FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: ATLAS GLOBAL BRANDS INC. (the "Issuer").

Trading Symbol: ATL

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

(a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

INTERIM FINANCIAL STATEMENTS FOR THE 3 MONTHS ENDED JUNE 30, 2023, ARE ATTACHED TO THIS FORM 5 – QUARTERLY LISTING STATEMENT AS SCHEDULE A.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
(b) A description of the transaction(s), including those for which no amount has been recorded.
(c) The recorded amount of the transactions classified by financial statement category.
(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
(e) Contractual obligations with Related Persons, separate from other contractual obligations.
(f) Contingencies involving Related Persons, separate from other contingencies.

Refer to Note 21 of the Financial Statements attached as Schedule A for a description of the transactions with related persons during the three month period ending June 30, 2023, all of which relates to compensation to key management personnel.

In addition, during the 3-month period ended June 30, 2023, pursuant to a purchase agreement between Cambrosia Ltd. (a wholly owned subsidiary of the Issuer) and the vendors of its majority interest in a pharmacy in Israel entered into prior to the reverse takeover transaction in December 2022, one member of the Issuer's advisory board (and former vendor of that majority interest and continuing director thereof) advanced the pharmacy the sum of $8,885 by way of shareholder loan, repayable with monthly cash flows of the pharmacy. Refer to Note 16.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

On May 1, 2023, the Issuer announced the issuance of 7,612,358 common shares to the shareholders of GreenSeal Cannabis Company, Ltd. and GreenSeal Cannabis Nursery, Ltd. (together, the "GreenSeal Entities") pursuant to a Share Purchase Agreement between the Issuer and the shareholders of the GreenSeal Entities. These common shares were issued to the former shareholders of the GreenSeal Entities as follows:

Chad Morphy – 64,841 common shares
Corey Hamilton – 302,410 common shares
Philip Niles – 20,069 common shares
RCL Ventures Inc. – 7,162,926 common shares
Peter Reeves – 45,389 common shares
Cyndi Willems-Gibson – 16,723 common shares

The Issuer allotted an additional 2,387,642 common shares to RCL Ventures Inc. pursuant to the Share Purchase Agreement which were withheld in accordance with Section 116 of the Income Tax Act.

(b) summary of options granted during the period,

Not applicable

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. **Summary of securities as at the end of the reporting period.**

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

An unlimited number of common shares.

(b) number and recorded value for shares issued and outstanding,

158,679,139 common shares are issued and outstanding.

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Refer to note 20 of the financial statements attached as Schedule A for more information.

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
2022-12-30	9,060,299	B. Yeung – CEO (1,200,000) J. Cervi – CFO (600,000) C. Alacer – Director (200,000) T. Henry – Director (1,218,955) P. Van Mol – Director (1,218,955) E. MacDonald – Director (200,000)	Various employees and management	$1.00	January 30, 2028	N/A
2022-12-30	2,621,027	J. Ben-Cnaan – Key Management personnel	N/A	NIS $0.01	January 30, 2028	N/A

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

As of the end of the reporting period, there were 133,353,456 common shares held in escrow pursuant to the policies of the CSE and terms of the reverse take over transaction completed in December 2022.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Directors:	**Officers:**
Elan Macdonald	**Bernie Yeung, chief executive officer**
Cale Alacer	**Jason Cervi, chief financial officer**
Trevor Henry	**Natalie Douglas, corporate secretary**
Peter Van Mol	

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Management discussion and analysis for the 3 months ended June 30, 2023, is attached to this Form 5 – quarterly listing statement as schedule B.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated April 29, 2024.

Jason Cervi
Name of Director or Senior Officer

"Jason Cervi"
Signature

Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer ATLAS GLOBAL BRANDS INC.	For Quarter Ended Q1-2023	Date of Report YY/MM/D 24/04/29
Issuer Address 104-566 RIVERVIEW DRIVE		
City/Province/Postal Code CHATHAM, ON, N7M 0N2	Issuer Fax No. ( )	Issuer Telephone No. (844) 415-6961
Contact Name JASON CERVI	Contact Position CFO	Contact Telephone No. (844) 415-6961
Contact Email Address INVEST@ATLASGLOBALBRANDS.COM	Web Site Address WWW.ATLASGLOBALBRANDS.COM	

SCHEDULE A

INTERIM FINANCIAL STATEMENTS
FOR PERIOD ENDED JUNE 30, 2023

Interim Condensed Consolidated Financial Statements

Atlas Global Brands Inc.

For the three months ended June 30, 2023 and six months ended June 30, 2022
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of Atlas Global Brands Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the interim financial statements by an entity's auditor.

Contents

Atlas Global Brands Inc.

Interim condensed consolidated statements of financial position

(Unaudited, in Canadian Dollars)

As at	Note		June 30, 2023		March 31, 2023
Assets					
Current assets					
Cash		$	**1,372,542**	$	2,614,498
Short-term investments			**33,312**		35,833
Trade and other receivables	6		**3,775,787**		5,424,743
Biological assets	7		**2,304,570**		1,892,745
Inventories	8		**14,760,581**		11,000,939
Deposits and prepaid assets	9		**1,511,774**		2,126,110
Total current assets			**23,758,566**		23,094,868
Non-current assets					
Property, plant, and equipment	10		**40,392,918**		36,412,517
Right-of-use assets	14		**1,438,750**		1,104,081
Intangible assets	11		**612,438**		608,970
Goodwill	11		**411,451**		430,445
Other non-current assets			**2,061**		2,156
Total assets		$	**66,616,184**	$	61,653,037
Liabilities					
Current					
Trade and other payables	12	$	**19,380,045**	$	22,375,179
Current portion of debt	13		**21,291,775**		25,862,873
Current portion of lease liabilities	14		**319,500**		161,778
Income taxes liabilities			**34,377**		49,618
Deferred revenue			**150,188**		66,331
Contingent consideration	26		**177,868**		-
Contingent liabilities	4		**1,073,620**		-
Other short-term liabilities			**10,117**		11,902
Total current liabilities			**42,437,490**		48,527,681
Non-current liabilities					
Debt	13		**19,434**		29,733
Lease liabilities	14		**1,142,804**		973,369
Class B preferred shares	15		**854,328**		804,203
Shareholder loans	16		**615,935**		633,009
Put option liability	26		**1,705,560**		1,552,683
Total liabilities		$	**46,775,552**	$	52,520,678
Shareholders' equity					
Share capital	17		**27,919,778**		25,398,660
Shares to be issued	4		**790,757**		-
Contributed surplus			**376,541**		288,299
Accumulated other comprehensive income			**(52,946)**		(46,619)
Retained earnings (deficit)			**(9,193,497)**		(16,507,981)
Total equity			**19,840,633**		9,132,359
Total liabilities and equity		$	**66,616,184**	$	61,653,037

Subsequent events (Note 29)

Approved on behalf of the Board of Directors:

(signed) 'Elan MacDonald"
Director

(signed) "Trevor Henry"
Director

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Atlas Global Brands Inc.

