1CM Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Six Months Ended February 29, 2024

(in Canadian Dollars)

Dated: April 29, 2024

Interim Management's Discussion and Analysis of Financial Condition and Results of Operations for the Three and Six Months Ended February 29, 2024

INTRODUCTION

The following interim management's discussion and analysis ("MD&A") provides a review of the financial results and condition of 1CM Inc. ("1CM" or the "Company") for the three and six months ended February 29, 2024. This MD&A should be read in conjunction with both the Company's annual audited consolidated financial statements as at and for the year ended August 31, 2023, and the unaudited condensed interim consolidated financial statements as at and for the three and six months ended February 29, 2024 and the accompanying notes thereto which have been prepared in accordance with International Accounting Standards 34 – *Interim Financial Reporting* ("IAS 34") of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the interpretations of the IFRS Interpretations Committee. The MD&A has been prepared pursuant to the disclosure requirements under National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102") of the Canadian Securities Administrators ("CSA").

This MD&A is prepared by management based on information available to management as at April 29, 2024. All amounts referred to herein are expressed in Canadian dollars, except for share and per share amounts, and unless otherwise noted.

Reference should also be made to the Company's filings on SEDAR+ at www.sedarplus.ca.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains certain information regarding the Company that may constitute "*forward- looking information*" within the meaning of applicable securities laws. Forward-looking information and statements include all information and statements regarding the Company's intentions, plans, expectations, beliefs, objectives, future performance, and strategy, as well as any other information or statements that relate to future events or circumstances and which do not directly and exclusively relate to historical facts. Forward-looking information and statements often but not always use words such as "*believe*", "*estimate*", "*expect*", "*intend*", "*anticipate*", "*foresee*", "*plan*", "*predict*", "*project*", "*aim*", "*seek*", "*strive*", "*potential*", "*continue*", "*target*", "*may*", "*might*", "*could*", "*should*", and similar expressions and variations thereof.

Forward-looking information and statements included throughout this MD&A include, but are not limited to, statements pertaining to the following:

- the Company's continued intentions to execute strategic acquisitions extending across various markets in Canada to support the Company's retail cannabis, retail liquor, technology and proprietary branding strategies as opportunities arise; and
- The Company's plans and ability to execute plans in relation to new product offerings and operations.

Forward-looking information and statements included throughout this MD&A are based on a number of factors and assumptions which have been used to develop such statements and information, but which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and market conditions;
- the Company's ability to execute on its business plan, and secure any licenses, permits, and authorizations which may from time to time become necessary to execute on its business plan;
- the Company's financial condition for the reasonably foreseeable future and its ability to carry out its development plans;
- the demand, and market opportunity, for the Company's product offerings;

- the Company's ability to establish, preserve and develop its brand, and attract and retain required personnel; and
- the impact of current and future social and economic conditions (including, not limited to, global pandemics) on the business and operations of the Company, and the Company's ability to capitalize on anticipated business opportunities.

Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. These statements are based on our perception of historic trends, current conditions and expected future developments, as well as other assumptions, both general and specific, that we believe are appropriate in the circumstances. Such information and statements are, however, by their very nature, subject to inherent risks and uncertainties, of which many are beyond the control of the Company, and which give rise to the possibility that actual results could differ materially from our expectations expressed in, or implied by, such forward-looking information or forward-looking statements.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. The Company cautions that actual performance will be affected by several factors, many of which are beyond the Company's control, and that future events and results may vary substantially from what the Company currently foresees. There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on such forward-looking information. The forward-looking statements contained in this document speak only as of the date of this document; in addition, the Company expressly disclaims any obligation to publicly update or alter its previously issued forward-looking information, unless required to do so under applicable securities law.

CORPORATE OVERVIEW

1CM is a publicly traded company, incorporated in the Province of Ontario and domiciled in Canada. The Company's registered office is located at 625 Cochrane Dr, Markham, ON, L3R 9R9 Suite 802, Markham, ON L3R 9R9. 1CM's common shares are traded on the Canadian Securities Exchange under the symbol "**EPIC**" and on the OTCQB under the symbol "**MILFF**".

1CM is a multi-jurisdictional company, focused on becoming a leader in cannabis and other complementary and substitutable vice retail industries including Liquor, Tobacco and Nicotine. The Company aims to expand its current operations through organic growth and by way of merger and acquisition transactions. As at the date of this MD&A, the Company's main business has been operated through its Canadian retail cannabis operations. The Company's Canadian liquor retail operation has been also noted below. The Company does not have any operations outside of Canada.

See *Interest in Subsidiaries* for a complete list of the Company's operating and non-operating subsidiaries.

BUSINESS STRATEGY

1CM's business strategy involves consistently diversifying and expanding its retail operations, thereby allowing shareholders to benefit from its accretive growth. By capitalizing on the company's existing expertise and experience within the industry, 1CM endeavors to grow its presence in Canadian markets, further enhancing its investments and delivering value to its current and prospective investors. The Company has been focused on expanding its Canadian retail cannabis presence and its liquor retail market presence.

In line with this strategic vision, the Company has been successfully executing on its business strategy through a series of acquisitions and letters of intent it has entered into. These acquisitions span various markets demonstrating the Company's commitment to supporting its growth plans both organically and through acquisitions as opportunities present themselves. The Company has been able to successfully enter into the liquor retail market, having acquired multiple liquor retail license permits and continues to expand its cannabis presence.

By actively pursuing and integrating these acquisitions, 1CM has effectively expanded its footprint in the cannabis sector and reinforced its position as a key player in the industry. This ongoing execution of strategic acquisitions not only strengthens the Company's operational capabilities but also creates a diverse and robust portfolio that further solidifies its presence and appeal to investors. In doing so, 1CM is well-positioned to capitalize on the growing opportunities in the global cannabis market while continuing to deliver value to its shareholders.

CORPORATE STRUCTURAL HISTORY AND BUSINESS UPDATES

The Company was originally incorporated as Gideon Capital Corp. on June 15, 2011 under the provisions of the *Business Corporations Act of Ontario* and was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange corporate finance manual.

On December 31, 2013, the Company, 2396933 Ontario Inc. (“2396933 Ontario”), a wholly owned subsidiary of the Company and Bathurst Resources Corp. (“Bathurst”) completed a three-cornered amalgamation whereby Bathurst amalgamated with 2396933 Ontario and The Company issued one common share for each common share of Bathurst outstanding (the “Transaction”). The Transaction constituted a reverse take-over and the Company’s Qualifying Transaction for the purposes of Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual. Upon completion of the Amalgamation, the Company filed articles of amendment to change its name from Gideon Capital Corp. to Morgan Resources Corp.

From 2013 to 2016, the Company, as Morgan Resources Corp., was a mining exploration company with an option on certain volcanic-hosted sulphide properties in the Province of New Brunswick known as the Gloucester Project.

On December 22, 2017, the Company completed the acquisition of Jekyll + Hyde after the Company delisted from the NEX Board of the TSX Venture Exchange. The Company then initiated a three-cornered amalgamation of Jekyll + Hyde, Morgan Resources and Bathurst Resources Corp., a wholly owned subsidiary of Morgan Resources. Under the terms of the acquisition, the Company issued 12,166,667 common shares to the shareholders of Jekyll + Hyde.

On January 23, 2018, the Company commenced trading on the Canadian Securities Exchange under the ticker symbol CSE: JH.

On March 28, 2018, the Company files articles of amendment to change its name to Leviathan Cannabis Group Inc. On April 15, 2018, the Company’s common shares began trading under the new name and the symbol CSE: EPIC.

On July 21, 2020, the Company amended it articles and changed its name to Leviathan Natural Products Inc. after receiving shareholder approval, by way of a special resolution, at the Company’s Annual and Special Meeting of Shareholders held on June 23, 2020. The Company continues to trade under the symbol CSE: EPIC.

On October 25, 2021, the Company entered into a definitive agreement to acquire all the issued and outstanding shares of Tirthankar Ltd. and related companies, which is a cannabis retail operator with more than 10 retail stores. Details are noted below in *Acquisition of Tirthankar Entities.*

On March 7, 2022, Matthew Brace, David Jarvis and Martin J. Doane resigned from Issuer’s board of directors and were replaced by Tanvi Bhandari, Rupalee Mehta and Lucas Leone, Tanvi Bhandari replaced Martin J. Doane as CEO; Harshil Chovatiya was named COO and replaced Luvlina Sanghera as Secretary; and Manish Z. Kshatriya replaced Jayne Beckwith as CFO.

