Management's Discussion and Analysis of

GREEN RISE FOODS INC.

For the three and nine-months ended September 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 September 30, 2023, and the results of operations for the three and nine-month periods ended September 30, 2023.

The MD&A is prepared as of October 31, 2023, and should be read in conjunction with the unaudited interim condensed consolidated financial statements ("financial statements") of Green Rise as at September 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, 13 and 14", 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 Q3 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 Q3 Fiscal 2023

- Adjusted EBITDA for the nine-month period ended September 30, 2023, came in at $3.5 million as compared to $2.2 for the comparative period. For the three-month period ended September 30, 2023, Adjusted EBITDA equalled $2.8 million vs $2.2 million for the three-month period ended September 30, 2022.

- Fresh produce sales of $21.5 million were realized in the nine-month period ended September 30, 2023 ($18.0 million for the comparative period) representing an increase of 19.4%. This was driven by the current year having a full year of GR3 "mini pepper" greenhouse production resulting in year-to-date sales of $4.4 million ($2.4 million in the comparative period as GR3 was acquired at the end of the Company's second quarter on June 30, 2022). The remaining increase was attributed to improved growing conditions and varietal seed selections ("the environmental parameters") at the Company's GR1 and GR2 greenhouses, as compared to the prior year comparative period.

- The improved environmental parameters have resulted in a larger amount of fruit on the vines as at September 30, 2023, as compared to the period ended September 30, 2022. The total unrealized gain on the transformation of biological assets was $2.4 million as at September 30, 2023, as compared to $0.6 million as at September 30, 2022. These biological assets have and continue to be picked and packed and realized as sales in the first seven weeks of the fourth 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 $4.2 million mortgage loan, as at September 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 $4.2 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 $8.1 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 $4.2 million as at September 30, 2023, has been classified as current ($4.4 million as at December 31, 2022). When excluding the current portion of the GR1 mortgage loans, the adjusted working capital deficit improved by $1.7 million from the year-ended December 31, 2022, reflecting the positive cash flow generated from operations during the nine-month period ended September 30, 2023.

	Sept 30, 2023	June 30, 2023	March 31, 2023	Dec 31, 2022	June 30, 2022	March 31, 2022	Dec 31, 2021
Working capital deficit	$8,149	$8,377	$23,114	$22,858	$20,750	$7,191	$6,250
Mortgages classified entirely as current[1]	(4,753)	(4,811)	(17,359)	(17,685)	(14,814)	$(1,308)	(1,297)
Adjusted working capital deficit	$3,396	$3,566	$5,755	$5,173	$5,936	$5,883	$4,953

1. Adjusted for the current portion of the GR1 mortgages

- 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 Sept 30, 2023**	Three-months ended Sept 30, 2022[1]	**Nine months-ended Sept 30, 2023**	Nine months-ended Sept 30, 2022[1]
Total revenue	**$10,938**	$10,073	**$22,146**	$18,565
-Production costs[2]	**5,559**	4,886	**12,727**	10,747
-Depreciation	**2,871**	2,895	**6,424**	5,672
-SG&A, excluding depreciation	**483**	657	**2,049**	2,115
-Net change in unrealized (gain) loss on biological asset	**1,213**	921	**(2,400)**	(557)
Earnings from operations	**$812**	$714	**$3,346**	$588
-Interest expense	**(364)**	(588)	**(1,186)**	(1,211)
-Other income -government assistance	**-**	33	**146**	76
-Income tax (expense) recovery	**(104)**	119	**(583)**	213
Net earnings (loss)	**$344**	$278	**$1,723**	$(334)

1. *Government assistance revenue previously reported under revenues has been reclassified to other income -government assistance, to conform to the current period's presentation.*
2. *Production costs include raw materials, labor, repairs and maintenance expenses and other cost of sales.*

SUMMARY OF QUARTERLY RESULTS

($ thousands)	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022[1]	June 30, 2022[1]	March 31, 2022[1]	December 31, 2021
Revenues	10,938	11,050	158	4,415	10,106	8,257	235	2,784
Earnings (loss) from operations	812	2,743	(209)	(3,215)	747	636	(762)	(2,583)
Net earnings (loss)	344	1,948	(569)	(1,434)	278	96	(708)	(2,656)
Basic and diluted EPS	0.01	0.04	(0.01)	(0.03)	0.01	0.01	(0.02)	(0.06)
Total assets	57,352	62,641	61,389	55,781	59,254	63,504	47,906	45,248
Total liabilities	52,029	57,726	58,463	52,326	54,405	59,188	43,717	40,382
Equity	5,323	4,915	2,926	3,455	4,849	4,316	4,189	4,866

