Management's Discussion and Analysis of

GREEN RISE FOODS INC.

For the three-months ended March 31, 2024

(Canadian Dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Green Rise Foods Inc. (hereinafter "Green Rise" or "the Company") provides a discussion and analysis of the financial condition and results of operations to enable a reader to assess the financial condition of the Company as at March 31, 2024, and the results of operations for the period ended March 31, 2024.

The MD&A is prepared as of May 29, 2024, and should be read in conjunction with the unaudited interim condensed consolidated financial statements ("financial statements") of Green Rise as at March 31, 2024. The accompanying financial statements have been prepared by and are the responsibility of Green Rise's management. The financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

All amounts in this discussion are expressed in thousands of Canadian dollars (CAD), unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking information" and "forward-looking statements". All statements other than statements of historical fact contained in this MD&A. Such statements can, in some cases, be identified by the use of forward-looking terminology such as "expect," "likely", "may," "will," "should," "intend," or "anticipate," "potential," "proposed," "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. The forward-looking statements included in this MD&A are made only as of the date of this MD&A and the Company assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

Forward-looking statements in this MD&A are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes.

Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include:

- expansion of facilities
- changes in laws, regulations and guidelines;
- legislative or regulatory reform and compliance;
- competition;
- environmental regulations and risks;
- limited operating history;
- risks inherent in an agricultural business including adverse weather and viruses;
- retention and acquisition of skilled personnel;
- negative consumer perception;
- product liability and insurance coverage;
- regulatory or agency proceedings, investigations and audits;

- litigation;
- constraints on marketing products;
- fraudulent or illegal activity by the Company's employees, contractors and consultants;
- information technology systems and cyber-attacks;
- breaches of security and risks related to breaches of applicable privacy laws;
- access to capital;
- estimates or judgments relating to critical accounting policies;
- the impact on profitability resulting from higher input costs; and
- extended economic downturn caused by pandemics.

In addition to the factors set out above and those identified in this MD&A under "Risks and Uncertainties" and other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements of this MD&A. Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors and risks that cause actions, events or results not to be anticipated, estimated or intended. Accordingly, readers should not place any undue reliance on forward-looking statements.

OVERVIEW OF GREEN RISE

Green Rise was incorporated under the Business Corporations Act (Ontario) on June 9, 2017. On June 15, 2018, Bull Market Farms Inc. (a wholly owned subsidiary of Green Rise) was acquired its first farm with an existing 51-acre producing greenhouse ("GR1") of fresh produce located in Leamington, Ontario. GR1 has grown beefsteak tomatoes in the past and is currently growing medley and piccolo varieties. The Company also leases 15-acres of its GR1 greenhouse to one-customer, who is currently growing organic peppers.

The Company has plans to increase its cultivation capacity and product diversification. It continues to execute on this plan and has completed, through Bull Market, the following acquisitions:

- On February 1, 2021, the Company acquired its second range, a 20.5-acre producing greenhouse ("GR2") located in Kingsville, Ontario. The GR2 farm currently is producing beef steak tomatoes.
- On June 30, 2022, the Company acquired its third range, a 15-acre producing greenhouse ("GR3") located in Kingsville, Ontario. The GR3 farm is currently producing mini peppers.

The Company aims to be the best in quality and lowest cost grower of greenhouse-grown fresh produce. To achieve this status, the Company's goals include:

- Diversifying its greenhouses and pack-lines to be able to offer multi-sku product offerings of fresh produce;
- Maintaining policies that attract, motivate, and retain a highly skilled workforce with years of agricultural experience in the greenhouse fresh produce industry;
- Improving processes and seeking out new technologies to help increase produce yields, reduce the Company's carbon footprint, drive costs lower, improve product quality and reduce waste and inefficiencies;
- To maintain a strict financial discipline to acquire assets and select annual crop plantings that position the Company to consistently offer the best product pricing and provide consistent financial returns to our shareholders.

