Management's Discussion and Analysis of

GREEN RISE FOODS INC.

For the three and six-months ended June 30, 2023

(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 June 30, 2023, and the results of operations for the three and six-month periods ended June 30, 2023.

The MD&A is prepared as of August 17, 2023, and should be read in conjunction with the unaudited interim condensed consolidated financial statements ("financial statements") of Green Rise as at June 30, 2023. 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;
- 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 on page 12 and 13", 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 FOODS INC.

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 beefsteak 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 listed on page 4 and 5 of this MD&A under the heading "Highlights YTD and Q2 Fiscal 2023".

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 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 was pursuant to Section 177 of the Act. Bull Market was the main operating entity of Green Rise. The amalgamation is expected to simplify the corporate structure and reduce administrative costs.

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 principally to one major customer.

Highlights YTD and Q2 Fiscal 2023

- Adjusted EBITDA for the six-month period ended June 30, 2023, came in at $0.5 million as compared to $nil for the comparative period. For the three-month period ended June 30, 2023, Adjusted EBITDA equalled $2.3 million vs $1.2 million for the three-month period ended June 30, 2022. The Company is on track to achieve its fiscal 2023 Adjusted EBITDA results as approved by its Board of Directors in Q1 of F'23.

- Fresh produce sales of $10.9 million were realized in the six-month period ended June 30, 2023 ($8.2 million for the comparative period) representing an increase of 33%. This was driven off the addition of the GR3 "mini-pepper" greenhouse with sales of $1.7 million (nil in the comparative period as GR3 was acquired on June 30, 2022) with the remaining increase resulting from optimal growing conditions and varietal seed selections ("the environmental parameters") at the Company's GR1 and GR2 greenhouses.

- The improved environmental parameters as well as the increase in growing acreage from 56.5 acres to 72.5 acres, as compared to the prior year comparative period, have resulted in a large amount of fruit on the vines as at June 30, 2023. The total unrealized gain on the transformation of biological assets was $3.6 million as at June 30, 2023, as compared to $1.5 million as at June 30, 2022. These biological assets were picked and packed and realized as sales in the first seven weeks of the third quarter.

- 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. To date, no insurance recoveries have been received or recorded in the Company's results, nor can such recoveries be assured.

- The Company entered into a new lease agreement, with its main distributor, Mastronardi Produce Ltd., to lease its 15-acre organic greenhouse located on its GR1 property. The new lease commenced on June 16, 2023, with a term to December 31, 2026, and has 2, two-year option renewals. These renewals are at the option of the principal customer with the same terms and conditions excluding basic rent which will be set at fair market value at the time of renewal. The new lease requires basic rent of $70 thousand per acre or ~$90k per month.

- On July 18, 2023, with an effective date of June 30, 2023, the Company refinanced a $12.8 million mortgage loan. The terms are for three years at a fixed annual rate of interest of 5.75% with monthly blended principal and interest payments of $106 thousand. There remains a $4.3 million mortgage loan, as at June 30, 2023, on the Company's GR1 greenhouse which matures on December 31, 2023. As part of the refinancing of the $12.8 million mortgage loan, a Facility with RBC has been created to refinance the $4.3 million mortgage loan. The term and rate of this Facility will be determined in the fourth quarter of this year and the Company fully expects it to be refinanced. The Company's GR1 property will continue to be held as collateral for these two mortgage loans.

- The Company also took steps to improve its liquidity and fixed coverage banking covenant ratio by (1) increasing its operating line from $6.6 million to $7.3 million; (2) establishing an $0.8 million revolver facility at prime plus 1% (to be primarily used to fund capital expenditures) and (3) lowering its fixed coverage ratio from 1.25 to 1 to 1.1 to 1.

- The Company reported a working capital deficit of $8.4 million as compared to a working capital deficit of $22.9 million as at December 31, 2022. The improvement is largely due to the renewal of the $12.8 million mortgage loan, as at June 30, 2023, held as collateral on its GR1 property. There remains one more mortgage on the GR1 property which matures on December 31, 2023. The entire balance of this mortgage loan, of $4.3 million as at June 30, 2023, has been classified as current ($4.4 million as at December 31, 2022). When excluding the current portions of the GR1 mortgage loans, the Adjusted working capital deficit improved by $2.2 million from the quarter ending March 31, 2023, reflecting the strength of the second quarter operating results.

