



SIMPLY
S#LVENTLESS
CONCENTRATES

Management's Discussion & Analysis
For the Three and Nine Months Ended September 30, 2024
(In Canadian Dollars)

MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Simply Solventless Concentrates Ltd. (the "Company" or "SSC") is dated as of November 20, 2024.

This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the three, and nine months ended September 30, 2024, (the "Financial Statements"), and the audited consolidated financial statements for the year ended December 31, 2023, inclusive of the accompanying financial statement notes, all of which were prepared in accordance with International Financial Reporting Standards ("IFRS").

Unless otherwise noted, all amounts presented within this MD&A are in Canadian dollars.

This MD&A has been prepared with reference to the National Instrument 51-102 "Continuous Disclosure Obligations" established by the Canadian Securities Administrators.

COMPANY OVERVIEW

SSC was incorporated under the laws of Alberta on July 10, 2020. The Company manufactures a portfolio of pure, potent, terpene-rich cannabis products for discerning cannabis consumers, with sales into the recreational, medical, tolling, and business to business cannabis markets in Canada. SSC is led by a team of highly experienced business professionals and master hashishins.

On December 30, 2020, the Company entered into a Licence Agreement ("Licence Agreement") with a licensed cannabis producer (the "LP") that allowed the Company to build its team, develop customers, and commercialize solventless and other cannabis products under the LP's Health Canada licenses and in their facility (the "Facility"). On June 30, 2022, the Company acquired the Facility from the LP and received its own Health Canada licenses for cultivation, processing, and sales. From inception until May 2023, SSC completed business to business sales and performed tolling services for other LPs.

In May 2023 SSC launched its first recreational cannabis brand, Astrolab, in the Alberta recreational cannabis market. Astrolab is now available in Alberta, Ontario, and Saskatchewan.

On June 28, 2023, the Company completed a sale leaseback ("Sale Leaseback") of the Facility to a group of private investors, eliminating debt and royalties payable of \$7,047,169. SSC then entered into a five year lease with a five year renewal option and an option to purchase the Facility back after two years for \$3,000,000.

In August 2023, the Company completed a financing of units for proceeds of \$584,694 of equity at \$0.20/unit and converted \$1,162,348 in convertible debentures to units at \$0.17/unit. This eliminated all outstanding convertible debentures. After the Sale Leaseback and the conversion of the debentures, the Company was then long-term debt free.

In November 2023 the Company launched its second recreational cannabis brand, Frootyhooty, in the Alberta recreational cannabis market. Frootyhooty is now available in Alberta, Ontario, and Saskatchewan.

On December 18, 2023, the Company went public on the TSX Venture Exchange under the ticker symbol "HASH" through a reverse takeover of Dash Capital Corp. ("Dash").

On January 17, 2024, SSC acquired the recreational cannabis brand Lamplighter for consideration of up to \$600,000, which, in the opinion of management represents less than the net book value of the tangible assets received, and is paid for on a vendor financed basis over 5 – 12 months. Lamplighter is currently available in Alberta, Ontario, and Saskatchewan.

On April 17, 2024, SSC completed an oversubscribed financing through the issuance of 5,333,334 units at a price of \$0.15 per unit for net proceeds of \$800,000. Each Unit consisted of one common share and one common share purchase warrant of SSC. Each Warrant is exercisable for one common share of SSC at a price of \$0.20 per share for a period of three years from the date issued.

On June 25, 2024, SSC entered into a Services Agreement (the “SA”) and Share Purchase Agreement (the “SPA”) with CannMart Inc (“CannMart”). CannMart owns the brands Roilty and Zest which are leaders in hydrocarbon extract products in Alberta, Ontario, Saskatchewan, and Manitoba, and with a presence in Quebec, the Maritimes, and the Territories. Under the SA, SSC operated CannMart until close of the SPA. Under the SA, SSC received 100% of CannMart’s revenue, less a service fee calculated as the greater of \$100,000 or 10% of Net Revenue (gross revenue less excise taxes) of CannMart. All service fees paid under the SA were deducted from the final purchase price of CannMart. The Company was responsible for 100% of CannMart’s operating expenses.

