Vext Science, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED June 30, 2023

Dated as of August 22, 2023

(All amounts expressed in U.S. dollars, unless otherwise stated)

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PREFACE

1.1 Definitions

In this document, the terms “we”, “us”, “our”, “the Company”, “Vext Science”, and “Vext” refer to Vext Science, Inc.

1.2 Cautionary Note Regarding Forward Looking Statements

This Management’s Discussion and Analysis (“MD&A”) contains certain statements that may constitute “forward-looking statements”. Forward-looking statements include, but are not limited to, statements regarding future expansion, business goals, anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, business and financing plans, and other forward-looking statements including, but not limited to, information concerning intentions, plans and future actions of Vext Science, Inc.

In connection with the forward-looking information contained in this MD&A, the Company has made assumptions about the Company’s ability to expand operations; profitably license its brands and operate in the future without any regulation or law imposed which would prevent the Company from operating its business. The Company has also assumed that no significant events occur outside of the Company's normal course of business.

The forward-looking information in this MD&A reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, and similar expressions, or which by their nature refer to future events. The Company cautions that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company’s ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

1.3 Management’s Responsibility for the Financial Statements

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to decide the future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

1.4 Review and Approval by the Board of Directors

The Board of Directors, on the recommendation of its Audit Committee, approved the contents of this MD&A on August 22, 2023.

1.5 Quarterly Comparisons in the MD&A

Unless otherwise indicated, all comparisons of results for Q2 2023 (three months ended June 30, 2023) are compared against results for Q2 2022 (three months ended June 30, 2022).

1.6 MD&A Background

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators and Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana Related Activities ("Staff Notice 51-352").

This MD&A has been prepared for the quarter ended June 30, 2023, and it presents an analysis of the consolidated financial position of Vext for the quarter ended June 30, 2023. The following information should be read in conjunction with the condensed consolidated interim financial statements of the Company for the quarter ended June 30, 2023, including the notes contained therein.

1.7 Accounting Framework

The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The condensed consolidated interim financial statements of the Company include the financial statements of the Company and its direct subsidiaries, indirect subsidiaries that are not wholly owned by the Company and other entities consolidated other than on the basis of ownership as of June 30, 2023. Refer to Section 2.2 in this MD&A for details around the Company's subsidiaries.

1.8 Accounting Estimates and Assumptions

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.

Disclosure of Accounting Policies (Amendments to IAS 1)
The IASB has issued amendments to IAS 1 Presentation of Financial Statements which require entities to disclose their "material" accounting policy information rather than their "significant" accounting policies.
The amendments explain that accounting policy information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption of these amendments did not have a significant impact on the Company's Financial Statements.

Definition of Accounting Estimates (Amendments to IAS 8)
The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. Under the amendments, accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also emphasize that a change in an accounting estimate that results from new information or new developments is not an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes in an input or measurement technique are not the result of an error correction. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption of these amendments did not have a significant impact on the Company's Financial Statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IFRS 1 and IAS 12)

The IASB has issued amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 12 Income Taxes which clarify that the initial recognition exemption set out in IAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption of these amendments did not have a significant impact on the Company's Financial Statements.

Standards not yet adopted

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

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

The amendments:

• clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"

• clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability

• make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The adoption of these amendments did not have a significant impact on the Company's Financial Statements.

COMPANY AND INDUSTRY OVERVIEW

2.1 About Vext

Vext Science, Inc. (CSE: VEXT; OTCQX: VEXTF) is a U.S.-based cannabis operator. Vext's expertise spans from cultivation through to retail operations in its core markets of Arizona and Ohio.

Based out of Arizona, Vext owns and operates state-of-the-art cultivation facilities, fully built-out manufacturing facilities as well as dispensaries in both Arizona and Ohio[1]. The company manufactures Vapen™, one of the leading THC concentrates, edibles, and distillate cartridge brands in Arizona. Its selection of award-winning products are created with Vext's in-house, high-quality flower and distributed across Arizona and Ohio, as well as through Vext's partnerships in other states.

Vext, through its wholly owned subsidiaries, currently operates in the U.S. as an agricultural technology, services and property management company utilizing a full vertical integration business model to oversee and execute all aspects of cultivation, extraction, manufacturing (THC and CBD cartridges, concentrates, edibles), retail dispensary, and wholesale distribution of high margin cannabis THC and hemp CBD products under the Vapen, Pure Touch and Herbal Wellness brands. Vext's expansion plans are to continue to invest in the Arizona operations, build out the Ohio cultivation facility and look for accretive opportunities.

The Company was incorporated in British Columbia, Canada on December 11, 2015, and its registered and records office is located at Suite 1500, 1055 West Georgia Street, Vancouver, BC, Canada, V6E 4N7. On May 13, 2019, the Company commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "VEXT". On July 12, 2019, the Company commenced trading on the OTCQX Best Market under the ticker symbol (OTCQX: VEXTF).

On December 31, 2018, the Company closed a share exchange agreement where it acquired all the issued and outstanding shares of New Gen ""in exchange for certain shares of the Company. New Gen incorporated in the State of Wyoming on July 8, 2014. New Gen has several wholly owned subsidiaries for the purpose of providing exclusive operating services to Herbal Wellness Center Inc. (HWC) and Organica Patient Group, LLC, both for-profit companies (effective January 1, 2022) that hold licenses to cultivate, extract, and dispense connoisseur-grade cannabis brands and cannabis-related products in Arizona. New Gen manages the activities of its operating subsidiaries and has done so since incorporation.

On January 2, 2023, New Gen Holdings, Inc. ("New Gen") acquired ownership for one licensed dispensary operating in Ohio; Jackson Pharm, LLC, operating as Herbal Wellness Center Ohio.

During the period covered by this MD&A, the Company continued its expansion strategy by continuing to fund joint venture agreements, and operating agreements with partners located in various states in the United States. As of the date of this MD&A, all three of these relationships have commenced commercial operations in Kentucky, Oklahoma and California.

A more detailed description of the Company's business can be found in the Company's 2022 Annual Information Form, and on the Company's Investor Relations website. https://www.vextscience.com/overview/default.aspx

[1] Vext has entered into a definitive agreement to acquire Appalachian Pharm Processing, LLC, an Ohio limited liability company, together with its subsidiaries and affiliated companies. The proposed acquisition is expected to close by the end of the third quarter of 2023.

2.2 Vext's Subsidiaries and Affiliates

Name	Jurisdiction	Ownership
Vext Science, Inc.	BC, Canada	100%
Subsidiaries:		
New Gen Holdings, Inc.	Wyoming, USA	100%
Step 1 Consulting, LLC	Delaware, USA	100%
New Gen Admin Services, LLC	Arizona, USA	100%
New Gen Agricultural Services, LLC	Arizona, USA	100%
New Gen Real Estate Services, LLC	Arizona, USA	100%
Hydroponics Solutions, LLC	Arizona, USA	100%
New Gen Phoenix (PHX), LLC	Arizona, USA	100%
New Gen Eloy, LLC	Arizona, USA	100%
New Gen Prescott (PV), LLC	Arizona, USA	100%
Pure Touch Botanicals, LLC	Arizona, USA	100%
Vapen, LLC	Arizona, USA	100%
Vapen CBD, LLC	Arizona, USA	100%
RDF Management, LLC	Arizona, USA	100%
Firebrand, LLC	Arizona, USA	100%
Herbal Wellness Center, LLC	Arizona, USA	100%
Organica Patient Group, LLC	Arizona, USA	100%
New Gen Ohio, LLC	Ohio, USA	100%
Herbal Wellness Center Ohio, LLC (Jackson Pharm, LLC)	Ohio, USA	100%
Joint Ventures:		
Vapen Kentucky, LLC	Kentucky, USA	50%
Vapen Oklahoma, LLC	Oklahoma, USA	25%
Joint Operations:		
Happy Travels, LLC	California, USA	50%