Interim condensed consolidated statements of loss and comprehensive loss

For the three months ended June 30, 2023 and six months ended June 30, 2022

(Unaudited, in Canadian Dollars)

	Note		Three months ended June 30, 2023		Six months ended June 30, 2022
Revenue			**7,329,712**		-
Excise taxes		**$**	**(808,426)**	$	-
Net revenue	18		**6,521,286**		-
Inventory expensed to cost of sales			**3,553,335**		-
Gross profit before fair value adjustments			**2,967,951**		-
Unrealized gain on changes in fair value of biological assets			**(3,665,760)**		-
Realized loss included in inventory expensed to cost of sales			**551,463**		-
Gross profit			**6,082,248**		-
Operating expenses	19		**5,838,083**		288,996
Net Income (loss) before other (income) expenses			**244,165**		(288,996)
Other (income) expenses					
Rental income	14		**(67,234)**		-
Finance income			**(14,309)**		-
Finance expense	22		**1,258,643**		133
Gain on foreign exchange			**(3,349)**		(83)
Change in fair value of contingent consideration	26		**(130,694)**		-
Abnormal destruction	8		**3,514,649**		-
Gain on loss of control of subsidiary	5		**(9,535,844)**		-
Gain on bargain purchase	4		**(2,090,146)**		-
Total other (income) expenses			**(7,068,284)**		50
Net income (loss) before income taxes			**7,312,449**		(289,046)
Income taxes					
Current income taxes			**-**		-
Deferred income taxes			**(2,035)**		-
Net income (loss)			**7,314,484**		(289,046)
Other comprehensive (loss) income					
Foreign currency translation (loss) income			**(6,327)**		(27,570)
Total other comprehensive income (loss)		**$**	**7,308,157**		(316,616)
Basic earnings (loss) per share	23	**$**	**0.05**	$	(0.08)
Diluted earnings (loss) per share	23	**$**	**0.05**	$	(0.08)
Basic weighted average number of common shares	23		**156,336,875**		3,445,380
Diluted weighted average number of common shares	23		**156,483,503**		3,445,380

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Atlas Global Brands Inc.

Interim condensed consolidated statements of cash flows

For the three months ended June 30, 2023 and six months ended June 30, 2022
(Unaudited, in Canadian Dollars)

	Note		Three months ended June 30, 2023		Six months ended June 30, 2022
Operating activities					
Net income (loss)		$	7,314,484	$	(289,046)
Items not affecting cash:					
Unrealized gain on changes in fair value of biological assets	7		(3,665,760)		-
Realized loss included in inventory expensed to cost of sales			551,463		-
Depreciation of property, plant and equipment	10		1,182,676		-
Depreciation of right-of-use assets	14		77,780		-
Depreciation of intangible assets	11		7,814		-
Share based compensation			68,426		9,144
Non-cash portion of finance expense			1,058,084		-
Change in fair value of contingent consideration	26		(130,694)		-
Abnormal destruction expense	8		3,514,649		-
Gain on loss of control of subsidiary	5		(9,535,844)		-
Gain on bargain purchase	4		(2,090,146)		-
Changes in working capital items	24		701,455		183,308
Cash outflow from operating activities			(945,613)		(96,594)
Financing activities					
Proceeds from issuance of debt			-		-
Repayment of debt	13		(831,280)		-
Proceeds from shareholder loans	16		23,147		-
Advances from line of credit	13		33,055		-
Proceeds from factoring of accounts receivable	12		531,823		
Repayment of lease liability	14		(89,651)		-
Cash outflow from financing activities			(332,906)		-
Investing activities					
Cash acquired in business combination	4		106,479		-
Cash paid on loss of control of subsidiary	5		(34,691)		-
Purchase of property, plant and equipment	10		(18,948)		-
Cash inflow from investing activities			52,840		-
Effect of exchange rates on cash and equivalents			(16,277)		(13,061)
Net cash outflow		$	(1,241,956)	$	(109,655)
Net cash, beginning of period		$	2,614,498	$	127,205
Net cash, end of period		$	1,372,542	$	17,549

Supplemental cashflow information (Note 24)

The accompanying notes are an integral part of these interim condensed consolidated financial statement

Atlas Global Brands Inc.

Interim condensed consolidated statements of changes in shareholders' equity

For the three months ended June 30, 2023 and six months ended June 30, 2022
(Unaudited, in Canadian Dollars)

		Common shares Issued		Common shares to be issued					
As at	**Note**	**Number of Shares**	**$**	**Number of Shares**	**$**	**Foreign currency translation reserve**	**Contributed surplus**	**Retained earnings (deficit)**	**Total shareholders equity**
Balance as at December 31, 2021		3,445,380	$ 516,977	-	$ -	$ 34,058	$ 12,335	$ (141,086)	**$ 422,284**
Share based compensation		-	-	-	-	-	18,289	-	**18,289**
Net loss		-	-	-	-	-	-	(329,999)	**(329,999)**
Exchange differences on translating foreign operations		-	-	-	-	(27,570)	-	-	**(27,570)**
Total comprehensive loss		-	-	-	-	(27,570)	-	(329,999)	**(357,569)**
Balance as at June 30, 2022		3,445,380	$ 516,977	-	$ -	$ 6,488	$ 30,624	$ (471,085)	**$ 83,004**
Balance as at March 31, 2023		151,066,781	$ 25,398,660	-	$ -	$ (46,619)	$ 288,299	$ (16,507,981)	**$ 9,132,359**
Share based compensation		-	-	-	-	-	68,426	-	**68,426**
Shares issued for acquisition of GreenSeal	4	7,612,358	2,521,118	2,387,642	790,757	-	-	-	**3,311,875**
Contribution from shareholder (Note 16)		-	-	-	-	-	19,816	-	**19,816**
Net Income (loss)		-	-	-	-	-	-	7,314,484	**7,314,484**
Exchange differences on translating foreign operations		-	-	-	-	(6,327)	-	-	**(6,327)**
Total comprehensive income (loss)		-	-	-	-	(6,327)	-	7,314,484	**7,308,157**
Balance, June 30, 2023		**158,679,139**	**$ 27,919,778**	**2,387,642**	**$ 790,757**	**$ (52,946)**	**$ 376,541**	**$ (9,193,497)**	**$ 19,840,632**