On July 17, 2024, SSC completed an oversubscribed financing through the issuance of 15,400,000 units at a price of \$0.25 per unit for net proceeds of \$3,850,000. Each Unit consisted of one common share and one-half common share purchase warrant of SSC. Each Warrant is exercisable for one common share of SSC at a price of \$0.40 per share for a period of two years from the date issued.

On September 12, 2024, SSC closed the acquisition of CannMart. The final purchase price of \$3,200,000 was settled through \$500,000 cash, \$500,000 in units under the same terms as the July 17, 2024 financing, discussed above, and \$2,200,000 of Vendor-Take-Back (“VTB”) debt. Payments made under the SA were applied as a reduction of the purchase price (through a reduction in the VTB). SSC acquired inventory with a net book value of \$500,000 and estimated net working capital of \$600,000 (excluding the \$500,000 of inventory).

During the period, 6,528,018 warrants priced at \$0.20 were exercised for total proceeds of \$1,305,603. Subsequent to September 30, 2024, 10,292,525 warrants have been exercised at a price of \$0.20 per warrant for proceeds of \$2,058,305 and 150,000 warrants at an exercise price of \$0.40 per warrant for proceeds of \$60,000. The exercises resulted in 10,442,525 common shares of the company being issued. On October 28th, SSC extended the acceleration expiry from October 26, 2024 to November 29, 2024. 4,693,052 warrants will expire on November 29, 2024 if not exercised.

CORPORATE STRATEGY & OUTLOOK

SSC’s corporate strategy is to leverage our world class team, unique cannabis processing infrastructure, and strong industry relationships to provide differentiated experiences to Canadian cannabis consumers. It is our view that doing so will provide strong value to all SSC stakeholders. SSC has developed novel positioning in the cannabis space in Canada, and despite very challenging cannabis market conditions, is poised to capitalize on what is a significant market opportunity through organic growth acquisitions.

SSC is experiencing rapid revenue growth. In 2022, SSC generated average gross revenue of approximately \$233,281 per month. In 2023, SSC generated average gross revenue of approximately \$581,117 per month. In the nine months ended September 30, 2024, SSC generated average gross revenue of \$1,614,501 per month.

SSC has achieved net income profitability in eight of the past nine quarters and normalized net income profitability for eight straight quarters. Net income profitability is a rarity in the Canadian cannabis industry. SSC has achieved EBITDA profitability in eight of the past nine quarters and adjusted EBITDA profitability for nine straight quarters.

With a great team, revenue growth, net income profitability, a track record of accretive acquisitions, and five compelling and popular recreational cannabis brands (including CannMart's Roilty and Zest), SSC is positioned for success in the Canadian cannabis industry.

FINANCIAL HIGHLIGHTS

- Q3 2024 YTD Annualized Normalized Net Income per Share (EPS): \$0.06 (Q1 2024 - \$0.05, Q2 2024 - \$0.06).
- Q3 2024 Gross Revenue: the Company generated gross revenue of \$7,175,617 (Q2 2024 - \$4,232,663, Q3 2023 - \$1,479,055), increases of 70% and 385% respectively.
- Q3 2024 Net Revenue: the Company generated net revenue of \$4,948,898 (Q2 2024 - \$2,902,206, Q3 2023 - \$1,279,638), increases of 71% and 287% respectively.
- Q3 2024 Gross Margin (\$): the Company generated gross margin of \$1,963,180 (Q2 2024 - \$1,720,920, Q3 2023 - \$547,009) increases of 14% and 259% respectively.
- Q3 2024 Adjusted EBITDA: the Company generated adjusted EBITDA of \$1,004,542 (Q2 2024 - \$952,986, Q3 2023 - \$270,008), increases of 5% and 272% respectively.
- Q3 2024 Normalized Net Income: the Company generated positive normalized net income of \$923,479 (Q2 2024 - \$890,815, Q3, 2023 - \$200,326), increases of 4% and 361% respectively.
- September 30, 2024 Working Capital: \$11,610,122 (Q2 2024 - \$5,909,655, Q3 2023 - \$3,693,879)
- Inventory Turnover: Q3 2024 annualized inventory turnover was 0.84x (Q1 2024 – 0.55x, Q2 2024 – 0.43x).
- Current Ratio: Q2 2024 current ratio was 2.39x (Q1 2024 – 1.64x, Q2 2024 – 1.74x)
- Lamplighter Acquisition: On January 17, 2024, SSC acquired the Lamplighter brand for proceeds of up to \$600,000, which, in the opinion of management, represents less than the net book value of tangible assets received.
- \$800,000 Unit Financing: On April 17, 2024, SSC completed an oversubscribed financing issuing 5,333,334 units at a price of \$0.15 per unit for net proceeds of \$800,000. Each Unit consisted of one common share and one common share purchase warrant of SSC. Each Warrant is exercisable

for one common share of SSC at a price of \$0.20 per share for a period of three years from the date issued.

