Management's Discussion and Analysis of

GREEN RISE FOODS INC.

For the years ended December 31, 2022, and December 31, 2021

(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 December 31, 2022, and the results of operations for the year ended December 31, 2022.

The MD&A is prepared as of April 20, 2023 and should be read in conjunction with the audited consolidated financial statements ("financial statements") of Green Rise as at December 31, 2022. 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 millions 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;
- retention and acquisition of skilled personnel;
- negative consumer perception;
- product liability;
- 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; 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", other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements. 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 and was classified as a Capital Pool Company ("CPC"), as the term is defined in Policy 2.4 of the TSX Venture Exchange ("the Exchange") Corporate Finance Manual. The principal business of the CPC was the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT").

On September 30, 2019, the Company completed its previously announced QT with Bull Market Farms Inc. ("Bull Market") ("the Transaction") under the policies of the Exchange. On June 15, 2018, Bull Market 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. With the Transaction, the Company completed its first greenhouse range acquisition.

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 16-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 reduce our 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 pricing to its customers and provide consistent financial returns to our shareholders.

These items have helped Green Rise achieve key milestones and weather certain headwinds listed on page 4 and 5 of this MD&A under the heading "Highlights for Fiscal 2022" and "Highlights Subsequent to Fiscal 2022".

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 TSX-V approved the Transaction on October 4, 2019.

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 Fiscal 2022

- The Company generated record fresh produce sales of $22.4 million as compared to $17.1 million in the same period in the prior year. The newly acquired GR3 facility accounted for $3.7 million of this growth.

- The Company took steps to focus each greenhouse range into a single vs multi-SKU grower of fresh produce as well as producing produce paid via fixed contract pricing. This is allowing the Company to maximize greenhouse and packing labor efficiencies at each greenhouse range.

- Adjusted EBITDA came in at $4.2 million as compared to $0.5 million for the same period in the prior year. The newly acquired GR3 accounted for $1.3 million of this growth. A reconciliation of this non-gap measures to net income on an IFRS basis, is included on page 18 of this MD&A.

- The strategy of focusing each greenhouse range into a single vs multi-SKU grower of fresh produce coupled with increased labor management and incentives has improved labor efficiencies. The Company's ratio of production labor paid to produce sales generated ("the production labor to revenue ratio") came in at 30.9% for the year-ended December 31, 2022 (36.1% for the prior year period).

- Adjusted production costs which include labor and raw material inputs as a percentage of revenue came in at 58.2% for the year-ended December 31, 2022. This compares to 65.2% for the same period in the prior year. The timing of harvests on the newly acquired mini pepper farm went well into mid December. This compares to tomato harvests which have historically finished in late November/early December. The additional revenues in the 4th quarter of 2022 helped improve this ratio in the current period.

- On June 30, 2022, the Company completed its acquisition of the GR3 16-acre greenhouse range previously owned by 2073834 Ontario Ltd., a company principally owned and controlled by Adam Suder, the Chief Growth Officer of the Company, for total consideration of $15,051. GR3 is currently producing and packing high demand, high quality mini peppers with all production committed under contract pricing. GR3's fixed contract raises the Company's total fixed contract pricing to 71.7% of the Company's total managed cultivation capacity, up from 31.9% in the prior year period. This transaction allows the Company to support its customers by offering high quality, multi-sku produce in beef steak, medley, piccolo and mini peppers. The speciality mini peppers also have greater certainty of yields which allows for better forecasting of production and delivery volume to the Company's customers.

- On December 22, 2022, the Company's wholly owned subsidiary Bull Market Farms was awarded $2.5 million from the 2021 AgriStability program of which a total of $2.1 million was recorded as other income in the current year-ended ($0.4 million in the comparative prior year period). The program is administered by AgriCorp, an Ontario Government agency created in 1997. The program is a margin-based program designed to help producers manage large income declines in farming income. It provides payments when farming income falls more than 70% from a Company's reference margin. The reference margin is calculated based on an average of the Company's last 5 years of farming income (dropping the highest and lowest values). The maximum amount that can be awarded under this program to any Company is $3.0 million in any given year. The Company will be filing its 2022 application on or before June 30, 2022.

- The pursuit by the Company of insurance recoveries, to the extent obtained, mitigate the financial effects of the crop loss at the GR2 farm that occurred in 2021. To date, no insurance recoveries have been received or recorded in the Company's results, nor can such recoveries be assured.