1. Nature of operations

(a) Operational Information:

Atlas Global Brands Inc. (formerly Silver Phoenix Resources Inc.) ("Atlas" or "Atlas Global" or the "Company") is a publicly traded corporation with its common shares trading on the Canadian Securities Exchange ("CSE") under the symbol "ATL". Silver Phoenix Resources Inc. was incorporated on February 14, 2003 under the British Columbia Business Corporations Act ("BCBCA").

On December 30, 2022, the Company, pursuant to an amalgamation and share exchange agreement, acquired all of the issued and outstanding shares of Cambrosia Ltd. ("Cambrosia") and, as part of the same amalgamation and share exchange agreement, acquired two operating companies, Atlas Biotechnologies Inc. ("Atlas Biotech") and AgMedica Bioscience Inc. ("AgMedica") (the "Transaction"). Cambrosia was identified as the accounting acquirer and as a result the Transaction has been accounted for a reverse-take-over ("RTO"). Concurrently with the amalgamation and share exchange, Cambrosia acquired a 51% interest in each of Tlalim Papo Ltd., Pharmacy Baron Ltd. And R.J. Regavim Ventures Ltd., privately held operating pharmacies in Israel. The amalgamation and share exchange and the acquisition of the pharmacies was accounted for as one transaction. .

The Company changed its name to Atlas Global Brands Inc., on December 30, 2022. The registered head office of the Company is 566 Riverview Drive, Suite 104, Chatham, Ontario, N7M 0N2.

The Company operates two licensed cannabis subsidiaries in Canada and has operations in Israel including two pharmacies licensed for cannabis dispensing with expertise across the cannabis value chain: cultivation, manufacturing, marketing, distribution, and pharmacy. Atlas operates two fully accredited and licensed cannabis facilities in Canada, including one European Union Good Manufacturing Practices ("EU-GMP") certified facility, and has a majority interest in three pharmacies in Israel, two which had cannabis licenses.

These financial statements represent a continuation of Cambrosia's financial statements. Cambrosia was incorporated as of March 17, 2021. In the March 31, 2023 fiscal year, the Company changed its year end from December 31 to March 31 comprising a fifteen-month period. The comparable year-to-date period in this set of interim condensed consolidated financial statements is therefore the six months ended June 30, 2022 and therefore has not been prepared on a basis consistent with the most recent interim financial information. Comparative financial information in the notes to these consolidated financial statements has not been included where the prior year balance was $nil.

(b) Going Concern:

These interim condensed consolidated financial statements have been prepared on a going concern basis and do not reflect adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

During the three months ended June 30, 2023, the Company had cumulative deficit of $9,193,497 and current liabilities exceeding current assets by $18,678,925. The above events and conditions indicate there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company has historically financed its working capital requirements primarily through equity and debt financing. The Company's ability to continue as a going concern is dependent upon its ability to achieve and maintain profitable operations and generate the necessary funds or raise additional financing in order to meet current and future obligations. The Company expects to attain profitability and positive cash flows from operations through its international distribution strategy. While the Company has been successful in raising financing in the past, there is no assurance that it will be able to obtain additional financing or that such financing will be available on reasonable terms.

2. Basis of presentation

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS have been condensed or omitted and these unaudited interim condensed financial statements should be read in conjunction with the Company's audited financial statements for the 15-month period ended March 31, 2023.

(Unaudited, in Canadian Dollars)

2. Basis of presentation (continued)

The accounting policies applied in preparation of these interim condensed consolidated financial statements are consistent with those applied and disclosed in the Company's financial statements for the 15-month period ended March 31, 2023, with the exception of the new accounting policies described below.

The preparation of interim condensed financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The interim results are not necessarily indicative of results for a full year.

The critical judgments and estimates applied in the preparation of the Company's interim condensed consolidated financial statements are consistent with those applied to the Company's financial statements for 15-month period ended March 31, 2023 except as described in Note 2(d) below.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on April 26, 2024.

(a) Basis of measurement

These interim condensed consolidated financial statements have been prepared on a historical cost basis except for biological assets and certain financial instruments which are measured at fair value.

(b) Basis of consolidation

Subsidiaries

These interim condensed consolidated financial statements include the accounts and results of operations of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over a subsidiary that exposes it or gives rights to variable returns that are related to its involvement in the subsidiary and is able to use its power to affect, either directly or indirectly, the amount of those returns. Each subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases.

The Company's subsidiaries are laid out below:

Name of Subsidiary	Jurisdiction of Incorporation	Functional currency	Ownership Interest	
			June 30, 2023	March 31, 2023
Tlalim Papo Ltd.	Israel	NIS	51%	51%
Pharmacy Baron Ltd.	Israel	NIS	51%	51%
R.J. Regavim Ventures Ltd.	Israel	NIS	51%	51%
AgMedica Bioscience Inc.	Canada	CAD	100%	100%
5047346 Ontario Inc.	Ontario	CAD	100%	100%
Tavivat Naturals Inc.	Canada	CAD	100%	100%
8050678 Canada Inc.	Canada	CAD	100%	100%
Unique Beverages (USA) Inc.	USA	CAD	100%	100%
Wellworth Health Corp.	Canada	CAD	100%	100%
Atlas Biotechnologies Inc. (Note 5)	Alberta	CAD	100%	100%
Atlas Growers Ltd. (Note 5)	Alberta	CAD	100%	100%
Atlas Growers Denmark A/S	Denmark	CAD	100%	100%
GreenSeal Nursery Ltd. (Note 4)	Canada	CAD	100%	-%
GreenSeal Cannabis Company, Ltd. (Note 4)	Canada	CAD	100%	-%

2. Basis of presentation (continued)

(b) Basis of consolidation (continued)

All intercompany balances and transactions have been eliminated upon consolidation. The Company has opted not to recognize any non-controlling interest related to investments in its non-wholly owned subsidiaries due to the existence of call and put options over the non-controlling interests which will result in the Company obtaining ownership of 100% of these investments in the future

(c) Foreign currency

(i) Functional and presentation currency

These interim condensed consolidated financial statements are presented in Canadian dollars (“CAD”). The Company's functional currency is New Israeli Shekel (“NIS”), and the functional currencies of its subsidiaries are laid out above.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation’s functional currency are recognized in the consolidated statements of loss and comprehensive loss.