- CannMart Services Agreement & Acquisition: On June 25, 2024, SSC entered into a Services Agreement (the “SA”) and Share Purchase Agreement (the “SPA”) with CannMart Inc. (“CannMart”). Under the SA, SSC has full operational control of CannMart until close of the SPA. On September 12, 2024, SSC closed the acquisition of CannMart for total consideration of \$3,200,000 which was funded through \$500,000 cash, \$500,000 worth of units under the same terms as those issued in the July 17, 2024, financing and \$2,200,000 of VTB debt.
- \$3,850,000 Unit Financing: On July 16, 2024, SSC completed an oversubscribed financing issuing 15,400,000 units at a price of \$0.25 per unit for net proceeds of \$3,850,000. Each Unit consisted of one common share and one-half common share purchase warrant of SSC. Each Warrant is exercisable for one common share of SSC at a price of \$0.40 per share for a period of two years from the date issued.
- Warrant Exercises: During Q3 2024, 6,528,018 warrants were exercised at \$0.20 per warrant for total proceeds of \$1,305,603. Subsequent to Q3 2024, up until November 19, 2024, 10,292,525 warrants at \$0.20 and 870,000 warrants at \$0.40 have been exercised for proceeds of \$2,058,305 and \$348,000 respectively.
- Q3 Guidance: Q3 2024 results exceeded the guidance issued on September 17, 2024, due to stronger than expected sales.

	Guidance	Actual	Variance
Revenue	7,000,000	7,175,617	3%
Adjusted EBITDA	1,000,000	1,004,542	0%
Normalized Net Income	900,000	923,479	0%

OPERATIONS

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Gross revenue	7,175,617	1,479,055	14,530,512	5,182,776
Excise taxes	2,226,719	199,417	4,381,135	302,441
Net revenue	4,948,898	1,279,637	10,149,377	4,880,335
Cost of goods sold	2,985,718	732,629	5,347,890	1,866,671
Gross profit	1,963,180	547,009	4,801,487	3,013,664
Selling, general and administration	954,783	275,100	2,228,409	820,866
Restructuring costs	225,348	-	225,348	-
Depreciation and amortization	27,409	12,590	53,877	35,304
Share compensation expense	288,897	69,682	434,554	182,258
Income from operations	466,743	189,637	1,859,299	1,975,236
Non-operating items:				
Interest	53,654	66,520	154,423	261,864
Finance costs	-	-	-	24,022
Foreign exchange loss	3,855	1,901	3,979	1,901
Gain on settlement	(15,212)	-	(446,883)	-
Gain on disposal	-	-	-	(353,833)
Net and comprehensive income	424,446	121,216	2,147,780	2,041,282
Income per share:				
Basic	0.006	0.003	0.038	0.050
Diluted	0.006	0.003	0.035	0.052
Weighted average number of shares outstanding				
Basic	68,872,421	40,670,923	56,524,569	40,670,923
Diluted	73,752,421	39,103,591	60,774,532	38,948,444

Normalized Net Income

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net and comprehensive income	424,446	121,216	2,147,780	2,041,282
Non-operating items:				
Gain on settlement	(15,212)	-	(446,883)	-
Gain on disposal	-	-	-	(353,833)
Restructuring costs	225,348	-	225,348	-
Share compensation expense	288,897	69,682	434,554	182,258
Normalized net income	923,479	190,898	2,360,799	1,869,707

Restructuring costs relate to CannMart and are certain costs incurred during Q3 2024, that are non-recurring. These costs include headcount reductions, systems integrations and contract renegotiations.