- The Company reported a working capital deficit of $22.9 million which reflects the timing of the maturity of two mortgages secured against the GR1 greenhouse range (the "GR1 mortgages"). As at December 31, 2022, the GR1 mortgages have an aggregate balance of $17.7 million and both are set to expire in 2023. The GR1 mortgages have been classified as current on the Company's Statement of Financial Position as at December 31, 2022. When factoring in these mortgages, plus the impact of the current portion relating to the mortgage on the newly acquired GR3 acquisition and the purchase price consideration payable to 2073834 Ontario Ltd. (the previous owner of the GR3 greenhouse), the working capital deficit improved by $0.8 million.

	December 31, 2022	December 31, 2021
Working capital deficit	$22,858	$6,250
Portion relating to GR1 mortgages	(17,685)	(1,297)
Current portion of GR3 mortgage and payable to 2073834 Ontario Ltd.	(988)	-
Adjusted working capital deficit	$4,185	$4,953

Highlights Subsequent to 2022:

- On January 1, 2023, the Company completed a short form vertical amalgamation with its wholly owned subsidiary, Bull Market and Bull Market's wholly owned subsidiary 2801511 Ontario Inc. ("280"). 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. Bull Market was the main operating entity of Green Rise and 280 was a shell corporation incorporated for a particular purpose that had no assets or liabilities and no operations. The proposed amalgamation will simplify the corporate structure and reduce administrative costs. It is also expected to permit the amalgamated Company to be eligible for certain governmental programs offered to agriculture companies.

- The 2023 crop season is progressing and as at the date of this report, fresh produce is being picked at the Company's GR1, GR2 and GR3 facilities and shipped to Green Rise's partners and customers. The Company's labor costs are as budgeted, and the Company continues to monitor inflationary pressures on input costs. The Company's management continuously monitors the health of its crops and its forecasted fresh produce yields against actuals. To further mitigate downside risk on these yields, the Company has selected seeds and planted crops in 2023 that are more resistant to rugose virus and has set floor pricing on its crops that are based on market pricing.

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 Dec 31, 2022**	Three-months ended Dec 31, 2021	**Year ended Dec 31, 2022**	Year ended Dec 31, 2021
Revenues				
-Fresh produce revenues	**$4,292**	$2,636	**$22,415**	$17,121
-Rental and other revenues	**123**	148	**641**	590
Total revenues	**$4,415**	$2,784	**$23,056**	$17,711
Cost of Goods Sold				
-Production costs[1]	**3,920**	2,514	**14,667**	12,097
-Depreciation and amortization	**2,433**	1,479	**8,105**	5,572
-SG&A, excluding depreciation	**720**	707	**2,835**	2,927
-Net change in unrealized (gain) loss on biological asset	**557**	667	**-**	-
Loss from operations	**$(3,215)**	$(2,583)	**$(2,551)**	$(3,065)
-Interest (expense)	**(458)**	`(328)	**(1,669)**	(1,160)
-Other income (expense)	**2,281**	-	**2,281**	-
-Income tax (expense) recovery	**(42)**	255	**171**	810
Net loss	**$(1,434)**	$(2,656)	**$(1,768)**	$(3,415)

1. Production costs include raw materials, labor, repairs and maintenance expenses and bearer plant impairments.

Results for the year ended December 31, 2022

Loss from operations

Revenue

The Company generated $22.4 million in fresh produce revenue as compared to $17.1 million in the prior year comparative period. Of the $5.3 million increase in revenues, the newly acquired GR3 greenhouse accounted for $3.7 million of this increase. The remaining increase was mainly the result of higher production out of the Company's GR1 and GR2 greenhouses. Adverse weather and environmental conditions noted in the current fiscal year capped the production increases resulting from a full year of production at the Company's GR2 facility.

Production costs

Production costs came in at $14.7 million for the current year ended December 31, 2022, as compared to $12.1 million in the comparative prior year period. A total of $2.1 million of this increase was attributed to the addition of the Company's newly acquired GR3 greenhouse. Higher input costs primarily on natural gas, packaging and fertilizer costs resulted in an increase of $1.0 million in higher production costs. While the Company purchases forward gas contracts, expiring contracts replaced in 2022 were at higher prices reflecting the increase in natural gas prices in 2022 as compared to 2021. Packaging and fertilizer costs also increased as compared to the prior year period. The Company has been using its increased size and bulk purchases to offset increased cardboard and plastic bowl costs that occurred in 2022, as compared to the prior year period. The increase in these higher input costs were offset by lower labour costs, repairs and maintenance costs at GR1 and GR2 and the impairment charge recorded in 2021 on the GR2 crop loss resulting in a net reduction of $0.7 million in production costs in the current fiscal year ($1.1 million impairment less the $0.4 million recorded on the 2021 AgriStability program in 2021). The Company continues to implement programs to improve labor efficiencies and reduce and minimize annual maintenance costs.