2.3 Industry Overview and Current Operating Environment

Arizona

Quarter Update	Consumer-facing companies continue to experience sales challenges as discretionary incomes remained under pressure during the first half of 2023. US consumer credit card debt topped one trillion for the first time in July. During Q2 in Arizona, keeping with the trend reported in Q1 and beginning with Q2 2022, there was a continued decline in total dollars spent, which translated into lower sales in the overall market on a per store basis. The State of Arizona has only published data through April 2023 for comparison purposes. When compared to the same period in 2022 vs 2023, we continued to see a decline in total sales dollars spent of (10.75%). Medical sales declined by (82.75%) and recreational sales were up 15.17%.
Retail/Brands	As of June 30, 2023 there were 148 operating dispensaries in Arizona. As of June 30, 2022 there were 131 operating dispensaries. This represents an increase of 12.98%. Using available data from the State of Arizona the average dispensary in June 2022 had a net sale of $969,521 vs the average dispensary in April 2023 (144 operating dispensaries) of $782,705. This represents a decrease of (19.3%) on an average per dispensary basis. Acquisition multiples for dispensaries in Arizona are still relatively high. Arizona laws capping the number of dispensaries and communities zoning requirements should keep dispensary valuations high for the foreseeable future. There is excess cultivation capacity and concentrate brands and products in Arizona, which will continue to put downward pressure on pricing and increase the proportion of in-house products sold on dispensary shelves as operators work to improve mix and preserve margin. As of the end of June, 2023 per Alpine IQ there were 305 Brands being sold in Arizona, with 271 different flower brands, with some exiting the market and at least one making an insolvency filing.
Wholesale	The market continues to have an oversupply of cultivators and flower products which has been impacting wholesale flower pricing. Retail pricing to end consumers has been impacted, but not as dramatically as in the wholesale channel. The majority of dispensary operations are vertically operated. While Arizona licensing is vertical and limited, some license owners have decided to “lease” the right to cultivate to non-license holders. These non-license holding cultivation operators do not have retail operations to sell their own product and are solely reliant on the wholesale channel. This phenomenon has put further downward pressure on wholesale pricing and leaves operators without retail doors, vulnerable to market conditions.

Arizona

An overview of the Company's vertically integrated operations in Arizona are below:

Retail	**Herbal Wellness Center, Central Phoenix** 4126 W Indian School Road, Phoenix, Arizona **Herbal Wellness Center, North Phoenix** 1720 E Deer Valley Road, Phoenix, Arizona	Vext's two retail dispensaries were part of the original licensing of dispensaries in Arizona, allowing them to serve both recreational and medical patients. Strategically located in high-traffic areas within the Phoenix metro area, the dispensaries have a significant market presence.
Cultivation	Phoenix - 13,000 square feet under canopy Prescott Valley – 11,000 square feet under canopy Prescott Valley – 5 acres outdoor – currently idled Eloy (Phase I) – 17,000 square feet under canopy	Vext produces almost exclusively for its own needs, with a goal of minimizing any wholesale flower sales, and matching any expansion to the requirements of its own retail storefronts. This results in better profit margins. Vext anticipates that Phase I of the Eloy cultivation facility will complete the first harvest in Q3 2023. The Eloy facility also has estimated space for an additional 17,000 square feet of canopy in a Phase II expansion, should Vext require the capacity. Currently, Vext is leasing the space to a non-cannabis company off setting some fixed property expenses. There are no significant costs related to maintaining the 5 acres of outdoor capacity at Prescott Valley during the idle period, and as demand changes the Company can quickly bring the capacity back online.
Manufacturing	Fully built-out 9,000 sq. ft. manufacturing facility	The Company possesses a manufacturing facility that supports the production of its Vapen branded products and offers contract manufacturing services. All facilities are company-owned and equipped to ensure efficient operations. The Company's manufactured products have gained a strong market presence and are sold in both company-owned and non-owned dispensaries in Arizona.

Refer to Section 4.1.2 for a detailed analysis into the Company's operations in Arizona.

Ohio

Quarter Update	The Ohio market continues to mature and expand. We still view Ohio as one of the most attractive opportunities in US cannabis. Tier one cultivation, of which we are one, is up approximately 18% year over year. Manufacturers (processors) are up approximately 80% on a year over year basis. There are 20 licensed tier one cultivation facilities and 44 licensed manufacturing facilities as of June 2023.
Retail/Brands	The active patient count in June of 2022 compared to June of 2023 was up 23%, the number of operating dispensaries was up 63%.
Wholesale	With the addition of additional dispensaries and our cultivation, we are seeing increased sales in the wholesale channel.
Regulatory Update	The State of Ohio in its budget process is moving all marijuana regulation to the Department of Commerce. Currently, the manufacturing and cultivation is regulated by the Department of Commerce, and the dispensary segment is regulated by the State's Board of Pharmacy. We view this shift to consolidate all regulatory functions under the Department of Commerce as a positive to make operations more streamlined and efficient. The group pushing for an adult use measure has garnered enough signatures to qualify for the vote on the November 2023 ballet. The signatures will still need to be verified prior. Initial polling indicates the majority of voters in Ohio favor adult use. The adult use vote and the establishment of regulation within the Department of Commerce only furthers our belief that capital investment in Ohio is well warranted. We will continue to integrate and improve the capital investment for existing operations and look for opportunities to increase our retail footprint in Ohio. We have the capacity under the existing rule structure to add three additional dispensaries.

An overview of the Company's operations in Ohio are below:

Retail	**Herbal Wellness Center, Jackson** Jackson, Ohio **Dispensary #2** Columbus, Ohio[2]	Starting in 2023, we have expanded our successful dispensary operations into Ohio by acquiring Buckeye Botanical in Jackson, Ohio. The dispensary has been rebranded as Herbal Wellness Center and is already contributing positively to Vext's operations. We have submitted or will finish submitting paperwork to have 100% ownership of the other dispensary previously disclosed and the transfer of ownership of Appalachian Pharm Cultivation and Manufacturing. We are anticipating that we will be able to consolidate completely by the end of the year, pending regulatory approval.
Cultivation	Jackson, OH - 25,000 sq. ft. fully built out operating cultivation facility	Tier One cultivation facility in Jackson, Ohio - Tier One cultivators are allowed to expand from an initial cultivation area of up to 25,000 square feet to 50,000 square feet. We have submitted and are awaiting ownership transfer for consolidated reporting.
Manufacturing	Jackson, OH - Fully built out and operating manufacturing facility	We have submitted and are awaiting ownership transfer for consolidated reporting.

Refer to Section 4.1.3 for a detailed analysis into the Company's operations in Ohio.

[2] Vext has entered into a definitive agreement to acquire Appalachian Pharm Processing, LLC, an Ohio limited liability company, together with its subsidiaries and affiliated companies. Subject to regulatory approval, this proposed acquisition (the "Ohio Acquisition") is expected to close by the end of the third quarter of 2023.

GROWTH STRATEGY, COMPETITIVE ADVANTAGE AND STRATEGIC PRIORITIES

3.1 Growth Strategy

The Company's primary focus remains on managing its retail presence and market share in the Arizona market while it continues to experience volatility as the oversupply of product & brands normalizes. The Company is focusing its growth & expansion opportunities in Ohio by making investments into vertical integration. The Company plans to have all its Ohio facilities online and operational prior to the anticipated recreational use initiative passing. Emphasis is placed on entering markets with limited licenses that allow for vertical operations. Furthermore, the Company actively seeks out attractive acquisition opportunities, with a principal focus on further consolidating its position in its current core markets.

Marketing and sales strategies are principally focused on attracting new and existing patients and customers to the Company's owned dispensaries and promoting its owned brands to these customers. Vext sees ample opportunity to continue to grow in its current markets, specifically Ohio, and with recent legalization in Kentucky, the Company sees a favorable opportunity to convert its hemp operations in the state into THC operations to improve returns.

3.2 Competitive Advantages

- **Product Strength:**

  The Company has developed and supports the Herbal Wellness Center retail brand and Vapen brand of products. These products are recognized for their high quality and competitive price structure. In Arizona and Ohio, the Vapen brand is available in company owned and other dispensary locations. Vapen branded products encompass edibles, concentrates and extracts. Vapen manufactures white label products in Arizona, Ohio, Oklahoma, and CA (San Diego) utilizing the Company's expertise and equipment.