On January 1, 2023, Bull Market, along with its subsidiary 2801511 Ontario Inc. ("280") were amalgamated into Green Rise. Pursuant to the amalgamation, all of the issued and outstanding shares of Bull Market and 280 were cancelled and the assets, obligations, and liabilities of Bull Market and 280 were assumed by Green Rise. No securities of Green Rise were issued in connection with the amalgamation and the share capital of Green Rise remained unchanged. All three companies are Ontario corporations governed by the Business Corporations Act (Ontario) ("the Act") and the amalgamation is pursuant to Section 177 of the Act.

On October 16, 2020, the Company official changed its name from Green Rise Capital Corporation to Green Rise Foods Inc. The name change received shareholder approval at its annual general and special meeting of shareholders held on July 8, 2020, and from the TSX Venture Exchange on October 16, 2020.

The Company's common shares are listed on the Toronto Venture Stock Exchange (the "TSX-V") under the trading symbol "GRF.V".

The address of the Company's registered office is 47 Colborne Street, Suite 301, Toronto, Ontario, M5E 1P8, Canada.

The seasonal operations consist of the growing, packaging and sale of produce to one major customer.

Highlights for Q1 Fiscal 2024

- Adjusted EBITDA for the three-month period ended March 31, 2024, came in at $(1.4) million as compared to $(1.9) million for the comparative period. A reconciliation of this non-gap measure to net income on an IFRS basis, is included on page 14 of this MD&A.

- The realization of negative Adjusted EBITDA is consistent with the seasonality of the Company's crop cycle which produces minimal amounts of revenue in the first quarter of the year as the greenhouses are prepared for the upcoming grow season. The decrease of $0.5 million in negative Adjusted EBITDA is the result of four factors being (1) Higher lease revenues as the new lease on the Company's 15 acre greenhouse range at its GR1 property came into effect in June 2023; (2) Lower gas purchases and costs in the current quarter reflecting warmer weather and a natural gas hedging strategy which has capitalized on recent pricing lows set in the natural gas market; (3) Higher legal expenses incurred in the prior year quarter ended as the Company prepared for its pursuit of insurance recoveries for its 2021 crop loss at its GR2 greenhouse range and (4) effective management of costs. Increases in mandated minimum wages to the Company's temporary foreign workers was offset by an improvement in labor hours and the negotiation of price freezes or decreases on key inputs to the bearer plant raw material costs and inputs.

- The Company strengthened its liquidity position by negotiating the prepayment of 12-months of rent on 15-acres of greenhouse on its GR1 property and secondly by renegotiating $1,987 in trade payables, due to its principal customer, into a 3-year interest only promissory note, subject to payment triggers relating to the receipt of AgriStability or insurance recoveries. As a result, the Company injected $1,009 in cash in the current quarter and has the ability to pay $1,987 in trade payables over 3-years as opposed to the trade payable amounts being due on demand.

- The Company's working capital deficit, after adjusting for the impact of long-term mortgages decreased by $2.6 million as compared to the period ended December 31, 2023 (see table below). This was primarily driven by the promissory note noted above.

	March 31, 2024	**December 31, 2023**
Working capital deficit	$45,631	$48,970
Current portion of mortgages	(2,177)	(2,092)
Current portion of mortgages, not maturing within 12-months, classified as current	(39,442)	(40,223)
Adjusted working capital deficit	$4,012	$6,655

- The pursuit by the Company of insurance recoveries, to the extent obtained, will mitigate the financial effects of the crop loss at the GR2 farm that occurred in 2021. Proceedings are anticipated to continue in Q2 and Q3 of 2024 to determine the extent of liability coverage and the quantum of insurance recoveries. However, to date, no insurance recoveries have been received or recorded in the Company's results, nor can such recoveries be assured.

Highlights Subsequent to Q1 Fiscal 2024

- On April 5, 2024, the Company received $619 in proceeds from the 2022 AgriStability Program. The Program is administered by AgriCorp, an Ontario Government agency created in 1997. The grant was received as a result of the Company's farming income in 2022 dropping below 70% of the Company's historical average farming income.

