product requires significant time and resources. There can be no assurance that natural elements will not have a material adverse effect on the production of our products and ultimately our business, financial condition and operations.

We have in the past, and may in the future, record significant impairments or write-downs of our assets.

Our cannabis inventory in our cannabis operations and cannabis retail segments has a finite shelf life and is subject to obsolescence, expiration, spoilage, shrinkage, unacceptable quality, contamination or other declines in value prior to wholesale or retail sale. We have in the past, and may in the future, be required to record substantial write-downs or impairments related to loss of value in our cannabis inventory.

In addition, our facilities may be subject to obsolescence, damage, loss of fair market value or other declines in value.

Our operations are subject to various environmental and employee health and safety regulations.

Our operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air, and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. We incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain an environmental compliance approval under applicable regulations or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties, or restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof, or other unanticipated events could require extensive changes to our operations or give rise to material liabilities, which could have a material adverse effect on our business, financial condition, and operations.

Climate change may have an adverse effect on demand for our products or on our operations.

Over the past several years, changing weather patterns and climatic conditions due to natural and man-made causes have added to the unpredictability and frequency of extreme weather events such as severe weather, heat waves, wildfires, flooding, hailstorms, snowstorms, and the spread of disease and insect infestations. These events could damage, destroy or hinder the operations at our physical facilities, or the facilities of our suppliers or customers, and adversely affect our financial results as a result of decreased production output, increased operating costs or reduced availability of transportation.

Government action to address climate change, greenhouse gas (GHG) emissions, water and land use may result in the enactment of additional or more stringent laws and regulations that may require us to incur additional capital expenditures, pay higher taxes, increased transportation costs, or could otherwise adversely affect our financial conditions.

In addition, increasingly our employees, customers and investors expect that we minimize the negative environmental impacts of our operations Although we make efforts to create positive impacts where possible and anticipate potential costs associated with climate change, failure to mitigate the risks of climate change and adequately respond to their changing expectations as well as those of governments on environmental matters, could result in missed opportunities, additional regulatory scrutiny, loss of team members, customers and investors, and adverse impact on our brand and reputation.

We may not be able to protect our intellectual property.

Our success depends in part on our ability to own and protect our trademarks, patents, trade secrets and other intellectual property rights.

We rely on certain trade secrets, technical know-how and proprietary information that are not protected by patents to maintain our competitive position. Our trade secrets, technical know-how and proprietary information, which are not protected by patents, may become known to or be independently developed by competitors.

Even if we move to protect our intellectual property with trademarks, patents, copyrights or by other means, we are not assured that competitors will not develop similar technology and business methods or that we will be able to exercise our legal rights.

Other countries may not protect intellectual property rights to the same standards as does Canada, particularly in the U.S. where cannabis remains federally illegal. Policing the unauthorized use of current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming, and unpredictable, as may be enforcing these rights against unauthorized use by others.

Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions may have a materially adverse impact our ability to successfully grow our business. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect our business, financial condition and operations.

We may experience breaches of security at our facilities or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws.

Given the nature of our product and its lack of legal availability outside of channels approved by the Government of Canada, Israel and other jurisdictions, as well as the concentration of inventory in our facilities, despite meeting or exceeding Health Canada's and Israel's security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of our facilities could expose us to additional liability, potentially costly litigation, increased expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing our products.

In addition, we collect and store personal information about our customers and are responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Data theft for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence, or through a deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on our business, reputation, financial condition, and results of operations.

Furthermore, there are several federal, provincial, and Israeli laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the Personal Information Protection and Electronics Documents Act (Canada) ("PIPEDA"), protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If we were found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of patient health information, we could be subject to sanctions and civil or criminal penalties, which could increase our liabilities, harm our reputation, and have a material adverse effect on our business, financial condition, and operations.

We may be subject to risks related to our information technology systems, including cyber-attacks.