On March 11, 2022, the Company issued 5,000,000 common shares at a price of $0.60 per common share for gross aggregate proceeds of $3,000,000. On May 5, 2022, the Company issued 3,333,333 common shares at a price of $0.60 per common share for gross proceeds of $2,000,000.

On March 21, 2022, the Company approved the grant of stock options to purchase an aggregate 2,000,000 common shares of the Issuer (the "Stock Options") to a director of the Company. The Stock Options are exercisable at a price of $0.82 per share until March 21, 2026. Upon issuance, 50% of the Stock Options will vest on March 21, 2023 and the remaining 50% vest on March 21, 2024.

On June 3, 2022 and in connection with the cancellation of 1,000,000 stock options, the Company granted 1,000,000 stock options to an officer at an exercise price of $0.95 per share. 50% of these stock options vest on June 3, 2023 while the remaining 50% of these stock options vest on June 3, 2024. These stock options expire two years from the date of vesting.

During the year ended August 31, 2022, 5,875,000 stock options exercisable at a price of $0.65 were forfeited and cancelled.

On August 31, 2022, the Company announced that the Board appointed Linda Marabeti Romano as the Company's Chief Financial Officer. Ms. Romano replaces Manish Z. Kshatriya, the Company's previous Chief Financial Officer who was appointed on March 7, 2022.

On September 7, 2022, the Company completed its name change from Leviathan Natural Products to 1CM Inc.
On October 31, 2022, the Company entered into Letter of Intent (LOI) with Veridia Canada Ltd. (the "Purchaser") regarding its possible sale of all of the issued and outstanding shares in the capital of LCG Holdings Inc. (Columbia).

On November 9, 2022 the Company closed a private placement financing by issuance of 4,000,000 common shares at a purchase price of $1.45 per share for total gross proceeds of $5,800,000.

On November 17, 2022, the Company completed the sale of its entire interest in Leviathan USA, Inc. and in the property located in Leviathan USA (Tennessee, USA) together with all buildings, structures, and equipment situated thereon and associated debt obligations attached to the buildings, structures, and equipment.

On January 20, 2023, the Company announced that it has entered into a strategic agreement with Greenline POS, a subsidiary of BLAZE Solutions Inc. This strategic agreement will allow 1CM to develop technologies collaboratively with Greenline's team over the next 3 years. The scope of collaboration also includes amongst other technologies, using Greenline's Loyalty platform as the source of truth for 1CM Customer Wallets, providing the infrastructure for a Loyalty Points based Cryptocurrency and NFTs which will have both utility and collectability.

On February 24, 2023, the Company appointed Harshil Chovatiya as Chief Financial Officer. Mr. Chovatiya replaces Linda Marabeti Romano, who had been serving as the Company's Chief Financial Officer since August 31, 2022.

On March 10, 2023, the Company completed the sale of its subsidiary, LCG Holdings Inc., and the subsidiary's entire interest in the property located in Carmen de Viboral, Columbia, together with all buildings, structures, and equipment situated there on (the "Columbian Assets"). The aggregate purchase price for the sale of the Columbian Assets amounted to $1,050,000, with consideration received partly as the reduction of certain debt the Company held and cash proceeds.

On March 27, 2023, the Company announced that it entered into a business collaboration agreement with Herbidus Formulations Pvt Ltd. (the "Trost"). The scope of collaboration includes licensing 1CM Inc's brands to the Trost for its manufacturing of Cannabis Ayurvedic Herbal Cigarettes ("Rollen" or "pre-rolls"), and the establishment of 2 Ayurvedic Medicine Flagship Clinics. If Trost can achieve the milestones set out in the Business Collaboration Agreement, and pending all regulatory approval, 1CM Inc. will have the ability to purchase the Trost based on a predetermined valuation formula not to exceed an enterprise value of Rs 50,00,00,000 (Approximately CDN $8,337,815).

On April 11, 2023, the Company announced that it entered into a letter of intent to acquire Nugget Data, a cannabis technology platform founded by industry veterans, in a move that will provide significant synergies between the two companies in the technology place.

On June 9, 2023, the Company announced a $5,000,000 non-brokered private placement to issue 3,333,333 common shares in the capital of the Company at a price of $1.50 per common share for total gross proceeds of up to $5,000,000. On September 21, 2023, the Company completed the non-brokered private placement.

On June 26, 2023, the Company announced that through its wholly-owned subsidiary, Cost Cannabis Inc., has won the Saskatchewan Liquor and Gaming Authority (SGLA) auctions for six retail liquor store permits in Regina, Saskatoon, Watrous, Creighton, Assiniboia, and Humboldt.

On June 29, 2023, the Company announced that it entered into a private retail operator agreement with Cannabis NB Ltd., a provincial crown corporation responsible for cannabis regulation in New Brunswick to open two retail cannabis stores. 1CM is the currently the only publicly traded company to operate cannabis retail stores in the province.

On July 13, 2023, the Company announced the grand opening of two new retail cannabis stores in the province of Alberta. This expansion marked the Company's entrance into the Alberta market, making it the fifth province in which the Company operates retail cannabis locations.

On July 26, 2023, the Company announced the opening of its first liquor retail store, located in Creighton, Saskatchewan.

On July 31, 2023, the Company announced the opening of its second liquor retail store located in Lloydminster, Alberta.

On October 27, 2023, the Company announced the opening of its third liquor retail store, located in Watrous, Saskatchewan.

On January 9, 2024, the Company granted stock options to certain individuals (the "Grantees") in accordance with the terms of the Company's stock option plan. The stock options granted allow the Grantees to purchase up to an aggregate of 2,013,500 common shares in the capital of the Company at an exercise price of $1.50 per common share for a period of ten years. The stock options granted vest after three years.

On April 12, 2024, the Company announced the termination of the Nugget Data LOI and the termination Business Collaboration Agreement with Trost.

ACQUISITIONS AND DISPOSITIONS

Acquisition of Fresh Cannabis Co.

On December 1, 2022, the Company completed the asset acquisition of Fresh Cannabis Co. Inc. ("Fresh Cannabis") for total cash consideration of $375,000. Fresh Cannabis is a cannabis retail store operation located in British Columbia, Canada.

Acquisition of Greenery Cannabis Boutique Ltd.

On December 14, 2022, the Company completed the acquisition of 1267842 B.C. Ltd. (o/a Greenery Cannabis Boutique Ltd.) ("Greenery Cannabis") for total cash consideration of $70,000. Greenery Cannabis is a cannabis retail store operation located in British Columbia, Canada.

Acquisition of One Cannabis Market Inc.

On June 9, 2022, the Company acquired all of the issued and outstanding shares of One Cannabis Market Inc. ("OCM") for a total consideration of 500,000 common shares of the Issuer (the "OCM Acquisition").

OCM is a technology company that provides solutions to consumers and business in dynamic markets. OCM's technology address challenges facing consumers seeking information in saturated markets and business looking for a single source software. In connection with the OCM Acquisition, the Company granted 500,000 stock options to an Officer of the Company at an exercise price of $1.10 per share, vesting over a two-year period. 250,000 of these stock options expire on June 9, 2025 while the remaining 250,000 stock options expire on June 9, 2026.

Acquisition of Tirthankar Entities

On August 31, 2022, the Company completed the definitive agreement (the "Tirthankar Agreement") to acquire all of the issued and outstanding shares of Tirthankar Ltd. and related companies (the "Tirthankar Entities"), which is a cannabis retail operator with more than 15 retail stores.

Pursuant to the Tirthankar Agreement, 1CM acquired all of the issued and outstanding shares of the Tirthankar Entities in consideration for $1.8 million cash and 15,750,000 common shares of 1CM. 1CM also issued 250,000 common shares to certain employees of the Tirthankar Entities as a retention bonus. All the common shares of 1CM issued under the Tirthankar Agreement are subject to contractual restrictions on trading.