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency, which is Canadian dollars, at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars using average exchange rates for the month during which the transactions occurred. Foreign currency differences are recognized in the consolidated statements of loss and comprehensive loss within other comprehensive loss and are accumulated in the foreign currency translation reserve in the consolidated statement of financial position. When the Company disposes of its entire interest in a foreign operation, or loses control over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive (loss) income related to the foreign operation are recognized in profit or loss.

(d) Critical accounting estimates and judgements

(i) Loss of control of Atlas Biotechnologies Inc. and Atlas Growers Ltd. (“Atlas Subsidiaries”)

The Company exercised judgement in determining the date at which it lost control over the Atlas Subsidiaries which was concluded to be the date of the Receivership Order as it is at that point in time that the Company no longer had power over the entities or exposure to variable returns.

3. Future Accounting Pronouncements

(a) New standards, interpretations and amendments adopted

(i) Disclosure of Accounting Policies (Amendments to IAS 1)

The IASB has issued amendments to IAS 1 Presentation of Financial Statements which require entities to disclose their “material” accounting policy information rather than their “significant” accounting policies. The amendments explain that accounting policy information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption of these amendments did not have a significant impact on the Company’s consolidated financial statements.

(Unaudited, in Canadian Dollars)

3. Future Accounting Pronouncements (continued)

(ii) Definition of Accounting Estimates (Amendments to IAS 8)

The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. Under the amendments, accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also emphasize that a change in an accounting estimate that results from new information or new developments is not an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes in an input or measurement technique are not the result of an error correction. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted

The adoption of these amendments did not have a significant impact on the Company's consolidated financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IFRS 1 and IAS 12)

The IASB has issued amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 12 Income Taxes which clarify that the initial recognition exemption set out in IAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption of these amendments did not have a significant impact on the Company's consolidated financial statements.

(b) New standards, interpretations and amendments not yet effective

(i) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments: • clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period" • clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability • make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability. This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

4. Acquisitions

Acquisition of GreenSeal

On April 28, 2023, the Company acquired all of the issued and outstanding shares of GreenSeal Cannabis Company LTD ("GreenSeal Cannabis") and GreenSeal Nursery LTD ("GreenSeal Nursery"), privately-owned Ontario-based licensed cannabis producers.

As consideration, the Company agreed to issue 10,000,000 common shares subject to a lock-up period of up-to 36 months. Commencing on the six-month anniversary of the closing, 15% will be released from lock up every six months. Of the 10,000,000 shares, 7,612,358 were issued upon closing, with the remainder subject to hold-back. The Company also agreed to issue up to 1,500,000 additional common shares if, 12 months from the closing date, the fair market value of the shares released from lock up to that point is not at least in aggregate $3,000,000.

The following table summarizes the preliminary fair value of the assets and liabilities acquired and consideration paid:

Fair value of share consideration		
Common shares issued (i)	$	2,521,118
Common shares to be issued (ii)		790,757
Contingent consideration (iii)		308,562
Total consideration paid for transaction	**$**	**3,620,437**

(Unaudited, in Canadian Dollars)

4. Acquisitions (continued)

Net assets acquired		
Cash	$	106,480
Accounts receivable		874,829
Prepaid expenses and deposits		134,207
Biological assets		792,603
Inventory		2,587,995
Property, plant and equipment		9,913,000
Intangible assets		25,000
Right of use assets		570,230
Right of use liabilities		(570,230)
Accounts payable and accrued liabilities		(1,651,841)
Contingent liability		(1,058,172)
Debt		(6,013,518)
Total net assets acquired		5,710,583
Gain on bargain purchase	**$**	**(2,090,146)**

(i) Share consideration

The share consideration has been determined based on the fair value of the Company's shares on the closing date of the transaction.

(ii) Shares to be issued

2,387,642 common shares have been reserved for issuance to the GreenSeal vendors under the Share Purchase Agreement in connection with certain withholding obligations of the Company.

(iii) Contingent consideration

Up to an additional 1,500,000 shares may be issued at the 12-month anniversary of the closing date of the acquisition based on the then share price of the Company's common shares.

(iv) Contingent liability

As part of the GreenSeal acquisition, the Company recognized a liability related to past investment tax credits received by GreenSeal which may be repayable in the future. The timing of any repayment is uncertain.

From the date of acquisition, GreenSeal contributed $979,320 of net revenue and ($708,795) to income before income taxes for the three month period ended June 30, 2023.

Total acquisition-related transaction costs incurred by the Company in connection with this acquisition was approximately $285,267 which has been recorded in selling, general and administration expenses.

5. Disposals

On June 26, 2023, Ernst & Young Inc. was appointed as receiver and manager (the "Receiver") over certain current and future assets of Atlas Biotech under the Bankruptcy and Insolvency Act (Canada) and the Personal Property Security Act (Alberta). As a result, of the appointment, the Company lost control of Atlas Biotech.

Atlas Biotech's senior lender, the Agriculture Financial Services Corporation (the "AFSC"), obtained the receivership order from the Court of King's Bench of Alberta (the "Court") with the consent of Atlas Biotech. The order follows on the Company's decision to cease operations at its facility in Gunn, Alberta and liquidate the assets of Atlas Biotech in an orderly manner as it focuses on cost reductions, savings and production efficiencies across its operations and the cannabis value chain.

(Unaudited, in Canadian Dollars)

5. Disposals (continued)

The AFSC has also filed a statement of claim against the Company with the Court in connection with the enforcement of an existing $1.4 million limited parental guarantee of the Company in respect of the indebtedness of Atlas Biotech to the AFSC. The Company and the AFSC are in discussions concerning a payment plan of the parental guarantee in the event the proceeds from the liquidation of the Atlas Subsidiaries' assets are not sufficient to satisfy amounts due to the AFSC. The Company also retained other liabilities related to parental guarantees to suppliers and intercompany liabilities.

