



SIMPLY
S#LVENTLESS
CONCENTRATES

Management's Discussion & Analysis
For the nine months ended September 30, 2025 and 2024
(In Canadian Dollars – Unaudited)

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Management Discussion & Analysis For the nine months ended September 30, 2025

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 27, 2025.

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, 2025 and the annual consolidated financial statements for the years ended December 31, 2024 and 2023, (the "Financial Statements"), 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.

SSC is a publicly traded corporation whose principal business objective is the production and distribution of cannabis in Canada pursuant to the Cannabis Act. The Company does not engage in any cannabis-related activities in the United States as defined in Canadian Securities Administrators Staff Notice 51-352. SSC was incorporated under the laws of Alberta on July 10, 2020. The Company owns confidential intellectual property regarding the branding, commercialization, formulation, manufacturing, and sale of pure, potent, terpene-rich cannabis products for discerning cannabis consumers. The Company serves the recreational, medical, and business to business cannabis markets in Canada and internationally. SSC is led by a team of highly experienced business and cannabis professionals. SSC is active in mergers and acquisitions, having completed four acquisitions in the past 18 months.

Additional information relating to SSC is available under SSC's SEDAR profile at www.sedarplus.ca.

2023 & 2024 STRATEGIC TRANSACTIONS

In 2023 SSC completed several high-impact strategic transactions, including the launch of two in-house cannabis brands, Astrolab and Frootyhooty, the sale leaseback of its original facility near Calgary, Alberta, and a go-public transaction on the TSX Venture Exchange under the ticker symbol "HASH" through a reverse takeover of Dash Capital Corp. ("Dash").

In 2024, SSC completed three acquisitions (collectively with the Delta 9 Biotech Acquisition below, the "Acquisitions"), as follows:

1. **Lamplighter**: Lamplighter, a cannabis brand, was acquired for consideration of up to \$570,000, which, in the opinion of management represented less than the net book value of the tangible assets received. Net of working capital received, the consideration was approximately \$nil. The Lamplighter acquisition leverages SSC's current manufacturing capabilities and provided immediate exposure to the high potency vape and preroll product categories.
2. **CannMart Inc. ("CannMart")**: CannMart, a licensed producer which owns the brands Roilty and Zest, was acquired for a purchase price of \$3,200,000, settled through \$500,000 cash, \$500,000 in units under the same terms as the July 17, 2024 financing, discussed below, and \$2,200,000 of Vendor-Take-Back ("VTB") debt, of which \$400,000 remains payable. Net of working capital received, consideration was approximately \$2,100,000. The acquisition of CannMart provided immediate access to the hydrocarbon concentrates, hydrocarbon

vapes, and hydrocarbon preroll product categories, in addition to providing key operating synergies. Key expected benefits and synergies are as follows:

- Complimentary Products: SSC does not currently sell hydrocarbon extracts, and the acquisition gives SSC a leading position in that category through CannMart.
 - Proforma Concentrates Market Share: Expected to be a leader in concentrates across Canada.
 - Proforma 2024 Exit Gross Revenue: Significant increase in projected gross revenue.
 - Proforma Operating Costs: Significant annual reduction in operating costs due to significant synergies and the reduction of duplicated resources.
 - SSC Facility Utilization: Expected to increase SSC's current facility utilization from approximately 25% to 50%.
 - CannMart Facility: The CannMart facility will serve as a packaging, storage, and logistics hub for both CannMart and SSC products and brands, allowing more cost-effective shipping to Ontario, Manitoba, Quebec, and the Maritimes.
3. **ANC Inc. ("ANC")**: ANC, one of the largest preroll co-manufacturers in Canada, and which also owns the brand Status, was acquired for a net purchase price of \$14,160,463, comprised of \$3,000,000 in cash, \$3,000,000 in units of SSC ("SSC Units") at a price of \$0.50 per SSC Unit, with each SSC Unit comprised of one common share of SSC and one half of one common share purchase warrant, with each whole warrant exercisable into one common share at an exercise price of \$0.75/share for a period of two years following issuance, a \$4,000,000 non-interest bearing secured promissory note due and payable in cash on May 31, 2025 (the "ANC Promissory Note"), up to \$3,500,000 Reverse Earn Out Promissory Note, and up to \$3,000,000 Patent Reverse Earnout Promissory Note. Pursuant to the acquisition agreement, a post-closing working capital adjustment in the amount of \$398,551 (net working capital excess over \$2,000,000) and a negative fair value adjustment to the promissory note and reverse earnout component of the promissory note of \$738,088 subsequently decreased the net purchase price to \$13,160,463. Refer to the "2025 STRATEGIC TRANSACTION SNAPSHOT" for further developments on the working capital adjustment and secured promissory note after the year end. To date, no amounts have been earned by ANC regarding the Patent Reverse Earnout Note. Net of working capital received, and assuming no Patent Reverse Earnout Note consideration will be paid, consideration for the ANC acquisition would amount to \$11,160,463. Key expected benefits and synergies are as follows.
- ANC Revenue: At the time of acquisition ANC was expected to generate annualized revenue of approximately \$15,000,000, adding significantly to proforma revenue. ANC's revenue includes a sizeable portion of B2B and tolling revenue which is not subject to excise taxes.
 - Blended Excise Rate: ANC earns B2B and tolling revenue which is not subject to excise tax, which is expected to lower SSC's overall corporate blended excise tax rate.
 - SSC Proforma Operating Costs: Substantial estimated proforma annual reduction in operating costs due to significant synergies and the reduction of duplicated resources.
 - Team: ANC's team is comprised of strong professionals across all disciplines, significantly strengthening SSC's team.

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- Complimentary Products: SSC did not manufacture pre-rolls in house. The Acquisition brought pre-roll manufacturing capability in-house with significant intellectual property, some of which is patented.
- Customer Relationships: The Acquisition offered the ability to share customer relationships and provide better service to a greater number of customers.
- Inventory Velocity: ANC uses a significant volume of SSC produced products in its infused pre-rolls.
- Organic Revenue Growth: SSC can leverage ANC pre-roll capability to maximize the sales of its five pre-roll brands, including Astrolab, Frootyhooty, Lamplighter, Roilty, and Zest.
- Status Brand: SSC leveraged its commercialization and distribution capability to maximize the velocity of ANC's brand "Status", which provides unique and demanded product formats.

During 2024, SSC also completed two over-subscribed financings, and two accelerated warrant exercises were undertaken, as follows:

1. 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.
2. 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.
3. During Q3 and Q4 2024, 21,558,277 warrants priced at \$0.20 were exercised for total proceeds of \$4,311,655 and 8,700,000 warrants priced at \$0.40 were exercised for total proceeds of \$3,480,000. The warrant exercises resulted in 30,258,277 common shares of the Company being issued.

2025 STRATEGIC TRANSACTION SNAPSHOT

1. \$6.0 million Convertible Debenture Financing : On February 13, 2025, SSC completed a \$6,000,000 financing through the issuance of 6,000 debenture units ("**Debenture Units**") pursuant to an offering (the "**Offering**") at a price of \$1,000 per Debenture Unit. Each Debenture Unit is comprised of one \$1,000 principal value secured convertible debenture of SSC ("**Debentures**") and 1,000 common share purchase warrants of SSC (the "**Warrants**"). The Debentures are convertible into SSC common shares ("**Common Shares**") at \$1.00 per Common Share at the option of the holder and at any time during the term of the Debentures. Interest accrues on the Debentures at 11% per annum, which interest is payable quarterly in cash by SSC. The Debentures mature on the date which is 48 months from the closing date, are secured by all present and after acquired property of SSC and its subsidiaries, and are subordinated to the Notes (defined below). A total of 6,000,000 Warrants were issued pursuant to the Offering. Each Warrant is exercisable for one Common Share at a price of

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\$1.20 per Common Share for a period of four years from the closing date. The Debentures, Warrants and underlying Common Shares were subject to a hold period of four months and one day from the closing date. 350 Debenture Units (for gross proceeds of \$350,000) were issued to Note holders for partial settlement of the Note balance outstanding.

2. **Acquisition of Humble**: On February 28, 2025, SSC acquired all the issued and outstanding shares of Delta 9 Bio-Tech (now "**Humble**") for cash consideration of \$3,000,000. In connection with the Humble acquisition, SSC entered into a lease agreement on closing in respect of the Humble facility with an arms-length party for a 10-year term with renewal options. Humble operates a 98,000 square foot GACP certified cannabis cultivation facility in Winnipeg, Manitoba, with an annual cultivation capacity of approximately 8,000kg of dried cannabis flower and trim. Humble now services the business-to-business wholesale market in Canada and internationally. Key anticipated benefits and synergies are as follows:
 - a. **Low Cultivation Costs**: Upon capture of synergies and completion of planned optimization investments, it is expected that the all-in cash cost to cultivate could be approximately \$0.70 per gram, among the lowest for indoor cannabis in Canada.
 - b. **No Liabilities**: As Humble was acquired through CCAA proceedings, SSC assumed no liabilities upon closing of the Acquisition.
 - c. **Tax Pools**: Humble has approximately \$60 million of accrued non-capital loss tax pools which may be usable to SSC. Should these tax pools be utilized, they are expected to reduce future tax payments by up to \$12 million at an effective tax rate of 20%.
 - d. **International Exposure**: The Humble facility is GACP certified, allowing for the wholesale export of dried flower to international markets, which currently attracts higher selling prices.
 - e. **Complimentary Products**: Humble is expected to allow SSC to participate in the sale of dried flower, which is one of the largest cannabis product categories in Canada.
 - f. **Supply Chain**: In the opinion of SSC, the supply demand dynamic is balancing in the Canadian wholesale cannabis marketplace, making it more difficult to procure the inputs that SSC requires. Humble represents a dedicated supply of high-quality flower and trim for use in SSC's prerolls and in the manufacturing of concentrates and hash.
 - g. **Prerolling**: Humble sells regular and infused prerolls in numerous markets. SSC's subsidiary ANC Inc. brings this manufacturing in-house, maximizing efficiency.
 - h. **Inventory Velocity**: Humble sells several products that SSC manufactures, including hash, which helps maximize inventory turnover.
 - i. **Facility Cost Savings**: SSC is expected to be able to rationalize the activities performed at its various facilities, reducing fixed operating costs by approximately \$750,000 annually once rationalized.
 - j. **Cost Synergies**: Administration, including but not limited to public company costs, accounting, IT, governance, and HR are shared, reducing costs significantly.
 - k. **Blended Excise Rate**: Humble now performs B2B and wholesale sales which are not subject to excise taxes, which lowers SSC's overall corporate blended excise tax rate.
3. **Repayment of \$3.4 Million of ANC Promissory Notes & Deferral of Remainder**: During the nine months ended September 30, 2025, \$3,437,500 of the maximum remaining \$7,150,000 combined ANC Promissory Note and Reserve Earnout Promissory Note (collectively, the "**Notes**") were repaid through the issuance of 6,875,000 common shares of SSC at \$0.50

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per common share. \$500,000 of the Notes were discharged, \$1,000,000 of the Notes are now payable on June 3, 2026, and \$2,222,500 (“**Payments Balance**”) of the Notes are payable with average weekly payments of \$21,370 over two years. Should SSC repay this balance by December 31, 2025, the remaining principal balance owing at that time will be reduced by \$245,000. The equity issued is subject to a hold period of four months and one day from the date of issuance. This transaction significantly de-levered SSC’s balance sheet.