Depreciation and amortization

Depreciation costs were $8.1 million as compared to $5.6 million in the prior year period. This increase of $2.5 million was attributed primarily to (1) the additional depreciation relating to the newly acquired GR3 greenhouse which accounted for $1.6 million of the increase. The remaining difference was attributed to increased bearer plant amortization relating to an increase in capitalized costs including seed, natural gas and propagation costs, as compared to 2021. In addition, amortization on PP&E was higher at the Company's GR2 greenhouse as a result of 12 months of PP&E amortization as compared to 11 months in the prior year, as GR2 was acquired on February 1, 2021.

SG&A, excluding depreciation

Selling, general and administrative expenses, excluding depreciation on the 15-acre leased greenhouse at the Company's GR1 facility amounted to $2.8 million as compared to $2.9 million for the same period in the prior year. Lower bonuses paid to executives and stock-based compensation expense as compared to 2021 were offset by higher insurance costs and professional fees incurred relating to the audit, legal fees on the ongoing insurance claim and amalgamation and regulatory filings relating to the GR3 acquisition.

Net loss

Interest expense

Interest expense increased by $0.5 million as compared to the prior year. The increase was mainly the result of the interest on the mortgage to finance the GR3 acquisition. In addition, the Company pays prime + 1% on its operating lines. With prime increasing by 400 basis points from the prior year period, additional interest was incurred to finance the Company's operating lines.

Other income

During the year the Company finalized its 2021 AgriStability submission and was awarded a total of $2.5 million of which $0.4 million had been recognized in 2021 as a reduction in COS -raw materials and consumables. Accordingly, a total of $2.1 million was recorded as other income in the statement of loss and comprehensive loss for the year-ended December 31, 2022. The Program is administered by AgriCorp, an Ontario Government agency created in 1997.

Income tax recovery

The income tax recovery came in at $0.2 million as compared to a recovery of $0.8 million in the prior year period. The lower recovery is due to the lower net loss before taxes which came in at $1.9 million for the year ended December 31, 2022, as compared to a $4.2 million net loss for the prior year period.

SIGNIFICANT TRANSACTIONS (*IN THOUSANDS UNLESS OTERHWISE STATED*)

Acquisition of 16-acre greenhouse property:

On June 30, 2022, the Company, through its wholly owned subsidiary Bull Market Farms Inc. ("Bull Market"), purchased the assets used in a 16-acre greenhouse property ("the property") located in Kingsville, Ontario, for consideration of $15,051. The purchase price was funded via a first charge mortgage on the property with an aggregate principal amount of $15,350, with collateral in the amount of $20,000 secured against the property. The mortgage has an open variable interest rate at prime plus 1.0% per annum. As part of the funding requirements of the mortgage with RBC, the Company postponed payment of $483. Subject to RBC's approval, the postponed payment is expected to be paid by July 31, 2023.

The property was acquired from 2073834 Ontario Limited, an entity principally owned and controlled by Mr. Adam Suder, the Chief Growth Officer of the Company. The acquisition was considered a "related party transaction" under Multilateral Instrument 61-101 – Protection of Minority Holders in Special Transactions ("MI 61-101") and, as such, the acquisition was subject to the formal valuation and disinterested shareholder approval requirements of MI 61-101. The Company received formal shareholder approval at is annual general meeting held on June 29, 2022.