- On April 16, 2024, the Company obtained a tolerance letter, from the Royal Bank of Canada, which allows the Company to remediate its breach of its annual fixed charge coverage ratio ("the ratio"), for the year ended December 31, 2023, by August 1, 2024. The remediation requires the Company to raise an amount of capital that when factored into the ratio, for the year ended December 31, 2023, would allow the Company to comply with the required ratio of 1.1:1. The Company is in the process of making efforts to raise the additional capital in a timely manner.

- The Company realized produce yields below expectations for 2023. The Company's growers, senior leadership and external consultant completed a complete review of all operational processes during the fourth quarter of 2023 to help mitigate and better manage yields and environmental factors. Several recommendations and changes were made and have been implemented for the 2024 crop season. In addition, 2024 is the second year of planting the rugose resistant beefsteak seed and the third year of the proprietary piccolo seed. Having multiple years of experience in dealing with specific varietals provides a benefit to crop management practices and maximizing produce yields.

- The 2024 crop season is progressing and as at the date of this report, fresh produce is being produced and picked at the Company's GR1, GR2 and GR3 greenhouses. Operational changes made during the fourth quarter of 2023 to help mitigate and better manage produce pricing and yields, minimize waste, and keep costs in line with budget, while early in the 2024 harvesting season, are starting to show up favorably in terms of higher shipped volumes of fresh produce, price per lbs for shipped product and inputs costs in line with budget. The Company also continuously monitors the health of its crops and is pleased to report, as of the date of this MD&A, all farms remain virus free.

SIGNIFICANT TRANSACTIONS (*IN THOUSANDS UNLESS OTERHWISE STATED*)

On March 27, 2024, the Company received $1,009, from its principal customer to cover the basic monthly rent due, covering the period April 1, 2024, to March 31, 2025, on the portion of the GR1 greenhouse leased to this principal customer. The amount received was discounted at an annual rate of 8.31%. The total undiscounted basic rent over this period is $1,050.

On March 27, 2024, the Company converted $1,987, from its trade accounts payable to a three-year, interest-bearing promissory note. The Company's principal customer is the counterparty for both the trade accounts payable balance and interest only promissory note. The promissory note bears annual interest at 8.31%, on the principal outstanding balance with interest payable at the end of each month. The promissory note also has two early payment triggers for principal which include (1) proceeds from the AgriStability Program and (2) proceeds from insurance claims.

Seasonality

The nature of the food production business is predictably seasonal. Currently, the Company's growing season allows for saleable product between the months of April and December. Accordingly, Q2 and Q3 are expected to be the Company's strongest quarters. During Q4, operations begin to wind down through the month of December when management starts the process of cleaning out the greenhouse in preparation for the next growing season.

Overall Performance

SELECT QUARTERLY INFORMATION

The summary is set out in the following table. The amounts are derived from the financial statements prepared under IFRS.

($ thousands)	**Three-months ended March 31, 2024**	Three-months ended March 31, 2023
Revenues		
-Fresh produce revenues	**$29**	$10
-Rental and other revenues	**279**	148
Total revenues	**$308**	$158
Cost of Goods Sold		
-Production costs[1]	**$1,176**	$1,354
-Depreciation and amortization	**730**	716
-SG&A, excluding depreciation	**564**	771
-Net change in unrealized gain on biological asset	**(3,247)**	(2,474)
Income (loss) from operations	**$1,085**	$(209)
-Interest (expense)	**(341)**	(686)
-Other income -government assistance	**-**	121
-Deferred income tax recovery	**-**	205
Net income (loss)	**$744**	$(569)

1. *Production costs include raw materials, labor, repairs and maintenance expenses and other cost of sales.*

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Results for the three-month period ended March 31, 2024

Income from Operations

Revenue

The Company generated fresh produce revenue of $29 thousand as compared to $10 thousand in the prior year period. The first quarter of operations typically has none or minimal sales as the crop season harvest pick typically starts in mid to late March / early April.

Production costs and depreciation

Production costs decreased by $0.2 million primarily the result of lower natural gas consumption due to warmer weather and lower prices paid for natural gas prices, reflecting decreases in the spot price of natural gas and contract rates in the current quarter as compared to the prior quarter ended March 31, 2023.