In connection with the Tirthankar Agreement, the Company announced that Tanvi Bhandari, founder and senior officer of the Tirthankar Entities, was appointed to the Company's board of directors and as a CEO on March 7, 2022.

The Tirthankar Entities' stores operate under its retail brands "T CANNABIS" and "COST CANNABIS" offering a wide variety of cannabis brands and products, including flower, pre-rolls, concentrates, edibles, beverages, vapes, topicals, seeds, and accessories.

Sale of Woodstock Biomed Inc.

On August 31, 2022, the Company completed the sale of its 100% interest in Woodstock Biomed Inc. ("Woodstock Biomed") for total consideration of $5,000,000 (the "Woodstock Sale"). The proceeds from the Woodstock Sale are intended to be used for general corporate purposes and working capital needs.

Leviathian US, Inc.

On July 25, 2019, the Company's subsidiary Leviathan US, Inc. purchased a 9.75-acre property with a 37,000 square foot vacant industrial building in Carthage, Tennessee, USA for cash of US$312,148 (the "Tennessee Facility").

During April 2022, the Company acquired the remaining 10% of Leviathan US, Inc. for US$25,000

On November 17, 2022, the Company completed the sale of its subsidiary, Leviathan US, Inc., disposing of its entire interest in the property situated in Tennessee US, along with all related assets, namely buildings, structures and equipment as well as associated payable balances and mortgages. The aggregate purchase price for the sale of subsidiary amounted to $3,332,875 (US $2.5 million), with the consideration received as a reduction of the debt the Company holds.

LCG Holdings Inc. and Columbian Subsidiaries

In July 2022, the Company acquired the remaining 35% of LCG Holdings Inc. for cash consideration of $35, resulting in the Company having 100% ownership in LCG Holdings Inc., and its two related Columbian subsidiaries.
On March 10, 2023, the Company completed the sale of its subsidiary, LCG Holdings Inc., and the subsidiary's entire interest in the property located in Carmen de Viboral, Columbia, together with all buildings, structures, and equipment situated there on (the "Columbian Assets"). The aggregate purchase price for the sale of the Columbian Assets amounted to $1,050,000, with consideration received partly as the reduction of certain debt the Company held and cash proceeds.

As a result of the Company's disposition of its interest in Columbia, the Company no longer has any operational risk from Columbia.

PROPOSED TRANSACTIONS

The Company enters into non-binding letter of intents from time-to-time. Refer to CORPORATE STRUCTURAL HISTORY AND BUSINESS UPDATES for any details and the Company's SEDAR+ profile at www.sedarplus.ca. As at the date of this MD&A, there are no current proposed transactions.

RESULTS OF OPERATIONS

Selected Annual Information

The following selected financial data for each of the three most recently completed financial years are derived from the audited annual consolidated financial statements of the Company.

For the Year Ended August 31,	2023 $	2022 $	2021 $
Revenue	35,341,440	842,491	341,813
Net comprehensive income (loss)	(548,161)	(5,026,566)	(4,935,568)
Net income (loss) from continuing operations	(913,857)	(4,994,977)	(5,015,011)
Income (loss) per share from continuing operations, basic and diluted	(0.01)	(0.06)	(0.05)
Net income (loss) from discontinued operations	Nil	53,914	99,844
Income (loss) per share from discontinued operations, basic and diluted	Nil	0.00	0.00
Total assets	34,018,765	28,232,603	9,322,125
Total non-current financial liabilities	4,147,161	10,239,645	10,566,636
Total liabilities	9,423,683	12,852,064	13,775,617
Distributions or cash dividends declared per-share for each class of share	n/a	n/a	n/a

Summary of Quarterly Financial Information:

For the quarter ended	Q2FY24 $	Q1FY24 $	Q4FY23 $	Q3FY23 $
Revenues	13,291,674	12,321,858	11,538,730	8,703,297
Cost of sales	10,576,336	9,862,686	9,016,773	6,932,841
Expenses	2,751,908	2,887,354	2,214,265	2,463,145
Net Income (Loss)	(13,655)	(405,268)	307,692	(692,689)
Basic and Diluted Earnings (Loss) per Share	(0.00)	(0.01)	0.01	(0.01)

For the quarter ended	Q2FY23 $	Q1FY23 $	Q4FY22 $	Q3FY22 $
Revenues	7,693,225	7,406,188	343,855	145,795
Cost of sales	5,970,039	5,813,092	499,946	279,355
Expenses	2,229,166	1,263,878	730,828	1,269,014
Net Income (Loss)	(505,980)	329,218	(1,736,643)	(1,105,793)
Basic and Diluted Earnings (Loss) per Share	(0.01)	0.01	(0.02)	(0.01)

Details of the operations for the three and six months ended February 29, 2024 and February 28, 2023 are as follows:

	Three Months Ended February 29, 2024	Three Months Ended February 28, 2023	**Six Months Ended February 29, 2024**	Six Months Ended February 28, 2023
	$	$	**$**	$
Sales	**13,291,674**	7,693,225	**25,613,532**	15,099,413
Cost of sales	**10,576,336**	5,970,039	**20,439,022**	11,783,131
Gross Margin	**2,715,338**	1,723,186	**5,174,510**	3,316,282
Operating Expenses				
Salaries, wages and consulting fees	**1,366,623**	594,524	**2,560,355**	1,355,959
Office and general	**356,716**	449,138	**918,955**	819,491
Operational and utilities	**164,253**	233,015	**522,937**	495,444
Professional fees	**163,632**	131,678	**363,948**	270,612
Depreciation	**180,669**	128,944	**355,577**	196,154
Interest, net	**169,249**	225,765	**335,185**	714,465
Amortization of intangible assets	**124,469**	147,755	**248,938**	266,235
Share-based compensation	**187,074**	435,549	**277,524**	871,098
Investors relations and fees	**39,223**	12,578	**55,843**	31,580
Gain on sale of subsidiaries, net	**-**	(129,780)	-	(1,527,994)
Total operating expenses	**2,751,908**	2,229,166	**5,639,262**	3,493,044
Deferred tax recovery	**22,915**	22,500	**45,829**	45,000
Net loss	**(13,655)**	(483,480)	**(418,923)**	(131,762)

Revenue

Sales for the three and six months ended February 29, 2024 amounted to $13,291,674 and $25,613,532, respectively, as compared to $7,693,225 and $15,099,413, respectively for the three and six months ended February 28, 2023.

Total sales during the three and six months ended February 29, 2024 were comprised of cannabis and liquor sales. During the three and six months ended February 29, 2024, the Company's revenue in relation to its cannabis operating segment amounted to $12,042,553 and $23,437,221, respectively (February 28, 2023 - $7,693,225 and $15,099,413, respectively) and cost of sales related to its cannabis operations during the three and six months ended February 29, 2024 amounted to $9,534,314 and $18,607,054, respectively, (February 28, 2023 - $5,970,039 and $11,783,131). The Company's liquor division during the three and six months ended February 29, 2024, had revenues of $1,249,121 and $2,176,311, respectively, and cost of goods sold of $1,042,022 and $1,831,968, respectively, (February 28, 2023 - $nil).

Increase in revenue included in the three and six months period ended February 29, 2024 amounted to $1,249,121 and $2,176,311, respectively, which was contributed by addition of the liquor stores, in comparison to no revenue form liquor stores in the comparative period, along with an increase in retail cannabis revenue. Retail cannabis revenue from the comparative 6-month period has increased as a result of increases in both store count, along with the maturity of retail cannabis stores. The current retail cannabis store count is 31. Cannabis revenue increased by 55% from the comparative period, of which 48% of this is related to new store openings, and the remaining 7% pertains to general organic growth in business from the Company's existing stores. The Company's revenue pricing is based on the competitive market and the increase has been due to more traffic in these stores along with the additional stores opened during the period. Management believes this increased growth can be attributed to customers appreciating the company's competitive pricing strategy during a macroeconomic climate suffering from high inflation, and affordability affecting many Canadians. The Company's competitive pricing strategy combined with its commitment to customer service can be partially credited for the sales growth.