We have entered into agreements with third parties for hardware, software, telecommunications and other information technology services in connection with our operations. Our operations depend, in part, on how well we and our suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems, depending on the nature of any such failure, could adversely impact our business, financial condition, and operations.

Cyber-attacks could result in important remediation costs, increased cybersecurity costs, lost revenues due to a disruption of activities, litigation, and reputational harm affecting customer and investor confidence, which ultimately could materially adversely affect our business, financial condition, and operations.

We have not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Globally, cybersecurity incidents have increased in number and severity, and it is expected that these external trends will continue. In response to any potential incident, we may incur substantial costs which may include:

remediation costs, such as liability for stolen information, repairs to system or data damage, or implementation of new security measures in response to the evolving security landscape; and legal expenses, including costs related to litigation, regulatory actions or penalties.

We may not be able to successfully identify and execute future acquisitions or dispositions, or to successfully manage the impacts of such transactions on our operations.

We have in the past, and may in the future, seek strategic and other acquisitions. Our ability to identify and consummate any future potential acquisitions on terms that are favorable to us may be limited by the number of attractive acquisition targets, internal demands on our resources and, to the extent necessary, our ability to obtain financing on satisfactory terms, if at all.

Material acquisitions, dispositions, and other strategic transactions involve a number of risks, including: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully, or at all, or may take longer to realize than expected; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets.

The presence of one or more material liabilities and/or commitments of an acquired company that are unknown to us at the time of acquisition could have a material adverse effect on our business, financial condition and operations. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our existing operations.

As a holding company, Atlas Global Brands Inc is dependent on its operating subsidiaries to pay dividends and other obligations.

Atlas Global Brands Inc.is a holding company. Essentially all of our operating assets are the capital stock of our subsidiaries and substantially all of our business is conducted through subsidiaries which are separate legal entities. Consequently, our cash flows and ability to pursue future business and expansion opportunities are dependent on the earnings of our subsidiaries and the distribution of those earnings to us. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

The price of our Common Shares has historically been volatile. This volatility may affect the value of your investment in Atlas, the price at which you could sell our Common Shares and the sale of substantial amounts of our Common Shares could adversely affect the price of our Common Shares.

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following: actual or anticipated fluctuations in our results of operations; recommendations by securities research analysts; changes in the economic performance or market valuations of companies in the same industry in which we operate; addition or departure of our executive officers and other key personnel; release or expiration of transfer restrictions on outstanding Common Shares; sales or perceived sales of additional Common Shares; operating and financial performance that varies significantly from the expectations of management, securities analysts and investors; regulatory changes affecting the Company’s industry, business and operations; announcements of developments and other material events by us or our competitors; fluctuations in the costs of vital production inputs, materials and services; changes in global financial markets, global economies and general market conditions, such as interest rates and product price volatility; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; operating and share price performance of other companies that investors deem comparable to us; and news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company’s industry or target markets.

Financial markets have recently 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. Such volatility has been particularly evident with regards to the share prices of medical cannabis companies that are public issuers in Canada. Accordingly, the market price of Common Shares may decline even if our 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 lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely impacted, and the trading price of Common Shares may be materially adversely affected.

It is not anticipated that any dividend will be paid to holders of our Common Shares for the foreseeable future.

No dividends on our Common Shares have been paid to date. We currently intend to retain future earnings, if any, for future operation and expansion. Our board of directors has the discretion to declare dividends and to prescribe the timing, amount and payment of such dividends. Such decision will depend upon our future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors that our board of directors may deem relevant.

Future sales or issuances of equity securities could decrease the value of our Common Shares, dilute investors' voting power, and reduce our earnings per share.

We may sell or issue additional equity securities in subsequent offerings (including through the sale of securities convertible into equity securities and the issuance of equity securities in connection with acquisitions). We cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of our securities will have on the market price of our Common Shares.

Additional issuances of our securities may involve the issuance of a significant number of Common Shares at prices less than the previous market prices or market prices prevailing at the time. Issuances of a substantial number of Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of our Common Shares. Any transaction involving the issuance of previously authorized but unissued Common Shares, or securities convertible into Common Shares, may result in significant dilution to security holders.