Depreciation costs came in flat as expected as both three-month periods ended March 31, 2024, and March 31, 2023, had similar costs basis for property, plant, and equipment. Amortization on the bearer plants is based on the yield generated by the plants and will ramp up in Q2 and Q3, the periods with historically the highest yields generated during the harvesting season.

SG&A

SG&A, excluding depreciation, decreased by $0.2 million as compared to the prior year period. This decrease was attributable to lower legal fees incurred relating to the Company's pursuit of seeking insurance recoveries on the crop loss it experienced at its GR2 greenhouse in 2021.

Net change in unrealized gains on biological asset

The net change in unrealized gain on biological assets increased by $0.8 million as compared to the prior year period. As part of its operational review completed in late 2023, the Company increased the density of its 2024 crop. As a result, the number of sets of fruit on the vines has increased significantly for the period ended March 31, 2024, as compared to March 31, 2023. The Company expects the larger volumes of fruit on the vines to translate to higher produce sales in the second quarter ending June 30, 2024, as compared to the second quarter ended June 30, 2023.

Net Income (Includes Income from operations, Interest expense, other income -governance assistance and deferred taxes)

Interest expense

Interest expense decreased by $0.3 million as compared to the prior year period. The decrease was mainly attributable to the change in the unrealized (gain) on the mark to market adjustment on the Company's interest rate swaps (unrealized (gain) of $149 thousand as at March 31, 2024, from an unrealized loss of $149 as at March 31, 2023).

Other income -government assistance

Other income decreased by $0.1 million as compared to the three-month period ended March 31, 2023. This primarily related to timing of the self-directed risk management program ("SDRM") administered by AgriCorp, an Ontario Government agency. Normally the Company participates in this program in Q1 however this participation was delayed with the finalization of the 2022 AgriStability application. The Company has received notification subsequent to quarter end and expects to participate in the SDRM program in Q3 of Fiscal 2024.

Deferred income taxes

The deferred income tax recovery came in at nil as compared to $0.2 million for the three-month period ended March 31, 2023. The Company has recognized non-capital losses in the current quarter that were previously not recognized and as a result reduced its deferred income tax liability to nil.

SUMMARY OF QUARTERLY RESULTS

($ thousands)	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022[1]	June 30, 2022[1]
Revenues	308	4,324	10,938	11,050	158	4,415	10,106	8,290
Earnings (loss) from operations	1,085	(4,005)	812	2,743	(209)	(3,215)	747	669
Net earnings (loss)	744	(3,776)	344	1,948	(569)	(1,434)	97	277
Basic and diluted EPS	0.02	(0.08)	0.01	0.04	(0.01)	(0.03)	0.00	0.01
Total assets	59,216	54,082	57,352	62,641	61,389	55,781	59,254	63,504
Total liabilities	56,892	52,519	52,029	57,726	58,463	52,326	54,405	59,188
Equity	2,324	1,563	5,323	4,915	2,926	3,455	4,849	4,316

1. Government assistance revenue previously reported under revenues has been reclassified to other income -government assistant to conform to the current period's presentation.

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition Review

($ thousands)	**March 31, 2024**	December 31, 2023
Cash	-	-
Working Capital Deficit[1]	(45,631)	(48,970)
Total Assets	59,216	54,082
Total Liabilities	56,892	52,519
Net Equity	2,324	1,563

1) The working capital deficit is the net of all current assets and liabilities.

The Company has in place a planning and forecasting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company is exposed to risks related to seasonality as there is limited revenue from January through to mid April. If the current resources and cash generated from operations is insufficient to satisfy its obligations, the Company can draw on its credit facility.

As at the date of this MD&A, the Company had successfully planted and had completed week 21 of its 2024 harvesting cycle. The picking and packing of fresh produce are well underway at all three greenhouses and the Company's crops are healthy. As of week 21, the Company, subject to comments expressed elsewhere in this MD&A and the financial statements, has achieved shipped production yields that are at the high end of historical averages. At these levels the Company is anticipated to have sufficient cash flows to carry out operations through out 2024 and to fund its bearer plant investments for 2025.