Cost of Sales and Gross Margin

Cost of sales for the three and six months ended February 29, 2024 amounted to $10,576,336 and $20,439,022, respectively, as compared to $5,970,039 and $11,783,131, respectively for the three and six months ended February 28, 2023. Gross Margin for the three and six months ended February 29, 2024 amounted to $2,715,338 and $5,174,510, respectively, as compared to $1,723,186 and $3,316,282, respectively for the three and six months ended February 28, 2023. The increase in cost of sales and gross margin is directly related to the increase in revenue as discussed. The decrease in gross margin percentage from 22% in the prior year as compared to 20% in the current year is due to the lower margins in the liquor business, which has a 16% gross margin, and the decrease in cannabis revenue gross margin from 22% to 21% in the current periods, as a result of competitive pricing strategies noted above.

Operating Expenses

Total operating expenses for the three and six months ended February 29, 2024 amounted to $2,751,908 and $5,639,262, respectively, as compared to $2,229,166 and $3,493,044, respectively for the three and six months ended February 28, 2023.

These operating expenses included:

- Salaries, wages and consulting fees for the three and six months ended February 29, 2024 amounted to $1,366,623 and $2,560,355, respectively, as compared to $594,524 and $1,355,959, respectively for the three and six months ended February 28, 2023. Salaries, wages and consulting fees have increased from the comparative period as a result of the increase in the number of stores and the increased demand of these stores requiring the Company to hire more employees to serve its stores and customer base. Further, there have been minimum wage hikes and overall industry salary increases, along with an increased demand for employees which has resulted in increased overall pay on a per employee basis. Management expects increases in these expenses to continue as the business continues to grow and requires additional personnel to service its retail locations.

- Office and general for the three and six months ended February 29, 2024 amounted to $356,716 and $918,955, respectively, as compared to $449,138 and $819,491, respectively for the three and six months ended February 28, 2023. Office and general costs are associated with general public company operating expenses, and other expenses related to the Company's business. The increase is due to the increase in overall business activity associated with growth in the Company's operations during the six month period ended February 29, 2024. The Company was able to contain its office and general expenses, by taking cost cutting measures, to $356,716 during the three month period ended February 29, 2024 in comparison to $449,138 during the three month period ended February 28, 2023. In the comparative period, office and general were partly associated with expenses related to the Company's historical businesses that were disposed of, as noted in *Acquisitions and Disposals* above. Management expects increases in office and general expenses over the next 12 months as the Company continues to grow.

- Operational and utilities expenses for the three and six months ended February 29, 2024 amounted to $164,253 and $522,937, respectively, as compared to $233,015 and $495,444, respectively for the three and six months ended February 28, 2023. Operational and utilities expenses are mainly associated with changes related to operating retail stores. While the Company has had an increase in revenue, operational and utilities expenses are expected to remain relatively stable as rental costs and associated TMI costs are relatively fixed. There was a decrease in operational and utilities expenses during the 3 months ended February 29, 2024, which is partly attributable to decreased maintenance costs in the current period due to leasehold improvement costs incurred in the prior periods. Management expects these expenses to remain relatively stable in the coming periods as it relates to the existing stores. However, any expected increases will come from additional leased locations and increase in TMI from landlords.

- Professional fees for the three and six months ended February 29, 2024 amounted to $163,632 and $363,948, respectively, as compared to $131,678 and $270,612, respectively for the three and six months ended February 28,

2023. Professional fees are mainly related to legal and audit fees. The Company expects legal and professional fees to continue to increase in the coming periods due to the increasing costs of compliance given the Company's growth.

- Depreciation for the three and six months ended February 29, 2024 amounted to $180,669 and $355,577, respectively, as compared to $128,944 and $196,154, respectively for the three and six months ended February 28, 2023. Depreciation expense is related the Company's tangible assets. The increase in depreciation in the current period is due to the additions during the six months ended February 29, 2024 and additions that occurred in the last quarter of fiscal 2023 which has resulted in a higher depreciation charge.

- Interest, net for the three and six months ended February 29, 2024 amounted to $169,249 and $335,185, respectively, as compared to $225,765 and $714,465, respectively for the three and six months ended February 28, 2023. Interest expense relates to the interest and accretion of a discount on long-term debt, and interest on lease liabilities. The decrease from the comparative period is due to a decrease in the outstanding long-term debt balance and its corresponding interest charge.

- Share-based compensation for the three and six months ended February 29, 2024 amounted to $187,074 and $277,524, respectively, as compared to $435,549 and $871,098, respectively for the three and six months ended February 28, 2023. Share-based compensation expense relates to the vesting of stock-options issued during the respective periods. Management plans to use share-based incentive compensation arrangements to recruit key persons as needed and expects higher levels of share-based compensation in 2024 as the business grows and requires additional skilled personnel.

- Amortization of intangible assets for the three and six months ended February 29, 2024 amounted to $124,469 and $248,938, respectively, as compared to $147,755 and $266,235, respectively for the three and six months ended February 28, 2023. Amortization of intangible assets is related to the Company's brand name and licenses.

- Investors relations and fees for the three and six months ended February 29, 2024 amounted to $39,223 and $55,843, respectively, as compared to $12,578 and $31,580, respectively, for the three and six months ended February 28, 2023. Management expects to increase its spending on investor relations and fees in the upcoming fiscal year.

- Gain on sale of subsidiaries, net for the three and six months ended February 29, 2024 amounted to $nil, as compared to $129,780 and $1,527,994, respectively for the three and six months ended February 28, 2023. This related to the dispositions of the Company's Columbian and USA subsidiaries in the prior period, as noted below in *Acquisitions and Disposals.*

- Total operating expenses for the three and six months ended February 29, 2024 amounted to $2,751,908 and $5,639,262, respectively, as compared to $2,229,166 and $3,493,044, respectively for the three and six months ended February 28, 2023. Net loss for the three and six months ended February 29, 2024 amounted to $13,655 and $418,923, respectively, as compared to $483,480 and $131,762, respectively for the three and six months ended February 28, 2023. Net comprehensive loss for the three and six months ended February 29, 2024 amounted to $13,655 and $418,923, respectively, as compared to $483,815 and $321,944, respectively for the three and six months ended February 28, 2023. These have been detailed above as a result of the revenue and expense fluctuations.

LIQUIDITY AND CAPITAL RESOURCES

As at February 29, 2024, the Company had total assets of $36,136,681 (August 31, 2023 - $34,018,765) consisting of the following:

	February 29, 2024 $	August 31, 2023 $
ASSETS		
Current		
Cash	**3,121,854**	3,079,183
Accounts receivable and other receivables	**270,492**	113,436
Inventories	**4,465,997**	4,204,482
Prepaid expenses and deposits	**2,333,462**	1,136,587
Total current assets	**10,191,805**	8,533,688
Investment	**25,000**	25,000
Goodwill and intangibles	**19,486,944**	19,011,382
Right-of-use assets	**4,270,823**	4,321,688
Property, plant and equipment	**2,162,109**	2,127,007
Total assets	**36,136,681**	34,018,765

The Company's increase in assets in the amount of $2,117,916 are mainly attributable to the increase in prepaid expenses and deposits ($1,196,875) and intangible assets ($475,562) which are related to the purchases and deposits made for the liquor permits, and a small increase in inventories and accounts receivable.

As at February 29, 2024, the Company had total liabilities of $9,682,998 (August 31, 2023 - $9,423,683) consisting of the following:

	February 29, 2024 $	August 31, 2023 $
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**1,997,114**	1,601,057
Sales tax payable	**445,094**	176,226
Income tax payable	**427,275**	427,275
Current portion of lease liabilities	**366,889**	348,250
Current portion of long-term debt	**1,477,244**	1,898,797
Total current liabilities	**4,713,616**	4,451,605
		-
Deferred tax liabilities	**787,085**	824,917
Lease liabilities	**4,182,297**	4,147,161
Total liabilities	**9,682,998**	9,423,683

The Company's increase in liabilities is mainly related to the increase in accounts payable, accrued liabilities associated with increase in general capital working needs due to increase in business activities, and sales tax payable due to increase in sales, which is partially offset by a reduction in long-term debt

As at February 29, 2024, the Company had cash in the amount of to $3,121,854 (August 31, 2023 – $3,079,183) and had a working capital surplus of $5,478,189 (August 31, 2023 – $4,082,083). The Company's cash on hand and working capital surplus is to continue to maintain current operations.