Sales of substantial amounts of our securities by us or our existing shareholders, or the availability of such securities for sale, could adversely affect the prevailing market prices for our securities and dilute investors' earnings per share. Exercises of presently outstanding share options or warrants may also result in dilution to security holders. A decline in the market prices of our securities could impair our ability to raise additional or sufficient capital through the sale of securities should we desire to do so.

Our management will have substantial discretion concerning the use of proceeds from future share sales and financing transactions.

Our management will have substantial discretion concerning the use of proceeds from any future share sales and financing transactions, as well as the timing of the expenditure of the proceeds thereof. As a result, investors will be relying on the judgment of management as to the specific application of the proceeds of any future sales. Management may use the net proceeds in ways that an investor may not consider desirable. The results and effectiveness of the application of the net proceeds are uncertain.

The regulated nature of our business may impede or discourage a takeover, which could reduce the market price of our Common Shares and the value of any outstanding.

We require and hold various government licenses to operate our business, which would not necessarily continue to apply to an acquirer of our business following a change of control. These licensing requirements could impede a merger, amalgamation, takeover, or other business combination involving us or discourage a potential acquirer from making a tender offer for our Common Shares, which, under certain circumstances, could reduce the market price of our Common Shares.

There is no assurance we will continue to meet the listing standards of the Canadian Securities Exchange.

We must meet continuing listing standards to maintain the listing of our Common Shares on the Canadian Securities Exchange. Failure to submit financial statements on time has resulted in the cease-trading of our shares. If we fail to comply with listing standards and the Canadian Securities Exchange delists our Common Shares again, we and our shareholders could face significant material adverse consequences, including: a limited availability of market quotations for our Common Shares; reduced liquidity for our Common Shares; a determination that our Common Shares are "penny stock", which would require brokers trading in our Common Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Common Shares; a limited amount of news and analyst coverage of us; and a decreased ability for us to issue additional equity securities or obtain additional equity or debt financing in the future.

As a public company, the business is subject to evolving corporate governance and public disclosure regulations that may from time to time increase both our compliance costs and the risk of non-compliance, which could adversely impact the price of the Common Shares.

The financial reporting obligations of being a public company requires significant company resources and management attention.

We are subject to the public company reporting obligations under the Canada Business Corporations Act (“CBCA”), the British Columbia Business Corporations Act (“BCBCA”), and the Ontario Business Corporations Act (“OBCA”) and the rules and regulations regarding corporate governance practices, and the listing requirements of the Canadian Securities Exchange. We incur significant legal, accounting, reporting and other expenses in order to meet such requirements. Moreover, our listing may increase price volatility due to various factors, including the ability to buy or sell Common Shares, different market conditions in different capital markets and different trading volumes. In addition, low trading volume may increase the price volatility of our Common Shares.

We are a Canadian company and shareholder protections may differ from shareholder protections elsewhere.

We are organized and exist under the laws of British Columbia, Canada and, accordingly, are governed by the BCBCA. The BCBCA differs in certain material respects from laws generally applicable to U.S. corporations and shareholders, including the provisions and proceedings relating to interested directors, mergers, amalgamations, restructuring, takeovers, shareholders’ suits, indemnification of directors, and inspection of corporation records.

Our employees and counterparties may be subject to potential U.S. entry restrictions as a result of their relationship with us.

A foreign visitor who is involved either directly or indirectly in the cannabis industry may be subject to increased border scrutiny when attempting to enter the U.S. Multiple states have legalized aspects of cannabis production, sale and consumption; however, cannabis remains illegal federally in the U.S. The U.S. Customs and Border Protection previously advised that border agents may deem a foreign visitor who is involved, either directly or indirectly, in a state-legal cannabis industry as inadmissible. While unassociated trips to the U.S. may not result in problems entering the U.S., a foreign visitor attempting to enter the U.S. to proliferate cannabis-associated business may be deemed inadmissible, at the discretion of the border agents. As a company with operations in both the U.S. and Canada, inability of our employees or counterparties to enter the U.S. could harm our ability to conduct our business.