EBITDA and Adjusted EBITDA

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net and comprehensive income	424,446	121,216	2,147,780	2,041,282
Non-operating items:				
Depreciation and amortization	27,409	12,590	53,877	35,304
Interest	53,654	66,520	154,423	261,864
EBITDA	505,509	200,326	2,356,080	2,338,450
Non-operating items:				
Gain on settlement	(15,212)	-	(446,883)	-
Gain on disposal	-	-	-	(353,833)
Restructuring costs	225,348	-	225,348	-
Share compensation expense	288,897	69,682	434,554	182,258
Adjusted EBITDA	1,004,542	270,008	2,569,099	2,166,875

Revenue

During the three months ended September 30, 2024, SSC earned \$7,175,617 in gross revenue (three months ended September 30, 2023 - \$1,479,055), an increase of 385%. The increase in gross revenue was due to increased branded product sales for Astrolab, Frootyhooty and Lamplighter and the introduction of CannMart products Roilty and Zest. For the nine months ended September 30, 2024, SSC has generated \$14,530,512 in gross revenue (nine months ended September 30, 2023 - \$5,182,776), an increase of 180%.

Cost of goods sold and margins

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Gross revenue	7,175,617	1,479,055	14,530,512	5,182,776
Excise taxes	2,226,719	199,417	4,381,135	302,441
Net revenue	4,948,898	1,279,638	10,149,377	4,880,335
Cost of goods sold	2,985,718	732,629	5,347,890	1,866,671
Gross profit	1,963,180	547,009	4,801,487	3,013,664
<i>Gross margin</i>	40%	43%	47%	62%

During the three months ended September 30, 2024, SSC generated gross margin of 40% (three months ended September 30, 2023 – 43%), a decrease of 7%. The decrease is due to a larger mix of branded product sales which have a consistent, albeit lower gross profit percentage.

General and administration expense

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Salaries and wages	231,941	89,023	695,889	240,381
Office and general	191,940	86,583	416,034	248,130
Professional fees	94,963	72,356	304,572	289,057
Selling expenses	426,209	38,557	795,489	26,095
Information technology	9,730	(11,419)	16,425	4,668
Total	954,783	275,100	2,228,409	820,866

Salaries and wages increased 161% during the three months ended September 30, 2024, compared to the same period in 2023. The increase is related to the addition of CannMart staff as well as increases in staffing required to facilitate continued revenue growth and increasing operations.

Office and general expenses increased 122% during the three months ended September 30, 2024, compared to the same period in 2023. The increase is related to the additional costs associated with operating CannMart in addition to an overall increase in operations, consumption of general office supplies, increases in insurance and other fees.

Professional fees increased 31% for the three months ended September 30, 2024, compared to the same period in 2023. The increase is related to the addition of professional fees in CannMart, increased contract costs and increases for regulatory and communication fees.

Selling expenses increased significantly for the three months ended September 30, 2024, compared to the same period in 2023. The increase is related to increased selling, marketing and brand awareness campaigns through attending events, increased social media activity and in-store promotions.

STATEMENT OF FINANCIAL POSITION

Accounts receivable

As at,	September 30, 2024	June 30, 2024
Trade receivables	2,454,511	1,098,178
Other current receivables	-	-
Allowance for expected credit losses	(41,150)	(10,895)
Total	2,413,361	1,087,283

Accounts receivable at September 30, 2024 increased 122% compared to June 30, 2024 due to increased sales and the addition CannMart. Of the \$2,413,361 outstanding, \$1,642,43 is held with provincial bodies and \$389,793 held with regional distributors to cannabis retail stores. SSC has updated the provision for expected credit losses based on the expected collectability of aged accounts.

Inventory

As at,	September 30, 2024	June 30, 2024
Raw materials	7,098,361	3,498,010
Processed intermediates credit losses	9,069,357	8,902,716
Total	16,167,718	12,400,726
<i>Inventory turnover</i>	<i>0.84x</i>	<i>0.43x</i>

Raw materials are products such as cannabis trim, dried and cured cannabis flower, fresh frozen cannabis flower, distillate, and vape cartridges that have not been processed and classified into work in progress or processed intermediaries.

Processed intermediates are bulk packaged products that are either sold in bulk to business-to-business customers, stored for use in the manufacture of future SSC Products, or packaged into finished goods.