The gain on loss of control is comprised of:

Net assets derecognized on loss of control	$	**10,935,844**
Recognition of guarantee – AFSC		**(1,400,000)**
Gain on loss of control	$	**9,535,844**

The net assets derecognized were:

		June 30, 2023
Cash	$	**34,691**
Trade and other receivables		**604,623**
Inventories		**635,418**
Deposits and prepaid expenses		**431,146**
Intercompany receivables		**723,047**
Property, plant & equipment		**4,761,514**
Right-of-use assets		**215,908**
Trade and other payables		**(7,073,231)**
Current portion of debt		**(10,761,357)**
Current portion of lease liabilities		**(34,681)**
Intercompany payables		**(268,896)**
Lease liabilities		**(204,026)**
	$	**(10,935,844)**

6. Trade and Other Receivables

		June 30, 2023		**March 31, 2023**
Trade accounts receivable	$	**1,957,370**	$	3,767,640
Accrued and other receivables		**1,130,736**		806,241
Indirect taxes receivable		**687.681**		850,862
Total trade and other receivables	$	**3,775,787**	$	5,424,743

The Company evaluates the necessity for an allowance for expected credit losses resulting from the inability to collect on its trade accounts. The evaluation considers customers' credit risk, the aging of trade accounts receivable, historical experience and current economic information.

As at June 30, 2023, the Company recorded an allowance for expected credit losses against trade accounts receivable in the amount of $87,473 (March 31, 2023 - $202,167).

(Unaudited, in Canadian Dollars)

7. Biological Assets

The Company's biological assets consist of cannabis plants. The continuity of biological assets is as follows:

	June 30, 2023	March 31, 2023
Balance, beginning of the period	$ **1,892,745**	$ -
Acquired in a business combination (Note 4)	**792,603**	1,324,270
Production cost capitalized	**3,252,039**	3,173,324
Net change in fair value less costs to sell due to biological transformation	**3,671,745**	2,220,717
Transferred to inventory	**(6,309,011)**	(4,825,566)
Abnormal destruction (Note 8)	**(995,551)**	-
Balance, end of the period	$ **2,304,570**	$ 1,892,745

The Company measures its biological assets at their fair value less costs to sell which is determined using a valuation model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling prices per gram and also for any additional costs to be incurred, such as post-harvest costs. For in-process biological assets, the fair value at the point of harvest is adjusted based on the stage of growth.

As at June 30, 2023, on average, in-process biological assets were 61.6% (March 31, 2023 – 58.6%) complete as to the expected harvest date. For the three months ended June 30, 2023, the Company recorded an unrealized gain of $3,671,745 (March 31, 2023 - $2,220,717) on the changes in the fair value of biological assets.

The Company estimates the harvest yields for the plants at various stages of growth. The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in unrealized gain on changes in fair value of biological assets in the future periods.

The Company accretes fair value on a straight-line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 12.5-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value less costs to sell, (subject to any wastage adjustments).

The following significant unobservable inputs were used by management to determine the fair value of biological assets:

- **Selling price:** based upon a historical selling price by type, being flower, trim and extracts, for the variety of all strains of dry cannabis and extracts produced by the Company, which is expected to approximate future selling prices;
- **Average growth cycle:** represents the weighted average number of weeks out of the expected growing cycle that the biological assets have reached as of the measurement date;
- **Stage of growth and value associated with each stage:** Value for each stage of growth is determined by reference to the percentage of completion, based on the average growth cycle, and the total expected costs and selling price from inception to harvest;
- **Yield by plant:** represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant; and
- **Post-harvest costs:** calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest, consisting of cost of direct and indirect materials and labour related to labelling and packaging.

The following table quantifies each significant unobservable input, and also provides the impact that a 10% increase and / or decrease in each input would have on the fair value of biological assets:

Significant inputs and assumptions	June 30, 2023	March 31, 2023
Selling price	**$ 4.30**	$ 3.79
Average growth cycle	**12.5 weeks**	12.5 weeks
Yield by plant (1)	**72.97 grams**	103 grams
Post-harvest costs (2)	**28%**	30%

(1) Includes flower and trim forecasted from a plant. Yield varies based on grown strains.
(2) Percentage of selling price.

(Unaudited, in Canadian Dollars)

8. Inventories

		June 30, 2023		March 31, 2023
Work-in-progress				
Capitalized costs	$	**7,117,872**	$	3,738,545
Fair value adjustment		**4,743,405**		4,898,528
		11,861,277		8,637,073
Finished goods				
Capitalized costs		**1,335,815**		562,250
Fair value adjustments		**69,821**		577,525
		1,405,636		1,139,775
Inventory in transit		**-**		45,759
Packaging and supplies		**1,121,132**		900,054
Non-cannabis products		**372,536**		278,278
Total inventory	$	**14,760,581**	$	11,000,939

Inventory expensed to cost of sales during the three-month period ended June 30, 2023 was $3,553,335 (three-month period ended June 30, 2022 - $nil).

During the three-month period ended June 30, 2023, the Company destroyed unsaleable biological assets and inventory related to the liquidation of Atlas Biotech resulting in an abnormal destruction loss of $3,514,649 (three-month period ended June 30, 2022 - $nil). Refer to Note 5 for further details.

9. Deposits and Prepaid Expenses

The Company's deposits and prepaid expenses consists of the following:

		June 30, 2023		March 31, 2023
Prepaid expenses	$	**526,715**	$	837,987
Deposits – excise taxes		**959,559**		1,261,123
Other		**25,500**		27,000
Total deposits and prepaid expenses	$	**1,511,774**	$	2,126,110

(Unaudited, in Canadian Dollars)