The transaction constitutes a business combination under IFRS 3 -Business Combinations. In accordance with the acquisition method of accounting, the purchase price has been allocated to the underlying assets acquired and liabilities assumed, based on their estimated fair values at the date of the acquisition. The Company used a combination of a direct comparison approach and a discounted cash flow model (net present value of expected future cash flows) to determine the fair value of the assets acquired. The purchase price allocation is summarized in the following table:

Purchase Price Consideration	***($000s)***
Cash consideration paid	14,517
Purchase price adjustment expected to be paid by July 31, 2023	51
Remaining consideration payable expected to be paid by July 31, 2023	483
Total Consideration	15,051
Net Identifiable Assets Acquired	
Receivables	42
Inventory	18
Bearer plants	1,316
Biological assets	743
Property, plant and equipment	13,423
Accounts payable	(491)
Total net assets acquired	15,051

The acquisition adds mini-pepper cultivation grow capacity, under annual fixed contract pricing. In addition to increasing price stability, the acquisition further diversifies the Company's product lines as it can now offer mini peppers in addition to medley, piccolo and beefsteak tomatoes. The increased production also allows the Company to increase its buying power and with that the ability to improve the Company's gross margins.

The Company recorded $3,663 of revenue and a $964 net loss in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2022, as a result of the acquisition. If the acquisition occurred as of January 1, 2022, revenue for the year ended December 31, 2022, would have been $5,010 and earnings would have been $584.

Mor Gro Farms Inc. Acquisition

On February 1, 2021, the Company through its wholly owned subsidiary Bull Market Farms, acquired the assets of Mor Gro Farms Inc., a greenhouse range located in Kingsville, Ontario, for a purchase price of $16.0 million. The assets acquired include 100% of the shares of Mor Gro Sales Inc., a distribution company of fresh produce. The transaction constitutes a business combination under IFRS 3 – Business Combinations. In accordance with the acquisition method of accounting, the purchase price has been allocated to the underlying assets acquired and liabilities assumed, based primarily on their estimated fair values at the date of the acquisition. The Company used a combination of a direct comparison approach and a discounted cash flow model (net present value of expected future cash flows) to determine the fair value of the assets acquired. The purchase price allocation is summarized in the following table:

Purchase Price Cash Consideration	***($000s)***
Total Cash Consideration	**16,013**
Net Identifiable Assets Acquired	
Cash	19
Trade and other receivables	421
Bearer plants	811
Prepaid expenses	180
Property, plant and equipment	15,866
Accounts payable and contracts assumed	(1,054)
Right of use asset obligations	(230)
Total net assets acquired	16,013

The acquisition resulted in the addition of experienced growers and managers that bring decades of experience in growing and distributing fresh produce. In addition, the increased production allows the Company to increase its buying power and with that the ability to improve the Company's gross margins.

The Company recorded $4,944 of revenue and a $1,589 net loss in the consolidated statement of earnings (loss) and comprehensive earnings (loss) for the year ended December 31, 2021, as a result of the acquisition. If the acquisition occurred as of January 1, 2021, revenue for the year ended December 31, 2021 would have been $4,944 and the loss would have been $1,664.

SUMMARY OF QUARTERLY RESULTS

($ thousands)	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Revenues	4,415	10,106	8,290	245	2,784	7,514	7,144	269
Earnings (loss) from operations	(3,215)	747	669	(752)	(2,583)	85	1,342	(1,909)
Net earnings (loss)	(1,434)	97	277	(708)	(2,656)	(93)	649	(1,315)
Basic and diluted EPS	(0.03)	0.00	0.01	(0.02)	(0.06)	0.00	0.01	(0.03)
Total assets	55,781	59,254	63,504	47,906	45,248	46,903	50,612	48,144
Total liabilities	52,326	54,405	59,188	43,717	40,382	39,468	43,144	41,439
Equity	3,455	4,849	4,497	4,189	4,866	7,436	7,468	6,705

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.

Results for the three-month period ended December 31, 2022

Loss from operations

Revenue

The Company generated $4.4 million as compared to $2.8 million in the prior year comparative period. The increase in revenues is largely due to the additional fresh produce revenue generated on the newly acquired GR3 greenhouse. In addition, the greater mix, as a percentage of cultivation capacity, of medley and piccolo varietals, which are more resilient to certain environmental factors, resulted in higher yields in the 4th quarter as compared to the same period in the prior year.

Production costs including depreciation and the realized (gain)/loss on biological assets.

Production costs came in at $6.8 million as compared to $4.6 million in the prior year comparative period. The increase is due to the additional production costs of operating the GR3 greenhouse.

SG&A, excluding depreciation

Selling, general and administrative expenses, excluding depreciation on the 15-acre leased greenhouse at the Company's GR1 facility, amounted to $0.7 million as compared to $0.7 million for the same period in the prior year. Additional SG&A expenses relating to the newly acquired GR3 facility were offset by lower SG&A charges at the GR2 greenhouse. The prior year SG&A expenses for GR2 had included a charge of $155 thousand relating to the termination of a contract assumed on the acquisition of GR2.