- **Distribution Channels:**

  The Company has a well-developed distribution process at both retail and wholesale levels in Arizona and Ohio. Joint ventures, as noted in Section 4.1.4 of this MD&A are expected to further expand the distribution capability of the Company and provide it with both incremental returns on existing intellectual property, as well as optionality in emerging markets that could prove to be worthy of larger vertically integrated footprints as they develop. The cost of expanding distribution is shared with partners in each location.

- **Supply Chain:**

  The Company has a well-established supply chain. The Company uses multiple suppliers, both international and domestic. Suppliers are proven and reliable to meet the needs of the Company and keep cost structures competitive.

- **Financial Strength:**

  The Company has a proven track record of operating profitably, while prudently accessing the capital markets to support growth and expansion into different geographic markets.

- **Operations:**

  The Company has operations that are designed for efficient and quality-controlled production and financial returns. The Company has completed and brought online new manufacturing centers and cultivation to maximize throughput. The operations team brings a wealth of expertise in manufacturing, distribution, and retail operations, spanning both the cannabis industry and other sectors.

- **Research and Innovation:**

  In-house research and development (R&D) facilities enable consistent production and the continuous development of new products. The Vapen Black liquid diamonds product line launched in Q2 and has been well received within the market with over 100,000 units sold. The Company has made significant investments in equipment and facilities, enabling efficient production and cost structures that support maintaining or growing margins in different macroeconomic situations.

3.3 Strategic Priorities for 2023 and Looking Ahead

Our objectives for 2023 are:

- Complete and consolidate Ohio acquisition announced at the end of 2022.
- Maintain/grow market share in Arizona, while optimizing mix of wholly-owned products through Vext-owned retail doors.
- Generate efficiencies to maximize profitability across the network, with a focus on matching production/channel focus with demand in Arizona.
- Continue to focus on generating positive/growing cash from operations.
- Look for opportunities for accretive acquisition with a focus on further growing Ohio footprint.

Our objectives for 2024 and beyond:

- Maximize vertical footprint in existing markets with a focus on profitability.
- Monitor regulations and rules for Kentucky as the market evolves, to maximize the Company's chance of building a vertical footprint in this attractive market.
- Continue to focus on generating positive/growing cash from operations.

COMMENTARY ON OVERALL PERFORMANCE

4.1 Summary of Operations

4.1.1 Financial Performance Overview

Revenue

Q2 2023	Q1 2023	% Change
$9,187,122	$9,110,651	0.8%

- The increase in quarterly sales is attributed to increases in sales at the dispensary in Jackson, Ohio as well as management fees for the Appalachian Pharm Cultivation operation. Arizona sales as previously discussed are down on a year over year basis.

- We anticipate that Arizona sales will continue at their current levels, as we do not expect significant improvements in macroeconomic conditions in 2023; they are likely to remain stable. Arizona historically slows down in the second and third quarter of the year due to the exit of winter visitors, vacations and people avoiding the rising temperatures.

- While our overall sales in Arizona are down approximately 12% comparing the first six months' results of 2023 vs. 2022, our retail operations are down 5.4% compared to the State of Arizona reporting an average decline of 10.8%, which is reflective of sales to the end consumer.

Net Income

Q2 2023	Q2 2023 % of Revenue	Q1 2023	Q1 2023 % of Revenue	% Change
$535,454	5.8%	$73,059	0.8%	5.0%

- Declines in Gross Profit were offset by improvements in Operating Expenses, ERC Tax Credit and Other Expenses. Please see item 5.2 Reconciliation of non-IFRS Measures (EBITDA and ADJUSTED EBITDA) for more details.

4.1.2 Arizona

Operations Update

Primary Focus	• Our continued commercial and operational focus is cost control and price discipline.
Retail Performance	• Our Herbal Wellness Center dispensaries through the first six months of 2023 have experienced a decline of (5.4%) in net sales. • We have seen a 25% increase in the number of units that are being sold, an increase of guests of 10.8%, an increase in orders of 33%, however, owing to existing market conditions there has been a decrease in average basket size by (59.6%). • Consumers continue to have less disposable income, and our stores are having a similar impact of customers switching to recreational purchases vs medical. • The average basket size takes the biggest impact from the recreational purchaser as the transaction price with taxes is approximately 17% greater and the quantity available for purchase is impacted. During the second quarter, we saw a decrease of approximately 6% compared to the first quarter. This was from the overall market and a conscious decision to move more inventory through the channel during the seasonal slow downs of the second and into the third quarter in Arizona. • We will continue to focus our strategy on retail operations and ensuring that our cultivation capacity is matched to our sell through in our dispensaries. With the Eloy cultivation coming online during the third quarter, we will adjust capacity at legacy locations as needed to keep our output and cost structures in line. • We have adjusted our staffing levels within the wholesale operation to respond to market trends and the ongoing mix shift toward in-house products. All dispensary owners in Arizona are pushing more brands through their owned retail doors. • Marketing and advertising will continue to be targeted on attracting customers into our retail locations with tailored offers that meet their individual profile, and balancing marketing spend with returns on that spend. We are focused on increasing the traffic to our stores and have initiated some programs that we expect will achieve this objective, specifically at the Deer Valley store. These programs are in the early stages of being rolled out.
Cultivation and Manufacturing Update	• On February 23, 2023 the Company announced that it had been granted a Certificate of Occupancy by the City of Eloy for its 17,000 square foot cultivation space in Eloy, Arizona. The Company expects to begin planting during the third quarter of 2023, with a first harvest estimated in the third quarter of 2023. • As part of our strategy, we decided to idle the outdoor cultivation in Prescott Valley in the first quarter of 2023, resulting in cost savings that were reflected in the second-quarter expense line.

Operating Expenses and Cost of Goods Sold	• The idling of the outdoor grow operation contributed to a $712,000 charge to the cost of goods in 2023 in relation to biological assets. Previously incurred costs were charged back. Some of this charge will be one time in nature. • Operating expenses at a dispensary level have remained steady, even with increased transactions, allowing us to maintain our margin percentages. • When assessing changes in expenses, we specifically focus on salary/ wages, selling, general, and administrative costs. These expenses witnessed a 14% decrease in the second quarter of 2022 compared to the fourth quarter of 2022. • We also experienced a shift of product mix from Q1, which still had some outdoor product as a driver. Following the idling of our outdoor grow facility, Q2's costs primarily consisted of indoor-grown product, which comes with a higher average cost. • Q2 and Q3 are low seasonal periods in Arizona. This seasonality will begin to turn as the population of Arizona begins to rebound toward the beginning of Q4. • The decline of third party manufacturing also contributed [to higher expenses], as the pure margin nature of this business had acted as an offset in some prior periods. With pressure due to overcapacity in the market and a focus by dispensary owners on shifting mix toward in-house products, we do not anticipate any meaningful third party manufacturing business for the foreseeable future.
Wholesale market	• In line with the previous nine months, the wholesale markets in Arizona continue to face pressure from overcapacity. • Vext's operations in Arizona are not built on wholesale operations being a significant portion of revenue, so we continue to be well positioned in these market conditions.

For commentary on the overall Arizona market, please refer to Section 2.3

4.1.3 Ohio

Operations Update

Primary focus	• Consolidation of the manufacturing and cultivation operations by the end of 2023.
Retail Performance	• Our consolidated dispensary in Ohio has demonstrated growth during Q2 2023. • Sales were up 6.16%, units sold were up 17%, customers are up 14%, orders are up 16.7%, and average basket was down (12.6%) comparing first 6 months of 2023 to the first 6 months of 2022. • We continue to increase the number of products that are manufactured and grown at Appalachian Pharm facilities. We believe this will support additional growth in customers, orders, sales and margin.
Cultivation and Manufacturing Update	• Appalachian Pharm operations continue to grow. The cultivation operations began full commercial activity in the second quarter. The Ohio team had flower sales to 52 customers in the quarter. The third quarter will have the cultivation operating at full capacity. The focus will be on expanding the active customers and volume. • The existing manufacturing operation continued to increase. Sales were up 15%, units were up 30%, customers were flat, orders were up 3.8% and average ticket was up 12.8% comparing the first six months of 2023 vs 2022.
Operating Expenses	• The Ohio team continues to generate increased sales and anticipates reaching cash neutral in Q3 as operations continue to scale. With the start up of cultivation, staffing costs increased. We are anticipating that the operation will be producing free cash for the remainder of 2023 and accelerating as investments are finalized.
Wholesale Market	• The wholesale market in Ohio is gradually maturing, and we anticipate continued growth in product sales with the introduction of new dispensaries. • The state has a cap on the number of Tier 1 cultivators and processors allowed in the market. This environment should lead to more stability in wholesale pricing and better balance supply and demand as the market matures.