10. Property and equipment

	Land	Building and production rooms	Production equipment	Furniture & Office equipment	Leasehold improvements	Computer hardware	Vehicles	Total
Cost								
Balance, March 31, 2023	$ 1,044,038	$ 33,892,930	$ 2,312,446	$ 155,011	$ 36,525	$ 1,277	$ 106,643	$ **37,548,870**
Acquired in a business combination (Note 4)	735,000	8,225,000	881,000	72,000	-	-	-	**9,913,000**
Additions	-	-	10,399	7,553	-	996	-	**18,948**
Disposals	(176,038)	(4,145,400)	(531,000)	(26,193)	-	(1,448)	(66,000)	**(4,946,079)**
Net exchange differences	-			(4,648)	(1,626)	-	(1,830)	**(8,104)**
Balance, June 30, 2023	$ 1,603,000	$ 37,972,530	$ 2,672,845	$ 203,723	$ 34,899	$ 825	$ 38,813	**42,526,635**
Depreciation								
Balance, March 31, 2023	$ -	$ 818,993	$ 297,953	$ 15,965	$ 1,113	$ 344	$ 1,985	$ **1,136,353**
Depreciation expense	-	876,435	288,113	16,664	1,113	412	(61)	**1,182,676**
Disposals	-	(118,635)	(63,386)	(4,589)	-	-	2,046	**(184,564)**
Net exchange difference	-	-	-	(473)	(99)	-	(176)	**(748)**
Balance, June 30, 2023	$ -	$ 1,576,793	$ 522,680	$ 27,567	$ 2,127	$ 756	$ 3,794	$ **2,133,717**
Carrying amount June 30, 2023	**$ 1,603,000**	**$ 36,395,737**	**$ 2,150,165**	**$ 176,156**	**$ 32,772**	**$ 69**	**$ 35,019**	**$ 40,392,918**
Carrying amount March 31, 2023	$ 1,044,038	$ 33,073,937	$ 2,014,493	$ 139,046	$ 35,412	$ 933	$ 104,658	$ 36,412,517

(Unaudited, in Canadian Dollars)

11. Intangible Assets and Goodwill

	Licenses	Certifications	Goodwill	Total
Cost				
Balance, March 31, 2023	$ 316,456	$ 300,534	$ 430,445	$ **1,047,435**
Acquired in a business combination (Note 4)	-	25,000	-	**25,000**
Disposals	-	-	-	**-**
Net exchange differences	(13,964)	-	(18,994)	**(32,958)**
Balance, June 30, 2023	$ 302,492	$ 325,534	$ 411,451	$ **1,039,477**
Amortization and impairment				
Balance, March 31, 2023	$ 3,955	$ 4,065	$ -	$ **8,020**
Amortization expense	3,853	3,961	-	**7,814**
Disposals	-	-	-	**-**
Net exchange differences	(246)	-	-	**(246)**
Balance, June 30, 2023	$ 7,562	$ 8,026	$ -	$ **15,588**
Carrying amount June 30, 2023	**$ 294,930**	**$ 317,508**	**$ 411,451**	**$ 1,023,889**
Carrying amount March 31, 2023	$ 312,501	$ 296,469	$ 430,445	$ 1,039,415

12. Trade and Other Payables

	June 30, 2023	March 31, 2023
Trade accounts payable	**$ 6,443,330**	$ 9,454,714
Accrued liabilities	**2,677,334**	1,743,828
Government remittances	**5,311,959**	8,877,886
Payroll liabilities	**1,075,822**	1,316,673
Factoring liability (i)	**532,138**	-
Other liabilities	**3,339,992**	982,078
Total trade and other payables	**$ 19,380,045**	$ 22,375,179

As at June 30, 2023, excise taxes outstanding of $3,492,155 (March 30, 2023 - $5,903,639) were included in government remittances.

(i) During the three months ended June 30, 2023, the Company entered into an arrangement to sell certain accounts receivables for which they would receive an advance of 75% of the accounts receivables sold with the remaining 25% to be remitted net of fees and charges once the receivables are collected. The receivables are sold on a non-recourse basis, and the Company pays a fee of 1.8% per month of the uncollected amounts advanced up to $1,000,000, and 1.67% per month on amounts advanced that are greater than $1,000,000. In addition, the Company is obligated to pay an unused facility fee of 2% per annum on the unused amount of the facility. During the three months ended June 30, 2023, $532,138 was advanced under the arrangement, and $nil repayments were made.

(Unaudited, in Canadian Dollars)

13. Debt

The Company's debt consists of the following:

		June 30, 2023		March 31, 2023
Chatham, ON facility first mortgage[2]	$	**3,000,000**	$	3,000,000
Chatham, ON facility second mortgage[2]		**12,100,000**		12,100,000
Equilease [1,2]		**129,225**		-
YNCU LOC [1,2]		**298,570**		-
YNCU Loan (Commercial Loan I) [1,2]		**4,263,565**		-
YNCU Loan (Commercial Loan II) [1,2]		**664,553**		-
CEBA 1		**60,000**		-
Privately Held Employee Loans (Lin-Chun)[1]		**278,985**		-
Privately Held Employee Loans (Chris Murray)[1]		**276,559**		-
Promissory notes[2]		**175,200**		-
Other		**64,552**		-
Gunn first mortgage[3]		**-**		80,211
Gunn second mortgage[3]		**-**		6,774,633
Gunn second mortgage[3]		**-**		1,652,301
Working capital loan[3]		**-**		969,169
Regional relief and recovery fund[3]		**-**		529,000
Debentures[3]		**-**		787,292
Total debt		**21,311,209**		25,892,606
Less: current portion of debt		**21,291,775**		25,862,873
Long-term portion of debt	**$**	**19,434**	$	29,733

[1]Represent debts acquired as a part of business combinations. Refer to Note 4 on business combinations.
[2]Breach of covenants
[3]Included in net assets disposed – see Note 5

The loans are subjected to covenant clauses, whereby the Company is required to meet certain key financial ratios. As of June 30, 2023, the Company was not in compliance with all required key financial ratios as outlined in the respective debt agreements.

Due to this breach of the covenant clauses, the lenders are contractually entitled to request for immediate repayment of the outstanding loan amount. The outstanding balance is presented as a current liability as at June 30, 2023.

The lenders had not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors. Management is in the process of renegotiating the terms of the agreements with the lender and expects that a revised agreement will be in place in fiscal 2024.

The change in the debt balance during the year is as follows:

Balance, March 31, 2023	$	25,892,606
Acquisitions (Note 4)		6,013,518
Advances on line of credit		33,055
Promissory note for accounts payable		184,424
Disposals (Note 5)		(10,761,357)
Repayments		(831,280)
Interest expense		783,454
Net exchange differences		(3,211)
Balance, June 30, 2023	**$**	**21,311,209**

(Unaudited, in Canadian Dollars)

13. Debt (continued)

Refer to the Company's consolidated financial statements for the 15-month period ended March 31, 2023 for a description of debt existing as at March 31, 2023. A description of the significant new debt for the three-month period ended June 30, 2023 is as follows:

(a) Equipment financing

The equipment financing loan is due December 2023 and bears interest at 33%. It is secured by personal and corporate guarantees from the former shareholders of GreenSeal.