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

Results for the three and nine-month periods ended September 30, 2023

Earnings from operations

Revenues

The Company generated fresh produce revenue of $21.5 million as compared to $18.0 million in the prior year nine-month period ended. This increase of $3.5 million or 19.4% was largely attributed to the additional quarter of revenue generated from the GR3 mini pepper greenhouse which was acquired on June 30, 2022. Accordingly, the comparative period only included sales from the third quarter as compared to the current year period which included sales for the entire 2023 harvest season which started in April 2023. For the three-month periods ended September 30, 2023, and 2022, the Company generated produce revenues of $10.7 million as compared to $9.8 million. Improved grow conditions including varietal selections helped produce higher sales and yield across all three farms.

Higher rental revenue from the Company's 15-acre organic lease, also added $0.15 million in additional revenue for both the three and nine-month periods ended September 30, 2023.   The new lease was effective June 16, 2023.

Production costs and depreciation

Production costs increased by $2.0 million from the comparative prior year nine-month period ended September 30, 2022. $1.1 million of this increase was attributable to the costs of operating the GR3 mini pepper greenhouse for the full current period ended September 30, 2023, as compared to one quarter in the prior year period (recall GR3 was acquired on June 30, 2022). The remaining increase was mainly attributed to factors being (1) higher labor costs across all three farms, in part as a result of the higher volumes of fresh produce generated during the period and also as a result of the increase in minimum wages in 2023 (Effective January 1, 2023, the hourly minimum wage rate increased from $15.50 to $15.83). (2) Higher gas forward contracts entered into the fall of 2022 also resulted in higher natural gas prices at the Company's GR2 facility, as compared to contracts effective in the 2022 comparative period. These higher costs however 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 September 30, 2023, increased by $0.7 million as compared to the three-month period ended September 30, 2022. This increase was mainly attributed to higher labor costs, as a result of higher production volumes across all three farms and the minimum hourly wage being $15.83 during the current three-month period as compared to $15.0/hour in the comparative 3-month period ended September 30, 2022. The higher gas contract pricing at GR2 during the quarter, as compared to the prior quarter comparative period, was offset by the lower volumes of natural gas consumed as a result of the warmer weather.

Depreciation costs for the nine-month period ended September 30, 2023, increased mainly as a result of three quarters of depreciation on property, plant, and equipment of the GR3 mini pepper greenhouse as compared to one-quarter in the prior year period (recall GR3 was acquired on June 30, 2022). Depreciation costs for the three-month period ended September 30, 2023, as compared to the prior year period remained relatively flat as expected as both periods reflected full quarterly depreciation from all three farms.

SG&A

SG&A, excluding depreciation, remained relatively flat as compared to the nine-month period ended September 30, 2022. Higher audit costs and 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, were offset by the one-time land transfer tax of $0.3 million incurred in the comparative period as a result of the GR3 acquisition on June 30, 2022. Lower property taxes in 2023, as a result of the Company successfully entering the Farm Tax Program with AgriCorp, also contributed to lowering the Company's SG&A, as compared to the 2022 period ended September 30, 2022.

SG&A for the three-month period ended September 30, 2023, came in lower by $0.1 million as compared to the three-month period ended September 30, 2022. The current period benefited from the participation the Farm Tax Program with AgriCorp which resulted in lower property taxes as compared to the three-month period ended September 30, 2022.

Net change in unrealized gains on biological asset

The net change in unrealized gain on biological assets increased by $1.8 million as compared to the prior nine-month period ended September 30, 2022. Warmer weather, seed selections to increase yields and reduce viruses 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 September 30, 2023.

The net change in unrealized loss on biological assets increased by $0.3 million as compared to the three-month period ended September 30, 2022. This change is expected given the amount of fruit on the vines is more abundant as at June 30th as compared to September 30th, given the environmental conditions are more optimal in June as compared to September.