The current negative shareholders' deficiency and net loss position indicates the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Management's view is that the success of the Company is dependent upon its ability to generate sufficient positive cashflow from its total operations to cover all of its costs including overhead and public company costs and obtaining financing through a combination of equity and additional debt where possible for working capital, debt service and to sustain its operations until positive overall cashflow is achieved. If the going concern assumption were not appropriate for the Company's condensed interim consolidated financial statements, adjustments would be necessary to the carrying values of the assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and that such adjustments could be material.

While management has forecasted that the expected expenditure levels and contracted commitments will not exceed the Company's net cash inflows and working capital for the next 12 months, there may be additional funds are required for working capital and for the Company to achieve the required scale necessary for steady state profitability from its retail cannabis store network and to meet its debt servicing and repayment obligations and potential expansion plans the Company may embark on as a result of the potential consolidation of the retail cannabis industry.

These future funding requirements may be met in several ways including, but not limited to, a combination of equity financings, sale of certain assets, debt financings and other capital markets alternatives. The Company, upon approval from its board of directors, intends to balance its overall capital structure through new share issues by undertaking other activities as it may deem appropriate under the specific circumstances, including from time to time selling store locations, issuing equity or debt, repaying debt, making overhead reductions.

The Company's future financing efforts may be affected by the volatility in market conditions. The ability to expand the Company's operations in both cannabis and pharmacy markets will be reliant on, but not limited to securing suitable acquisition opportunities, securing the necessary capital or issuing equity to acquire target locations, and the ability to generate positive operating cash flow to meet its business objectives and general working capital requirements.

While management has been successful in securing financing in the past, there can be no assurance that additional debt or equity financing will be available to meet the Company's requirements or, if available, on favorable terms.

The Company's objectives when managing capital are to:

a) Deploy capital to provide an appropriate return on investment to its shareholders;
b) Maintain financial flexibility in order to preserve the Company's ability to meet financial obligations; and
c) Maintain a capital structure that provides financial flexibility to execute on strategic opportunities.

The Company's strategy is formulated to maintain a flexible capital structure consistent with the objectives as stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year-over-year sustainable profitable growth. The Company is not subject to any externally imposed capital requirements or covenants. The Company's capital structure consists of equity and working capital. In order to maintain or alter the capital structure, the Company may adjust capital spending, raise new debt and issue share capital.

To finance the Company's operations, the Company, in addition to the debt disclosed below, had the following transactions to provide cash inflows for the Company's working capital needs:

- On November 9, 2022, the Company closed a private placement financing by issuance of 4,000,000 common shares at a purchase price of $1.45 per share for total gross proceeds of $5,800,000.

- On November 17, 2022, the Company entered into an asset purchase agreement with Veridia USA, LLC and completed the sale of its entire interest in the property located in Leviathan USA (Tennessee US) together with all assets, namely buildings, structures and equipment situated thereon and the respective payable balances and mortgages attached to the assets. Consideration received for the disposition of these assets amounted to 3,332,875 (US $2.5 million).

- On March 10, 2023, the Company completed the sale of its subsidiary, LCG Holdings Inc. (and its wholly owned subsidiaries, Grupo LCG SAS and Natural Origins SAS), and the subsidiary's entire interest in the property located in Carmen de Viboral, Columbia, together with all buildings, structures, and equipment situated there on (the "Columbian Assets"). The aggregate purchase price for the sale of the Columbian Assets amounted to $1,050,000, with consideration received partly as the reduction of certain debt the Company held and cash proceeds.

- On June 9, 2023, the Company announced a $5,000,000 non-brokered private placement to issue 3,333,333 common shares in the capital of the Company at a price of $1.50 per common share for total gross proceeds of up to $5,000,000. The Company received $3,000,000, from these expected gross proceeds of $5,000,000, during the year ended August 31, 2023. On September 21, 2023, the Company completed the non-brokered private placement and received the remaining $2,000,000 during the six months ended February 29, 2024.

Long-term debt
In prior periods, management secured a short-term revolving credit facility for up to $7,500,000 to fund the buildout of facilities in Tennessee and Colombia and to provide working capital to the Company. Outstanding drawdowns bear an interest charge 10% per annum from the date of each advance. The maturity date of the credit facility has been extended to December 31, 2023 (from October 15, 2021); interest payments are only to be payable on December 31 of each year during the term (from once every four months); and the interest payments due August 31, 2020, and December 31, 2020 and 2021, have been capitalized into the principal amount of the credit facility. The Company may at its discretion repay the balance of principal and / or interest owing at any time without penalty. There are no assurances that additional funding will be available for working capital purposes if the Company is not successful in its efforts to generate revenues and / or secure additional financing through other debt facilities or equity capital raises. During the year ended August 31, 2023, the Company has taken a total draw of $1,500,000 and the Company repaid a significant portion of the Bridge Loan as a result of the sale of its assets held in Verdia USA, LLC of $8,382,875 resulting in a closing balance of $1,898,797 as at August 31, 2023. During the six months ended February 29, 2024, the Company paid an additional $500,000 and as at February 29, 2024, had a remaining loan balance in the amount of $1,477,244.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares.

SHARE CAPITAL OUTSTANDING	Aug 31, 2023	Feb 29, 2024	Apr 29, 2024
Common shares	114,403,602	117,736,935	117,736,935
Stock options (a)	3,000,000	5,013,500	5,013,500
Warrants and other equity instruments (b)	-	-	-

(a) The weighted average remaining contractual life and weighted average exercise price of stock options outstanding and the number of stock options exercisable as at February 29, 2024 are as follows:

Date of Grant	Exercise Price ($)	Number Outstanding	Number Exercisable	Remaining Life (Years)
Mar 21, 2022	0.82	2,000,000	1,750,000	1.06 - 2.06
Jun 3, 2022	0.95	1,000,000	750,000	1.26- 2.26
Jan 9, 2024	1.50	2,013,500	-	9.86
		5,013,500	**2,125,000**	**4.93**

(b) There are no warrants or any other equity instruments aside from common shares and stock options outstanding as at February 29, 2024 and August 31, 2023, and as at the date of this MD&A.

RELATED PARTY TRANSACTIONS

During the three and six months ended February 29, 2024, the Company entered into transactions and had outstanding balances with various related parties. The details of the related party transactions are summarized as follows:

Related Party Balances and Transactions

Related party transactions as at and for the three and six months ended February 29, 2024 and February 28, 2023, and the balances as at those dates, not disclosed elsewhere in the condensed interim consolidated financial statements are as follows:

(a) During the three and six months ended February 29, 2024, the Company expensed $76,000 and $152,000, respectively (February 28, 2023 – $76,000 and $152,000, respectively) in salaries and consulting fees payable to officers and directors of the Company and in fees payable to corporations related by virtue of a common officer and director. Fees were paid to Lucas Leone, director, Tanvi Bhandari, CEO and director, Rupalee Mehta, audit chair, and Harshil Chovatiya, CFO in the amount of $10,500, $30,000, $10,500, and $25,000, respectively, for the three months ended February 29, 2024 and 2023, and $10,500, $21,000, $60,000, $21,000, and $50,000, respectively, for the six months ended February 29, 2024 and 2023.

(b) During the three and six months ended February 29, 2024, the Company expensed $51,028 and $141,478 (February 28, 2023 – $256,087 and $611,924, respectively) in share-based compensation related to officers and directors of the Company. The share-based compensation relates to the vesting of option grants related to Harshil Chovatiya, CFO of the Company, and Lucas Leone, director of the Company.

(c) As at February 29, 2024, $149,509 (August 31, 2023 - $104,861) due to the CEO of the Company, Tanvi Bhandari. This has been included in accounts payable and accrued liabilities.