(b) Line of credit

The line of credit has a maximum borrowing limit of $300,000 and bears annual interest at prime + 2.5%.

(c) Stratford first mortgage

The Stratford first mortgage has a principal amount outstanding of $4,371,485 and bears interest at 4.36%. The first mortgage is due March 2026.

(d) Stratford second mortgage

The Stratford second mortgage has a principal amount of $675,000 and bears interest at 5.75%. The second mortgage is due August 2027.

The line of credit, Stratford first mortgage, Stratford second mortgage are secured against the 530 Wright Boulevard facility, a general assignment of rent and leases, a promissory note, a general security agreement, a commitment letter, an assignment of material contracts and personal and corporate guarantees from the former shareholders of GreenSeal.

(e) Loans from employees

The loans from employees of GreenSeal bear interest at 12% and are due July 1, 2025. As part of the acquisition of GreenSeal, these loans were amended to defer the first principal payment until July 1, 2024. One of these loans is guaranteed by the Company but are otherwise unsecured.

(f) Promissory notes

During the three-month period ended June 30, 2023, the Company issued two promissory notes with a total principal amount of $184,424. The notes bear interest at 10% and are due before June 15, 2023 and October 31, 2023. The promissory notes are secured by a general security agreement over the assets of the Company. The holder of the promissory note has not commenced any proceedings to enforce the note due June 15, 2023, which remains outstanding.

14. Leases

The Company as lessee

Lease liabilities are presented in the consolidated statement of financial position as follows:

		June 30, 2023		March 31, 2023
Current	**$**	**319,500**	$	161,778
Non-current		**1,142,804**		973,369
	$	**1,462,304**	$	1,135,147

(Unaudited, in Canadian Dollars)

14. Leases (continued)

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognized on the consolidated statement of financial position:

	Number of right of use leased assets	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with options to purchase	Number of leases with variable payments linked to an index	Number of leases with termination options
Properties	4	2.2 - 6 years	7.3 years	-	-	-	-
Motor vehicles	2	2.5 - 4 years	3.2 years	-	2	-	-
Equipment	10	1 – 4.23 years	5.4 years	-	-	-	-
	16			-	2	-	-

Future minimum lease payments as at March 31, 2023 are as follows:

	Minimum lease payments due		
	Lease payments	Finance charges	Net present value
Within 1 year	$ 454,098	$ 134,598	$ 319,500
1-2 years	447,948	93,616	354,332
2-3 years	409,594	58,758	350,836
3-4 years	213,924	21,237	192,687
4-5 years	156,614	9,364	147,250
5-6 years	100,341	2,642	97,699
Total	**$ 1,782,519**	**$ 320,215**	**$ 1,462,304**

The following table outlines the cash outflow and interest expense related to lease liabilities:

	For the three-month period ended June 30, 2023
Cash outflow	**$ 89,651**
Interest expense	**$ 34,021**

(Unaudited, in Canadian Dollars)

14. Leases (continued)

Additional information on the right-of-use assets by class of assets is as follows:

		Office Space		Equipment		Vehicles		Total
Cost								
Balance, March 31, 2023	$	1,016,014	$	15,947	$	135,582	**$**	**1,167,543**
Acquired in a business combination (Note 4)		69,659		440,519		60,052		**570,230**
Disposal (Note 5)		(111,565)		-		(135,543)		**(247,108)**
Additions		-		-		92,758		**92,758**
Foreign exchange		(44,083)		-		-		**(44,083)**
Balance, June 30, 2023	$	930,025		456,466		152,849		**1,539,340**
Depreciation								
Balance, March 31, 2023	$	51,045	$	1,435	$	10,982	**$**	**63,462**
Depreciation expense		49,662		17,728		10,392		**77,782**
Disposals		(15,244)		-		(17,505)		**(32,749)**
Foreign exchange		(7,905)		-		-		**(7,905)**
Balance, June 30, 2023	$	77,558	$	19,163	$	3,869	**$**	**100,590**
Carrying amount, June 30, 2023	**$**	**852,467**	**$**	**437,303**	**$**	**148,980**	**$**	**1,438,750**
Carrying amount, March 31, 2023	$	964,969	$	14,512	$	124,600	$	1,104,081

The Company as lessor:

The Company generated $67,234 in rental income during the three months ended June 30, 2023.

The Company generates rental income earned from operating leases with third party tenants in the Company's owned properties. These properties are carried at amortized cost and included in property, plant, and equipment on the consolidated statement of financial position.

The Company expects to generate other income from lease payments under non-cancellable operating leases within the next five years as follows:

		Total
2024	$	183,302
2025		151,500
2026		132,813
2027		22,135
2028		-
Thereafter		-
Total lease payments	**$**	**489,750**

15. Class B Preferred Shares

Balance, March 31, 2023	$	804,203
Interest expense		50,125
Balance, June 30, 2023	**$**	**854,328**

There are 4,999,933 Class B Preferred Shares (the "Preferred Shares") outstanding. The Preferred Shares are non-voting, and the holders are entitled to receive a pro rata annual cumulative return of capital of an amount equal to 10% of the Company's subsidiary, AgMedica's, free cash flow during that fiscal year, based on AgMedica's annual financial statements, with payment to be rendered within 60 days after AgMedica issues its annual financial statements.

(Unaudited, in Canadian Dollars)

15. Class B Preferred Shares (continued)

The Preferred Shares become automatically redeemable by the Company for nil proceeds on the date on which the entire principal amount of $4,999,933 has been returned to the holders of the Preferred Shares by way of the preferential return of capital described above, or any other distributions of capital.

The Company has determined that the Preferred Shares are a financial liability, as the Company has a contractual obligation to deliver cash. The Preferred Shares have no fixed repayment terms and repayment is based on the Company's ability to generate free cash flow. The Company recognized the Preferred Shares at their fair value of $1,145,496 on the acquisition date which was determined based on expected cash flows and a discount rate of 25.00%. The Preferred Shares are subsequently measured using amortized cost, whereby the Company recognizes interest expense using the effective interest rate, and then determines the revised carrying value by reassessing the expected amount and timing of the cash payments and discounting them using the original effective interest rate. Any difference between the old carrying amount and the new carrying amount is recognized in the consolidated statement of loss and comprehensive loss.