Net Earnings from operations, interest expense, other income, and income taxes

Interest expense

Interest expense came in flat as compared to the nine-month period ended September 30, 2022. There were factors that increased and decreased interest costs. Factors that increased interest costs included (1) renewal of one of the GR1 mortgage balances as at June 30, 2023, at a fixed rate of 5.75% vs 3.99% under the old mortgage rate; (2) A higher interest rate environment in 2023 as compared to 2022 with the Bank of Canada's continued effort of raising rates to fight inflation. This increased the interest costs on the Company's operating lines which are at prime + 1% and (3) the GR3 acquisition closed on June 30, 2022, resulting in 3-months of interest charges on an average of $15.4 million in debt financing to close the acquisition as compared holding an average of $15.1 million in debt over the current nine-month period ended. Offsetting these increases was the interest rate swap mark to market adjustment which resulted in an unrealized gain of $0.5 million.

Interest expense was lower by $0.2 million for the three-month period ended September 30, 2022. The main factor for this was the result of the increase in the interest rate swap mark to market adjustment which increased from a $0.3 million unrealized gain as at June 30, 2023, to an unrealized gain of $0.5 million as at September 30, 2023.

Other income -government assistance

Other income remained relatively flat as expected for both the three and nine-month periods ended September 30, 2023 as compared to the prior year comparative periods.

Income taxes

Income tax expense came in at $0.6 million as compared to a recovery of $0.2 million in the comparative nine-month period. The change is primarily because the current period reported $2.3 million before tax and the prior nine-month period reported a $0.5 million loss before tax. For the three-month period ended September 30, 2023, income tax expense came in at $0.1 million as compared to a recovery of $0.1 million for the comparative prior year period.

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition Review

($ thousands)	**September 30, 2023**	December 31, 2022
Working Capital (Deficit)[1]	(8,149)	(22,858)
Total Assets	57,352	55,781
Total Liabilities	52,029	52,326
Net Equity	5,323	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 and third quarters and four weeks of its fourth 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 September 30, 2023, the Company's operating line was $7,300 of which $3,880 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 September 30, 2023, was $3,420 ($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 $1.6 million as compared to December 31, 2022. The increase was mainly attributable to the increase in trade receivables and the fair value of the fruit sitting on the Company's bearer plants as at September 30, 2023. This was offset by decreases in the Company's bearer plant assets and prepaid expenses. This decrease is consistent with the seasonality of the Company's business where the bearer plants and certain raw material inputs to the bearer plants are purchased in Q4 and continue to be prepared and built up in Q1 in anticipation of the start of the harvesting period which typically starts in late March/early April of each year. In Q2 and Q3 the bearer plants are amortized in proportion to the fresh produce revenues generated. Further decreasing total assets was the depreciation on the Company's property plant and equipment.

Total Liabilities decreased by $0.3 million, compared to the amount reported as at December 31, 2022, primarily resulting from the increase in the operating line of $3.4 million which was used to pay down payables in the amount of $2.0 million and payment of mortgage principal of $1.8 million plus a $0.6 million reduction in mortgage liabilities resulting from the change in fair value on the mark to market adjustment on the interest rate swap. Offsetting this was the Company's income tax liability which increased by $0.6 million resulting from the positive net earnings generated.

Equity increased primarily as a result of the net earnings of $1.7 million recorded and the $0.1 million in stock-based compensation resulting in an increase to contributed surplus for the nine-month period ended September 30, 2023.

CAPITAL MANAGEMENT

The Company considers its capital to be equity, which comprises share capital, contributed surplus and deficit, which at September 30, 2023, totaled $5,323 (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 nine-months ended September 30, 2023, totalled $1,845 ($1,508 for the nine-months ended September 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 the exception of 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 September 30, 2023, the following obligations are due:

($000s)	**Total**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**
Operating line	3,880	3,880		
Trade, tax and other payables	3,798	3,798		
Payable to 2073834 Ontario Ltd.	453	453		
Lease obligations	289	156	133	
Mortgage loans	42,230	6,063	36,167	-
Total	50,650	14,350	36,300	-

COMMITMENTS

As at September 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	615	587	28	-

Purchase commitments consist primarily of commitments to acquire gas through to November 1, 2024.