Inventory at September 30, 2024 increased 30% compared to June 30, 2024 due to the acquisition of CannMart, increased input purchases, and increased production of inventory to ramp up to historic revenue levels for CannMart.

Annualized inventory turnover has increased slightly from 0.43x in Q2 2024 to 0.84x in Q3 2024 as SSC moves some of the on-hand inventory that was built up to ensure sales demand is met. Inventory turnover is expected to increase as the investment in inventory for CannMart is sold. Expectations for Q4 2024 and 2025, is for the annualized inventory turnover to increase to around 1.00. Management is focused on ensuring an appropriate level of inventory is being held to meet current and expected sales volumes.

All inventory is in saleable condition.

Deposits

As at,	September 30, 2024	June 30, 2024
Prepays	245,186	123,948
Other deposits	457,082	28,334
Security deposit	167,566	146,931
Total	869,834	299,213

Deposits increased 191% due mostly to a large deposit required for the Hydrocarbon Extraction system, increased inventory deposits with suppliers and a overall increase of pre-paid service fees.

Accounts payable

Accounts payable of \$7,457,944 (June 30, 2024 - \$6,767,395) increased 10% due to the acquisition of CannMart, purchase of inventory and increased sales subject to excise.

Capital assets

During the three months ended September 30, 2024, SSC acquired additional production assets of \$132,806, computer equipment of \$8,808, facility improvements of \$4,084, and office equipment of \$2,109.

As part of the acquisition of CannMart, SSC acquired capital assets consisting of the following: production equipment of \$16,950, facility upgrades \$23,542, and office equipment of \$55,323.

Related parties

During the three months ended September 30, 2024, officers and directors received cash-based compensation of \$211,250 (three months ended June 30, 2024 - \$161,250), and share-based compensation of \$186,242 (three months ended June 30, 2024 - \$69,335).

SUMMARY OF QUARTERLY RESULTS

The following tables set out certain financial information for each of the Company's prior quarterly reporting periods:

Quarter ended	EBITDA	EBITDA per share	Adjusted EBITDA	Adjusted EBITDA per share
March 31, 2021	(630,497)	(0.024)	(596,054)	(0.023)
June 30, 2021	(457,951)	(0.016)	(425,408)	(0.015)
September 30, 2021	(546,501)	(0.016)	(515,253)	(0.015)
December 31, 2021	(613,673)	(0.018)	(347,508)	(0.010)
March 31, 2022	(577,776)	(0.017)	(567,114)	(0.017)
June 30, 2022	(1,349,839)	(0.039)	(1,332,764)	(0.038)
September 30, 2022	206,020	0.006	158,334	0.005
December 31, 2022	529,645	0.015	598,201	0.017
March 31, 2023	876,296	0.025	958,807	0.027
June 30, 2023	1,261,830	0.036	938,060	0.027
September 30, 2023	200,326	0.005	270,009	0.007
December 31, 2023	(936,605)	(0.024)	80,050	0.002
March 31, 2024	567,602	0.012	611,571	0.013
June 30, 2024	1,282,969	0.025	952,986	0.019
September 30, 2024	505,509	0.009	1,004,542	0.017

SSC has achieved positive EBITDA in eight of the past nine quarters and positive adjusted EBITDA for nine straight quarters.

Quarter ended	Net income (loss)	Net income (loss) per share	Normalized net income (loss)	Normalized net income (loss) per share
March 31, 2021	(635,283)	(0.024)	(600,840)	(0.023)
June 30, 2021	(472,561)	(0.017)	(405,647)	(0.014)
September 30, 2021	(570,046)	(0.017)	(538,798)	(0.016)
December 31, 2021	(648,611)	(0.019)	(416,889)	(0.012)
March 31, 2022	(614,639)	(0.018)	(603,977)	(0.018)
June 30, 2022	(1,389,998)	(0.040)	(1,372,923)	(0.039)
September 30, 2022	43,940	0.001	(3,746)	(0.000)
December 31, 2022	276,898	0.008	345,454	0.010
March 31, 2023	758,828	0.022	841,339	0.024
June 30, 2023	1,161,241	0.033	837,471	0.024
September 30, 2023	121,215	0.003	190,896	0.005
December 31, 2023	(1,000,968)	(0.026)	15,687	0.000
March 31, 2024	502,536	0.010	546,505	0.011
June 30, 2024	1,220,798	0.024	890,815	0.018
September 30, 2024	424,446	0.007	923,479	0.016

SSC has achieved net income profitability in eight of the past nine quarters and normalized net income profitability for eight straight quarters.