	June 30, 2023	March 31, 2023	Dec 31, 2022	June 30, 2022	March 31, 2022	Dec 31, 2021
Working capital deficit	$8,377	$23,114	$22,858	$20,750	$7,191	$6,250
Mortgages classified entirely as current	(4,811)	(17,359)	(17,685)	(14,814)[1]	$(1,308)	(1,297)[1]
Adjusted working capital deficit	$3,566	$5,755	$5,173	$5,936	$5,883	$4,953

1. Adjust for mortgages that were entirely classified as current in the relevant period.

- In April of 2023, the Company was approved to participate in the Farm Property Class Tax Rate Program ("the Farm Tax Program"), starting in 2023. The program allows the Company's farmland to be taxed no more than 25% of the municipality's residential property tax rate. It is administered by AgriCorp, an Ontario Government agency created in 1997. With our acceptance into the program, the Company expects to save $170 thousand annually.

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, ("GR3") 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, 2024.

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, 2024	51
Remaining consideration payable expected to be paid by July 31, 2024	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.

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 June 30, 2023**	Three-months ended June 30, 2022	**Six months-ended June 30, 2023**	Six months-ended June 30, 2022
Total revenue	**$11,050**	$8,257	**$11,208**	$8,492
-Production costs[2]	**5,814**	4,930	**7,168**	5,861
-Depreciation	**2,837**	2,117	**3,553**	2,777
-SG&A, excluding depreciation	**795**	973	**1,566**	1,458
-Net change in unrealized (gain) loss on biological asset	**(1,139)**	(399)	**(3,613)**	(1,478)
Earnings (Loss) from operations	**$2,743**	$636	**$2,534**	$(126)
-Interest expense	**(136)**	`(323)	**(822)**	(623)
-Other income -government assistance	**25**	33	**146**	43
-Income tax (expense) recovery	**(684)**	(250)	**(479)**	94
Net earnings (loss)	**$1,948**	$96	**$1,379**	$(612)

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

SUMMARY OF QUARTERLY RESULTS

($ thousands)	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022[1]	March 31, 2022[1]	December 31, 2021	September 30, 2021
Revenues	11,050	158	4,415	10,106	8,257	235	2,784	7,514
Earnings (loss) from operations	2,743	(209)	(3,215)	747	636	(762)	(2,583)	85
Net earnings (loss)	1,948	(569)	(1,434)	278	96	(708)	(2,656)	(93)
Basic and diluted EPS	0.04	(0.01)	(0.03)	0.01	0.01	(0.02)	(0.06)	0.00
Total assets	62,641	61,389	55,781	59,254	63,504	47,906	45,248	46,903
Total liabilities	57,726	58,463	52,326	54,405	59,188	43,717	40,382	39,468
Equity	4,915	2,926	3,455	4,849	4,316	4,189	4,866	7,436

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

Results for the three and six-month periods ended June 30, 2023

Earnings (loss) from operations

Revenues

The Company generated fresh produce revenue of $10.9 million as compared to $8.2 million in the prior year six-month period ended ($10.9 million and $8.1 million for the three-month periods ended June 30, 2023, and 2022). The increase of $2.7 million or 33% ($2.8 million increase for the three-month comparison or 35%) is the result of the realization of a full quarter of sales from the GR3 greenhouse range, the Company's high tech mini-pepper farm. GR3 was acquired on June 30, 2022, and as a result no sales were included in the comparative three and six-month periods. Ideal growing conditions and varietal selections also helped generate higher production yields and fresh produce shipments at the Company's GR1 and GR2 greenhouses.

Production costs and depreciation

Production costs increased by $1.3 million from the comparative prior six-month period ended June 30, 2022. $1.1 million of this increase was attributable to the costs of operating the GR3 mini-pepper (nil in the comparative prior year period as GR3 was acquired on June 30, 2022). The remaining increase was mainly attributable to higher labor costs at the Company's GR1 facility given the increased production volumes generated in the current six-month period ended June 30, 2023, as compared to the prior year period. Higher utility costs noted at the Company's GR2 facility, as a result of higher gas forward contracts in place were offset by lower gas consumption amounts across all farms given the warmer weather noted in the current period.

Production costs for the three-month period ended June 30, 2023, increased by $0.9 million as compared to the three-month period ended June 30, 2022. This increase was mainly attributed to (1) the addition of the GR3 mini-pepper farm, which was acquired on June 30, 2022, and accordingly had $nil in production costs in the prior quarter comparative period and (2) the higher production volumes noted at our GR1 and GR2 farms resulting in higher labor costs.