4. **CanadaBis Transaction:** On March 12, 2025, the Company announced that it had entered into an arrangement agreement dated March 11, 2025, pursuant to which SSC would acquire all the issued and outstanding common shares of CanadaBis Capital Inc. (“CanadaBis”) by way of a plan of arrangement under the Business Corporations Act (Alberta) (the “Transaction”). On April 28, 2025, CanadaBis announced that it was terminating the Transaction effective immediately. On April 29, 2025, the Company issued a demand payment from CanadaBis of the break fee in the amount of \$1,200,000 by no later than April 30, 2025. No response and no payment have been received from CanadaBis.
5. **Sluggers Launch:** On June 16, 2025, the Company announced that it had reached an agreement with Natura Life + Science, a California cannabis company, to launch Sluggers, a northern California cannabis brand in the Canadian market. SSC has exclusivity on distribution of the Sluggers brand in Canada. SSC will retain 75% of the net income generated from the sale of the Sluggers products.

MANAGEMENT CEASE TRADE ORDER

On April 30, 2025, the Company announced that it had been notified by its auditor on April 28, 2025 that it was likely the audit of its annual financial statements and management discussion and analysis for the year ended December 31, 2024 would not be complete by April 30, 2025. A management cease trade order (“MCTO”) under National Policy 12-203 – Management Cease Trade Orders (“NP 12-203”) was issued by the Alberta Securities Commission (“ASC”), the Company’s principal regulator, on May 5, 2025, and after a series of extensions, including to accommodate the delayed filing of Q1 2025, was revoked on June 26, 2025.

MANAGEMENT UPDATES

On November 27, 2025, the Company announced that Steve Bjornson is stepping down as a Director of the Company due to retirement. Steve has been an instrumental part of the Company’s growth and success to date, and we thank him for his years of service on the Board.

On November 27, 2025, the Company announced that Jeff Lawrence, Chief Commercial Officer is no longer with the Company effective immediately.

On September 3, 2025, SSC announced the appointment of Emily Riehl to the position of Vice President, Sales. Emily has a track record of building relationships with key accounts, provincial wholesalers and the budtender community, resulting in significant sales growth to her past organizations. Prior to joining the Company, Emily was National Director of Sales, Key Accounts at Adastra Holdings Ltd.

On July 24, 2025, the Company announced the appointment of Mr. Ananth Krishnan to the position of Chief Financial Officer, effective August 25, 2025. Ananth brings to SSC over twenty years of experience in investment banking, investment management, financial planning & management, investor relations, strategy, corporate development, commercial negotiations, and cannabis operations. Prior to joining SSC, Ananth served as Vice President, Strategy & Corporate Development with Aurora Cannabis Inc.

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On April 1, 2025, the Company announced the appointment of Thomas Facciolo to the position of Vice President, Continuous Improvement & Product Development. Raised in a family business environment, Thomas developed a strong foundation in finance, operations, and data-driven decision-making. Prior to joining SSC, Thomas held senior leadership roles with ANC where he spearheaded major transformation programs and led high-performing teams to success.

On February 28, 2025, the Company announced that it has appointed James Clarke to the position of Vice President, Corporate Services. James currently served as Chief Operating Officer of ANC. James developed a diverse skill set and a wealth of knowledge over 14 years in the oilfield industry, and over five years in cannabis. As a founder of ANC, James demonstrated exceptional leadership and versatility by successfully completing all necessary tasks to get the company up and running.

Q3 2025 FINANCIAL HIGHLIGHTS

CASH FLOWS		
For the three months ended September 30,	2025	2024
Opening cash	\$ 1,515,665	\$ 109,554
Cash from (used in) operations	1,252,395	247,762
Changes in non-cash working capital from operations	(1,140,095)	(3,658,045)
Cash (used in) provided by investing	(23,842)	(595,301)
Cash (used in) provided by financing	(704,614)	4,428,510
Ending cash	\$ 899,509	\$ 532,480

BALANCE SHEET FIGURES			
As at	September 30, 2025	December 31, 2024	% INCREASE
Total Assets	\$60.3M	\$38.6M	57%
Net Assets	\$31.9M	\$15.5M	106%
Working Capital⁽¹⁾	\$19.8M	\$1.6M	1,148%
Current Ratio⁽¹⁾	2.53	1.08	143%
Inventory Turnover⁽¹⁾	1.32x	0.78x	45%

(1) Non-IFRS financial measure. See discussion in the Non-IFRS Financial Measures advisories section of this MD&A below.

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INCOME STATEMENT FIGURES			
For the three months ended,	September 30, 2025	September 30, 2024	YoY % INCREASE
Gross Revenue	\$9.0M	\$6.3M	43%
Gross Revenue/Share	\$0.078	\$0.092	(15%)
Net Revenue	\$6.3M	\$4.1M	56%
Net Revenue/Share	\$0.055	\$0.059	(7%)
Gross Margin	\$2.9M	\$1.4M	102%
Gross Margin/Share	\$0.025	\$0.021	20%
EBITDA⁽¹⁾	\$0.8M	\$(0.0)M	4084%
EBITDA/Share ⁽²⁾	\$0.007	\$(0.000)	2476%
Adjusted EBITDA⁽¹⁾	\$1.1M	\$0.5M	118%
Adjusted EBITDA/Share ⁽²⁾	\$0.009	\$0.007	30%
Net Income	\$(0.3)M	\$(0.1)M	(197%)
Net Income/Share ⁽²⁾	\$(0.003)	\$(0.001)	(77%)
Normalized Net Income (NNI)⁽¹⁾	\$(1.0)M	\$0.1M	(942)%
NNI/Share ⁽²⁾	\$(0.008)	\$0.002	(602)%
Cash from Operations Prior to Changes in Working Capital	\$1.3M	\$0.2M	405%
Cash from (used in) Operations After Changes in Working Capital	\$0.1M	\$(3.4)M	103%

(1) Non-IFRS financial measure. See discussion in the Non-IFRS Financial Measures advisories section of the MD&A below.

(2) Based on 115,502,799 weighted average common shares of SSC for the three months ended September 30, 2025 and 68,872,421 weighted average common shares of SSC for the three months ended September 30, 2024, as applicable.

INCOME STATEMENT FIGURES			
For the nine months ended	September 30, 2025	September 30, 2024	YoY % INCREASE
Gross Revenue	\$34.5M	\$11.5M	199%
Gross Revenue/Share	\$0.309	\$0.204	51%
Net Revenue	\$27.2M	\$7.2M	280%
Net Revenue/Share	\$0.244	\$0.127	92%
Gross Profit	\$13.0M	\$(0.5)M	2931%
Gross Profit/Share	\$0.116	\$(0.008)	1535%
EBITDA⁽¹⁾	\$14.5M	\$(2.9)M	599%
EBITDA/Share	\$0.130	\$(0.051)	353%
Adjusted EBITDA⁽¹⁾	\$7.5M	\$(2.7)M	379%
Adjusted EBITDA/Share	\$0.067	\$(0.048)	240%
Net Income	\$11.5M	\$(3.1)M	470%
Net Income/Share	\$0.103	\$(0.055)	287%
Normalized Net Income (NNI)⁽¹⁾	\$2.6M	\$(3.3)M	178%
NNI/Share	\$0.023	\$(0.059)	139%
Cash from (used in) Operations Prior to Changes in Working Capital	\$5.6M	\$(2.9)M	290%
Cash from (used in) Operations After Changes in Working Capital	\$(1.7)M	\$(3.7)M	(53%)
Gross Margin %	47.7%	(6.4)%	54.1%

(1) Non-IFRS financial measure. See discussion in the Non-IFRS Financial Measures advisories section of this MD&A below.

(2) Based on 111,532,488 weighted average common shares of SSC for the nine months ended September 30, 2025 and 56,524,569 weighted average common shares of SSC for the nine months ended September 30, 2024, as applicable.