For commentary on the overall Ohio market, please refer to Section 2.3

4.1.4 JV and Joint Operations

In addition to our operations in Arizona, we consider Ohio to be one of the most promising markets in the United States. We are particularly encouraged by the developments in Kentucky regarding a medical marijuana program. We believe that our existing relationships will grant Vext a competitive advantage in obtaining licenses for this program.

STATE	FOOTPRINT	VAPEN PRODUCTS IN MARKET	PRODUCT TYPE	VEXT RELATIONSHIP	VEXT ECONOMIC INTEREST	CURRENT STATUS	EXPECTED SHORT TERM DEVELOPMENTS
Ohio	Cultivation, Processing and/ or Wholesale	Yes	THC	Investment	NA	Vapen actively being sold at dispensaries in the market	License change has been applied for and expected Q3 2023
	Retail	NA	THC	LOI	NA	Current license holder received Certification of Operation and is fully functional	Vext and current license holder will apply for a change in ownership in Q3 2023
	Retail	Yes	THC	Operating	100%	Current license holder received Certification of Operation and is fully functional	Currently operating as Herbal Wellness Center Ohio
Kentucky	Processing and/ or Wholesale	Yes	CBD	Joint Venture	50%	Operating and selling wholesale product	Working on securing base load supply contracts
Nevada	Processing and/ or Wholesale	Yes	THC	Service Agreement	Licensing Fee	Vapen actively being sold at dispensaries in the market	Expanding on-shelf presence for Vapen brand
Oklahoma	Processing and/ or Wholesale	Yes	THC	Joint Venture	25%	Expanding SKUs and on-shelf presence	Expanding outdoor cultivation and increasing product quality
California	Processing and/ or Wholesale	Yes	THC	Joint Operation	~50%	Vapen actively being sold at dispensaries in the market	Expanding on-shelf presence for Vapen brand

4.2 Material Events That Occurred Subsequent to the Quarter

- On August 10, 2023, the Company issued a press release reporting that Stephan Bankosz has resigned as Chief Financial Officer and Corporate Secretary of the Company effective August 25, 2023 to pursue other opportunities. The resignation was not a result of any disagreement regarding any matter relating to the Company's operations, policies, or practices. The Company also announced the appointment of Trevor Smith as Chief Financial Officer and Nalee Pham as Corporate Secretary.

- As of August 11, 2023, the Company issued an aggregate of 38,199 subordinate voting shares upon settlement of 56,250 restricted share units, which were settled for a combination of subordinate voting shares and cash equivalent to the amount the Company was permitted to withhold under the Company's restricted share unit plan for the remittance of tax related to the settlement of such restricted share units.

- The Company has received the approval of the Ohio Department of Commerce for the ownership transfer of Appalachian Pharm Processing, LLC, an Ohio limited liability company, together with its subsidiaries and affiliated companies (collectively, "APP"), pursuant to the Company's previously announced acquisition of APP for a total consideration of approximately $12.5 million, with $11 million paid in cash or promissory notes and $1.5 million through the issuance of common shares of Vext ("Common Shares") (the "Ohio Acquisition"). The Company is working with APP to satisfy the remaining conditions of closing and currently expects that closing of the Ohio Acquisition will occur prior to the end of August 2023, subject to the terms of the definitive purchase agreements. For further details about the terms of the Ohio Acquisition, see the Company's news release dated December 15, 2022.

  As a result of closing of the Ohio Acquisition, Vext will also obtain the right to acquire ownership of a cannabis dispensary in Columbus, Ohio. The Company has applied to the Ohio Board of Pharmacy for an ownership transfer of such dispensary and expects to receive approval this year and to close promptly after receipt of regulatory approval.

4.3 Additional Commentary Around Financial Performance

The Company has reviewed its financial position and results of operations for the three months ended June 30, 2023 and, the following determinations have been made by management:

a. There have been no inherent losses in the carrying value of the Company's assets since June 30, 2023. Management is confident that both current and long-term assets are fully collectible and realizable at their recorded values.

b. As of the date of this MD&A, the Company has no obligations to third parties that require or will require renegotiation.

c. While there are uncertainties regarding future events, the Company's outlook for adjusted EBITDA remains on track. Based on macroeconomic conditions and pressures on consumer discretionary spending, revenue in Arizona is expected to remain stable throughout 2023.

d. The Company has secured funding for all its planned expansion initiatives in the markets discussed in this MD&A. As a result, the capital requirements for operating in these expanded markets have been fulfilled. Management exercises caution in utilizing its current liquid assets, and therefore, the previously disclosed 2023 expansion plans do not depend on additional external capital. Considering the current macroeconomic conditions, as projects near completion, the Company anticipates a significant reduction in capital spending.

SELECT FINANCIAL PERFORMANCE

Financial Results of the Operation for the Three Months Ended June 30, 2023

	For the Three Months Ended June 30, 2023	June 30, 2022	$ Change	% Change
REVENUES	**$ 9,187,122**	$ 8,765,798	$ 421,324	4.8%
NET COST OF GOODS SOLD	6,517,403	2,638,522	3,878,881	147.0 %
GROSS PROFIT	2,669,719	6,127,276	(3,457,557)	(56.4)%
OPERATING EXPENSES	1,992,529	3,334,894	(1,342,365)	(40.3)%
Accretion on debt	6,004	—	6,004	100.0 %
Foreign exchange gain	(310)	580	(890)	153.5 %
Change in fair value of debt & transaction costs	(263,829)	—	(263,829)	100.0 %
Interest (expense)	(1,038,831)	(337,407)	(701,424)	(207.9)%
Interest income	28,019	—	28,019	— %
Share of profit (loss) of joint venture	(13,854)	(190,783)	176,929	92.7 %
Net income before taxes	**(605,610)**	2,274,935	(2,870,382)	(126.2)%
Income tax (expense)/recovery	1,141,064	(322,725)	1,463,789	453.6 %
Net income after taxes	**535,453**	1,952,210	(1,416,757)	(72.6)%
Total comprehensive income	**$ 535,453**	$ 1,952,210	$ (1,416,757)	(72.6)%

Sales:

The following table is a comparison of the category breakdown for the three months ended June 30, 2023 compared to June 30, 2022.

	June 30, 2023	June 30, 2022	$ Change
Retail	**$ 8,971,710**	$ 7,946,897	$ 1,024,813
Wholesale, Manufacturing & Other	215,412	818,901	(603,489)
Total Revenue	**$ 9,187,122**	$ 8,765,798	$ 421,324

Sales increased by $421,324 which is a 4.8% increased comparing second quarter 2023 vs second quarter 2022. Increased sales are primarily from to the reporting of the sales at the dispensary in Jackson, Ohio which was not included in 2022. Arizona sales as previously discussed are down on a year over year basis.

Cost of Goods Sold:

The following table shows the comparison by category breakdown for three months ended June 30, 2023 compared to June 30, 2022.

	June 2023		June 2022
Cost of goods sold	$ 3,805,386	Cost of goods sold	$ (72,141) *
Wages and benefits	993,515	Wages and benefits	1,728,985
Amortization	767,802	Amortization	642,266
General & administrative	830,897	General & administrative	795,472
Subtotal expenses	6,397,600	Subtotal expenses	3,094,582
Gross profit	2,789,521	Gross profit	5,671,216 *
With the effect of biological inventory gross profit changes:	$ 2,669,719	With the effect of biological inventory gross profit changes:	$ 6,127,276

*Cost of goods was revalued from historic cost to wholesales as part of the acquisition the two dispensaries, which temporarily inflated gross profit. This one time entry was amortized back into cost of goods sold in Q2 2022, see EBITDA table.