Depreciation costs for both the six and three-month periods ending June 30, 2023, increased mainly as a result of the additional depreciation on property, plant, and equipment of the GR3 mini pepper greenhouse. The comparative six and three-month periods had $nil depreciation amounts for the GR3 mini-pepper greenhouse as it was acquired on June 30, 2022.

SG&A

SG&A, excluding depreciation, increased by $0.1 million as compared to the six-month period ended June 30, 2022. This increase was attributable to the following three factors: (1) The additional SG&A costs associated with operating the additional mini-pepper "the GR3 greenhouse"; (2) Higher audit costs incurred as compared to the prior year period and 3) increased legal expenses incurred resulting from the Company's pursuit of insurance recoveries on the crop loss it experienced at its GR2 greenhouse in 2021. Offsetting these increases was the one-time land-transfer tax of $0.3 million incurred in the comparative period on the GR3 acquisition.

SG&A for the three-month period ended June 30, 2023, came in lower at $0.2 million as compared to the three-month period ended June 30, 2022. The comparative period included the one-time $0.3 million land transfer tax expense on the acquisition of the GR3 mini-pepper farm. Higher legal costs incurred in the current quarter, resulting from the Company's pursuit of insurance recoveries on the GR2 2021 crop loss, offset the comparative period reduction noted on the one-time land transfer tax charge resulting from the GR3 acquisition.

Net change in unrealized gains on biological asset

The net change in unrealized gain on biological assets increased by $2.1 million as compared to the prior six-month period ended June 30, 2022. Warmer weather, seed selections to increase yields and reduce viruses and the additional mini-pepper greenhouse or GR3 were all factors resulting in the increase in the unrealized gains on biological assets. This resulted in an abundance of fresh produce on the Company's bearer plant vines as at June 30, 2023.

The net change in unrealized gain on biological assets increased by $0.7 million as compared to the three-month period ended June 30, 2022. $0.4 million of this increase was attributed to the biological assets on the GR3 farm. In the prior year the biological asset of GR3 were part of the purchase price adjustment as the farm was acquired on June 30, 2022. The remaining increase was driven primarily from greater amounts of fruits on the vine at GR1 and GR2, resulting from ideal growth and weather conditions and varietal seed selections.

Net Earnings (loss) from operations, interest expense, other income, and income taxes

Interest expense

Interest expense increased by $0.2 million as compared to the six-month period ended June 30, 2022. The increase was mainly attributable to the following two factors: (1) A $0.3 million mark to market adjustment gain on the interest rate swap on the GR3 mortgage which reduced the interest expense balance and (2) interest expense of $0.5 million on the GR3 mortgage (nil in the comparative period as GR2 was acquired on June 30, 2022).

The market-to-market gain resulted from the valuation of the Company's interest rate swap as at June 30, 2023. The change in interest rates from the valuation as at March 31, 2023, resulted in mark to market gain of $0.4 million for the current quarter ended. The actual interest rate charges on the swap came in at $0.2 million. This net difference of $0.2 million was the driver behind the reduction in quarterly interest expense of ~$0.2 million.

Other income -government assistance

Other income increased by $0.1 million for the six-month period ended June 30, 2023, as compared to the prior comparative period. The difference related to the claw-back on the 2021 self-directed risk management program ("SDRM") administered by AgriCrop, an Ontario Government agency. Any amounts awarded on the program are recorded in the year of receipt. This program allows growers such as Green Rise to make a deposit into an SDRM account and the Ontario Government makes a contribution, up to a maximum indicated on the deposit notice. The SDRM contribution in the prior year period was issued in the second quarter (first quarter in the current period) and it was reduced by $0.1 million as a result of the interim AgriStability payment received in Q1 of 2022. There were no claw-backs to the 2022 SDRM contribution.

Income taxes

Income tax expense came in at $0.5 million as compared to a recovery of $0.1 million in the comparative six-month period. The change is primarily the result of the earnings from operations realized in the period. For the three-month period income tax expense came in at $0.7 million as compared to an expense of $0.2 million. Similar to the six-month period, the increase in income tax expense is driven by the significantly higher earnings from operations realized in the second quarter of the current period as compared to the prior period quarterly earnings.

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition Review

($ thousands)	**June 30, 2023**	December 31, 2022
Working Capital (Deficit)[1]	(8,377)	(22,858)
Total Assets	62,641	55,781
Total Liabilities	57,726	52,326
Net Equity	4,915	3,455

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 completed the picking and packing of fresh produce for its entire second quarter and seven weeks of its third quarter. Historically and expected for fiscal 2023, 40%, 40% and 20% of the Company's annual revenues are generated in the second, third and fourth quarters respectively. The Company had also successfully refinanced $12.8 million of mortgage loans secured against its GR1 property. The mortgage loan, with RBC, was refinanced for a term of three years at a fixed annual interest rate of 5.75% with blended monthly principal and interest payments of $106 thousand (the previous mortgage had blended monthly principal and interest payments of $129 thousand).