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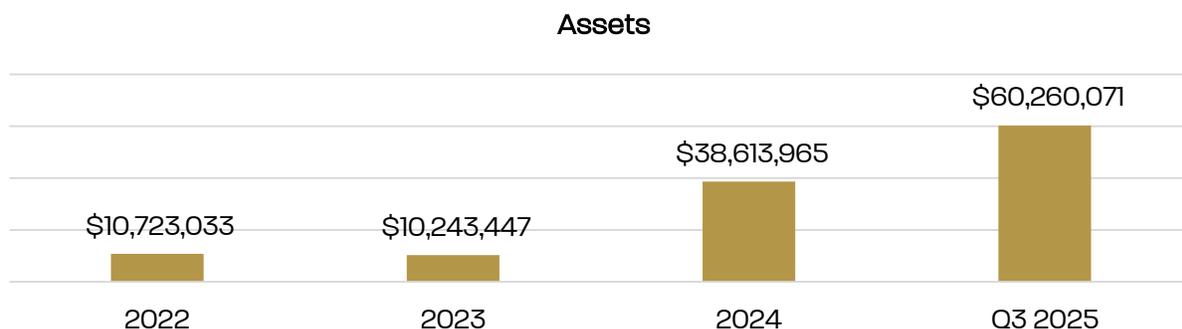
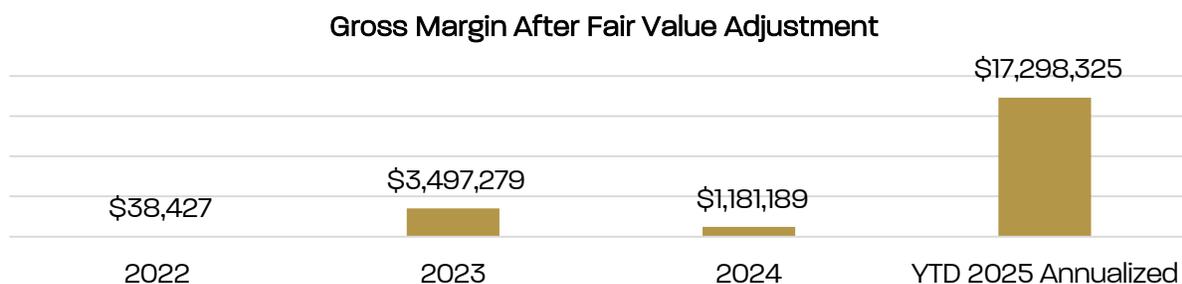
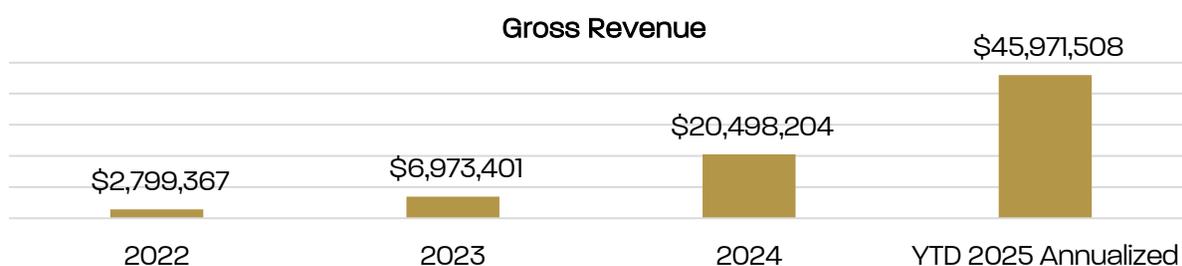
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CORPORATE STRATEGY & OUTLOOK

SSC's corporate strategy is to leverage our world class team, unique cannabis cultivation and processing infrastructure, and strong industry relationships to provide differentiated experiences to Canadian cannabis consumers, and to perform opportunistic accretive acquisitions. 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.

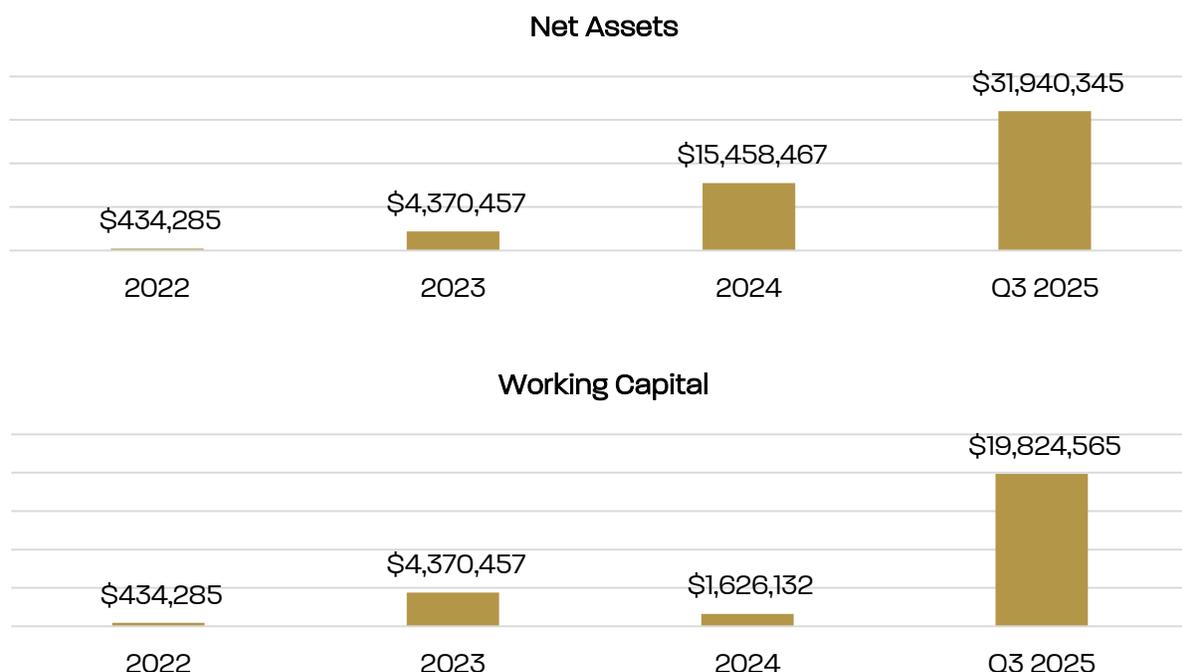
Per the charts below, SSC has experienced rapid growth in gross revenue, gross margin, assets, net assets, and working capital over the past three years.



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Simply Solventless is entering a high momentum commercial phase in its CPG channel. In addition to the significant team improvements outlined above, we are executing a full refresh of our brand identities and product roadmap to strengthen our competitiveness, prioritize proven winning categories, and accelerate innovation across our portfolio. SSC's renewed commercial discipline is already generating results. In November 2025 alone, we achieved our strongest listings month to date with 91 new provincial listings, either direct or through partners, across multiple brands in Alberta, Ontario, Newfoundland (a new market), and British Columbia (a new market). These wins reflect the early impact of our new team and revitalized go-to-market strategy, and position SSC for improved sell-through, greater retail visibility, and meaningful growth opportunities for the remainder of 2025 and in 2026.

Furthermore, the Company believes that its strategy to be an opportunistic acquirer of assets is paving the way for diversified growth across both B2B and consumer branded markets. As with all acquisitions, the Company continues to find areas for rationalization and efficiency in order to ensure continuous improvement in financial results going forward.

With a great team, a multitude of compelling and popular recreational cannabis brands, strong revenue growth, a track record of accretive acquisitions, and a strong base of assets, SSC is positioned for success in the Canadian cannabis industry.

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OPERATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024 ⁽¹⁾	2025	2024 ⁽¹⁾
Gross revenue	9,029,176	6,303,514	34,478,631	11,540,702
Less: Excise taxes	(2,683,125)	(2,226,719)	(7,298,117)	(4,381,135)
Net revenue	6,346,051	(4,076,795)	27,180,514	7,159,567
Cost of goods sold	(3,367,073)	(2,638,122)	(14,656,093)	(7,617,887)
Gross margin before fair value adjustments	2,978,978	1,438,673	12,524,421	(458,320)
Fair value adjustments to cannabis plants, inventory sold and other charges	(78,753)	-	449,323	-
	2,900,225	1,438,673	12,973,744	(458,320)
Expenses				
Selling, general and administration	1,990,155	954,783	5,799,917	2,228,409
Share based compensation	332,247	288,897	1,148,408	434,554
Depreciation and amortization	540,778	27,409	1,278,416	53,877
Income (loss) from operations	37,085	167,584	4,747,003	(3,175,160)
Total non-operating items:	(815,579)	(267,645)	6,183,844	63,133
Net Income (loss) before income taxes	(778,494)	(100,061)	10,930,847	(3,112,027)
Income tax recovery	122,269	-	219,483	-
Deferred income tax recovery	358,944	-	358,944	-
Net and comprehensive income (loss)	(297,281)	(100,061)	11,509,274	(3,112,027)

(1) Refer to Comparative Restatement section below for more details.

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EBITDA and Adjusted EBITDA

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Net and comprehensive income (loss)	(297,281)	(100,061)	11,509,274	(3,112,027)
Non-operating items				
Depreciation and amortization	539,248	27,409	1,415,986	53,877
Finance costs	996,207	53,654	2,156,260	154,423
Income tax recovery	(122,269)	-	(219,483)	-
Deferred income tax recovery	(358,944)	-	(358,944)	-
EBITDA	756,961	(18,998)	14,503,093	(2,903,727)
Non-operating items				
Restructuring costs	145,050	225,348	696,225	225,348
Acquisition costs	-	-	372,316	-
Foreign exchange loss	13,872	3,855	34,723	3,979
Impairment of intangible assets	-	-	63,970	-
Bargain purchase acquisition price	538,299	-	(7,747,902)	-
Gain on settlement	(731,281)	(15,212)	(1,565,031)	(446,883)
Share compensation expense	332,247	288,897	1,148,408	434,554
Adjusted EBITDA	1,055,148	483,890	7,505,802	(2,686,729)

Normalized Net Income

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Net and comprehensive income	(297,281)	(100,061)	11,509,274	(3,112,027)
Non-operating items				
Restructuring costs	145,050	225,348	696,225	225,348
Acquisition costs	-	-	372,316	-
Foreign exchange loss	13,872	3,855	34,723	3,979
Impairment of intangible assets	-	-	63,970	-
Bargain purchase acquisition price	538,299	-	(7,747,902)	-
Gain on settlement	(731,281)	(15,212)	(1,565,031)	(446,883)
Gain on sale of asset	(146,568)	-	(194,405)	-
Income tax recovery	(122,269)	-	(219,483)	-
Deferred income tax recovery	(358,944)	-	(358,944)	-
Normalized Net Income	(959,122)	113,930	2,590,743	(3,329,583)