As at March 31, 2024, the Company's operating line was $7,300 of which $6,435 had been drawn leaving an undrawn balance of $865 ($7,300 of which $3,755 was drawn and $3,545 was undrawn as at December 31, 2023). To ensure cash resources are sufficient prior to the generation of meaningful cash flows from the 2024 harvest, the following items, as described on page 4 and 5 of this MD&A, were executed/realized:

- On April 5, 2024, the Company received $619 in proceeds from the 2022 AgriStability Program. The Program is administered by AgriCorp, an Ontario Government agency created in 1997. The grant was received as a result of the Company's farming income in 2022 dropping below 70% of the Company's historical average farming income.
- On March 27, 2024, the Company received advance rents in the amount of $1,009, from Mastron Enterprises Ltd., its principal customer, who also leases a portion of its GR1 greenhouse. The advance rents cover the periods from April 1, 2024, to March 31, 2025.
- On March 27, 2024, the Company converted $1,987, from its trade accounts payable to a three-year, interest-bearing promissory note. The Company's principal customer is the counterparty for both the trade accounts payable balance and interest only promissory note. The promissory note bears annual interest at 8.31%, on the principal outstanding balance with interest payable at the end of each month. The promissory note also has two early payment triggers for principal repayment which include (1) proceeds from the AgriStability Program and (2) proceeds from insurance claims.
- On July 18, 2023, a new revolver facility with a maximum drawing amount of $0.8 million was established with an annual interest of prime plus 1% on drawn balances. The purpose of this revolver facility is primarily to fund capital expenditures and requires approval from RBC before an amount can be drawn. The total drawn balance as at March 31, 2024, was $548 (drawn balance as at December 31, 2023 -$466)

The Company had a working capital deficit of $45,631 as at March 31, 2024 ($48,970 deficit as at December 31, 2023). The Company was in breach to comply with its annual fixed charge coverage covenant ratio, for the year ended December 31, 2023. This covenant requires the Company to maintain a ratio of 1.1:1 and as a result the Company's entire mortgage balance, including $39,442 as at March 31, 2024 ($40,223 as at December 31, 2023) which would normally be classified as long-term, has been classified as current on the Company's statement of financial position. However, the Company has obtained subsequently a tolerance letter which allows the Company to remediate this covenant breach by August 1, 2024. The remediation requires the Company to raise an amount of capital that when factored into the ratio, for the year ended December 31, 2023, would allow the Company to comply with the required ratio of 1.1:1. The Company is in the process of making efforts to raise this additional capital in a timely basis.

The Company also completed a detailed review of its operational processes in November 2023 with its growers, executive leadership, and crop consultant. Several recommendations were made and have been implemented to address controllable processes that impact the greenhouse environment and ultimately production yields and waste. The Company will also be implementing piece rate programs to continue to improve labor efficiencies and if necessary, will raise additional capital, including through debt. Subject to comments expressed elsewhere in this MD&A and the financial statements, the Company currently anticipates that these measures and the measures discussed herein, should improve operational results in order to provide sufficient cash flow to meet its obligations in 2024.

Total Assets increased by $5.1 million reflecting primarily the investment in the bearer plants and the recording of the unrealized (gain) in biological assets as a result of the fresh produce on the bearer plants vines as at March 31, 2024. Offsetting this increase was the amortization taken on the Company's property, plant and equipment recorded in the quarter and the collection of the November and December 2023 HST in the quarter ended March 31, 2024.

Total Liabilities increased by $4.4 million as compared to the amount reported as at December 31, 2023. The overall increase was mainly driven by the increase in trade payables and draws on the operating line to fund the 2024 bearer plants and Q1 operations.

Equity increased by $0.7 million from the period ended December 31, 2023. The increase primarily reflects the net income generated for the period ended March 31, 2024.

CAPITAL MANAGEMENT

The Company considers its capital to be equity, which comprises share capital, contributed surplus and deficit, which at March 31, 2024, totaled $2,324 (December 31, 2023, $1,563).

The Company's objectives when managing capital are to safeguard its assets and maintain a competitive cost structure, continue as a going concern and provide returns to its shareholders. In addition, the Company works with all relevant stakeholders to ensure the safety of its operations and employees and to remain in compliance with all environmental regulations.