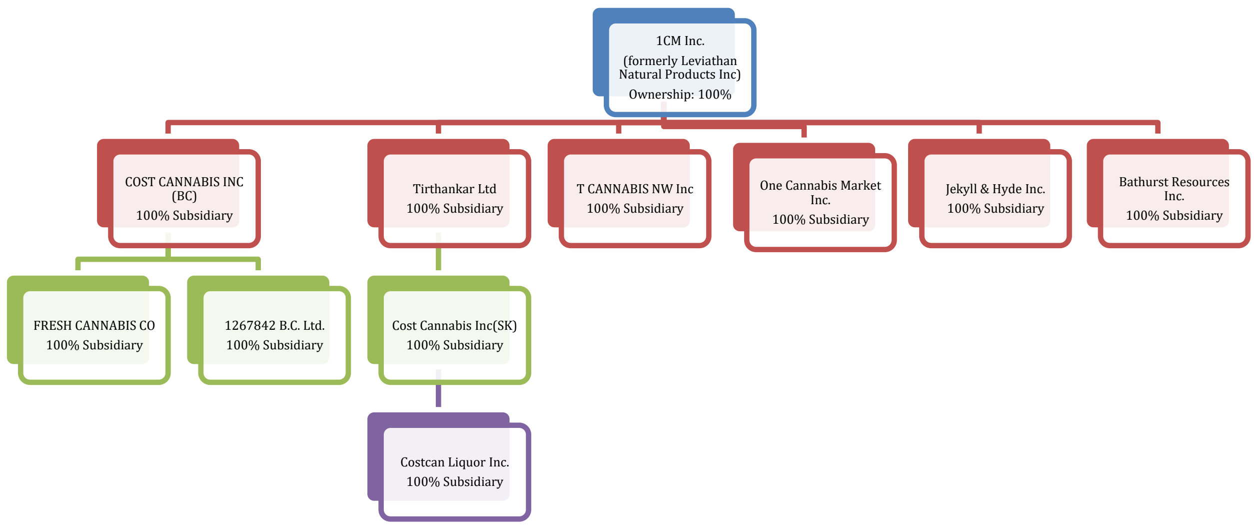
(d) As per the terms of the Tirthankar Agreement, the Company had a payable of up to 1.5% of sales along with a monthly management fee to a company owned by the CEO of the Company, Tanvi Bhandari. During the three and six months ended February 29, 2024, the management fee expense in relation to the Tirthankar Agreement amounted to $133,943 and $256,135, respectively (February 28, 2023 - $61,364 and $132,917, respectively), which has been included in salaries, wages, and consulting fees on the condensed interim consolidated statement of operations and comprehensive loss.

(e) Tirthankar Limited currently leases the properties located at Kenora, Cochrane, and Sioux Lookout from Smiths Falls Property Inc., a company that is wholly-owned and controlled by the CEO of the Company, Tanvi Bhandari. Lease payments related to these properties during the three and six months ended February 29, 2024 amounted to $23,265 and $46,380, respectively (February 28, 2023 - $22,815 and $45,480, respectively).

(f) During the six months ended February 29, 2024, the Company purchased inventory from Medical Saints Ltd., a related company by virtue of common officer and director, Lucas Leone, amounted to $214,512 (August 31, 2023 - $1,231,493). As at February 29, 2024, the amount outstanding payable amount owed to the related party was $330,868 (August 31, 2023 - $442,821).

INTEREST IN SUBSIDIARIES

The following is the Company's organization chart detailing its various subsidiaries and ownerships.



The Company's financial statements incorporate the activities of the Company's subsidiaries from the date the Company acquires control to the date control is relinquished.

The Company's direct and ultimate subsidiaries and relative ownership interests are as follows:

Subsidiary	Domicile	Ownership Interest – February 29, 2024	Ownership Interest – August 31, 2023	Date Control Acquired
Bathurst Resources Corp.	Canada	100%	100%	December 31, 2013
Jekyll and Hyde Brand Builders Inc.	Canada	100%	100%	December 22, 2017
One Cannabis Market Inc.	Canada	100%	100%	June 9, 2022
T Cannabis NW Inc.	Canada	100%	100%	August 31, 2022
Tirthankar Limited	Canada	100 %	100 %	August 31, 2022
T CANN MGMT CORP.	Canada	100 %	100 %	August 31, 2022
Cost Cannabis Inc. (SK)	Canada	100%	100%	August 31, 2022
Cost Cannabis Inc. (BC)	Canada	100%	100%	December 1, 2022
Fresh Cannabis Co. Inc. (iii)	Canada	100%	100%	December 1, 2022
1267842 B.C. Ltd. (iv)	Canada	100%	100%	December 14, 2022
Costcan Liquor Inc. (AB)	Canada	100%	100%	May 24, 2023

(i) During the year ended August 31, 2022, the Company acquired the remaining 10% of Leviathan US, Inc. for US$25,000. During the year ended August 31, 2023, the Company disposed of this subsidiary.

(ii) The Company has established LCG Holdings Inc. as a business venture to cultivate hemp and manufacture cannabidiol ("CBD") isolate and other extracted products in the rich agricultural region of Republic of Colombia, South America. During the year ended August 31, 2022, the Company acquired the remaining 35% of LCG Holdings Inc. for $35. On March 10, 2023, the Company disposed of its interest in LCG Holdings Inc., and its subsidiaries, Grupo LCG SAS and Natural Origins SAS, a wholly-owned subsidiary of Grupo LCG SAS.

(iii) Fresh Cannabis Co. Inc. was acquired during the year ended August 31, 2023 is a wholly-owned subsidiary of Cost Cannabis Inc. (BC).

(iv) 1267842 B.C. Ltd. was acquired during the year ended August 31, 2023 and is a wholly-owned subsidiary of Cost Cannabis Inc. (BC).

COMMITMENTS AND CONTINGENCIES

Commitments

During the three and six months period ended February 29, 2024, the Company entered into various purchase agreements for retail liquor permits in Saskatchewan. These purchase agreements are cancellable at anytime without penalty. As at February 29, 2024, the Company had outstanding deposits on these retail liquor permits in the amount of $2,184,175 (August 31, 2023 - $987,300), which have been recorded as prepaid expenses and deposits on the condensed interim consolidated statements of financial position. As at February 29, 2024, the amount outstanding on these cancellable purchase agreements amounted to an aggregate of $1,052,525 (August 31, 2023 - $2,973,900), for which the Company has up to eighteen months of payments to make the requisite payments to acquire the retail liquor permits. The Company recognizes these retail permits as intangible assets when the final payment is made as per the purchase agreement and the Company obtains control of the permit. During the six months ended February 29, 2024, the Company acquired a retail liquor permit in Watrous, Saskatchewan, for an aggregate purchase price of $724,500 (the "Watrous Liquor Permit"). The amount reflected as a prepaid expenses and deposits in relation to the Watrous Liquor Permit as at February 29, 2024 amounted to $nil (August 31, 2023 - $181,125).

Contingencies

In the normal course of business, the Company is involved in various legal proceedings, the outcomes of which cannot be determined at this time, and, accordingly, no provision has been recorded in these consolidated financial statements. The Company believes that there are no current proceedings that will result in a material favourable or unfavourable effect on its financial position or its interim results of operations except for those which have already been accounted for. As at February 29, 2024, no provision has been recorded in the Company's consolidated financial statements in relation to the below legal proceedings:

(a) 1CM Inc. and Woodstock are defendants in an action commenced by a former employee in Ontario Superior Court of Justice (Brantford). Pleadings have been exchanged and examinations for discovery have been completed. The Plaintiff will need to set the matter down for trial to proceed. The action may be administratively dismissed on or after February 22, 2024. The final outcome remains pending as at the date of this MD&A. The total amount claimed is $80,000.

(b) A former employee has commenced an application against 1CM Inc. for a declaration that he was entitled certain options that were issued in fiscal 2021. The application is scheduled to be heard on February 22, 2024. The final outcome remains pending as at the date of this MD&A. Management believes that this will be administratively dismissed and intends on defending its position to the fullest extent possible.

OPERATING SEGMENTS

Operating segments are components of the Company that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of the Company). The operations of an operating segment are distinct and the operating results are regularly reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation decisions and assessing its performance. Reportable segments are Operating segments whose revenues or profit/loss or total assets exceed ten percent or more of those of the combined entity. Key measures used by the CODM to assess performance and make resource allocation decisions include revenues, gross profit and net (loss) income. The Company's business activities are conducted through its main operating segment, cannabis. Management's focus is to generate revenue through cannabis sales.