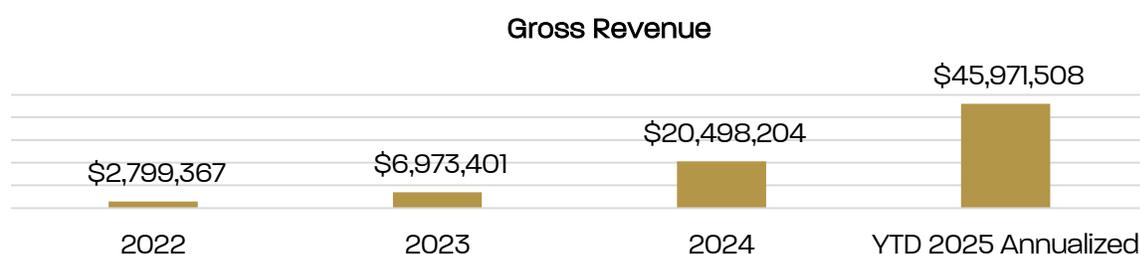
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Revenue

During the nine months ended September 30, 2025, SSC generated \$34,478,631 in gross revenue (2024 – \$11,540,702), an increase of 199%. The increase in gross revenue was due primarily to the completion of the Lamplighter, CannMart, ANC and Humble acquisitions, in addition to the growth of SSC's Status brand, neutral sales of SSC's Astrolab and Zest brands, and reductions in sales in SSC's Roilty, Frootyhooty, and Lamplighter brands, the reduction of which is being addressed commercially as discussed above. During the three months ended September 30, 2025, the Company generated \$9,029,176 in gross revenue (2024 - \$6,303,514), an increase of 43% from the three months ended September 30, 2024. The increase is primarily due to the completion of previously highlighted acquisitions, in addition to the organic growth of SSC's B2B and branded businesses.



Cost of goods sold and margins

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Gross revenue	9,029,176	6,303,514	34,478,631	11,540,702
Less: Excise taxes	(2,683,125)	(2,226,719)	(7,298,117)	(4,381,135)
Net revenue	6,346,051	4,076,795	27,180,514	7,159,567
Cost of goods sold	(3,367,073)	(2,638,122)	(14,656,093)	(7,617,887)
Gross profit before fair value adjustments	2,978,978	1,438,673	12,524,421	(458,320)
Fair value adjustments to cannabis plants and inventory sold	(78,753)	-	449,323	-
Gross profit (loss)	2,900,225	1,438,673	12,973,744	(458,320)
Gross Margin	45.7%	35.3%	47.7%	(6.40)%

During the nine months ended September 30, 2025, SSC generated a gross margin of 47.7% (2024 – gross loss of 6.40%). This change in gross margin is driven by increased economies of scale from the prior year, which allows the Company to reduce the cost of goods sold per unit. The amount of overhead absorbed to each individual unit produced has decreased significantly from the comparable period. During the three months ended September 30, 2025 SSC generated a gross margin of 45.7% (2024 – gross margin of 35.3%). This improvement is driven primarily by increased economies of scale over the prior year.

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Management Discussion & Analysis

For the nine months ended September 30, 2025

General and administration expense

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Salaries and wages ⁽¹⁾	\$ 516,045	\$ 231,941	\$ 1,998,315	\$ 695,889
Office and general ⁽²⁾	408,675	191,940	865,583	416,034
Professional fees ⁽²⁾	319,691	94,963	921,577	304,572
Selling expense	697,707	426,209	1,855,237	795,489
Information technology	47,997	9,730	159,205	16,425
	\$ 1,990,115	\$ 954,783	\$ 5,799,917	\$ 2,228,409

- (1) For the nine months ended September 30, 2025, salaries and wages of \$696,225 were classified as restructuring costs as they relate to non-recurring salaries and severance expenses incurred in the integration of acquired subsidiaries.
- (2) For the nine months ended September 30, 2025, legal fees, travel and filing expenses totalling \$372,316 that were incurred in acquisition of subsidiaries were classified as acquisition costs.

During the nine months ended September 30, 2025, salaries and wages increased 187% compared to the comparable period. During the three months ended September 30, 2025, salaries increased 122% compared to the comparable prior year period. The increase is related to the additional employees related to the CannMart, ANC and Bio-Tech acquisitions as well as increases in staffing required to facilitate continued growth and scale up operations.

Office and general expenses increased 108% during the nine months ended September 30, 2025, and 112% during the three months ended September 30, 2025, as compared to the prior year periods. The increases are related to the additional costs associated with operating CannMart, ANC and Bio-Tech in addition to an overall increase in operations, consumption of general office supplies, increases in insurance, regulatory compliance and other fees.

Professional fees increased 203% for the nine months ended September 30, 2025, and 237% during the three months ended September 30, 2025, when compared to the prior year periods. The increases were related to the addition of professional fees in CannMart, ANC, and Bio-Tech, as well as increased contract costs and increases for regulatory and communication fees.

Selling expenses increased 133% for the nine months ended September 30, 2025, and 64% during the three months ended September 30, 2025 when compared to the prior year comparable periods. The increases were related to the additional investment the Company made to improving the sales and marketing team, investment on in-store marketing and promotional materials, and onboarding new commercialization initiatives.

Information technology costs have increased to \$159,205 in the nine months ended September 30, 2025, and \$47,997 during the three months ended September 30, 2025, when compared to the prior year periods. This increase is related to the integration of multiple facilities into operations.

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Management Discussion & Analysis

For the nine months ended September 30, 2025

Non-operating items:

The Company had the following changes in non-operating items:

- Finance Costs increased by \$2,001,837 for the nine months ended September 30, 2025 and \$942,553 for the three months ended September 30, 2025 from the prior year. This increase is mainly driven by the higher balances of the promissory note and convertible debenture on the balance sheet.
- Restructuring costs increased by \$470,877 for the nine months ended September 30, 2025 from the prior year due to the integration of Humble Grow during the period. During the three months ended September 30, 2025, the restructuring costs decreased by \$80,298 from the comparable period due to the completion of the CannMart Inc. acquisition in the prior year period.
- The bargain purchase price gain of \$7,747,902 during the nine months ended was due to the completion of the Humble Grow acquisition during the year. The \$538,299 decrease during the three months ended September 30, 2025 was due to working capital adjustments related to the acquisition.
- During the nine months ended September 30, 2025, the Company recognized a gain on settlement of \$1,565,031 due to the promissory note amendments which were accounted for as a debt extinguishment. On June 6, 2025, the Company determined the fair value of the amended promissory note to be \$2,698,961 using a fair market interest rate of 20%.

STATEMENT OF FINANCIAL POSITION

Accounts receivable

	September 30, 2025	December 31, 2024
Trade receivables	\$ 5,592,320	\$ 3,780,043
Other current receivables	1,900,448	287,677
Allowance for expected credit losses	(220,854)	(133,151)
	\$ 7,271,914	\$ 3,934,569

Accounts receivable at September 30, 2025 increased 85% compared to December 31, 2024 due to increased sales. Of the \$5,592,320 of trade receivables outstanding, \$925,042 is held with provincial bodies. SSC reviews the provision for expected credit losses based on the expected collectability of aged accounts.

Other current receivables include amounts due from B2B customers where extended payment terms have been granted in order to strategically enter new markets. These customers have obtained listings with provincial boards where the Company currently does not operate, and therefore believes the sale of this inventory is a strategic growth driver for the business.

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Management Discussion & Analysis

For the nine months ended September 30, 2025

Inventory and Biological Assets

	September 30, 2025	December 31, 2024
Raw materials	\$ 4,820,573	\$ 2,734,167
Packaging and consumables	2,954,860	1,155,875
Processed intermediates and WIP	9,011,067	7,020,629
Finished goods	5,388,126	5,185,516
	\$ 22,174,626	\$ 16,096,187

Raw materials are products such as cannabis trim, dried and cured cannabis flower, fresh frozen cannabis flower, and distillate that has not been processed. 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.

As at September 30, 2025, inventory increased 38% compared to December 31, 2024 due primarily to the acquisition of Bio-Tech and secondarily to the general revenue growth of the business since December 31, 2024. The Company also acquired biological assets of \$960,609 in the acquisition. At September 30, 2025, the biological assets were \$1,011,778 due to fair value adjustments and amounts being harvested and moved to bulk inventory.

All inventory is in saleable condition.

Prepays and Deposits

	September 30, 2025	December 31, 2024
Prepays	\$ 195,581	\$ 144,722
Other deposit	1,168,709	1,180,727
Security deposit	59,666	59,666
	\$ 1,423,956	\$ 1,385,115

Deposits stayed consistent from December 31, 2024 to September 30, 2025. Other deposits mainly consist of equipment and inventory purchases that are in transit to the Company.

Capital assets

During the nine months ended September 30, 2025, SSC disposed of \$113,490 of production equipment. Additionally, the Company purchased production equipment of \$23,842, computer equipment of \$15,819 and facility upgrades of \$5,867.

As part of the acquisitions of Bio-Tech, SSC acquired capital assets consisting of the following: production equipment of \$8,258,287, facility upgrades \$28,166, office equipment of \$13,000, and vehicles of \$30,000.

Accounts payable

Accounts payable and accrued liabilities of \$4,415,431 (December 31, 2024 - \$4,561,742) is consistent with the prior period in keeping with the Company's working capital strategy.

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Management Discussion & Analysis

For the nine months ended September 30, 2025

Taxes and excise duty payable

At September 30, 2025, the Company had taxes and excise duty payable of \$8,186,460 (December 31, 2024 - \$7,380,713), with \$4,140,000 classified as a long-term liability due to a negotiated payment plan with the CRA, which allows monthly payments over 36 months to pay off historical tax balances.

Related parties

Key management personnel consist of the Company's executive management team as well as the Company's Board of Directors. The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company.

Transactions with related parties are recorded at their fair value amounts. During the nine months ended September 30, 2025, officers and directors received cash-based compensation of \$816,295 (2024 – \$622,484), share-based compensation of \$1,140,409 (2024 – \$679,858). The cash-based compensation is short-term in nature and the share-based compensation items are comprised of stock options. At September 30, 2025, the Company has accounts payable of \$77,930 (December 31, 2024 - \$28,125) due to related parties in the normal course of business.