The Company manages its capital structure and makes adjustments to it in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

The Company's management holds strict financial metrics when evaluating returns on greenhouses and in deciding the composition (debt vs equity) in funding deals or addressing any shortfalls in capital. The Company continued to pay down its mortgage debt (Paid $0.5 million in the first quarter of 2024 ($0.6 million in the first quarter of 2023) and utilizes its equity position in its real properties to refinance and fund deals. The Company also assesses government programs such as AgriStability, to help address any years where gross margins fall below the Company's 5-year historic gross margin average.

Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans, with exception to its one mortgage on its GR1 property and the GR3 mortgage which have open rate interest rate, have fixed rates of interest and are therefore subject to the risk of changes in fair value if the prevailing interest rate were to increase or decrease. To mitigate the interest rate risk on open variable loans, the Company uses derivative financial instruments (interest rate swaps) to exchange the variable rate inherent in the long-term debt for a fixed rate.

CONTRACTUAL OBLIGATIONS

As at March 31, 2024, the payments due by period are set out in the following table:

($000s)	Total	Less than 1 year	1 to 5 years	Over 5 years
Operating line	6,983	6,983	-	-
Trade payables	4,610	4,610	-	-
Deferred rent revenue	1,009	1,009	-	-
Payable to 2073834 Ontario Ltd.	453	453	-	-
Lease obligations	231	119	112	-
Promissory note	1,987	1,987	-	-
Mortgage loans	41,619	41,619	-	-
Total	56,892	56,780	112	-

COMMITMENTS

As at March 31, 2024, the payments due by period are set out in the following table:

($000s)	Total	Less than 1 Year	1 – 5 Years	After 5 Years
Purchase commitments	1,803	680	1,123	-

Purchase commitments consist of commitments to acquire gas through to February 2027.

The Company has entered into an agreement with its principal customer for a 10-year period to supply all available produce at its GR1 greenhouse range. The Company also has an agreement on its GR3 property which automatically renews each year unless otherwise terminated by either party not later than 90 days prior to the end of the applicable term.

OFF BALANCE SHEET ARRANGEMENTS

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

CONTINGENCIES

The Company may be involved in legal proceedings from time to time arising in the ordinary course of business. Contingencies will be accrued when the outcome if probable, and the amount can be reasonably estimated.

Based on the Company's knowledge of events at March 31, 2024, no such matters requiring accrual were identified.

TRANSACTIONS BETWEEN RELATED PARTIES AND KEY MANAGEMENT COMPENSATION (IN THOUSANDS UNLESS OTHERWISE STATED)

Key management personnel are those persons having authority for planning, directing, and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of its Board of Directors. For the quarter ended March 31, 2024, the Company paid $160 in management salaries ($155 for the quarter ended March 31, 2023) and had $17 in stock-based compensation ($24 for the quarter ended March 31, 2023). The Company also incurred $2 in professional fees to one of its Directors for the period ended March 31, 2023. The transaction was at fair value and related to legal services. As at March 31, 2024, the Company also held a non-interest-bearing note receivable for $82 from one of its officers ($82 for the period ended March 31, 2023). The note is expected to be settled in Q2 of Fiscal 2025.

On June 30, 2022, the Company, acquired its third greenhouse range from 2073834 Ontario Ltd., ("207") a company principally controlled by Adam Suder the Company's Chief Growth Officer. Total consideration for this acquisition was $15,051. Of this amount $14,634 has been paid in cash. Payment for the remaining $417 plus $36 in finance related costs are payable as at March 31, 2024, but are expected to be paid in Q2 of Fiscal 2025, subject to the approval by the Royal Bank of Canada.

RISK AND UNCERTAINTIES

There are a number of risk factors that could cause future results to differ materially from those described herein. These risks have been identified in the December 31, 2023 consolidated financial statements and on page 2, 3 and 11 of this MD&A. Additional risks and uncertainties, including those that the Company does not know about or that it currently deems immaterial, could also adversely affect the Company's business and results of operations.