Participants in the cannabis industry may have difficulty accessing the service of banks and financial institutions, which may make it difficult for us to operate.

Because cannabis remains illegal federally in the U.S., U.S. banks and financial institutions remain wary of accepting funds from businesses in the cannabis industry, as such funds may technically be considered proceeds of crime. Consequently, businesses involved in the cannabis industry continue to have trouble establishing banking infrastructure and relationships. The inability or limitation on our ability to open or maintain a bank account in the U.S. or other foreign jurisdictions, obtain other banking services and/or accept credit card and debit card payments may make it difficult to operate and conduct business in the U.S. or other foreign jurisdictions.

The Company’s employees, independent contractors and consultants may engage in fraudulent or other illegal activities.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete, and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company’s business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company’s operations, any of which could have a material adverse effect on the Company’s business, financial condition and results of operations.

Our business has and may continue to be subject to disruptions as a result of the COVID-19 pandemic and other infectious diseases.

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus, or COVID-19, a global pandemic.

The COVID-19 pandemic resulted in extended government-ordered measures affecting significant portions of the global economy, including in Canada, Israel, Australia and Germany, where we conduct business. Although many preventative or protective actions have been eased or lifted in varying degrees, the potential for new and more-transmissible variants means that the situation remains dynamic and subject to rapid and possibly material changes. The public health crisis caused by COVID-19 and the actions taken and continuing to be taken by governments, businesses and the public have adversely affected, and may continue to adversely affect, our business, financial condition, and results of operations. In connection with the COVID-19 pandemic and to comply with mandates and guidance from governmental authorities, we have updated our operational procedures and safety protocols at our facilities. If governmental authorities implement further restrictions in connection with COVID-19 or other infectious diseases, we may be required to take further action, which could include a short or long-term closure of our facilities or reduction in workforce. These measures may impair our production levels or cause us to close or severely limit production at one or more facilities. Further, our operations could be adversely impacted if suppliers, contractors, customers and/or transportation carriers are restricted or prevented from conducting business activities. For example, cannabis retail stores in certain Canadian markets may close voluntarily or be forced by local governments to close or modify their operations, reducing our ability to distribute adult-use cannabis.

The controversy surrounding vaporizers and vaporizer products may materially and adversely affect the market for vaporizer products and expose us to litigation and additional regulation.

There have been a number of highly publicized cases involving lung and other illnesses and deaths that appear to be related to vaporizer devices and/or products used in such devices (such as vaporizer liquids). The focus is currently on the vaporizer devices, the manner in which the devices were used and the related vaporizer device products - THC, nicotine, other substances in vaporizer liquids, possibly adulterated products and other illegal unlicensed cannabis vaporizer products. Some states, provinces, territories and cities in Canada and the U.S. have already taken steps to prohibit the sale or distribution of vaporizers, restrict the sale and distribution of such products or impose restrictions on flavors or use of such vaporizers. This trend may continue, accelerate and expand.

Cannabis vaporizers in Canada are regulated under the *Cannabis Act* and *Cannabis Regulations*. Negative public sentiment may prompt regulators to decide to further limit or defer the industry’s ability to sell cannabis vaporizer products and may also diminish consumer demand for such products. For instance, Health Canada has proposed new regulations that would place stricter limits on the advertising and promotion of vaping products and make health warnings on vaping products mandatory, although such regulations explicitly exclude cannabis and cannabis accessories. The provincial governments in Quebec, Alberta and Newfoundland and Labrador have imposed provincial regulatory restrictions on the sale of cannabis vape products. These actions, together with potential deterioration in the public’s perception of cannabis containing vaping liquids, may result in a reduced market for our vaping products. There can be no assurance that we will be able to meet any additional compliance requirements or regulatory restrictions or remain competitive in face of unexpected changes in market conditions.