At September 30, 2025, an amount of \$273,228 (December 2024 - \$273,544) was due from key management for advances made by the Company. The advances are unsecured, non-interest bearing and repayable on demand.

SUMMARY OF QUARTERLY RESULTS

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

Quarter ended	Total revenue, net of excise taxes	Net income (loss)	Net income (loss) per share	Diluted net income (loss) per share
December 31, 2023	1,311,311	(1,000,966)	(0.026)	(0.034)
March 31, 2024 ⁽¹⁾	1,283,910	(2,429,515)	(0.050)	(0.047)
June 30, 2024 ⁽¹⁾	1,798,862	(582,451)	(0.012)	(0.011)
September 30, 2024 ⁽¹⁾	4,076,795	(100,061)	(0.001)	(0.001)
December 31, 2024 ⁽¹⁾	6,519,577	(2,082,662)	(0.014)	(0.018)
March 31, 2025	9,875,134	8,408,008	0.078	0.069
June 30, 2025	10,959,329	3,398,547	0.030	0.026
September 30, 2025	6,346,051	(297,281)	(0.003)	(0.002)

(2) Refer to Comparative Restatement section below for more details.

During the three months ended September 30, 2025, SSC generated \$6,346,051 in net revenue (Q2 2025 - \$10,959,329), a decrease of 42%. The reduction is primarily attributable to large sales to third

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For the nine months ended September 30, 2025

party partners during the three months ended June 30, 2025 whereas the three months ended September 30, 2025 did not have such sales. These sales relate to these partners licensing and selling SSC's brands into two new provinces. Related to this product, the third parties received 41 new product listings of SSC's brands into one of these new provinces and three new product listings into the second new province. The cash flows related to these new markets being entered into are expected to commence in late Q4 2025. SSC expects periodic replenishment orders from the third parties to begin in late Q4 2025 or early Q1 2026. SSC is encouraged by the expected positive impact to long-term sales from entering these new markets.

Additionally, during the quarter management identified opportunities to further enhance its national sales team, resulting in management taking decisive action to change the leadership of the sales and marketing team which is expected to return the Company to a revenue growth trajectory in the coming quarters.

The Company had a decrease in the net income of \$3,695,828 from the previous quarter due to the aforementioned B2B sales, and increased investment in selling, general and administrative expenses impacting net income to further the position the Company for long term growth.

During the three months ended June 30, 2025, the total net revenue increased by \$1,084,195 from the three months ended March 31, 2025. This is mainly attributable to increases in sales from the recent acquisitions of ANC, CannMart and Bio-Tech. The Company had a decrease in the net income of \$5,009,461 from the previous quarter due to the non-recurring income on the bargain purchase price related to the Bio-Tech acquisition during the three months ended March 31, 2025.

During the three months ended March 31, 2025, the total net revenue increased by \$3,355,557 from the three months ended December 31, 2024. This is mainly attributable to increases in sales from the recent acquisitions of ANC, CannMart and Bio-Tech. Additionally, the three months ending March 31, 2025 saw a sharp increase in net income mainly due to the Company recognizing a bargain purchase price of \$7,725,913 in the acquisition of Bio-Tech.

During the three months ended December 31, 2024, the Company had an increase in net revenues of \$2,046,692 compared to the three months ended September 30, 2024. This is mainly due to the acquisitions of CannMart and ANC starting to contribute to the Company's revenues. The Company had a decline in net income of \$1,982,601 due to an increase in selling, general and administrative costs as compared to earlier in the year.

Per the summary of quarterly results and the charts noted in the strategy section above, the overall trend over the past eight quarters includes rapid growth in gross revenue, net revenue, gross margin, total assets, net assets, and working capital. The Company expects revenues to continue to increase for the future quarters as all acquisition synergies are captured and the group of companies becomes more efficient.

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, maintenance of and compliance with key Health Canada and Canada

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Management Discussion & Analysis

For the nine months ended September 30, 2025

Revenue Agency regulatory requirements, 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, 2025, the Company's total capital of \$34,942,814 (December 31, 2024 - \$26,445,524) consists of equity \$31,940,345 (December 31, 2024 - \$15,458,467) and \$3,002,469 short-term debt (December 31, 2024 - \$9,029,937).

Working Capital

As at,	September 30, 2025	December 31, 2024
Cash	\$ 899,509	\$ 1,885,074
Accounts receivable	7,271,914	3,934,569
Biological assets	1,011,778	-
Inventory	22,174,626	16,096,187
Prepays and deposits	1,423,956	1,385,115
Accounts payable	(4,415,431)	(4,561,742)
Deferred revenue	-	(228,009)
Taxes and excise duties payable	(4,046,460)	(7,380,713)
Short term loan	(852,027)	(653,533)
Current portion of promissory note	(1,750,442)	(7,426,404)
Vendor take back	(400,000)	(950,000)
Current portion of lease liability	(1,492,858)	(474,412)
Working capital	\$ 19,824,565	\$ 1,626,132

As at September 30, 2025, the Company had a working capital surplus of \$19,824,565 (December 31, 2024 - \$1,626,132). This significant increase in the working capital relates to the Bio-Tech acquisition, which increased inventory and biological asset by \$2,533,157. Accounts receivable increased \$3,337,345 due to an increase in revenue. Additionally, SSC was able to negotiate a longer payment plan for the promissory note. During the nine months ended September 30, 2025, the Company negotiated a payment plan with the CRA on outstanding taxes and excise duties to be paid monthly over a period of 36 months with the first payment made on September 30, 2025. SSC continues to monitor its working capital position to ensure that it is sufficient to manage the ongoing needs of the business.

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Management Discussion & Analysis

For the nine months ended September 30, 2025

CASH FLOWS

For the nine months ended September 30,	2025	2024
Opening cash	\$ 1,885,074	\$ 80,879
Cash from (used in) operations	5,566,975	(2,923,711)
Changes in non-cash working capital from operations	(7,290,585)	(773,582)
Cash used in investing	(2,932,038)	(780,782)
Cash provided by financing	3,670,083	4,929,677
Ending cash	\$ 899,509	\$ 532,481

As at September 30, 2025, the Company had a cash balance of \$899,509 (December 31, 2024 - \$1,885,074).

During the nine months ended September 30, 2025, the Company generated cash from operations prior to changes in non-cash working capital of \$5,566,975 (2024 – used cash of \$2,923,711). The change is due primarily to increased scope of operations and revenue due to acquisitions.

Cash used in investing mainly accounts for property and equipment additions as well as any acquisitions during the period. For the nine months ended September 30, 2025, \$3,000,000 of the cash used in investing was related to the acquisition of Bio-Tech.

Cash provided by financing activities relates to financing completed during the period, less issuance costs, warrant and option conversions, and lease payments. During the nine months ended September 30, 2025, the Company received cash of \$5,650,000 related to a convertible debt issuance and \$130,959 due to stock options exercised. These cash inflows were offset by \$450,000 in vendor take back loan payments, lease payments of \$1,085,876, repayments of the promissory note of \$450,000 and the convertible debt repayments of \$25,000.

For the three months ended September 30,	2025	2024
Opening cash	\$ 1,515,665	\$ 109,554
Cash from (used in) operations	1,252,395	247,762
Changes in non-cash working capital from operations	(1,140,095)	(3,658,045)
Cash used in investing	(23,842)	(595,301)
Cash (used in) provided by financing	(704,614)	4,428,510
Ending cash	\$ 899,509	\$ 532,480

SIMPLY SOLVENTLESS CONCENTRATES LTD.

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For the nine months ended September 30, 2025

COMMITMENTS

SSC is committed to numerous office and facilities leases including acquired leases in connection with the Company's acquisition of CannMart, ANC, and Bio-Tech. Below is a summary of the undiscounted annual commitments for the upcoming years.

	September 30, 2025	December 31, 2024
Maturity – contractual undiscounted cash flows		
Less than one year	\$ 1,602,445	\$ 643,581
One to two years	1,598,610	656,341
Two to three years	1,454,031	622,690
Three or more years	6,396,783	469,725
Total undiscounted lease liabilities	\$ 11,051,869	\$ 2,392,337

During the nine months ended September 30, 2025, the Company negotiated a payment plan with the CRA on outstanding taxes and excise duties to be paid monthly over a period of 36 months with the first payment made on September 30, 2025.

OUTSTANDING SHARE DATA

At September 30, 2025 and as at the date of this MD&A, the Company had 115,502,799 (December 31, 2024 – 107,936,133) common shares outstanding, 13,522,400 (December 31, 2024 – 7,655,733) warrants outstanding, and 10,325,000 (December 31, 2024 – 7,987,667) stock options outstanding.

Capital

As at September 30, 2025, the Company was authorized to issue an unlimited number of common shares and an unlimited number of first preferred shares.

GOING CONCERN

The condensed interim consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2025, the Company had working capital of \$19,824,565 (December 31, 2024 – \$1,626,132) and retained earnings of \$3,276,759 (December 31, 2024 – \$8,232,515 deficit). During the nine months ended September 30, 2025, the Company incurred a net and comprehensive income totalling \$11,509,274 (2024 – loss of \$3,112,027).

The ability of the Company to continue as a going concern will depend on its ability to successfully integrate its acquisitions, achieve sufficient profitability or arrange additional financing, which is a material uncertainty. The condensed interim consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, revenues, expenses and the balance sheet classifications that would be necessary if the going concern assumption were not appropriate. Such adjustments if made could be material.

SIMPLY SOLVENTLESS CONCENTRATES LTD.

Management Discussion & Analysis

For the nine months ended September 30, 2025

COMPARATIVE RESTATEMENT

During the year ended December 31, 2024, the Company recognized revenue from tolling services with various arms-length counterparties where payment for the tolling services was paid in-kind with an equivalent value of the processed end product recorded into inventory. In the fourth quarter of 2024, the Company reassessed its accounting treatment for non-monetary tolling arrangements and recorded an adjustment to derecognize tolling revenue with a corresponding reduction in cost of goods sold to reflect the change in cost base of the related inventory.