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 September 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 September 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 nine-month period ended September 30, 2023, the Company paid $442 in management salaries ($378 for the nine-month period ended September 30, 2022) and had $69 in stock-based compensation ($63 for the nine-month period ended September 30, 2022). For the three-month period ended September 30, 2023, the Company paid $155 in management salaries and incurred $21 in stock-based compensation ($153 and $18 respectively for the three-month period September 30, 2022). The Company also incurred $2 in professional fees to one of its Directors in the nine-month period ended September 30, 2023, and nil for the three-month period ended September 30, 2023 (nil for the three and nine-month periods ended September 30, 2022). The transaction was at fair value and related to legal services. As at September 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 to the September 30, 2023, interim condensed consolidated financial statements, 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, 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 September 30, 2023, interim consolidated financial statements and on page 2, 3, 12, 13 and 14 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. The Company's operations have been classified, in the past, as an essential service thus permitting no disruption to 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 4 to September 30, 2023, interim condensed 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

  These interim consolidated financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its net assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future. The Company had a working capital deficit, for the period ended September 30, 2023, of $8,149 ($22,858 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 $12,074 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 and third quarters. The Company expects to continue a successful harvest in the fourth quarter, virus free, achieving its targeting 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 $4,189 as at September 30, 2023. Excluding the impact of the GR1 mortgages there would remain a working capital deficit of $3,396 ($5,173 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 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, managing viruses 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.

	September 30, 2023	December 31, 2022
Working capital deficit	$8,149	$22,858
Mortgages[1]	(4,753)	(17,685)
Adjusted working capital deficit	$3,396	$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, 46,505,732 total shares and 1,416,670 stock options were outstanding.

APPROVAL

The Board of Directors of the Company approved the disclosure in this MD&A on October 31, 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 cash flow generation such as: (1) bearer plant amortization and unfunded CAPEX; (2) Non-cash items such as stock-based compensation and the net change in unrealized (gain) loss on biological assets and (3) non-reoccurring items such as the legal expenses incurred on the Company's pursuit of insurance recoveries on its 2021 GR2 crop loss 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 normalized cash flows generated by the Company before interest and principal repayments on its debt obligations.

	Three-months ended		Nine-months ended	
($ thousands)	**September 30, 2023**	September 30, 2022	**September 30, 2023**	September 30, 2022
Net earnings (loss)	**$344**	$278	**$1,723**	$(334)
Additions (Deductions)				
Depreciation	**2,871**	2,895	**6,424**	5,672
Interest expense	**364**	588	**1,186**	1,211
Deferred income tax expense (recovery)	**104**	(119)	**583**	(213)
EBITDA	**$3,683**	$3,642	**$9,916**	$6,336
Additions (Deductions)				
Bearer plant amortization	**(2,144)**	(2,296)	**(4,269)**	(3,789)
Unfunded CAPEX	**(37)**	(108)	**(155)**	(165)
Stock based compensation	**36**	25	**117**	87
Land transfer taxes and legals on acquisitions	**-**	-	**-**	273
Non-reoccurring legal fees	**1**	-	**253**	
Net change in unrealized (gain) loss on biological assets	**1,213**	921	**(2,400)**	(557)
Adjusted EBITDA	**$2,752**	$2,184	**$3,462**	$2,185

Adjusted Earnings (Loss)

The Company utilizes adjusted earnings (loss) (defined as net earnings (loss) adjusted for (1) non-reoccurring items such as the legal expenses incurred by the Company in its pursuit of insurance recoveries on its 2021 GR2 crop loss and (2) unrealized (gains) and losses in biological assets and (3) non-cash items such as stock-based compensation. Adjusted earnings (loss) are not recognized measures under IFRS; however, management believes that adjusted earnings are 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		Nine-months ended	
($ thousands)	**September 30, 2023**	September 30, 2022	**September 30, 2023**	September 30, 2022
Net earnings (loss)	**$344**	$278	**$1,723**	$(334)
Additions (Deductions)				
Land transfer taxes and legals on acquisitions	**-**	-	**-**	273
Mark to market (gain) loss on interest rate swap	**(240)**	76	**(523)**	76
Non reoccurring legal fees	**1**	-	**253**	-
Stock based compensation	**36**	25	**117**	87
Net change in unrealized (gain) loss on biological assets	**1,213**	921	**(2,400)**	(557)
Adjusted earnings (loss)	**$1,354**	$1,300	**$(830)**	$(455)

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 Sept 30, 2023**	**Three-months ended Sept 30, 2022**	**Nine-months ended Sept 30, 2023**	**Nine-months ended Sept 30, 2022**
Production costs	$5,560	$4,886	$12,728	$10,747
Additions / (Deductions)	-	-	-	-
Adjusted production costs	$5,560	$4,886	$12,728	$10,747
Produce sales	$10,655	$9,849	$21,548	$18,047
Adjusted production costs as % of produce sales	52.2%	49.6%	59.1%	59.6%
Production labor	$2,984	$2,640	$6,432	$5,349
Production labor as a % of Adjusted produce sales	28.0%	26.8%	29.9%	29.6%