This controversy could well extend to non-nicotine vaporizer devices and other product formats. Any such extension could materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance. Litigation pertaining to vaporizer products is accelerating and that litigation could potentially expand to include our products, which would materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance.

Vaporizers, electronic cigarettes, and related products were recently developed and therefore the scientific or medical communities have had a limited period of time to study the long-term health effects of their use. Currently, there is limited scientific or medical data on the safety of such products for their intended use and the medical community is still studying the health effects of the use of such products, including the long- term health effects. If the scientific or medical community were to determine conclusively that use of any or all of these products pose long- term health risks, market demand for these products and their use could materially decline. Such a determination could also lead to litigation, reputational harm and significant regulation. Loss of demand for our product, product liability claims and increased regulation stemming from unfavorable scientific studies on cannabis vaporizer products could have a material adverse effect on our business, results of operations and financial condition.

We must rely largely on our own market research and internal data to forecast sales and market demand and market prices which may differ from our forecasts.

Given the early stage of the cannabis industry, we rely largely on our own market research and internal data to forecast industry trends and statistics as detailed forecasts are, with certain exceptions, not generally available from other sources. A failure in the demand for our products to materialize as a result of competition, technological change, change in the regulatory or legal landscape or other factors could have a material adverse effect on our business, financial condition and results of operations.

The Canadian excise duty framework affects profitability.

Canada's excise duty framework imposes an excise duty and various regulatory-like restrictions on certain cannabis products sold in Canada. We currently hold licenses issued by the CRA required to comply with this excise framework. Any change in the rates or application of excise duty to cannabis products sold by us in Canada, and any restrictive interpretations by the CRA or the courts of the provisions of the Excise Act, 2001 (which may be different than those contained in the Cannabis Act) may affect our profitability and ability to compete in the market.

We may hedge or enter into forward sales, which involves inherent risks.

We may hedge or enter into forward sales of our forecasted right to purchase cannabis. Hedging involves certain inherent risks including: (i) credit risk (the risk that the creditworthiness of a counterparty may adversely affect its ability to perform its payment and other obligations under its agreement with us or adversely affect the financial and other terms the counterparty is able to offer us); (ii) market liquidity risk (the risk that we have entered into a hedging position that cannot be closed out quickly, by either liquidating such hedging instrument or by establishing an offsetting position); and (iii) unrealized fair value adjustment risk (the risk that, in respect of certain hedging products, an adverse change in market prices for cannabis will result in us incurring losses in respect of such hedging products as a result of the hedging products being out-of-the-money on their settlement dates).

There can be no assurance that a hedging program designed to reduce the risks associated with price fluctuations will be successful. Although hedging may protect us from adverse changes in price fluctuations, it may also prevent us from fully benefitting from positive changes in price fluctuations.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect the Company's business operations, results of operations and financial condition.

Events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. Most recently, on March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the U.S. Federal Deposit Insurance Corporation ("FDIC") as receiver. Similarly, on March 12, 2023, Signature Bank was also placed into receivership, and, on May 1, 2023, First Republic Bank ("First Republic"), was also placed into receivership, with the FDIC accepting a bid from JPMorgan Chase Bank to assume all deposits, including all uninsured deposits, and substantially all assets of First Republic. Although the Company does not currently have any deposits at or credit facilities with such banks, some of our current vendors and/or customers might be affected. If the failure of any bank causes any of our vendors and/or customers to face financial difficulties, it could lead to a delay or inability to deliver goods and services to us or a delay or inability for our customers to pay for our products and services. On March 20, 2023, UBS Group AG agreed to buy Credit Suisse Group AG in a Swiss government-brokered deal. Despite the steps taken by central banks and other regulators to contain the effects of events affecting these financial institutions on the broader global financial system, it is not possible to predict whether other financial institutions will suffer similar problems. In the event of bankruptcy of any of the financial institutions in which the Company has deposits or investment assets, the Company may not be able to recover any such deposits or investment assets in full. Any further developments that might adversely impact financial institutions to which we have exposure could materially and adversely affect our business, results of operations, and overall financial condition.