As at June 30, 2023, the Company's operating line was $7,300 of which $5,745 was drawn ($6,600 and a drawn balance of $438 as at December 31, 2022). The Company's availability to draw on its operating line, as at June 30, 2023, was $1,555 ($6,162 as at December 31, 2022). The Company also held a revolver with availability of $800 of which $nil was drawn. This revolver was added as part of a credit facility amendment on July 18, 2023, with an effective date of June 30, 2023. It provides further liquidity and funded capital to the Company.

Total Assets increased by $6.9 million as compared to December 31, 2022. The increase was mainly attributable to the increase in trade receivables, the additions to the 2023 bearer plants and fair value of the fruit sitting on the Company's bearer plants as at June 30, 2023. This is consistent with the seasonality of the Company's business. Offsetting this increase was the depreciation on the Company's property plant and equipment and bearer plants.

Total Liabilities increased by $5.4 million, compared to the amount reported as at December 31, 2022, primarily resulting from the increase in payables and amounts drawn on the Company's operating lines. These increases were needed to fund the Company's 2023 bearer plant and Q1 operations where minimal revenue is recorded as harvesting begins in late Q1 and early Q2. The Company's income tax liability also increased by $0.5 million resulting from the positive net earnings generated. These increases in liabilities were offset however by the mortgage payments made on the Company's long term debt obligations which totalled $1.3 million

Equity increased as a result of the net earnings of $1.4 million recorded and the $0.1 million in stock-based compensation resulting in an increase to contributed surplus for the six-month period ended June 30, 2023.

CAPITAL MANAGEMENT

The Company considers its capital to be equity, which comprises share capital, contributed surplus and deficit, which at June 30, 2023, totaled $4,915 (December 31, 2022: $3,455).

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) utilizes the Company's equity position in its real properties to refinance and fund deals and address any shortfalls in capital. The Company has continued and will continue to pay down its mortgage debt. Total payments for the six-months ended June 30, 2023, totalled $1,303 ($1,002 for the six-months ended June 30, 2022). 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.

See also discussion on page 13 of this MD&A.

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 GR3 mortgage which has an 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 June 30, 2023, the following obligations are due:

($000s)	**Total**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**
Operating line	5,745	5,745		
Trade, tax and other payables	7,024	7,024		
Payable to 2073834 Ontario Ltd.	453	453		
Lease obligations	222	164	58	
Mortgage loans	43,007	6,121	36,886	-
Total	56,451	19,507	36,944	-

COMMITMENTS

As at June 30, 2023, 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	1,305	859	447	-

Purchase commitments consist primarily of commitments to acquire gas through to November 1, 2025.

The Company has entered into an agreement with a customer for a 10-year period to supply all available produce at its GR1 greenhouse range. The Company had also assumed an agreement, as part of its newly acquired GR3 acquisition (see note 3 to the interim condensed consolidated financial statements for the period ended June 30, 2023). The initial agreement, dated January 1, 2021, was for a term of 2 years. The Agreement automatically renews each year unless otherwise terminated by either party not later than 90 days prior to the end of the applicable term.

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 June 30, 2023, no such matters requiring accrual were identified.

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 six-month period ended June 30, 2023, the Company paid $288 in management salaries ($225 for the six-month period ended June 30, 2022) and had $48 in stock-based compensation ($45 for the six-month period ended June 30, 2022). For the three-month period ended June 30, 2023, the Company paid $133 in management salaries and incurred $24 in stock-based compensation ($104 and $23 respectively for the three-month period ended June 30, 2022). The Company also incurred $2 in professional fees to one of its Directors in the six-month period ended June 30, 2023, and nil for the three-month period ended June 30, 2023 (nil for the three and six-month periods ended June 30, 2022). The transaction was at fair value and related to legal services. As at June 30, 2023, the Company also held a non-interest-bearing note receivable for $82 from one of its officers. The non-interest-bearing note receivable is expected to be settled in the next 12 months ($82 as at December 31, 2022).