Pursuant to the Company's dispensaries conversion to for-profit status, biological assets were recorded in the books of record at Fair Value Less Cost to Sell (FVLCS) which resulted in Unrealized Loss of $(1,049,856) and a Realized Gain of $1,169,658.

Gross profit for the three months ended June 30, 2023, were $2,669,719 compared to $6,127,276 for the same period in 2022 Gross profit in the 2nd 2022 was exceptionally high as part of the switch to for profit models and final reconciliation of the inventories at the dispensaries during the annual dispensary audits. The other prominent driver of gross profit change in the quarter was due to conscious decision to aggressively move inventory through retail to offset seasonal decline and the excess supplies available in the market. We were able to maintain our revenue in the retail operations and saw a 2.5% increase compared to first quarter. The overall market in Arizona saw 2.0% less revenue as reported by the state. Given our inventory position, we are anticipating that the margin profile will move toward historical levels in the third quarter and going forward.

Financial Results of the Operation for the Six Months Ended June 30, 2023

	For the Six Months Ended		$	%
	June 30, 2023	**June 30, 2022**	Change	Change
REVENUES	**$ 18,297,772**	$ 19,556,931	$ (1,259,159)	(6.4)%
NET COST OF GOODS SOLD	10,926,338	5,335,222	5,591,116	104.8 %
GROSS PROFIT	**7,371,434**	14,221,709	(6,850,275)	(48.2)%
OPERATING EXPENSES	**5,834,896**	7,168,901	(1,334,005)	(18.6)%
Accretion on debt	12,030	(12,372)	24,402	(197.2)%
Foreign exchange gain	(3,037)	792	(3,829)	(483.5)%
Change in fair value of debt & transaction costs	—	10,164	(10,164)	(100.0)%
Interest (expense)	(1,900,019)	(675,296)	(1,224,723)	181.4 %
Interest income	28,230	—	28,230	— %
Share of profit (loss) of joint venture	(105,059)	(372,928)	267,869	(71.8)%
Net income before taxes	**(1,673,615)**	6,003,168	(7,676,783)	(127.9)%
Income tax (expense)/recovery	2,282,128	(1,797,776)	4,079,904	(226.9)%
Net income after taxes	**608,512**	4,205,392	(3,596,880)	(85.5)%
Total comprehensive income	**$ 608,512**	$ 4,205,392	$ (3,596,880)	(85.5)%

Sales:

The following table is a comparison of the category breakdown for the six months ended June 30, 2023 compared to June 30, 2022.

	June 30, 2023	**June 30, 2022**	**$ Change**
Retail	$ 17,712,044	$ 17,579,268	$ 132,776
Wholesale, Manufacturing & Other	585,728	1,977,663	(1,391,935)
Total Revenue	**$ 18,297,772**	$ 19,556,931	$ (1,259,159)

Sales decreased by $(1,259,159) or (6.4)% when comparing six months ended June 30, 2023 vs June 30, 2022. Decreased sales are primarily from decreases in the wholesale and third party manufacturing businesses in Arizona.

Cost of Goods Sold:

The following table shows the comparison by category breakdown for six months ended June 30, 2023 compared to June 30, 2022.

	June 2023			June 2022	
Cost of goods sold	$ 6,288,265		Cost of goods sold	$ (287,149)	*
Wages and Benefits	1,886,501		Wages and Benefits	3,013,150	
Amortization	1,523,734		Amortization	979,573	
General & administrative	1,167,659		General & administrative	3,301,860	
Subtotal expenses	10,866,159		Subtotal expenses	7,007,434	
Gross profit	7,431,614		Gross profit	12,549,497	*
With the effect of biological inventory gross profit changes:	$ 7,371,434		With the effect of biological inventory gross profit changes:	$ 14,221,709	

*Cost of goods was revalued from historic cost to wholesales as part of the acquisition the two dispensaries, which temporarily inflated gross profit. This one time entry was amortized back into cost of goods sold in Q2 2022, see EBITDA table.

Pursuant to the Company's dispensaries conversion to for-profit status, biological assets were recorded in the books of record at Fair Value Less Cost to Sell (FVLCS) which resulted in Unrealized and Realized Gain of $(2,113,772) and $2,173,951 realized loss, respectively.

Gross profit for the six months ended June 30, 2023, were $7,371,434 compared to $14,221,709 for the same period in 2022, a decrease of $(6,850,275) or (48.2)%. As previously discussed, the decrease in gross profit is primarily related to the pick-up of inventory when the dispensaries were acquired in the for-profit switch. The gross profit margins began to normalize with the third quarter of 2022. We have also seen a significant reduction in contract manufacturing and wholesale in the Arizona market. This began in third quarter 2022 and has continued to decline through the second quarter of 2023. We believe that business fall off has reached the bottom and will show some slight rebound as brands and product supplies better aligns with overall market demand in Arizona.

5.2 Reconciliation of non-IFRS Measures (EBITDA and ADJUSTED EBITDA)

The following financial data was derived from the Company's financial statements for each of the Company's most recent eight completed financial quarters:

The Company defines EBITDA and Adjusted EBITDA as per the table below. It should be noted that these performance measures are not defined under IFRS and may not be comparable to similar measures used by other entities. The Company believes that these measures are useful financial metrics as they assist in determining the ability to generate cash from operations. Investors should be cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net earnings or cash flows as determined under IFRS. The reconciling items between net earnings, EBITDA, and Adjusted EBITDA are as follows:

	2023		2022				2021	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	**$ 9,187,122**	**$ 9,110,651**	**$ 8,180,603**	**$ 7,673,101**	**$ 8,765,798**	**$10,791,133**	**$ 9,307,944**	**$ 9,399,700**
Gross profit before FV adjustments	2,789,521	4,642,093	4,092,811	4,624,430	5,671,215	6,538,345	3,953,292	4,101,313
Gross profit margin % before FV adj.	30%	51%	50%	60%	65%	61%	43%	44%
Change in FV of biological	119,802	(59,623)	(247,392)	(252,041)	(456,060)	(1,216,152)	—	—
Operating expense	1,992,529	3,887,819	4,152,091	4,206,798	3,672,301	3,836,557	2,059,278	2,452,651
Other expense	1,282,800	1,881,902	115,106	55,715	180,040	181,933	346,404	140,248
Income taxes	(1,141,064)	(1,141,064)	(6,209,576)	190,425	322,725	1,475,051	462,523	538,308
Net Income after taxes	**$ 535,454**	**$ 73,059**	**$ 6,282,582**	**$ 423,533**	**$ 1,952,210**	**$ 2,260,957**	**$ 1,085,087**	**$ 970,106**
Interest (net)	1,010,812	860,978	632,207	620,687	337,407	337,888	233,420	33,840
Income taxes	(1,141,064)	(1,141,064)	(6,209,576)	190,425	322,725	1,475,051	462,523	538,308
Depreciation and amortization	1,859,779	1,845,036	1,774,672	1,579,906	1,543,027	1,536,843	939,470	886,920
EBITDA	**$ 2,264,980**	**$ 1,638,009**	**$ 2,479,885**	**$ 2,814,551**	**$ 4,155,368**	**$ 5,610,739**	**$ 2,720,501**	**$ 2,429,173**
Accretion	(6,004)	(6,026)	—	—	—	12,372	170,546	785,192
Share (profit)/loss on joint ventures	13,854	91,205	40,256	53,014	190,783	182,145	130,860	2,602
Share-based compensation	68,862	130,332	601,493	660,488	104,762	85,696	132,822	171,479
(Gain)/loss on asset disposal	—	—	(13,127)	2,893	(10,164)	—	—	—
(Gain)/loss on investment	—	—	—	—	—	—	212,675	212,675
Refinance of loan payable	—	—	200,170	—	—	—	—	—
Loan costs WPCU loan	342	742,036	—	—	—	—	—	—
FV of WPCU loan	219,518	190,984	—	—	—	—	—	—
Loan costs EWB amortized	43,969	45,451	—	—	—	—	—	—
Other income		—	—	—	—	—	—	(75,000)
RSU taxes	4,274	75,825	119,900	—	—	—	—	—
Foreign exchange	310	2,726	(350)	(45)	(580)	(212)	2,869	(29)
ERC Tax Credit	(1,680,793)	—	—	—	—	—	—	—
Relative FV adjustment to inventory	—	—		—	863,000	(863,000)	—	—
Change in FV of biological	119,802	(59,623)	(247,392)	(252,041)	(456,060)	(1,216,152)	—	—
Adjusted EBITDA	**$ 1,049,114**	**$ 2,850,919**	**$ 3,180,835**	**$ 3,278,860**	**$ 4,847,110**	**$ 3,811,589**	**$ 3,370,272**	**$ 3,526,093**
	11.9%	31.3%	38.9%	42.7%	55.3%	35.3%	36.2%	37.5%
	$ 3,900,033 2023		**$ 15,118,394 2022**				**$ 13,394,263 2021**	