A significant outbreak of epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, including the geographical area in which the Company operates, resulting in an economic downturn that could affect demand for its services. As of the date of this management discussion and analysis, the Company's operations have been classified as an essential service and there has been no disruption to the current operating activities. The extent to which a future epidemic, pandemic or contagious disease occurs, it may significantly impact the results and operations of the Company and will depend on further developments, which are highly uncertain and cannot be predicted.

CRITICAL ACCOUNTING JUDGMENT AND ESTIMATION UNCERTAINTIES

Areas where critical accounting estimates and judgments have the most significant effect on the amounts recognized in the financial statements include:

- Estimated useful life of property, plant and equipment
  Management estimates the useful lives of property, plant and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recording expenses for depreciation of property, plant and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property, plant and equipment in the future.

- Leases
  The Company uses judgement to determine the incremental borrowing rate used to calculate the initial liability and corresponding asset. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar value to the right-of use asset in a similar economic environment.

- Estimated fair value of biological assets
  The estimates and underlying assumptions are reviewed on an ongoing basis. The most significant estimates include those related to the valuation of biological assets (See Note 5 to the December 31, 2023 consolidated financial statements). Biological assets are measured at the fair value less costs to sell, which is calculated as expected sales of harvested biological produce, less costs to sell and costs to complete. Management estimates the sales price of the produce on the vine by utilizing actual sales prices in the following period, estimates the expected yield based on historical production and estimates the costs to sell and costs to complete, which includes packaging and transportation costs. Stage of growth and remaining costs to complete for in-progress produce are estimated by management based on historical production. The estimated inputs are subject to fluctuations based on the timing and prevailing growing conditions and market conditions.

- Bearer plants
  The classification of bearer assets is a significant judgment. Expenditures for bearer plants are recorded in investing activities on the statement of cash flows. Bearer plants are depreciated based on the estimated yield profile of the plants over their life.

The amounts and timing of recorded expense for depreciation of bearer plants for any period are affected by the estimate of useful lives.

- Business combination

  The Company applies judgment in determining a business is acquired when the integrated set of assets and activities includes at a minimum, an input and substantive process and whether the acquired set has the ability to contribute to the creation of outputs. In a business combination, a significant area of judgment and estimation relates to the determination of the fair value of assets and liabilities acquired including any intangible assets and goodwill identified.

- Going Concern

  The Company had a working capital deficit of $45,631 on March 31, 2024 (December 31, 2023, a working capital deficit of $48,970). The Company's ability to continue as a going concern is dependent on its ability to generate sufficient cash flows from its operations to meet its obligations as they come due, to remediate its breach of its 2023 annual fixed charge coverage ratio as described below and to have adequate cash resources at the end of the year to fund the investment required to set-up the following year's bearer plants.

  Actions executed and events occurring during the first quarter, to improve immediate cash flows of the Company include the advancement of prepaid rent and the conversion of $1,987 in payables into a 3-year promissory note. In addition, subsequent to the quarter-ended March 31, 2024, the Company was in receipt of $619 on the 2022 AgriStability grant. The Company also depends on certain levels of sunlight to help achieve its targeted annual production yields. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations that are in line with its annual plan.

  The Company was in breach to comply with its annual fixed charge coverage covenant ratio, for the year ended December 31, 2023. This covenant requires the Company to maintain a ratio of 1.1:1, however the Company did obtain, subsequent to the quarter-ended March 31, 2024, a tolerance letter which allows the Company to remediate this covenant breach by August 1, 2024. The remediation requires the Company to raise $3,022, which is the amount of capital that when factored into the ratio, for the year-ended December 31, 2023, would allow the Company to comply with the required ratio of 1.1:1. The Company is in the process of making efforts to raise this additional capital, in a timely manner. While the Company has been successful in the past in raising capital, there is no assurance that it will be successful in closing further financings in the future or obtaining waivers of covenant breaches if required in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

NEW ACCOUNTING PRONOUNCEMENTS

The Company has adopted the following revised IFRS amendments, effective January 1, 2023. These changes were made in accordance with the applicable transitional provisions and had no impact on the financial statements of the Company.