During the three and six months ended February 29, 2024, the Company's revenue in relation to its cannabis operating segment amounted to $12,042,553 and $23,437,221, respectively (February 28, 2023 - $7,693,225 and $15,099,413, respectively) and cost of sales generated from Canada during the three and six months ended February 29, 2024 amounted to $9,534,314 and $18,607,054, respectively, (February 28, 2023 - $5,970,039 and $11,783,131). The Company's cannabis revenue and cost of goods sold generated from the United States during the six months ended February 29, 2024 amounted to $nil (February 28, 2023 – $250,908 and $372,627).

The Company's liquor division during the three and six months ended February 29, 2024, had revenues of $1,249,121 and $2,176,311, respectively, and cost of goods sold of $1,042,022 and $1,831,968, respectively, (February 28, 2023 - $nil). The liquor division operations are only in Canada. The CODM did not classify the liquor division as a distinct operating segment during the three and six months ended February 29, 2024 and year ended August 31, 2023, however, expects this to change in the upcoming fiscal period as operations materialize.

Regulatory Matters

Licences and Permits

The operations of the Company will require licences and permits from various Canadian, federal, provincial and municipal authorities, and on the Company's ability to maintain such licences. The Company currently has all permits and licences that it believes are necessary to carry on its current business operations with the intention of obtaining additional licences and permits for additional operations. The Company will require additional licences or permits in the future to achieve its intended operations and there can be no assurance that the Company will be able to obtain all such additional licences and permits. In addition, there can be no assurance that any existing licence or permit will be renewable on terms acceptable to the Company if and when required or that such existing licences and permits will not be revoked.

The Company may be required to obtain or renew further government permits and licences for its operations. Obtaining, amending or renewing the necessary governmental permits and licences can be a time-consuming process, potentially involving several regulatory agencies, and involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain amend and renew permits and licences are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Company may not be able to obtain, amend or renew permits or licences that are necessary to its operations. Any unexpected delays or costs associated with the permitting and licensing process could impede the ongoing or proposed operations of the Company. To the extent necessary permits or licences are not obtained, amended or renewed, or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with its ongoing operations or planned development and commercialization activities. Such curtailment or prohibition may result in a material adverse effect on the Company's business, financial condition, results of operations, prospects or reputation.

The Company will be dependent on its suppliers' licences, or ability to obtain additional licences, which are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of these licences or any failure to obtain or maintain such licences could have a material adverse effect on the business, financial condition, operations, prospects or reputation of the Company. There can be no guarantee that Health Canada will issue, extend or renew these licences or, if issued, extended or renewed, that they will be issued, extended or renewed on terms favourable to the Company's suppliers and the Company. Should Health Canada not issue, extend or renew the licences or should they issue or renew the licences on terms that are less favourable to such supplier and the Company than anticipated, the business, financial condition, operations, prospects or reputation of the Company could be materially adversely affected.

Retail Store Liquor Permits
The Company currently has a liquor retail store permits issued by the Saskatchewan Liquor and Gaming Authority for certain locations, which authorizes the Company to operate liquor stores at those locations and conduct related sales activities. The regulatory landscape governing the issuance of liquor store permits by the Saskatchewan Liquor and Gaming Authority (SLGA) is subject to ongoing changes. While the Company currently hold all necessary permits for its operations, there is ongoing uncertainty regarding amendments to existing regulations and the introduction of new guidelines that could affect future licensing requirements.

Changes in Laws, Regulations and Guidelines
The Cannabis Act became effective on October 17, 2018. However, uncertainty remains with respect to the implementation of the Cannabis Act, federal regulations thereunder as well as the various provincial and territorial regimes governing the distribution and sale of cannabis for adult-use purposes. There can be no assurance that the legalization of adult-use cannabis by the Government of Canada will be carried out on the terms currently anticipated and the impact of the implementation of the legislative framework pertaining to the Canadian adult-use cannabis market remains uncertain. The impact of these new laws, regulations and guidelines on the business of the Company, including increased costs of compliance and other potential risks cannot be predicted; accordingly, the Company may be materially and adversely affected.

Risks Relating to Suppliers
In addition to the risk factors that may affect the business, operations and financial condition of the Company and its suppliers noted above, the risk factors contemplated herein may directly affect the business, operations and financial condition of the Company's suppliers and, accordingly, may indirectly result in a material adverse effect on the Company.
Cannabis retailers depend on the supply of cannabis products from Licensed Producers and provincial wholesalers. There can be no assurance that there will be a sufficient supply of cannabis or the desired mix of products available to the Company to purchase and to operate its business or to satisfy demand. Licensed Producers' growing operations depend on a number of key inputs and their related costs, including raw materials and supplies. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could adversely affect Licensed Producers, provincial wholesalers and, in turn, the Company's financial condition and operating results. Any inability of Licensed Producers to secure required supplies and services, or for provincial wholesalers to secure an adequate supply of cannabis, or to do so within suitable arrangements could have a materially adverse effect on the Company's business, financial condition, results of operations, prospects or reputation.

Reliance on Supplier Facilities
The facilities of the Company's suppliers could be subject to adverse changes or developments, including but not limited to a breach of security, which could have a material adverse effect on the Company's business, financial condition, results of operations, prospects or reputation. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by Health Canada, could also impact the Company's suppliers' ability to continue operating under their licences or the prospect of renewing their licences, which may have a material adverse effect on the Company's business, financial condition results or operations, prospects or reputation.

Cannabis Pricing

The retail price for cannabis products varies depending on the brand, strain, potency and form of the cannabis product. Wholesale pricing at which recreational cannabis can be purchased by recreational cannabis retail stores from provincial governments, or their agents, is subject to numerous factors beyond 1CM's control, including supply. Further, the illicit market offers cannabis products at prices which are generally lower than the prices offered by legal recreational cannabis retail stores.

The Company's share price and financial results may be significantly and adversely affected by a decline in the price of cannabis. The market price for cannabis is subject to high volatility, and the price of cannabis is affected by numerous factors beyond the Company's control. Any increase in the cost of purchasing cannabis or retail price decline may have a material adverse effect on the Company's business, financial condition, results of operations, growth prospects, or reputation. The profitability of the Company may be directly related to the price of cannabis. The Company's operating income may be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry.

RISKS AND UNCERTAINTIES

Risks Arising from Financial Instruments and Risk Management:

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risks), credit risk and liquidity risk. The Company identifies, evaluates and, where appropriate, mitigates financial risks. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee of the Board is responsible to review the Company's risk management policies.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates equity prices and the wholesale and selling prices of cannabis will impact the Company's income or the value of its holdings or financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign exchange risk

The Company operates in Canada, the United States and Colombia. Some of the Company's expenses are incurred in other countries primarily the United States dollars ("US dollar"). Foreign exchange risk arises because the cost of transactions denominated in foreign currencies may vary due to changes in exchange rates. The Company has not entered any foreign exchange derivative contracts. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have a significant effect on the Company's results of operations, financial position or cash flows. Management however, has mitigated its foreign exchange exposure by reducing its overall foreign transactional activity. As at February 29, 2024, the Company did not 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. The interest rates on all of the Company's existing debt are fixed, and there not currently subject to any significant interest rate risk.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable. The carrying amount of financial assets represents the maximum credit exposure. The Company believes there is insignificant credit risk associated with its accounts receivable based on the nature of the counterparties.

Financial instruments that potentially expose the Company to significant concentrations of credit risk consist principally of cash. The Company has investment policies to mitigate against the deterioration of principal and to enhance the Company's ability to meet its liquidity needs.

Liquidity and Funding Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and to fund future operations. The Company manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional financing based on those forecasts.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. The Company manages its funding risk by forecasting its cash needs on a regular basis and continuously monitoring the stock price and other market conditions.

Colombia

Operating a business in Colombia, an emerging market, can pose significant challenges. Colombia has had a history of significant political violence since becoming a republic in 1819. In the last 50 years, the inequitable distribution of wealth has fueled "left vs. right" civil wars. This sectarian violence created a weakened government that allowed various drug cartels to impose their will over various sections of the country. While the government finally reached a peace agreement with the largest rebel group in 2016 and has actively reasserted legitimate civil control over the country there is no guarantee that Colombia will not return to its earlier state of political instability resulting in the breakdown of the rule of law. **The Company no longer has any risk related to Columbia as a result of its disposal of its subsidiary with wholly-owned operations in Columbia.**

Capital Management

The Company's objectives when managing capital are:

To safeguard the Company's ability to continue as a going concern in order to pursue the development of its products and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable level; and to provide an adequate return to shareholders commensurate with the level of risk associated with an early-stage company. The capital structure of the Company consists of cash, long-term debt and equity comprising, issued capital, contributed surplus, warrants, and stock options. The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues, granting of stock options, the issuance of debt or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements. In order to maximize ongoing research and development of its products, the Company does not pay out dividends.