For all quarters preceding 2023:

The Company's revenue is generated from its owned dispensaries. The Company has two dispensaries in Arizona and one in Ohio doing business as Herbal Wellness Center, as well as related wholesale sales. The Company's other business activities are conducted by way of either participating as a member of joint ventures or by way of investment in entities conducting business in selected markets. At the date of this MD&A, most revenues have been historically generated from the Company's Arizona operations.

BALANCE SHEET ANALYSIS

6.1 Financial Position for the period ending June 30, 2023:

Pursuant to the Company's Arizona dispensaries conversion to for-profit status, biological assets were recorded in the books of record at Fair Value Less Cost to Sell (FVLCS) which resulted in Unrealized and Realized Gain of $(1,049,856) and $1,169,658, respectively.

Financial Position at June 30, 2023

	June 30, 2023	December 31, 2022	$ Change
ASSETS			
Current assets	**$ 38,566,440**	$ 52,682,151	$ (14,115,711)
Non-current assets	**82,806,982**	67,834,822	14,972,160
Total Assets	**$ 121,373,422**	$ 120,516,974	$ 856,448
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities	**$ 10,447,063**	$ 12,975,187	$ (2,528,124)
Long-term liabilities	**38,200,131**	35,623,264	2,576,867
Shareholders' equity	**72,726,228**	71,918,522	807,706
Total liabilities and shareholders' equity	**$ 121,373,422**	$ 120,516,973	$ 856,449

The following discussion of the Company's financial position is based on the Company's consolidated statement of financial position as at June 30, 2023.

6.2 Select Balance Sheet Highlights

Current Assets

	June 30, 2023	December 31, 2022	$ Change
Cash	$ 4,280,129	$ 5,933,837	$ (1,653,708)
Accounts receivable, net	3,851,017	3,295,537	555,480
Prepaid expenses, deposits, and other receivables	4,701,750	9,945,716	(5,243,966)
Notes receivable – current	9,060,330	18,111,849	(9,051,519)

- Please refer to Section 6.3 for details on Cash.
- The primary increase in Accounts Receivable, net is from funding of payroll in startup for Appalachian Pharm Cultivation in Ohio.
- The decrease in Prepaid expenses, deposits, and other receivables was driven primarily by the purchase of Buckeye Botanicals that officially closed escrow on January 3rd, 2023.
- The change in Notes receivable - current was from the capitalization of the Appalachian Pharm Cultivation facility and recognition of ownership by Vext of the assets.

Non-current Assets

	June 30, 2023	December 31, 2022	$ Change
Property, plant and equipment	$ 46,005,463	$ 35,650,655	$ 10,354,808
Intangible assets	32,076,575	27,838,374	4,238,201
Goodwill	2,070,654	461,752	1,608,902

- The increase in Property, plant and equipment was driven by the settling of the Ohio Note receivable for the purchase of equipment for the Ohio indoor cultivation facility.
- The increase in Intangible assets is part of the Buckeye Botanical purchase that closed in Q1 2023.
- The increase in Goodwill was due to the acquisition of the Buckeye Botanical membership interest in Q1 2023.

Current Liabilities

	June 30, 2023	December 31, 2022	$ Change
Payables and accrued liabilities	$ 4,481,221	$ 7,018,634	$ (2,537,413)

- The decrease in payables and accrued liabilities was primarily due to payments being made to construction contractors for completion of work related to the Ohio indoor cultivation facility & Eloy indoor cultivation facility.

Long-term Liabilities

	June 30, 2023	December 31, 2022	$ Change
Notes payable – non-current portion	$ 27,696,901	$ 26,011,498	$ 1,685,403
Deferred tax liabilities	4,120,287	3,426,879	693,408

- The increase in Note payable - non-current portion was related to the Ohio acquisition. Please see Note 16 on the consolidated Financial Statements.
- The increase in Deferred tax liabilities is due to the acquisition of the Buckeye Botanical membership interest.

Working Capital Position

As at June 30, 2023, the Company's working capital position was $28,119,377 compared to March 31, 2023 of $37,365,735. The decrease of $(9,246,358) was primarily drive by the settling of the Ohio Note receivable for the purchase of equipment for the Ohio indoor cultivation facility.

6.3 Cash from Activities

The following table summarizes the sources and uses of cash for the six months ended June 30, 2023 compared to and June 30, 2022:

	June 30, 2023	June 30, 2022	$ Change
Cash provided by operating activities	**$ 3,448,882**	$ 4,009,620	**$ (560,738)**
Net cash used in investing activities	**(2,959,660)**	(7,724,021)	**4,764,361**
Net cash used in financing activities	**(2,142,931)**	(1,209,065)	**(933,866)**
Net change in cash	**$ (1,653,709)**	$ (4,923,465)	**$ 3,269,757**

Q2 2023

OPERATING ACTIVITIES	**$(560,738)** change Reduction in sales revenue and gross margin from the current economic condition are the primary drivers for the change.
INVESTING ACTIVITIES	**$4,764,361** change This decrease is driven by a reduction in capital outlay for the cultivation and dispensary facility purchases and recognition of current economic conditions.
FINANCING ACTIVITIES	**$(933,866)** change The change is attributable to the increased interest expense on the notes payable related to the Ohio cannabis license.

6.4 Liquidity and Capital Resources

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards applicable to a going concern which assumes the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. The continuing operations of the Company are dependent upon the Company's ability to continue to earn adequate revenues from operations and to raise adequate financing. The Company intends to finance its future requirements through continued operations.

As at June 30, 2023, the Company had working capital of $28,119,377 (2022 - $39,706,964) and retained earnings of $33,930,794 (2022 - $33,322,281). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year.

The $(11,587,587) in working capital decrease is primarily attributable to the transfer of the Appalachian Pharm Processing LLC & APP1803 note receivables and Buckeye Botanicals prepaid expenses to a cultivation facility for New Gen Ohio, LLC which is online as of June 30, 2023.

ADDITIONAL INFORMATION

7.1 Related Party Transactions

Related parties and related party transactions impacting the condensed consolidated interim financial statements not disclosed elsewhere in these financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers, including the Company's Executive Chairman, Chief Executive Officer, Chief Operating Officer, President, Chief Financial Officer, and Corporate Secretary.

Remuneration attributed to key management personnel for the three months ended June 30, 2023 and June 30, 2022 is summarized as follows:

	June 30, 2023	June 30, 2022
Share-based compensation	**$ 42,619**	$ 15,128
Salaries and wages included in cost of goods sold	**78,716**	102,153
Salaries, wages and commissions included in operating expenses	**159,888**	134,979
Consulting fees included in operating expenses:	**31,249**	43,322
	$ 312,472	$ 295,582

Remuneration attributed to key management personnel for the six months ended June 30, 2023 and June 30, 2022 is summarized as follows:

	June 30, 2023	June 30, 2022
Share-based compensation	**$ 104,630**	$ 27,846
Salaries and wages included in cost of goods sold	**161,736**	183,681
Salaries, wages and commissions included in operating expenses	**337,523**	249,333
Consulting fees included in operating expenses:	**78,711**	85,311
	$ 682,600	$ 287,009

Other related parties

Other related parties include close family members of the Company's Executive Chairman, CEO, Corporate Secretary, and a company that is controlled by a director.