Net loss

Interest expense

Interest expense increased by $0.1 million as compared to the prior year. The increase was mainly the result of the interest on the mortgage to finance the GR3 acquisition.

Other income

During the year the Company finalized its 2021 AgriStability submission and was awarded a total of $2.5 million, of which $0.4 million had been recognized in 2021 as a reduction in cost of sales -raw materials and consumables. Accordingly, a total of $2.1 million was recorded as other income in the 4th quarter statement of loss and comprehensive loss for the year-ended December 31, 2022. The Program is administered by AgriCorp, an Ontario Government agency created in 1997. The Company also recorded $0.1 million relating to the fuel tax program. No amounts for either program were recorded in other income in the prior year comparative period.

Income tax (expense) recovery

The income tax expense came in at $(0.04) million as compared to a recovery of $0.3 million in the prior year period.

SELECT ANNUAL INFORMATION:

($ thousands)	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Total revenues	23,056	17,711	15,413
Earnings (loss) from operations	(2,551)	(3,065)	2,602
Net earnings (loss)	(1,768)	(3,415)	865
Total assets	55,781	45,248	32,682
Total long-term liabilities	26,505	30,615	21,036
Basic and diluted earnings (loss) per share	(0.04)	(0.08)	0.02
Weighted average number of common shares outstanding			
Basic	45,718,565	45,056,648	54,727,382
Diluted	45,718,565	45,056,648	56,393,848

Revenues

Revenues increased by $5.4 million and $7.7 million respectively over the last two fiscal years. The increases are mainly driven by the acquisitions of the GR2 and GR3 greenhouses, in 2021 and 2022 respectively. Other factors impacting revenues are weather and environmental conditions and the pricing the Company receives on the produce it grows.

Earnings (loss) from operations and net earnings (loss)

Loss from operations 2022

The operational loss noted for the year ended December 31, 2022, was the result of adverse weather and environmental conditions, impacting yields adversely at our greenhouses. In addition, the closing of the GR3 acquisition on June 30, 2022, which was well into the 2022 crop cycle, resulted in purchase accounting adjustments ("PPA") increasing the values of the bearer plant and biological assets acquired on acquisition. Normally deals are closed prior to the start of planting and the PPA is primarily allocated to the physical assets acquired (i.e., property, plant and equipment). This resulted in higher charges to cost of goods sold and bearer plant amortization in the current fiscal year.

Net loss 2022

The operating loss in 2022 was reduced by the 2021 AgriStability awarded in the 4th quarter of 2022. The impact of the AgriStability was partially offset by higher interest expense charges in 2022, as compared to the prior year period, as a result of the additional mortgage used to acquire the GR3 greenhouse.

Loss from operations and Net loss 2021

The operational losses noted for the year ended December 31, 2021, was the result of (1) the GR2 crop loss; (2) Lower beef steak pricing and yields at the Company's GR1 facility; (3) The increased labor costs associated with the Government mandated COVID protocols; and (4) The increase costs associated with operating a second farm, as compared to the year ended December 31, 2020.

Assets and long-term liabilities

The increase in assets and long-term liabilities noted for the year-ended December 31, 2022, and 2021 were primarily the result of the GR3 and GR2 acquisitions which occurred on June 30, 2022, and February 1, 2021.

Basic and diluted earnings (loss) per common share

This is a function of net earnings (loss) and the weighted average number of common shares outstanding. The decrease in common shares for the years ended December 31, 2022 and 2021, as compared to the year ended December 31, 2020, is the result of a share buy back which took place in August 2020. The Officers, Directors and Management of the Company have also exercised stock options in 2022 and 2021, resulting in an increase in the number of common shares outstanding.

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition Review

($ thousands)	**December 31, 2022**	December 31, 2021
Cash	-	-
Working Capital (Deficit)[1]	(22,858)	(6,250)
Total Assets	55,781	45,248
Total Liabilities	52,326	40,382
Net Equity	3,455	4,866

1) Working capital 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. The Company has also entered into agreements with certain large Vendors to extend credit terms to Q2 or Q3 of 2023, when the Company's greenhouses are at full production and cash flow generation is highest in the year.

As at the date of this MD&A, the Company had successfully planted its 2023 crops. The picking and packing of fresh produce has started and all three greenhouses and the Company's crops are healthy.