Other Risks and Uncertainty

The Company operates in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of the Company's control, which could have a material adverse effect upon the Company, its business and prospects. Investors should carefully consider the risks and uncertainties described below. The risks and uncertainties described below are not exhaustive. There may be risks and uncertainties not presently known to the Company or that the Company believes to be immaterial, which could adversely affect the Company and its business in the future.

Risks Related to the Company's Financial Condition

The Company has mainly relied on equity and debt financing to support operations and will continue to need significant amounts of additional capital. The Company intends to raise additional financing, as required, through research, partnering and licensing arrangements, the exercise of warrants and options, and through equity and / or debt financing. However, there can be no assurance that these financing efforts will be successful or that the Company will continue to be able to meet ongoing cash requirements. It is possible that financing will not be available or, if available, may not be on favorable terms. The Company may fail to obtain additional financing and be unable to fund operations and commercialize its product candidates. The availability of financing will be affected by the results of scientific and clinical research, the Company's ability to attain regulatory approvals, the market acceptance of the Company's products, the state of the capital markets generally (with particular reference to pharmaceutical, biotechnology and medical companies), the status of strategic alliance agreements, and other relevant commercial considerations. Any future equity financing could result in significant dilution to existing shareholders.

Limited Operating History

The Company's operations are in the early-stage business cycle, subject to the risks any early-stage business faces. The Company has incurred operating losses since commencing operations. The success, among other things, is dependent on profitability of operations, ability to raise funds when necessary, in a timely manner, and senior management's ability to execute on its strategy. The Company may incur losses in the future and may never achieve profitability.

Reliance on Management

The Company is reliant on senior management's ability to execute on its strategy. This exposes the Company to management's ability to perform, and as well the risk of management leaving the Company. To mitigate this risk, the Company has implemented incentive plans for all members of the senior management team. The Company's senior management is comprised of the CEO and CFO of the Company, being Harshil Chovatiya and Tanvi Bhandari.

Risks Related to the Company's Businesses and Operations Regulatory

Changes to government policies, whether in Canada, the United States or Colombia, and the current regulatory framework is outside of the Company's control and hence, the Company is subject to any changes in the regulatory framework, which may cause the Company to adjust its operations or impact the Company's profit margins. The Company's operations however, are only situated in Canada and the risks related to United States and Columbia are no longer relevant.

Risks Relating to the Cannabis Industry Change in Law, Regulations and Guidelines

The cannabis industry in Canada, the hemp industry in the United States, and the cannabis industry in Colombia are all highly regulated at all levels of government (i.e. Federal, Provincial, State, Municipal) and are subject to a wide and onerous variety of laws, regulations and guidelines relating to the marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of medicinal, adult recreational cannabis, and hemp oil / distillates.in Canada, the United States and Colombia. Changes in such laws, regulations and guidelines may cause adverse effects on the Company's operations. On February 24, 2016, the Federal Court of Canada released its decision in the case of Allard et al v. Canada, declaring that the MMPR, as it was drafted, was unconstitutional in violation of the plaintiffs' rights under section7 of the Charter of Rights and Freedoms. On August 24, 2016, the ACMPR came into force, replacing the MMPR as the regulations governing Canada's medical cannabis regime, which permits patients to produce a limited amount of cannabis for their own medical purposes or to designate a person to produce a limited amount of cannabis. On October 17, 2018, Canada legalized the cultivation and sale of adult recreational cannabis nationally introducing a new national cannabis reporting and tracking system launched concurrently with the coming into force of the national Cannabis Act. Beginning October 17, 2018, the Cannabis Tracking and Licensing System applies to all public and private parties licensed by Health Canada to sell medicinal and/or adult recreational cannabis under the various provincial regulations to consumers or other Federally licensed cannabis companies.

Holding Company Risk

The Company is a holding issuer with few assets beyond its ownership in operating subsidiaries. Its financial stability hinges on the performance and cash flow of these subsidiaries. Any negative changes in their operations, like economic downturns or regulatory shifts, could greatly affect the Company's financial health and ability to meet obligations. Additionally, the Issuer's limited financial flexibility during times of subsidiary difficulties poses extra risks for investors. The Company's subsidiaries are detailed above in *Interest in Subsidiaries.*

Regulatory Risk

Achievement of the Company's business objectives are contingent, in part, upon compliance with the regulatory requirements, including those imposed by Health Canada, and US and Colombian regulators, as enacted by these government authorities and obtaining all regulatory approvals, where necessary, for the sale of the Company's products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation, which may be required by government 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 Company's business, results of operation and financial condition.

Unfavorable Publicity or Consumer Perception

The success of the medical and non-medical cannabis and hemp industries may be significantly influenced by the public's perception of cannabis' and hemp's medicinal applications. Cannabis is a controversial topic and there is no guarantee that future scientific research, publicity, regulations, medical and public opinion relating to medicinal and/or adult recreational cannabis or medicinal hemp will be favorable. The medical and non-medical cannabis and hemp industries are early-stage businesses, which are constantly evolving with no guarantee of viability. The market for medical and non-medical cannabis and hemp is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical and public opinions relating to the consumption of medical and non-medical cannabis and hemp may have a material adverse effect on operational results, consumer base and financial results.

Risks Relating to the Company's Common Shares

The Company has not paid any cash dividends on its common shares and, for the foreseeable future, the Company does not intend to pay any cash dividends on its common shares and therefore, its shareholders may not be able to receive a return on their shares unless they are able to sell their shares. The policy of the Board of Directors of the Company is to reinvest all available funds in operations. The Board of Directors may reassess this policy from time-to-time. Any decision to pay dividends on the common shares of the Company will be made by the Board of Directors based on the assessment of, among other factors, earnings, capital requirements and the operating and financial condition of the Company. The market price and trading volume of the Company's common shares is volatile and may continue to be volatile in the future. Variations in earnings estimates by securities analysts and the market prices of the securities of competitors may also lead to fluctuations in the trading price of the common shares. In addition, the financial markets may experience significant price and volume fluctuations that affect the market price of the Company's common shares that are not related to the Company's operating performance. Broad market fluctuation and economic conditions generally, and in the cannabis and liquor sector specifically, may adversely affect the market price of the Company's common shares. The significant costs that the Company will incur as a result of being a public company in Canada could also adversely affect its business.

Internal Control over Financial Reporting and Disclosure Controls and Procedures ("DC&P")

Management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), is responsible for designing, establishing, and maintaining a system of internal controls over financial reporting ("ICFR") to provide reasonable assurance that all information prepared by the Company for external purposes is reliable and timely.

As the Company is a Venture Issuer (as defined under under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) ("NI 52-109"), the Company and Management are not required to include representations relating to the evaluation, design, establishment and/or maintenance of disclosure controls and procedures ("DC&P") and/or ICFR, as defined in NI 52-109, **nor has it completed such an evaluation**. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective bases DC&P and ICFR for the Company may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Monitoring Compliance

The Company monitors compliance at its location through direct communication with regulators, legal counsel, and the use of advisors when required. Further, the Company's CEO and CFO as noted above, are experienced in the sector and have the past technical knowledge to be able to ensure compliance is met regarding operations, along with ensuring they are up to date on future regulatory changes.

The Company's operations are only in Canada, and as at the date of this MD&A, the Company is compliant with the laws and regulations in all jurisdictions where the Company conducts its business which is noted above. As at the date of this MD&A, the Company has not had any instances of non-compliance, citations, or notices of violations that may have an impact on the Company's licenses, business activities or operations.

ADDITIONAL INFORMATION

1. Additional information may be found on SEDAR+ at www.sedarplus.ca;
2. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities authorized for issuance under equity compensation plans will be included in the information circular for the Company's next annual general meeting of security holders; and
3. Additional information relating to the Company can be requested via (717) 888-8889.