Remuneration attributed to other related parties for the three months ended June 30, 2023 and June 30, 2022 is summarized as follows:

	June 30, 2023	June 30, 2022
Consulting fees included in operating expenses	**$ 18,750**	$ 37,890
	$ 18,750	$ 37,890

Remuneration attributed to other related parties for the six months ended June 30, 2023 and June 30, 2022 is summarized as follows:

	June 30, 2023	June 30, 2022
Consulting fees included in operating expenses	**$ 66,212**	$ 75,780
	$ 66,212	$ 75,780

Balances with related parties:

Due from related parties:

The current portion of balances due from related parties is as follows:

	June 30, 2023	December 31, 2022
Non-interest bearing, due on December 31, 2023 from Jason T. Nguyen, Executive Chairman	**$ 1,328,383**	$ 1,328,383
	$ 1,328,383	$ 1,328,383

	June 30, 2023	December 31, 2022
Non-interest bearing, due on December 31, 2022 from Jason T. Nguyen, Executive Chairman	**$ —**	$ 316,251
	$ —	$ 316,251

Due to related parties:

Amounts due to related parties (or former related parties) as at June 30, 2023 and June 30, 2022 included the following:

	June 30, 2023	December 31, 2022
Payables and Accrued Liabilities		
Jason T. Nguyen, Executive Chairman	$ —	$ 85,000
Denise Lok, Former CFO	—	3,866
Mark Opzoomer, Director	—	40,000
Eric Offenberger, CEO, COO, and Director	—	150,000
	$ —	$ 278,866

7.2 Outstanding Share Data

The following share capital data is current as at the date of this MD&A:

Number Outstanding	—
Subordinate voting shares	82,523,478
Multiple voting shares*	672,747
RSUs	313,408
Stock options	5,201,334
Warrants	33,538,337
Special advisory warrants	1,000,000

*One multiple voting share can be converted into 100 subordinate voting shares.

7.3 Proposed Transactions

Other than being disclosed in this MD&A, the Company does not have any other proposed transactions at this time.

7.4 Off-Balance Sheet Transactions

There are no off-balance sheet transactions.

7.5 Other Information

Additional information on the Company is available on SEDAR at www.sedar.com.

KEY RISKS, RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

8.1 Risk Management and Financial Instruments

The fair value of the Company's accounts receivable, current notes receivable, advances to joint operation, deposits and other receivables, payables, accrued liabilities, approximate their carrying value, due to their short-term nature. The fair value of other financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk, interest rate risk, price risk, and currency risk.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company is subject to minimal credit risk on its receivables. As of June 30, 2023, $3,851,017 was due to the Company from less than 35 customers. The Company has no investments in asset-backed commercial securities.

The Company records an allowance for doubtful accounts related to accounts receivable that are considered to be non-collectible. The allowance is based on the Company's knowledge of the financial condition of its customers, current business environment, customer and industry concentrations, and historical experience. To reduce credit risk, cash is only held at major financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined in Note 21 of the June 30, 2023 interim consolidated financial statements. As at June 30, 2023, the Company had cash, accounts receivable and short-term notes receivable of $17,191,476 to settle its current liabilities of $10,447,063. Management believes the Company has sufficient funds to support ongoing operating expenditures and meet its liabilities as they fall due.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, commodity and equity prices, and foreign exchange rates.

a) 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 rates.

   As of June 30, 2023, $20,444,209 of the Company's borrowings include a variable interest rate component. As a result, the Company is subject to interest rate risk with respect to such floating-rate debt. For the period ended June 30, 2023 a hypothetical 100 basis point increase in the variable interest rate would increase the annual interest expense by approximately $204,442. There was no variable interest rate debt outstanding for the period ended June 30, 2023.

b) Price risk

The Company is not exposed to significant price risk as it does not hold investments in publicly traded securities.

c) Currency risk

The Company's expenditures are predominantly in U.S. dollars, and any future equity raised is expected to be predominantly in Canadian dollars.

8.2 Risk and Uncertainties

Uninsured or Uninsurable Risk

The Company may become subject to liability for risks against which it cannot insure or against which it 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 the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on its financial position and operations.

DESCRIPTION OF THE U.S. LEGAL CANNABIS INDUSTRY

In accordance with Staff Notice 51-352, "", below is a discussion of the current federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently directly involved. In accordance with CSA Notice 51-352, the Company will evaluate, monitor, and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation.

Legal and Regulatory Matters

United States Federal Overview

In the United States, thirty-seven (37) states,Washington D.C. and Puerto Rico have legalized medical marijuana, and twenty-three (23) states and Washington D.C. have legalized "adult use" or "recreational" marijuana. At the federal level, however, cannabis currently remains a Schedule I drug under the CSA. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. As such, cannabis related practices or activities including, without limitation, the manufacture, importation, possession, use, or distribution of cannabis, remain illegal under United States federal law. Although federally illegal, the U.S. federal government's approach to enforcement of such laws has at least until recently trended toward non-enforcement. On August 29, 2013, the DOJ issued a memorandum known as the "Cole Memorandum" to all U.S. Attorneys' offices (federal prosecutors). The Cole Memorandum generally directed U.S. Attorneys not to prioritize the enforcement of federal marijuana laws against individuals and businesses that rigorously comply with state regulatory provisions in states with strictly regulated medical or recreational cannabis programs. While not legally binding, and merely prosecutorial guidance, the Cole Memorandum laid a framework for managing the tension between state and federal laws concerning state regulated marijuana businesses. However, on January 4, 2018, the Cole Memorandum was revoked by Attorney General Jeff Sessions, a long-time opponent of state- regulated medical and recreational cannabis. While this did not create a change in federal law, as the Cole Memorandum was not itself law, the revocation removed the DOJ's guidance to U.S. Attorneys that state-regulated cannabis industries substantively in compliance with the Cole Memorandum's guidelines should not be a prosecutorial priority. In addition to his revocation of the Cole Memorandum, Attorney General Sessions also issued a one-page memorandum known as the "Sessions Memorandum". The Sessions Memorandum confirmed the rescission of the Cole Memorandum and explained the rationale of the DOJ in doing so: the Cole Memorandum, according to the Sessions Memorandum, was "unnecessary" due to existing general enforcement guidance adopted in the 1980s, as set forth in the U.S. Attorney's Manual (the "USAM"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government's limited resources, and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community". While the Sessions Memorandum emphasizes that marijuana is a Schedule I controlled substance, and reiterates the statutory view that cannabis is a “dangerous drug and that marijuana activity is a serious crime”, it does not otherwise indicate that the prosecution of marijuana-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether to prosecute marijuana-related offenses.

Arizona Overview:

Arizona has authorized the cultivation, extraction and dispensing of medical marijuana products by licensed dispensaries located throughout the State. There are 143 active dispensaries, and 131 active nonprofit medical marijuana dispensary registration certificates in the state which cover all categories of production and sale of cannabis and cannabis related products. In 2010, Arizona became the 14th state to legalize medicinal cannabis for adults over 21 under Proposition 205: the Arizona Medical Marijuana Act (AMMA). On November 20, 2020, Arizona passed Proposition 207 (Responsible Adult Use of Marijuana Act) which legalized recreational marijuana use for adults. Arizona is one of the 38 states to have some form of medical marijuana law in place, while another 21 states have legalized Marijuana for adult recreational use. The AMMA is regularly used as an example for other states as an effective way to regulate a legal cannabis industry. In Arizona, the dispensaries can now operate as for-profit entities and engage with management companies to provide real estate rental, administrative, general management and advisory services, financing, and logistics to medical marijuana businesses (the dispensaries) licensed under the provisions of the Arizona Medical Marijuana Act, A.R.S. Title 36, Section 28.1 (the “AMMA”) and to provide material support.