IAS 1 – Presentation of Financial Statements

The IASB has issued an amendment to IAS 1, Presentation of Financial Statements providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty.

The amendments are effective for annual periods beginning no earlier than January 1, 2024, and are to be applied retrospectively. The application of IAS 1 did not have an impact on the Company.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Venture issuers are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR as defined in National Instrument 52-109 -Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). In particular the Chief Executive Officer and Chief Financial Officer are not required to make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and (b) process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with IFRS.

OUTSTANDING SHARE DATA

As at the date of this MD&A, 46,505,732 total shares and 1,566,670 stock options were outstanding.

APPROVAL

The Board of Directors of the Company approved the disclosure in this MD&A on May 29, 2024.

NON-IFRS MEASURES

The Company has presented certain non-IFRS financial measures and non-IFRS ratios in this document. The Company believes these measures and ratios, while not a substitute for measures of performance prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

EBITDA and Adjusted EBITDA

The Company utilizes EBITDA and Adjusted EBITDA to measure its financial performance. Earnings before interest, taxes, depreciation, and amortization (EBITDA) and Adjusted EBITDA are a non-IFRS financial measure and non-IFRS ratios, respectively, and are common financial performance measures in the agricultural industry; however, they have no standard meaning under IFRS. EBITDA represents earnings before interest, income taxes, depreciation, and amortization. EBITDA is then adjusted to include or exclude specific items that are relevant or irrelevant to the Company's annual cash flow generation such as: (1) bearer plant amortization and unfunded CAPEX; (2) non-cash items such as stock-based compensation and the net change in unrealized (gain) loss on biological assets and (3) non-reoccurring items such as the impairment of bearer plants, certain one-time legal or acquisition related expenses and purchase price adjustments on acquisitions. The objective of Adjusted EBITDA is to present the annual cash flows generated by the Company before interest and principal repayments on its debt obligations.

	Three-months ended	
($ thousands)	**March 31, 2024**	March 31, 2023
Net earnings (loss)	**$744**	$(569)
Additions (Deductions)		
Depreciation	**730**	716
Interest expense	**341**	686
Deferred income tax recovery	**-**	(205)
EBITDA	**$1,815**	$628
Additions (Deductions)		
Bearer plant amortization	**$(5)**	$(2)
Unfunded CAPEX	**(8)**	(46)
Stock based compensation	**17**	40
Net change in unrealized gain on biological assets	**(3,247)**	(2,474)
Adjusted EBITDA	**$(1,428)**	$(1,854)

Adjusted Loss

The Company utilizes Adjusted Loss (defined as net loss adjusted for (1) non-recurring expenses such as impairment on bearer plants and purchase price adjustments allocated to assets other than property, plant and equipment and (2) unrealized (gains) in biological assets and unrealized (gains) losses in mark to market adjustments in interest rate swaps. Adjusted Loss is not a recognized measure under IFRS; however, management believes that Adjusted Loss is a useful supplemental measure to net earnings (loss) as these measures provide readers with an indication of recurring earnings compared to prior periods. The Company calculates Adjusted Loss as follows:

	Three-months ended	
($ thousands)	**March 31, 2024**	March 31, 2023
Net earnings (loss)	**$744**	$(569)
Additions (Deductions)		
Unrealized (gain) loss on mark to market adjustment on interest rate swaps	**(149)**	149
Net change in unrealized (gain) on biological assets	**(3,247)**	(2,474)
Adjusted Net loss	**$(2,652)**	$(2,894)

Selected Production Cost Ratios to Produce Sales

The Company utilizes Adjusted Labor and Adjusted Production costs as a percentage of produce sales to measure its financial performance. Adjusted Labor and Adjusted Production costs are not recognized measures under IFRS; however, management believes that Adjusted Labor and Adjusted Production costs as a ratio to produce sales is a useful supplemental measure to provide readers with an indication of margins as compared to reoccurring costs in prior periods. These ratios are not shown in Q1 given the seasonality of the business as minimal revenues occur in Q1. The ratios will be illustrated in the Q2, Q3 and Q4 MD&As.