On June 30, 2022, the Company, as described in note 3, acquired its third greenhouse range from 2073834 Ontario Ltd., ("207") 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, 2024. In addition, a total of $35 in finance related costs are also expected to be paid to 207 by July 31, 2024. 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 June 30, 2023, interim consolidated financial statements and on page 2, 3, 12 and 13 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 had a working capital deficit, for the period ended June 30, 2023, of $8.4 million ($22.9 million on December 31, 2022). The improvement in the working capital deficit is primarily the result of the Company successfully renewing a mortgage held on its GR1 property. This accounted for $12.2 million of the change from the period ended December 31, 2022. The other key contributor to the working capital deficit improvement includes a successful 2023 planting season which resulted in positive cash flows in the second quarter. The Company expects to continue a successful harvest in the third and fourth quarter, virus free, achieving its targeted yields and it fully expects to renew an additional mortgage on its GR1 property (“the additional mortgage”) which matures on December 31, 2023, and had a balance of $4.3 million as at June 30, 2023. Excluding the impact of the GR1 mortgages classified as current (see table below) there would remain a working capital deficit of $3.6 million ($5.2 as at December 31, 2022). To manage this remaining working capital deficit, the Company continuously monitors the health of its crops and its forecasted fresh produce yields against actuals. To mitigate downside risk on its produce 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 has submitted its application for the 2022 AgriStability program. The Company was awarded $2.5 million in F’22 on the 2021 AgriStability program. The maximum that can be awarded on this program is $3.0 million and amounts are only recognized in the Company’s earnings upon receipt of the grant. 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. Accordingly, these uncertainties may cast doubt as to the ability of the Company to meet its business plan.

	June 30, 2023	Dec 31, 2022
Working capital deficit	$8,377	$22,858
Mortgages[1]	(4,811)	(17,685)
Adjusted working capital deficit	$3,566	$5,173

1. Adjust for mortgages that were entirely classified as current in the relevant period.

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 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 application of the amendment did not have an impact on the Company.

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 application of the amendment 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, 46,389,066 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 August 17, 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		Six-months ended	
($ thousands)	**June 31, 2023**	June 31, 2022	**June 30, 2023**	June 30, 2022
Net earnings (loss)	**$1,948**	$96	**$1,379**	$(612)
Additions (Deductions)				
Depreciation	**2,837**	2,117	**3,553**	2,777
Interest expense[1]	**136**	323	**822**	623
Deferred income tax expense (recovery)	**684**	250	**479**	(94)
EBITDA	**$5,605**	$2,786	**$6,233**	$2,694
Additions (Deductions)				
Bearer plant amortization	**(2,123)**	(1,474)	**(2,125)**	(1,493)
CAPEX	**(72)**	(31)	**(118)**	(57)
Stock based compensation	**41**	31	**81**	62
Land transfer taxes and legals on acquisitions	**-**	273	**-**	273
Net change in unrealized (gain) loss on biological assets	**(1,139)**	(399)	**(3,613)**	(1,478)
Adjusted EBITDA	**$2,312**	$1,186	**$458**	$1

1. Amount is net of a gain of $283 for the six-months ended June 30, 2023, and $432 for the three-months ended June 30, 2023.

Adjusted earnings (loss)

The Company utilizes adjusted earnings (loss) (defined as net earnings (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) and losses in biological assets and mark to market adjustments in the interest rate swap. Adjusted earnings (loss) 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		Six-months ended	
($ thousands)	**June 30, 2023**	June 30, 2022	**June 30, 2023**	June 30, 2022
Net earnings (loss)	**$1,948**	$96	**$1,379**	$(612)
Additions (Deductions)				
Land transfer taxes and legals on acquisitions	**-**	273	**-**	273
Mark to market adjustment on interest rate swap	**(432)**	-	**(283)**	-
Net change in unrealized (gain) loss on biological assets	**(1,139)**	(399)	**(3,613)**	(1,478)
Adjusted earnings (loss)	**$377**	$(30)	**$(2,517)**	$(1,817)

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 (Production costs include raw materials and consumables, labor and repairs and maintenance):

(In 000s)	**Three-months ended June 30, 2023**	**Three-months ended June 30, 2022**	**Six-months ended June 30, 2023**	**Six-months ended June 30, 2022**
Production costs	$5,812	$4,930	$7,168	$5,861
Additions / (Deductions)	-	-	-	-
Adjusted production costs	$5,812	$4,930	$7,168	$5,861
Produce sales	$10,883	$8,111	$10,893	$8,198
Adjusted production costs as % of produce sales	53.4%	60.8%	65.8%	71.5%
Production labor	$2,912	$2,323	$3,448	$2,709
Production labor as a % of Adjusted produce sales	26.8%	28.6%	31.7%	33.0%