On March 1, 2022, RBC temporarily increased the Company's operating line by $1,250 to $6,250. This temporary extension of $1,250 was eliminated on July 15, 2022, in accordance with its April 28, 2022, credit facility agreement with RBC.

As at December 31, 2022 the Company's operating line is $6,600 of which $438 was drawn ($5,000 and a drawn balance of $2,914 as at December 31, 2021). The Company's availability to draw on its operating line, as at December 31, 2022 was $6,162 ($2,086 as at December 31, 2021).

The Company's working capital deficit of $22.9 million reflects the timing of the maturity of two mortgages secured against the GR1 greenhouse range. The GR1 mortgages expire in 2023 and have been classified as current in the Company's Statement of Financial Position for the year ended December 31, 2022. Other factors contributing to the increase in working capital deficit include the impact of the current portion of the GR3 mortgage and the cash consideration payable on the GR3 acquisition, which totalled $1.0 million as at December 31, 2022. When these items are factored in the working capital deficit improved by $0.8 million, as compared to the prior year period. The impacts of these items are summarized in the table below:

	December 31, 2022	December 31, 2021
Working capital deficit	$22,858	$6,250
Portion relating to GR1 mortgages	(17,685)	(1,297)
Current portion of GR3 mortgage and payable to 2073834 Ontario Ltd.	(988)	-
Adjusted working capital deficit	$4,185	$4,953

On April 6, 2023, the Company received approval on renewing its GR1 mortgage maturing on June 30, 2023. The total balance of this mortgage as at December 31, 2022, equalled $13.3 million. The Company is currently negotiating the terms and rates and fully expects to finalize all terms of the mortgage renewal in Q2 of fiscal 2023.

Total Assets increased by $10.5 million as compared to December 31, 2021. The increase was mainly attributable to the property plant and equipment acquired as part of the GR3 acquisition. A total of $13.4 million in property, plant and equipment was acquired on the GR3 acquisition. This was offset by deprecation expense of $2.6 million on the Company's property, plant and equipment.

Total Liabilities increased by $12.0 million, compared to the amount reported as at December 31, 2021, primarily resulting from the mortgage to fund the GR3 acquisition ($15.4 million). This was offset however by the mortgage payments made on the throughout the year totaling $2.2 million in principal repayments. The remaining increase in total liabilities primarily related to the increase in trade payables as a result of operating three greenhouses during the year ended December 31, 2022 vs two greenhouses in the comparative prior year period.

Equity decreased as a result of the net loss of $1.8 million recorded during the current year period. This was offset by stock options exercised during the year and stock-based compensation which increased contributed surplus. See also page 16 of this MD&A and Notes 1 and 8 on the December 31, 2022, consolidated financial statements.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments based on the funds available to support the development of management's planned business activities.

Management expects to generate sufficient cash flows from operations to meet its debt servicing, principal payment, and working capital requirements over both the short and long-term through increased profitability and strong management of working capital and capital expenditures. The Company regularly reviews all of its assets to ensure appropriate returns on investment are being achieved and fit with the Company's long-term strategic objectives.

In the definition of capital, the Company includes equity, which is comprised of share capital, contributed surplus and retained earnings.

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 $2.2 million in 2022 (2021: $1.9 million)) 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.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As at December 31, 2022 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	438	438		
Trade, tax and other payables	5,758	5,758		
Payable to 2073834 Ontario Ltd.	453	453		
Lease obligations	297	208	89	
Mortgage loans	44,584	18,964	18,721	6,899
Total	51,530	25,821	18,810	6,899

COMMITMENTS

The Company has entered into an agreement with a customer for a 10-year period to supply fresh produce from its GR1 facility. The pricing for this is set annually and is fixed. The Company has also entered into an agreement with this same customer for a 2-year period, after which the contract is renewed annually, to supply fresh produce from its newly acquired GR3 facility.

As at December 31, 2022, the Company had $2.2 million relating to purchase commitments. These commitments relate to input costs for the 2023 crop season and commitments to acquire gas through to November 2023.

OFF BALANCE SHEET ARRANGEMENTS

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

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 year ended December 31, 2022, the Company paid $477 in management salaries (2021: $450), $nil in management bonuses (2021: $200) and had $86 in stock-based compensation (2021: $167). The Company also incurred $10 in professional fees to one of its Directors ($8 in 2021 to a corporation controlled by an officer of the Company). The transactions were at fair value and related to legal services (2022) and capital improvements on its equipment at its GR1 property (2021). As at December 31, 2022, the Company also held a non-interest bearing note receivable for $82 from one of its officers and a non-interest note payable of $9 to one of its officers. Both notes are expected to be settled in the next 12 months.