LIQUIDITY AND CAPITAL RESOURCES

Historically, the Company has financed its operational and capital requirements through the issuance of common shares and debt. The Company's ability to sustain its capital resource needs with cash flows from operations is contingent on successful ongoing operations, maintenance of key sales relationships, and the Company's ability to generate revenues. Future financing may be required.

The Company's objective when managing its liquidity and capital resources is to maintain sufficient liquidity to support financial obligations as they come due while executing operating and strategic plans. The Company manages its liquidity through the preparation and use of cash flow forecasts and budgets to ensure it has sufficient funds to meet obligations as they come due. The Company manages its working capital as part of this process, and in doing so meets its funding needs by generating revenue, pursuing additional debt and equity financing sources, managing the timing of capital expenditures, and other measures.

The Company defines capital as total equity plus total debt financing. As at September 30, 2024, the Company's total capital of \$15,482,815 (June 30, 2024 - \$7,924,221) consists of \$13,205,971 equity (June 30, 2024 - \$6,958,996), \$576,844 short-term loans (June 30, 2024 - \$965,225) and \$1,700,000 long-term debt (December 31, 2023 - \$nil).

As at,	September 30, 2024	June 30, 2024
Cash	532,480	109,554
Accounts receivable	2,413,361	1,087,283
Inventory	16,167,718	12,400,726
Prepays and deposits	869,834	299,213
Accounts payable	(7,457,944)	(6,767,395)
Short term loan	(576,844)	(965,225)
Current portion of lease liability	(338,484)	(254,501)
Working capital	11,610,122	5,909,655

As at September 30, 2024 the Company had a working capital surplus of \$11,610,122 (June 30, 2024 - \$5,909,655). Working capital continued to grow in the quarter due to the addition of CannMart, increased credit sales, purchases and production of inventory specifically in CannMart to satisfy increasing revenue. SSC continues to monitor its working capital position to ensure that it is sufficient but not excessive.

CASH FLOWS

For the three months ended September 30,	2024	2023
Opening cash	109,554	358,231
Cash from operations before changes in working capital	772,269	272,047
Changes in working capital	(4,182,551)	(714,335)
Cash used in investing	(595,302)	(3,100)
Cash provided (used) in financing	4,428,510	286,205
Ending cash	532,480	199,048

As at September 30, 2024, the Company had a cash balance of \$532,480 (June 30, 2024 - \$109,554, September 30, 2023 - \$199,048).

Q3 2024 cash from operations before working capital was \$772,269 (Q3 2023 - \$272,047), an increase of 184%. The change is due increased revenue and maintaining or decreasing operational costs.

Cash provided in financing relates to financing completed in July less issuance costs and lease payments (September 30, 2023 - issuance of shares, net of issuance costs and lease payments).

CONTRACTUAL OBLIGATIONS

The Company's current contractual obligations as at September 30, 2024 included the above noted accounts payable and accrued liabilities of approximately \$7,457,944 (June 30, 2024 - \$6,767,395). These obligations are expected to be repaid in the 2024 and 2025 fiscal periods.

COMMITMENTS

SSC's only commitments pertain to existing and new leases entered into in the current period. There are no other contractual commitments requiring payments that cannot be eliminated through termination of said contracts.

OUTSTANDING SHARE DATA

At September 30, 2024 the Company had 77.7 million (June 30, 2024 – 53.8 million) common shares outstanding, 28.6 million (June 30, 2024 – 26.5 million) common share purchase warrants outstanding, and 7.3 million (June 30, 2024 – 4.9 million) stock options outstanding.

Capital

As at period end, the Company was authorized to issue an unlimited number of common shares and an unlimited number of first preferred shares.