The Company is subject to risks inherent in foreign operations.

The Company selectively pursues international market growth opportunities, which could result in those international sales accounting for a more significant portion of the Company's revenue. The Company has committed, and may continue to commit, significant resources to its international operations and sales and marketing activities. While the Company will have experience conducting business outside of Canada, it may not be aware of all the factors that may affect its business in foreign jurisdictions.

Further, with respect to the Company's intention to further develop into jurisdictions where the sale of cannabis or hemp for medical and/or adult-use purposes are permitted, some of these jurisdictions may be considered to have an increased degree of political and sovereign risk. Any material adverse changes in government policies, legislation or protectionism of any country that the Company has economic interests in may affect the viability and profitability of the Company.

The Company Shares may experience high level of price and volume volatility and if an active market does not develop for the Company Shares, the liquidity may be limited.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Company Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. An active public market for the Company Shares might not develop or be sustained upon completion of the Fundamental Change Transactions. If an active public market for the Company Shares does not develop, the liquidity of a shareholder's investment may be limited.

The senior management team of the Company has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of our business.

Not all of the senior management team of the Company has experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of the Company's business. Most the individuals who will constitute the Company's senior management team have limited experience managing a publicly traded company and complying with the increasingly complex laws pertaining to public companies. The Company's senior management team may not successfully or efficiently manage the Company's reporting obligations under Canadian securities laws. In particular, these obligations will require substantial attention from the Company's senior management and could divert their attention away from the day-to-day management of its business.

The Company has a substantial number of authorized but unissued shares which, if issued, could cause dilution.

The Company has an unlimited number of authorized Company Shares which may be issued by the board of the Company without further action or approval of the Company's shareholders. While the board is required to fulfil its fiduciary obligations in connection with the issuance of such Company Shares, Company Shares may be issued in transactions with which not all shareholders agree, and the issuance of such Company Shares will cause dilution to the ownership interests of shareholders.

Risks related to Company's tax remittances

The Company is subject to the provisions of the Income Tax Act ("ITA") and to review by the Canadian Revenue Agency ("CRA"). The Company files its annual tax compliance based on its interpretation of the ITA and CRA's guidance. There is no certainty that the returns and tax position of the Company will be accepted by CRA as filed. Any difference between the Company's tax filings and CRA's final assessment could impact the Company's results and financial position.

There can be no assurance that income tax laws or the interpretation thereof in any of the jurisdictions in which the Company operates will not be changed or interpreted or administered in a manner which adversely affects the Company and its shareholders. In addition, there is no assurance that CRA will agree with the manner in which the Company calculates taxes payable or that any of the other tax agencies will not change their administrative practices to the detriment of the Company or its shareholders.

The Company may inadvertently undertake business in the United States of America.

The Company and, to the Company's knowledge, its subsidiaries, do not currently engage in any U.S. cannabis related activities as defined in CSA Staff Notice 51-352. To date, the Company has caused its investees to only conduct business and invest in entities in federally legal jurisdictions by including appropriate representations, warranties and covenants in its agreements with investees. However, an investee may breach such obligations. Any such violation of such obligation would result in a breach of the applicable agreement and, accordingly, may have a material adverse effect on the business, operations, and financial condition of the

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at sedarplus.ca.

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 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, potential sources of capital, any estimate of potential earnings and margins, the completion of any transaction including additional acquisitions, financings and re-financings, 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 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 risk that short term financing is not secured, the CRA commences garnishment proceedings to collect excise tax is arrears, the secured lender in respect of the Chatham Facility does not waive the breach of covenant and commences enforcement proceedings against the Chatham Facility, that the FFCTO is not revoked in part or in whole and the Lender enforces its security interest, , our ability to access capital on reasonable terms in the medium term; demand for our products, 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; the uncertainty of the outcome of current ongoing litigation; 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.

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.