On June 30, 2022 the Company, as described in note 4, 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 and $417 is expected to be paid by July 31, 2023. In addition, a total of $35 in finance related costs are also expected to be paid to 207 by July 31, 2023. The amounts due to 207 have been included as a note payable in current liabilities in the Consolidated Statement of Financial Position.

RISKS 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, 2022, consolidated financial statements and on page 2, 3 and 16 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 Green Rise 2022 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 incurred a net loss of $1,768 during the year ended December 31, 2022 (2021 net loss of $3,415) and a working capital deficit of $22,858 on December 31, 2022 (2021 working capital deficit of $6,250). Management is of the opinion that based on current forecasts for the business, the short-term debt financing the Company has in place might be insufficient if the Company does not achieve its targeted produce yields and revenues for its 2023 crops. The Company may require additional funds to meet the Company's liabilities and commitments as they become due over the next 12-months. There is a risk that financing may not be available on a timely basis or on terms acceptable to the

Company and access to funding from government programs such as AgriStability may not be available within this 12-month time frame.

To continue as a going concern, the Company will need to finalize the renewal of two mortgages ("the GR1 mortgages") it holds with the Royal Bank of Canada ("RBC"). In total, $17,685 of the working capital deficit as at December 31, 2022 ($1,297 as at December 31, 2021) related to the GR1 mortgages. On April 6, 2023, the Company received approval from RBC to refinance $13,271 of this balance which is set to mature on June 30, 2023, pending approval of the terms and conditions pertaining to term and rate, expected to be finalized in the second quarter of 2023. The Company is also negotiating with RBC to increase available funds through the credit facility, reduce the fixed coverage ratio covenant and extend the amortization period of the mortgage to help minimize the impact of the recent spike in mortgage rates on debt servicing costs, however these terms have not yet been finalized to date. The remaining GR1 mortgage balance of $4,414 will mature on December 31, 2023. This mortgage is currently at a fixed rate of 1.95% and the Company is expected to begin refinancing negotiations in the third quarter of 2023. The remaining working capital deficit was $5,173 ($4,953 as at December 31, 2021). In order to manage the remaining working capital deficit, the Company's management continuously monitors the health of its crops and its forecasted fresh produce yields against actuals. To further mitigate downside risk on these yields, the Company has selected seeds and planted crops in 2023 that are more resistant to rugose virus and set floor pricing on its crops that are based on market pricing. In addition, the Company's management will be applying for the government funded AgriStability program and will be submitting the 2022 application on or around June 30, 2023. However, despite past successes in refinancing mortgages, creating more predictability in revenue streams and the successful applications on Government funded programs, there can be no assurance that these initiatives will be successful in the future.

NEW AND AMENDED ACCOUNTING PRONOUNCEMENTS

The Company has adopted the following revised IFRS amendments, effective January 1, 2022. These changes were made in accordance with the applicable transitional provisions and had no impact on the financial statements of the Company.

IAS 1: Amendment to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

Effective January 1, 2022, the Company has adopted the amendments to paragraphs 69-76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments specify that the conditions which exist at the end of a reporting period are those which will be used to determine if a right to defer settlement of a liability exists. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively. The application of the amendments did not have an impact on the Company.

IAS 16: Amendments to IAS 16, Property, Plant and Equipment

Effective January 1, 2022, the Company has adopted the amendments to IAS 16. The amendments clarify the accounting for the net proceeds from selling any items produced while bringing an item of property, plant and equipment into use. The application of the amendments did not have an impact on the Company.

IAS 41: Amendments to IAS 41, Agriculture

Effective January 1, 2022, the Company has adopted the amendment to IAS 41. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13. The application of the amendments did not have an impact on the Company.

IFRS 3: Amendment to IFRS 3, Business Combinations

Effective January 1, 2022, the Company has adopted the amendment to IFRS 3. The amendment added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The application of the amendment did not have an impact on the Company.

IFRS 9: Financial Instruments

Effective January 1, 2022, the Company has adopted the amendment to IFRS 9. The amendment provides clarification on which fees to include in the test in assessing whether to derecognize a financial liability. Only those fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included. The application of the amendment did not have an impact on the Company.