SUBSEQUENT EVENTS

Subsequent to period end, the Company acquired ANC Inc. (“ANC”), based in Edmonton Alberta. ANC is a leader in infused pre-roll manufacturing in Canada. The acquisition allows the Company and ANC to leverage operational expertise, expanded product offerings and profitable organic revenue growth. The maximum purchase price of ANC is \$13,500,000 comprising of a cash payments of \$1,750,000 on November 15, 2024, \$1,250,000 on December 20, 2024 and \$4,000,000 on May 31, 2025 totalling \$7,000,000, \$3,000,000 in units of the Company comprising of one common share and half of one common share purchase warrant, and an earn out provision for maximum consideration of \$3,500,000 satisfied through issuance of \$1,750,000 in common shares of the company and \$1,750,00 in cash or common shares of the Company.

Subsequent to period end, 10,292,525 warrants priced at \$0.20 and 870,000 warrants priced at \$0.40 were exercised for proceeds of \$2,058,305 and \$348,000 respectively. The exercise resulted in 11,162,525 common shares of the company being issued. On October 28, 2024, SSC issued an extension of the accelerated expiry for warrants to November 29, 2024. The extension allowed holders which had encountered administrative delays to complete the exercise.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements at period end in the Financial Statements nor as at the date of this MD&A that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

CRITICAL ACCOUNTING ESTIMATES

Critical judgements, estimates and assumptions that have the most material effect on the amounts recognized in the Financial Statements remain unchanged from that discussed in the annual MD&A for the year ended December 31, 2023.

FINANCIAL INSTRUMENTS

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The Company’s financial instruments consist of cash, accounts receivable, due from shareholders, and accounts payable and accrued liabilities.

Management estimates that the fair value of its cash, accounts receivable, due from shareholders and accounts payable and accrued liabilities approximates their carrying values as at September 30, 2024, due to the relatively short maturity periods of these instruments.

CAUTIONARY STATEMENT REGARDING NON-GAAP PERFORMANCE MEASURES

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

Working capital is an indicative measure of the Company’s ability to service its short-term financial obligations with short-term assets. Management believes this measure provides useful information about the Company’s current short-term liquidity. Refer to “Liquidity and Capital Resources” for a detailed calculation of this measure. The numbers that are input into this calculation can be found in the statement of financial position in the Company’s Financial Statements.

FORWARD-LOOKING INFORMATION

This MD&A may contain “forward-looking information” with respect to the Company. This information may take the form of statements found within this document expressing the Company’s expectations as to future outcomes and events based on the information currently available. All statements contained herein are given as at the date of this MD&A and the Company undertakes no obligation to update the information for new events or circumstances other than as required by securities laws.

Forward-looking information and statements may be identifiable by the use of words such as “achieve”, “anticipate”, “budget”, “could”, “estimate”, “expect”, “future”, “forecast”, “intend”, “may”, “might”, “occur”, “plan”, “potential”, “prospective”, “should”, “will”, “would” and other similar expressions. By nature, forward-looking information and statements are inherently subject to the risk that the actual results can be materially different from the expected outcomes.

The Company does not provide any assurance as to the accuracy of this forward-looking information and statements and cautions readers not to place undue reliance on such. Certain forward-looking statements in this MD&A include, but are not limited to:

- expectations described in the Company’s critical accounting judgements, estimates and assumptions;
- the Company’s expectations regarding the adoption and impact of certain accounting pronouncements;
- the Company’s expectations regarding revenue and/or commercialization of SSC Products;
- the Company’s expectations for the authorization and approval of cannabis products to be manufactured;
- the Company’s ability to produce products of high quality;
- expected demand for cannabis in the adult use recreational market or B2B market;
- the Company’s expectations regarding obtaining licensing related to the processing and sale of cannabis products;

- the development of brands and brand equity;
- the Company's expectations of product sales;
- future corporate development;
- expectations regarding future expenditures, including but not limited to both operational and capital expenditures;
- the Company's interpretation and future expectations of municipal, provincial, and federal regulations;
- the Company's expectation for the use of proceeds received from fund raising activities;
- the Company's ability to achieve profitability without the need for further fund-raising activities;
- the Company's access to further financing; and
- the Company's impact assessment of COVID-19.

There are many risks and other factors beyond the Company's control which could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A. These risks and other factors include, but are not limited to the risk factors considered under "Industry Trends and Risks" in this MD&A.

INDUSTRY TRENDS AND RISKS

SSC's industry trends and risks remain unchanged from that discussed in the annual MD&A for the year ended December 31, 2023.