In addition, Inventory includes overhead costs that are subsequently allocated to cost of goods sold using a systematic allocation methodology driven by type and volume of products sold during the period. In the fourth quarter of 2024, the Company reassessed its overhead allocation treatment and recorded a reconciliation adjustment to cost of goods sold related to capitalized overhead.

The table below summarizes the restated condensed consolidated interim financial statements for three and nine months ended September 30, 2024:

September 30, 2024 - three months ended

Condensed Consolidated Interim Statements of Income (Loss)	As previously reported	Adjustments	As Restated
	\$	\$	\$
Revenues	7,175,617	(872,103)	6,303,514
Cost of goods sold	(2,985,718)	347,596	(2,638,122)
Net income and comprehensive income (loss)	424,446	(524,507)	(100,061)

September 30, 2024 – Nine months ended

Condensed Consolidated Interim Statements of Income (Loss)	As previously reported	Adjustments	As Restated
	\$	\$	\$
Revenues	14,530,512	(2,989,810)	11,540,702
Cost of goods sold	(5,347,890)	(2,269,997)	(7,617,887)
Net income and comprehensive income (loss)	2,147,780	(5,259,807)	(3,112,027)

September 30, 2024 – Nine months ended

Condensed Consolidated Interim Statements of Financial Position	As previously reported	Adjustments	As Restated
	\$	\$	\$
Inventory	16,167,719	(5,109,123)	11,058,596
Accounts payable and accrued liabilities	7,457,944	150,684	7,608,628

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For the nine months ended September 30, 2025

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.

FINANCIAL INSTRUMENTS

Fair value of financial instruments

The Company's financial Instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, short term loan, promissory note, convertible debt, promissory note and vendor take back. The carrying values of these financial Instruments approximate their fair values as at September 30, 2025.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data. There have been no transfers between fair value levels during the year.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its cash and accounts receivable. The risk exposure is limited to their carrying amounts at the statement of financial position date.

The risk for cash is mitigated by holding these instruments with highly rated Canadian financial institutions. Management believes the risk of loss is low.

Accounts receivable consists of amounts owing from customers. The Company evaluates the credit worthiness of the customer counterparties before credit is granted.

The aging of accounts receivable is as follows:

	September 30, 2025	December 31, 2024
Current	\$ 4,788,551	\$ 3,192,008
31-90 days	209,657	293,660
90 + days	594,112	448,901
	\$ 5,592,320	\$ 3,934,569

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Management Discussion & Analysis

For the nine months ended September 30, 2025

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

All accounts payable and accrued liabilities and short-term loans are due on demand and classified as current liabilities. Promissory note and vendor take back are due to be paid in 2025 and are classified as current liabilities.

Market risk

a) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. The Company may work with US-sourced vendors and suppliers resulting in exposure to foreign currency exchange translation gains and losses.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company currently does not have any variable interest-bearing financial instruments, therefore, is not currently exposed to interest rate risk.

c) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company currently holds no instruments that are susceptible to price risk arising from uncertainties about their future values.

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 current ratio, inventory turnover, working capital, EBITDA, adjusted EBITDA, and normalized net income.

Current ratio is calculated by dividing current assets by current liabilities and is meant to indicate whether a company is capable of servicing its current liabilities. Inventory turnover is calculated by dividing cost of goods sold by inventory, and is meant to indicate how efficient a company is at turning inventory into cash.

SIMPLY SOLVENTLESS CONCENTRATES LTD.

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For the nine months ended September 30, 2025

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.

EBITDA is calculated as income before interest and finance costs, taxes, depreciation and amortization expenses. EBITDA is considered as a useful measure by management of SSC to understand the profitability of SSC excluding the effects of capital structure, taxation and depreciation, but may not be appropriate for other purposes. EBITDA is considered a useful measure by management to understand profitability excluding the effects of capital structure, taxation and depreciation, but may not be appropriate for other purposes.

Adjusted EBITDA is not defined under IFRS and therefore should not be considered an alternative to, or more meaningful than net income (loss) and comprehensive income (loss). Adjusted EBITDA is calculated as net income before interest and finance costs, taxes, depreciation and amortization expenses, share based compensation, gain settlement or disposal or bargain purchase gains, non-recurring restructuring costs and acquisition costs, foreign exchange gains and losses and government rebates, and other gains or costs that are expected to be non-recurring. Adjusted EBITDA is considered a useful measure by management to understand profitability excluding the effects of capital structure, taxation and depreciation, and non-recurring items, but may not be appropriate for other purposes.

NNI is considered as a useful measure by management of SSC to understand the profitability of SSC excluding the effects of certain non-operating items. NNI is calculated as net income less gain settlement or disposal or bargain purchase gains, non-recurring restructuring costs and acquisition costs, foreign exchange gains and losses and government rebates, income tax recovery, and other gains or costs that are expected to be non-recurring.

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	Three months ended			Nine months ended	
	September 30, 2025	June 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Net and comprehensive income (loss)	(297,281)	3,398,547	(100,061)	11,509,274	(3,112,027)
Non-operating items					
Depreciation and amortization	539,248	289,647	27,409	1,415,986	53,877
Finance costs	996,207	613,161	53,654	2,156,260	-
Income tax recovery	(122,269)	-	-	(219,483)	154,423
Deferred income tax recovery	(358,944)	-	-	(358,944)	-
EBITDA	756,961	4,301,355	(18,998)	14,503,093	(2,903,727)
Non-operating items					
Restructuring costs	145,050	-	225,348	696,225	225,348
Acquisition costs	-	-	-	372,316	-
Foreign exchange loss	13,872	5,676	3,855	34,723	3,979
Impairment of intangible assets	-	63,970	-	63,970	-
Bargain purchase acquisition price	538,299	(560,288)	-	(7,747,902)	-
Gain on settlement	(731,281)	(833,750)	(15,212)	(1,565,031)	(446,883)
Share compensation expense	332,247	263,924	288,897	1,148,408	434,554
Adjusted EBITDA	1,055,148	3,240,887	483,890	7,505,802	(2,686,729)
Weighted Average Number of Shares	115,502,799	110,843,077	68,872,421	111,532,488	56,524,569
EBITDA per share	0.007	0.039	(0.000)	0.130	(0.051)
Adjusted EBITDA per Share	0.009	0.0292	0.007	0.067	(0.048)

	Three months ended			Nine months ended	
	September 30, 2025	June 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Net and comprehensive income	(297,281)	3,398,547	(100,061)	11,509,274	(3,112,027)
Non-operating items					
Restructuring costs	145,050	-	225,348	696,225	225,348
Acquisition costs	-	-	-	372,316	-
Foreign exchange loss	13,872	5,676	3,855	34,723	3,979
Impairment of intangible assets	-	63,970	-	63,970	-
Gain on settlement	538,299	(833,750)	-	(7,747,902)	-
Bargain purchase acquisition price	(731,281)	(560,288)	(15,212)	(1,565,031)	(446,883)
Gain on sale of asset	(146,568)	(47,837)	-	(194,405)	-
Income tax recovery	(122,269)	-	-	(219,483)	-
Deferred income tax recovery	(358,944)	-	-	(358,944)	-
Normalized Net Income	(959,122)	2,026,318	113,930	2,590,743	(3,329,583)
Weighted Average Number of Shares	115,502,799	110,843,077	68,872,421	111,532,488	56,524,569
Normalized Net Income per Share	(0.008)	0.018	0.002	0.023	(0.059)

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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 “Risk Factors” in this MD&A.

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RISK FACTORS

There are a number of inherent risks associated with the cannabis industry. Many of these risks are beyond the control of the Company. Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Company's other public filings available under the Company's SEDAR+ profile at www.sedarplus.ca before making an investment decision.

The risks described below are not the only risks facing the Company. Additional risks not presently known to SSC or that SSC currently deems immaterial may also impair SSC's business operations. If any of the following risks actually occur, SSC's business, financial condition and financial performance could be materially and adversely affected.

Repayment of Debentures

As of the date hereof, the Company has convertible debentures (“**Debentures**”) issued and outstanding. In the event the Company is unable to repay or refinance these debt obligations as they mature and become repayable (or if the Company must refinance these debt obligations on less favourable terms), it may adversely affect the Company's ability to fund its ongoing operations. There is no certainty that the Company will be in a position to make such repayment if required. Even if the Company is able to obtain new financing in order to satisfy any obligations relating to the Debentures, it may not be on commercially reasonable terms or terms that are acceptable to the Company. If the Company is unable to repay amounts owing under the Debentures, or refinance these obligations, the lenders could seek legal recourse against the Company for amounts owed.

Additional Funding Requirements

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

If additional funds are raised through further issuances of equity or securities convertible into equity, existing Shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. 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.

Unprofitable Operations

The Company may not be able to maintain profitability and may incur losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to grow its business. If the Company's revenues do not continue to increase to offset increases in costs and operating expenses, the Company may not be profitable.

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Management of Growth

The Company may be subject to growth-related risks such as capacity constraints and pressure on its internal systems and controls. Effectively managing this growth will require the Company to continue implementing and improving its operational and financial systems, as well as expanding, training, and managing its employee base. The inability to address these growth challenges could have a material adverse impact on the Company's business, operations, and prospects.

Growth Strategy and Expansion of Operations

The Company's growth strategy involves expanding its operations. There is a risk that this proposed expansion plan may face delays or increased costs due to factors such as regulatory approvals, non-performance by contractors, rising material or labor costs, equipment failures, labor disputes, and major incidents like fires or storms. Additionally, the Company's ability to compete and grow depends on timely access to skilled labor, equipment, parts, and components. The expansion plan contemplated by the Company may be significantly greater than anticipated by the Company's management and/or may cost more than the funds available to the Company, the Company may need to curtail or extend the timeframe for completion, potentially impacting its business, prospects, financial condition, and results of operations.