Medical Use

Arizona Medical Marijuana cardholders are entitled to purchase not more than 2.5 ounces of product every two weeks. Purchases are tracked by cardholder and all dispensaries are required to report cardholder sales to the state to ensure that cardholders do not exceed their allotted purchase amount. New Gen and its subsidiaries are following Arizona’s medical marijuana regulatory requirements and programs where applicable.

Adult Use

On November 3, 2020, Arizona voters passed Proposition 207, the “Smart and Safe Act”, allowing adults to possess up to one ounce (28 grams) of marijuana (with no more than five grams being marijuana concentrate). Possession and cultivation of cannabis for adult use became legal on November 30, 2020. State-licensed sales of adult use cannabis began January 22, 2021. New Gen and its subsidiaries are following Arizona’s adult use marijuana regulatory requirements and programs where applicable.

Regulatory Risks

The U.S. cannabis industry is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may impact on actual results.

Participants in the U.S. cannabis industry will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. Further, the Company may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all these claims may result in significant monetary damages or injunctive relief that could adversely affect its ability to conduct its business. Litigation and other claims are subject to inherent uncertainties and management’s view of these matters may change in the future. A material adverse impact on the Company’s financial statements could also occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.

The U.S. cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Company and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future growth uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of the Company, and which cannot be reliably predicted.

The Company expects to derive most of its revenues from the U.S. cannabis industry, which industry is illegal under U.S. federal law (other than its business related to high CBD/low THC products, known as "hemp"). As a result of the conflicting views between state legislatures and the federal government regarding cannabis, cannabis businesses in the U.S. are subject to inconsistent legislation and regulation. The Company is expected to remain focused in those U.S. states that have legalized the medical and/or adult-use of cannabis. Almost half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on THC, while other states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC. However, the U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the CSA. The federal government of the U.S. has specifically reserved the right to enforce federal law in regard to the sale and disbursement of adult-use or medical use marijuana even if state law sanctioned such sale and disbursement. It is presently unclear whether the U.S. federal government intends to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law. This risk was further heightened by the revocation of the Cole Memorandum in January 2018.

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then the Company's business would be materially and adversely affected. U.S. federal actions against any individual or entity engaged in the marijuana industry, or a substantial repeal of marijuana related legislation could adversely affect the Company.

Nature of the Company's Involvement in the U.S. Cannabis Industry

Currently, the Company is engaged in the branding and procurement for companies that manufacture and distribute cannabis in the medical and adult-use cannabis marketplace. As at June 30, 2023, the Company's assets and revenues are primarily attributable to the medical marijuana use in the State of Arizona.

As previously stated, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions, or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, the listing of its securities on any stock exchange, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. The approach to the enforcement of cannabis laws may be subject to change or may not proceed as previously outlined.

The Company's involvement in the U.S. cannabis industry will be (i) only in those states that have enacted laws legalizing cannabis; and (ii) only in those states where the Company can comply with state (and local) laws and regulations and has the licenses, permits or authorizations to properly carry on each element of its business.

The Company will continue to monitor, evaluate, and re-assess the regulatory framework in each state in which it may hold license, and the federal laws applicable thereto, on an ongoing basis; and will update its continuous disclosure regarding government policy changes or new or amended guidance, laws, or regulations regarding cannabis in the U.S.

Heightened Scrutiny

For the reasons set forth above, the Company's activities in the U.S. may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's activities in the U.S. or any other jurisdiction, in addition to those described herein.

Change in Laws, Regulations and Guidelines

The Company's business operations will directly and indirectly be affected by a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage, and disposal of cannabis, but also including laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require participants to incur substantial costs associated with compliance or alter certain aspects of its business plans. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company's business plans and result in a material adverse effect on certain aspects of its operations.

Unfavorable Publicity or Consumer Perception

The legal cannabis industry in the U.S. is at an early stage of its development. Cannabis has been, and will continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, morality, consumption, safety, efficacy, and quality of cannabis are mixed and evolving. Consumer perception 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 research reports, findings, regulatory opinion, and support for medical and adult-use cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical marijuana as opposed to legalization in general). The Company's ability to gain and increase market acceptance of its business activities may require substantial expenditures on proceedings, litigation, media attention or other 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 cannabis and on the business, results of operations, financial condition, and cash flows of the Company. Further, adverse publicity reports or other media attention regarding cannabis in general or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Public investor relations, strategic relationships, and marketing initiatives. There can be no assurance that such initiatives will be successful, and their failure may have an adverse effect on the Company.

Local, state, and federal laws and regulations governing marijuana for medicinal and recreational purposes are broad in scope and are subject to evolving interpretations, which could require the Company to incur substantial costs associated with bringing the Company's operations into compliance. In addition, violations of these laws, or allegations of such violations, could disrupt the Company's operations and result in a material adverse effect on its financial performance. It is beyond the Company's scope to predict the nature of any future change to the existing laws, regulations, policies, interpretations, or applications, nor can the Company determine what effect such changes, when and if promulgated, could have on the Company's business.

Other Regulatory Risks

The activities and products of the Company are subject to regulation by governmental authorities, including, the U.S. Food and Drug Administration, and others. Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, 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 and financial condition of the Company.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion, and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, or financial condition.

Additional Financing

In order to execute the anticipated growth strategy, the Company may require some additional equity and/or debt financing to support ongoing operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available when needed or on terms which are acceptable. The Company's inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity 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 subordinated voting shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Cannabis Industries are Highly Competitive

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business.

Operating Risk and Insurance Coverage

The Company carries insurance to protect its assets, operations, and employees. While the Company believes insurance coverage can adequately address all material risks to which it may be exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Key Personnel Risk

The Company's success will depend on its directors and officers developing the business and managing operations, and on its ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants. The loss of any key person or the inability to find and retain new key people could have a material adverse effect on the business. Competition for qualified technical, sales and marketing staff, as well as for officers and directors, can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact operations.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made raising capital by equity or debt financing more difficult. The Company will be dependent upon the capital markets to raise additional financing in the future, while it establishes a client base for its product. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company’s ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company’s ability to raise capital could be jeopardized, which could have an adverse impact on its operations and, if applicable, the trading price of its subordinated voting shares on any stock exchange.

Dividend Risk

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. The Company expects to retain its earnings to finance further growth and, when appropriate, retire debt.

Securities and Dilution

There is no assurance that sources of financing will be available on acceptable terms, if at all. If the Company seeks additional equity financing, the issuance of additional shares will dilute the interests of their current shareholders. Failure to obtain such additional financing could result in delay or indefinite postponement of the Company’s strategic goals.

Future Capital Requirements

The Company's future capital requirements will depend on many factors, including inorganic growth initiatives, securing new contracts, the rate of expansion and the status of competitive products. Depending on these factors, the Company may require additional financing which may or may not be available on acceptable terms. If additional funds are raised by issuing equity securities, dilution to the existing shareholders may result. If adequate funds are not available, the Company may not be able to achieve its growth objectives and operational targets, which could have a material adverse effect on the Company's business.

Pandemic and Public Health Emergencies

The Company may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to COVID-19. An outbreak of infectious disease, a pandemic, or a similar public health threat, such as the recent outbreak of COVID-19, or a fear of any of the foregoing, could adversely impact the Company by causing operating, manufacturing, supply chain, and project development delays and disruptions, labor shortages, travel, and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). It is unknown whether and how the Company may be affected if such a pandemic persists for an extended period of time, including as a result of the waiver of regulatory requirements or the implementation of emergency regulations to which the Company is subject. Although the Company has been deemed essential and/or has been permitted to continue operating its facilities in the states in which it operates during the pendency of the COVID-19 pandemic, there is no assurance that the Company’s operations will continue to be deemed essential and/or will continue to be permitted to operate. The Company may incur expenses or delays relating to such events outside of its control, which the Company cannot estimate the length and severity of these developments or quantify the impact this pandemic may have on the financial results and condition of the Company in future periods.