NEW ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

IAS 8: Definition of Accountings Estimates

The IASB has issued an amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023. The extent of the impact of adoption of this standard has not yet been determined.

IAS 12: Income Taxes

The IASB has issued an amendment to IAS 12 – Income Taxes to narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted. The extent of the impact of adoption of this standard has not yet been determined.

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, 46,389,066 total shares and 1,533,336 stock options were outstanding.

APPROVAL

The Board of Directors of the Company approved the disclosure in this MD&A on April 20, 2023.

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 CAPEX; (2) non-cash items such as unrealized mark to market adjustments on the interest rate swap, 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 and purchase price adjustments on acquisitions allocated to short term assets and not property, plant and equipment. 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		Year ended	
($ thousands)	**December 31, 2022**	December 31, 2021	**December 31, 2022**	December 31, 2021
Net loss	**$(1,434)**	$(2,656)	**$ (1,768)**	$(3,415)
Additions (Deductions)				
Depreciation	**2,433**	1,479	**8,105**	5,752
Interest expense	**458**	328	**1,669**	1,160
Deferred income tax expense (recovery)	**42**	(255)	**(171)**	(810)
EBITDA	**$1,499**	$(1,104)	**$7,835**	$2,687
Additions (Deductions)				
Impairment of bearer plants	**$ -**	$ 7	**$ -**	$1,085
Mark to market adjustment on interest rate swap	**(87)**	-	**(11)**	-
Bearer plant amortization	**(1,730)**	(847)	**(5,519)**	(3,523)
CAPEX	**(84)**	(140)	**(249)**	(591)
Stock based compensation	**40**	34	**127**	229
Land transfer taxes and legals on acquisitions	**-**	-	**361**	389
Employee related special bonuses and terminations	**-**	3	**-**	271
Purchase price accounting adjustments on non-PP&E	**985**	-	**1,628**	-
Net change in unrealized (gain) loss on biological assets	**557**	667	**-**	-
Adjusted EBITDA	**$1,180**	$(1,380)	**$4,172**	$547

Adjusted Loss

The Company utilizes adjusted earnings (defined as net earnings 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) and losses in biological assets and mark to market adjustments in the interest rate swap. Adjusted earnings are not recognized measures under IFRS; however, management believes that adjusted earnings is a useful supplemental measure to net earnings as these measures provide readers with an indication of recurring earnings compared to prior periods. The Company calculates adjusted earnings as follows:

	Three-months ended		Year ended	
($ thousands)	**December 31, 2022**	December 31, 2021	**December 31, 2022**	December 31, 2021
Net loss	**$(1,434)**	$(2,656)	**$(1,768)**	$(3,415)
Additions (Deductions)				
Impairment on bearer plants	**-**	7	**-**	1,085
Purchase price accounting adjustments	**985**	-	**1,628**	-
Land transfer taxes and legals on acquisitions	**-**	-	**361**	389
Employee related special bonuses and terminations	**-**	3	**-**	271
Mark to market adjustment on interest rate swap	**(87)**	-	**(11)**	-
Net change in unrealized (gain) loss on biological assets	**557**	667	**-**	-
Adjusted earnings (loss)	**$21**	$(1,979)	**$210**	$(1,670)

Selected Adjusted Production Cost Ratios to Produce Sales:

The Company utilizes labor and adjusted production costs as a percentage of produce sales to measure its financial performance. Adjusted production costs are not recognized measures under IFRS; however, management believes that 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. The Company calculates adjusted production costs and the ratio of adjusted production costs to produce sales as follows:

(In 000s)	**Three-months ended December 31, 2022**	**Three-months ended December 31, 2021**	**Year ended December 31, 2022**	**Year ended December 31, 2021**
Production costs	$3,920	$2,514	$14,667	$12,097
Deduct impairment charge	n/a	(7)	n/a	(1,085)
Add one additional month of operating GR2	n/a	n/a	n/a	150
Deduct Purchase price adjustments impacting production costs	(985)	n/a	(1,628)	n/a
Adjusted production costs	$2,935	$2,507	13,039	11,162
Produce sales	$4,292	$2,636	$22,415	17,121
Adjusted production costs as % of produce sales	68.4%	95.1%	58.2%	65.2%
Production labor	1,575	1,455	6,924	6,180
Production labor as a % of Adjusted produce sales	36.7%	55.2%	30.9%	36.1%