Risks Associated with Acquisitions

As part of the Company's overall business strategy, the Company intends to pursue select strategic acquisitions to provide additional product offerings, industry expertise and a stronger industry presence in both existing and new jurisdictions. The success of any such acquisitions will depend, in part, on the ability of the Company to realize the anticipated benefits and synergies from integrating those companies into the businesses of the Company. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; and (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

While the Company intends to conduct reasonable due diligence in connection with such strategic acquisitions, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which the Company is not sufficiently indemnified. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Company's financial performance and results of operations. The Company could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits from the acquisition. All of these factors could cause dilution to the Company's earnings per share or decrease or delay the anticipated accretive effect of the acquisition and cause a decrease in the market price of the Common Shares.

The Company may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of any such strategic acquisition with its existing operations. If integration is not managed successfully by the management team, the Company may experience interruptions in its business activities, deterioration in its employee and customer relationships, increased costs

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of integration and harm to its reputation, all of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Expansion into New Activities

As a Licensed Producer, the management team is focused on producing and distributing premium cannabis products across Canada. In the future, the Company may move into new industries or new geographical areas and/or acquire different cannabis-related assets, and as a result may face unexpected risks or alternatively, significantly increase the Company's exposure to one or more existing risk factors, which may in turn result in the Company's future operational and financial conditions being adversely affected.

SSC may also be required to obtain additional regulatory approvals from Health Canada and other applicable authorities which may take significant time. SSC may not be successful in developing new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which together with capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on SSC's business, financial condition, results of operations and prospects.

Reliance on Licenses

The Company's cannabis operations and investments may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate their respective businesses. In addition, the Company's operations and investments may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on the Company's or an investment's ability to operate in the cannabis industry, which could have a material adverse effect on the Company's business.

Change in Cannabis Laws, Regulations and Guidelines

Operations and investments in the cannabis industry will be subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage, sale, health, safety and disposal of cannabis and cannabis products, including the Cannabis Act and the Cannabis Regulations. Participants in the cannabis industry are also subject to laws and regulations relating to health and safety (including those for consumable products), the conduct of operations and the protection of the environment. These laws and regulations are broad in scope, subject to evolving interpretations and may change in ways currently unforeseen by the Company.

Although SSC believes it will meet the requirements of the Cannabis Act for future renewals of its licences, there can be no guarantee that Health Canada will renew the licences or, if renewed, renewed on the same or similar terms or that Health Canada will not revoke the licences. Should SSC fail to comply with the requirements of the licences or should Health Canada not renew the licences when required, or renew the licences on different terms or revoke the licences, there would be a material adverse effect on SSC's business, financial condition and results of operations.

The legislative framework pertaining to the Canadian non-medical cannabis market is subject to significant provincial and territorial regulation. The legal framework varies across provinces and

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territories and results in asymmetric regulatory and market environments. Different compliance requirements, and other costs may limit SSC's ability to participate in such markets.

Canadian Excise Duty Framework

The federal and provincial or territorial legislation and regulatory regimes for cannabis products include excise duties payable by licensed cannabis producers on adult-use cannabis products, in addition to goods and services tax or harmonized sales tax in certain provinces and territories. We currently hold licences issued by the Canada Revenue Agency ("CRA") required to comply with this excise framework. The rate of the excise duties for cannabis products varies by province and territory. Any significant increase in the rate of excise duties on cannabis products in the future and any restrictive interpretations by the CRA or the courts of the regulatory-like restrictions contained in the Excise Act, 2001 (Canada) (which may be different than those contained in the Cannabis Act) could reduce consumer demands for cannabis products and adversely impact the adult-use cannabis industry and market in general. In addition, any increase in the rate of excise duties on cannabis products in the future could reduce our margins and profitability in the event that we could not or chose not to pass along such increases to consumers.

Litigation

From time to time, the Company may be subject, directly or indirectly, to litigation arising out of its operations and the regulatory environments in its areas of operations.

Although the Company currently faces no material litigation, damages claimed under such litigation in the future may be material or may be indeterminate. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to SSC and as a result, could have a material adverse effect on SSC's assets, liabilities, business, financial condition and results of operations. In addition, the Company may be required to incur significant expenses or devote significant resources to defending against litigation. Adverse publicity surrounding litigation could also have a material effect on the Company's business.

Intellectual Property

The ownership, licensing and protection of trademarks, patents and other intellectual property rights are significant aspects of SSC's future success.

It is possible that SSC will not be able to register, maintain registration for or enforce all of its intellectual property, including trademarks, in all key jurisdictions. The intellectual property registration process can be expensive and time-consuming, and SSC may not be able to file and prosecute all necessary or desirable intellectual property applications at a reasonable cost or in a timely manner or may obtain intellectual property registrations which are invalid. It is also possible that SSC will fail to identify patentable aspects of inventions made in the course of its development and commercialization activities before it is too late to obtain patent protection for them. Further, changes in either intellectual property laws or interpretation of intellectual property laws in Canada, and other countries may diminish the value of SSC's intellectual property rights or narrow the scope of its intellectual property protection. As a result, SSC's current or future intellectual property portfolio may not provide it with sufficient rights to protect its business, including its products, processes and brands.

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Termination or limitation of the scope of any intellectual property licence may restrict, delay or eliminate SSC's ability to develop and commercialize its products, which could adversely affect its business. Unauthorized parties may attempt to replicate or otherwise obtain and use SSC's products, brands and technology. Policing the unauthorized use of SSC's current or future trademarks, patents or other intellectual property rights could be difficult, expensive, time consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying the unauthorized use of intellectual property rights is difficult as SSC may be unable to effectively monitor and evaluate the products being distributed by its competitors, including parties such as unlicensed dispensaries and black-market participants, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of SSC's trademarks or other intellectual property rights or other proprietary know-how, or those it licenses from others, or arrangements or agreements seeking to protect the same for SSC's benefit, may be found invalid, unenforceable, anti-competitive or not infringed, may be interpreted narrowly, or could put existing intellectual property applications at risk of not being issued.

In addition, other parties may claim SSC's products, or those it licenses from others, infringe on their intellectual property, including their proprietary or patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources and legal fees, result in injunctions or temporary restraining orders or require the payment of damages. As well, SSC may need to obtain licences from third parties who allege that it has infringed on their lawful rights. Such licences may not be available on terms acceptable to SSC, or at all. In addition, SSC may not be able to obtain or utilize on terms that are favorable to it, or at all, licences or other rights with respect to intellectual property that SSC does not own.

SSC also relies on certain trade secrets, technical know-how and proprietary information that are not protected by patents to maintain its competitive position. These assets, which are not protected by patents, may become known to or be independently developed by competitors, which could adversely affect SSC's business.

Cyber Security and Privacy Risks

The Company relies on certain internal processes, infrastructure, and information technology systems, including those operated by third parties, to efficiently and securely conduct its business. The inability to continue to enhance or prevent a failure of these internal processes, infrastructure or information technology systems could negatively impact the Company's ability to operate its business. Cyber-attacks or breaches of IT security can disrupt operations, leading to loss of critical data, theft of intellectual property, disclosure of confidential information, customer claims, litigation, and reduced revenues due to business interruptions. Additionally, the costs associated with remediation, class action lawsuits, and damage to the Company's reputation can be significant. As cyber threats become more sophisticated, the Company's security measures may not be sufficient to prevent damage, and insurance may not fully cover the associated costs and losses.

A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Data theft for competitive purposes remains a risk, whether through employee collusion, negligence, or cyber-attacks. Such breaches can have a material adverse effect on the Company's business, financial condition, and operational results.

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Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to its business, operations or affairs. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put SSC at competitive risk and may cause significant damage to its business. The harm to SSC's business from a breach of confidentiality cannot presently be quantified but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, SSC will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Conflicts of Interest

Directors and officers of SSC may also be directors and officers of other companies involved in the cannabis industry, and conflicts of interest may arise between their duties as officers and directors of SSC and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with and are subject to such other procedures and remedies as apply under the ABCA.

Active Trading Market

The liquidity of the Common Shares on the TSXV will be influenced by a large number of factors, some specific to the Company and its operations and others outside its control and unrelated to the Company's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Company, speculation about the Company in the press or the investment community, strategic actions by competitors, changes in market conditions and regulatory changes in any number of countries. There can be no guarantee that an active trading market for the Common Shares will be maintained.

Dilution

SSC may seek to raise financing to fund future acquisitions or other growth opportunities. The Company may, for these and other purposes, issue additional equity or convertible equity securities. As a result, existing holders of Common Shares may suffer dilution in their percentage ownership or the market price of the Common Shares may be adversely affected.

The Company has outstanding Options, Warrants and Debentures. The Company may, in the future, issue further options, warrants or convertible debentures. The exercise or conversion of any such options, warrants or convertible debentures would result in dilution of the holdings of other Shareholders.

In addition, the Company may decide to offer additional Common Shares in the future. Subject to any applicable pre-emption right, any future issues of Common Shares by the Company may have a dilutive effect on the holdings of Shareholders and could have a material adverse effect on the market price of the Common Shares as a whole.

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Third Party Credit Risk

The Company is, or may be, exposed to third party credit risk through the Company's contractual arrangements with its current or future partners, marketers of its cannabis products and other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures could have a material adverse effect on the Company and its cash flow from operations.

Relatively New Cannabis Industry

SSC is operating in a relatively new industry and market. In addition to being subject to general business risks, SSC must continue to build brand awareness in this industry and market share through significant investments in its strategy, production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry, such as the imposition of further restrictions on sales and marketing or further restrictions on sales in certain areas and markets could have a material adverse effect on the Resulting Issuer's business financial conditions and results of operations. Although SSC is committed to researching and developing new products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed. SSC must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry in Canada.

SSC is operating in a relatively new industry and market. In addition to being subject to general business risks, SSC must continue to build brand awareness in this industry and market share through significant investments in its strategy, production capacity, quality assurance and compliance with regulations. In addition, there is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry, such as the imposition of further restrictions on sales and marketing or further restrictions on sales in certain areas and markets could have a material adverse effect on the Resulting Issuer's business financial conditions and results of operations. Although SSC is committed to researching and developing new products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed. SSC must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry in Canada.

Potential Supply and Demand Fluctuations of the Cannabis Market

Since the legalization of cannabis, there have been periods of significant over- and undersupply in the Canadian adult-use market. In addition, demand for cannabis products is dependent on a number of social, political and economic factors that are beyond SSC's control. The initial demand that has been experienced following legalization may not continue at comparable levels or may not

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be sustainable as a portion of such demand may have been a result of the novelty of legalization. As a result, the available supply of cannabis could exceed demand, resulting in a significant decline in the market price for cannabis. Conversely, SSC may be unable to meet demand levels. If supply/demand imbalances occur and persist, SSC may be unable to generate sufficient revenue from the sale of adult-use cannabis to be profitable.

Since the legalization of cannabis, there have been periods of significant over- and undersupply in the Canadian adult-use market. In addition, demand for cannabis products is dependent on a number of social, political and economic factors that are beyond SSC's control. The initial demand that has been experienced following legalization may not continue at comparable levels or may not be sustainable as a portion of such demand may have been a result of the novelty of legalization. As a result, the available supply of cannabis could exceed demand, resulting in a significant decline in the market price for cannabis. Conversely, SSC may be unable to meet demand levels. If supply/demand imbalances occur and persist, SSC may be unable to generate sufficient revenue from the sale of adult-use cannabis to be profitable.

Constraints on Marketing

All SSC products distributed into the Canadian adult-use market need to comply with requirements under Canadian legislation, including with respect to product formats, product packaging and labelling, and marketing activities around such products. Among other restrictions, the Cannabis Act prohibits testimonials and endorsements, lifestyle branding, and promotion that is appealing to young persons. As such, SSC's portfolio of brands and products must be specifically adapted, and its marketing activities carefully structured, to enable SSC to develop its brands in an effective and compliant manner. If SSC is unable to effectively market its cannabis products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its cannabis products, then SSC's revenues and operating results could be adversely affected.

All SSC products distributed into the Canadian adult-use market need to comply with requirements under Canadian legislation, including with respect to product formats, product packaging and labelling, and marketing activities around such products. Among other restrictions, the Cannabis Act prohibits testimonials and endorsements, lifestyle branding, and promotion that is appealing to young persons. As such, SSC's portfolio of brands and products must be specifically adapted, and its marketing activities carefully structured, to enable SSC to develop its brands in an effective and compliant manner. If SSC is unable to effectively market its cannabis products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its cannabis products, then SSC's revenues and operating results could be adversely affected.

Reliance on Key Personnel

SSC's success will depend in large measure on the expertise and contributions of key personnel. Losing these essential team members could significantly impact SSC's business, financial health, operational outcomes, and future prospects. Furthermore, the competition for skilled professionals in the cannabis industry is fierce, and there is no guarantee that SSC will be able to attract and retain the necessary talent for its business development and operations.

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Further, as a Licensed Producer, SSC's key personnel are subject to a security clearance by Health Canada. Under the Cannabis Regulations, a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of SSC's existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances, or that new personnel who require a security clearance will be able to obtain one. A failure by a key person to maintain or renew his or her security clearance could result in a material adverse effect on the Company's business, financial condition and results of operations.

Competition Risks

The Company faces intense competition from other companies, some of which have 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, financial condition and results of operations of the Company.

The Company also faces competition from illegal cannabis dispensaries that are selling cannabis to individuals despite not having a valid licence. Many illegal dispensaries are still in operation, providing the Company with additional competition. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and operating results of the Company.

Changes in Consumer Preferences

Due to changing consumer preferences, many products achieve financial success only for a limited time. Even if SSC's products succeed initially, there is no guarantee of sustained success. SSC's success depends on developing new and improved product lines. Failure to gain consumer acceptance or update products could reduce revenues and harm SSC's business. Additionally, SSC's ability to attract and retain customers is crucial. Factors impacting this include developing desirable and effective products and implementing a customer acquisition plan for continued growth of the customer base. Failure to acquire and retain customers could adversely affect SSC's business and financial position.

Due to changing consumer preferences, many products achieve financial success only for a limited time. Even if SSC's products succeed initially, there is no guarantee of sustained success. SSC's success depends on developing new and improved product lines. Failure to gain consumer acceptance or update products could reduce revenues and harm SSC's business. Additionally, SSC's ability to attract and retain customers is crucial. Factors impacting this include developing desirable and effective products and implementing a customer acquisition plan for continued growth of the customer base. Failure to acquire and retain customers could adversely affect SSC's business and financial position.

Available Talent Pool

As the Company grows, it will need to hire additional human resources to continue to develop the business. However, experienced talent in the areas of cannabis research and development, growing

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cannabis and extraction is difficult to source, and there can be no assurance that the appropriate individuals will be available or affordable to the Company. Without adequate personnel and expertise, the growth of the Company's business may suffer.

Risks Related to the Agricultural Business

The Company's business involves the growing of cannabis, producing and distributing an agricultural product. As such, the business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks.

Vulnerability to Rising Energy Costs

The Company's cannabis growing operations consume considerable energy, making the Company vulnerable to rising energy costs. Rising or volatile energy costs may adversely affect the ability of the Company to operate profitably.

Product Transportation Cost and Disruptions

Due to the nature of the Company's products, security of the products during transportation to and from the Company's facilities will be of the utmost concern. A breach of security during transport or delivery could have a material adverse effect on the Company's business, financial condition and results of operations. Any breach of security measures during transport or delivery, including any failure to comply with recommendations or requirements of Health Canada, could also have an impact on the Company's ability to continue operating under its Cultivation Licence or its ability to renew, or receive amendments to, its Cultivation Licence.

Brand Risks

The Company's success is dependent on, among other things, the value of the Company's brands, and the failure to preserve their value and relevance could have a negative impact on the Company's results of operations. The Company must preserve, enhance and leverage the value of the Company's brands. Brand value is based in part on consumer tastes, preferences and perceptions on a variety of factors. Consumer acceptance of the Company's brands may be influenced by or subject to change for a variety of reasons. For example, adverse publicity associated with the Company's business practices may drive popular opinion against the Company's brands. If the Company is unsuccessful in addressing any such adverse perceptions, the Company's brands and results of operations may suffer.

Product Liability

As an owner of intellectual property, and a manufacturer and distributor of cannabis products designed to be consumed by humans, SSC faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss, injury or death. SSC may be subject to these types of claims due to allegations that its products caused or contributed to injury, illness or death, made false, misleading or impermissible claims, failed to include adequate labelling and instructions for use or failed to include adequate warnings concerning possible side effects or interactions with other substances. In addition, the manufacture and sale of SSC's products involve the risk of injury to consumers due to tampering by unauthorized third parties, product contamination or mould. Previously unknown adverse reactions resulting from

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human consumption of SSC's products alone or in combination with other medications or substances may result from, among other causes, inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. The manufacture and sale of cannabis products, like the manufacture and sale of any ingested or consumable product, involves a risk of injury to consumers due to tampering by unauthorized third parties or product contamination. SSC may in the future have to recall certain of its cannabis products as a result of potential contamination and quality assurance concerns. A product liability claim or regulatory action against SSC could result in increased costs, could adversely affect SSC's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of SSC. There can be no assurances that SSC will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of SSC's products.

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Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including public health and public safety risks, product defects, such as contamination or mould, adulteration, unintended harmful side effects or interactions with

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other substances, packaging safety and inadequate or inaccurate labeling disclosure. Such defects may arise due to the fault of SSC or as a result of a faulty input to SSC's products. If any of SSC's products are recalled due to an alleged product defect or for any other reason, SSC could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. SSC may lose a significant amount of revenue and may not be able to such revenue at an acceptable margin or at all. In addition, a product recall may require significant management attention. Any product recall affecting the cannabis industry more broadly, whether or not involving SSC, could also lead consumers to lose confidence in the safety and security of the products sold by entities licensed under the Cannabis Act generally, including SSC's products.

Operating Risk and Insurance Coverage

SSC has insurance to protect its assets, operations and employees. While SSC believes its insurance coverage addresses all material risks to which it is 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 SSC is exposed. In addition, no assurance can be given that such insurance will be adequate to cover SSC's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If SSC were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if SSC 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.

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Global Economic, Political, and Social Conditions

The Company is subject to global economic, political and social conditions that may cause consumers to delay or reduce cannabis consumption due to economic downturns, unemployment, and volatility in the costs of energy and other consumer goods, geopolitical uncertainties, and other macroeconomic factors affecting spending behavior. The Company faces risks that may arise from financial difficulties experienced by suppliers or customers/clients, including: (i) the risk that customers/clients may face financial difficulties or may become insolvent, which could lead to an inability to obtain payment of accounts receivable that those patients may owe; (ii) the risk that key suppliers may face financial difficulties or may become insolvent, which could lead to disruption of the supply cannabis products; and (iii) the inability of customers/clients and/or suppliers to obtain credit financing to finance purchases of products and raw materials used to grow or build those

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products. Should any of these risks occur, they could have a material adverse effect on the Company.

To the extent that certain political actions taken in North America, Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement, it could increase costs for goods and services required for operations, reduce access to skilled labour and negatively impact business, operations, financial conditions and the market value of the Common Shares.

Environmental and Employee Health and Safety Regulations

The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land; the handling and disposal of hazardous and non-hazardous materials and wastes; and employee health and safety. The Company expects to incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof, or other unanticipated events, could require extensive changes to the Company's operations 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.

Risks related to Climate Change

Government measures to combat climate change, greenhouse gas (GHG) emissions, and the use of water and land could lead to the introduction of new or stricter laws and regulations. These changes might necessitate additional capital expenditures, higher taxes, increased transportation costs, or other impacts that could negatively affect our financial situation.

Moreover, the Company's employees, customers, and investors are increasingly expecting the Company to reduce the negative environmental impacts of operations. While SSC strives to create positive impacts and anticipate potential costs related to climate change, failing to address the risks of climate change and meet the evolving expectations of stakeholders and governments on environmental issues could lead to missed opportunities, increased regulatory scrutiny, loss of team members, customers, and investors, and a negative impact on SSC's brand and reputation.

Forward Looking Information May Prove to be Inaccurate

Investors are cautioned not to place undue reliance on forward looking information. By its nature, forward looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumptions and uncertainties are found in this MD&A under the heading " FORWARD-LOOKING INFORMATION" above.