During the three months ended June 30, 2023 the Company recorded interest accretion expense using the effective interest rate of 25% of $50,125.

16. Shareholder Loans

Balance, March 31, 2023	$	633,009
Advances		3,335
Interest expense		22,159
Foreign exchange		(42,568)
Balance, June 30, 2023	**$**	**615,935**

The shareholder loans are repayable based on 50% of the excess cash balance at each month end. During the three-month period ended June 30, 2023, the Company received advances from its shareholders of $23,147, the fair value of which was $3,335 based on a discount rate of 20.28%. The difference between the cash advanced and the fair value was recorded as a contribution from shareholders of $19,812 in the statement of changes in shareholders' equity. One of the loans was advanced by a member of the Company's advisory board. Refer to Note 21.

17. Share Capital

(a) Authorized and issued

(b) Unlimited common shares without par value.

(b) Share continuity

The Company's share capital continuity consists of:

	Number of common shares		
March 31, 2023	151,066,781	$	25,398,660
Shares issued in business combination (Note 4)	7,612,358		2,521,118
Balance, June 30, 2023	**158,679,139**	**$**	**27,919,778**

(Unaudited, in Canadian Dollars)

18. Revenues

The Company generates revenue from the cultivation, distribution, wholesale and pharmaceutical dispensing of cannabis and cannabis related products within the domestic and international markets ("Cannabis revenue") as well as non-cannabis medicines and over the counter consumer packaged goods at its pharmacy locations in Israel ("Non-cannabis revenue").

The following table represents the revenue breakdown by type of goods and services for the three months ended June 30, 2023:

		Three months ended June 30, 2023
Cannabis revenue	$	**6,718,127**
Less: excise taxes		**(808,427)**
Net cannabis revenue		**5,909,700**
Non-cannabis revenue		**611,586**
Net revenue	$	**6,521,286**

The following table represents the net revenue breakdown based on the customer's geographical region for the three months ended June 30, 2023:

		Three months ended June 30, 2023	%
Domestic revenues	$	**2,978,360**	46%
International revenues:			
Oceania		**1,910,000**	29%
Asia		**1,168,540**	18%
Europe		**464,386**	7%
Net revenue	$	**6,521,286**	100%

19. Operating expenses

		Three months ended June 30, 2023		Six months ended June 30, 2022
Salaries, wages and other employee benefits	$	**2,035,438**	$	-
Equipment costs		**56,684**		-
Legal and professional fees		**757,747**		265,147
Consultants		**401,212**		-
Facility expenses		**418,497**		771
Insurance		**306,869**		-
Marketing and promotion		**59,414**		-
Office expenses		**352,892**		13,934
Travel and other employee expenses		**51,001**		-
Research and development		**81,108**		-
Bad debts		**(48,046)**		-
Other		**31,321**		-
Share-based compensation		**68,426**		9,144
Depreciation and amortization		**1,265,520**		-
Total	$	**5,838,083**	$	288,996

(Unaudited, in Canadian Dollars)

20. Share Based Compensation

(a) Options

The Company (formerly Silver Phoenix) has in place a long term incentive plan which is aimed at retention, motivation and alignment with the Company of its Directors, Officers, employees, and consultants, who may be granted options to acquire common shares. The plan is administered by the Company's Board of Directors, which approves the terms of option grants, including the exercise price per share, term of the option, and vesting periods. The maximum number of common shares authorized for issuance under the plan is 10% of the issued and outstanding common shares.

A continuity of options and the total options which are outstanding as of June 30, 2023, is as follows:

	Number of Options	Weighted average exercise price per option
Options outstanding as at March 31, 2023	13,434,759	$ 0.80
Forfeited	(1,753,433)	$ 1.00
Options outstanding as at June 30, 2023	**11,681,326**	**$ 0.77**

(b) RSUs

The Company has entered into agreements with certain of its Directors and key management team to issue share grants, each of which represents a contingent right to receive 1 common share. Provided that the holder of the share grants continues to be actively engaged in providing ongoing services to the Company, their entitlement to exchange their share grants for common shares will vest with the passage of time on vesting dates as determined by the Board of Directors. On each vesting date, the share grants are converted into equivalent number of common shares.

RSUs outstanding as of June 30, 2023, is as follows:

	Number of RSUs	Weighted average remaining in years
RSUs outstanding as at March 31, 2023	(600,000)	2.5
Forfeited	(300,000)	
RSUs outstanding as at June 30, 2023	**300,000**	**2.50**

21. Related Party Transactions

The Company has transactions with related parties, as defined in IAS 24 Related Party Disclosures, all of which are undertaken in the normal course of business.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors, Corporate Officers, and Advisors.

The remuneration of key management personnel made during the three months ended June 30, 2023 and 2022:

		Three months ended June 30, 2023		Six months ended June 30, 2022
Salaries, wages and benefits	**$**	**400,391**	$	-
Share-based compensation expense		**27,523**		8,862
Professional fees		**171,475**		-
Total	**$**	**599,389**	$	8,862

(Unaudited, in Canadian Dollars)

21. Related Party Transactions (continued)

As at June 30, 2023, the Company has a payable to key management personnel of $150,008 (June 30, 2022- $nil) is for accrued bonus, vacation amounts and expense reimbursements. These amounts are included in trade and other payables.

During the 3-month period ended June 30, 2023, one member of the Company's advisory board provided a loan to the Company in the amount of $8,885. Refer also Note 16.

22. Finance Expense

The Company incurred net finance costs as detailed below for the three months ended June 30, 2023 and six months ended June 30, 2022

		Three months ended June 30, 2023		Six months ended June 30, 2022
Interest expense on the debt (Note 13)	$	**783,454**	$	-
Interest expense on lease liabilities (Note 14)		**34,021**		-
Interest expense on Class B – Preferred shares (Note 15)		**50,125**		-
Interest expense on shareholder loans (Note 16)		**22,159**		-
Change in fair value of put option liability (Note 26)		**152,877**		-
Other finance costs		**216,677**		133
Finance expense	$	**1,259,313**	$	133

23. Earnings (loss) per Share

Approximately 5,762,911 of potentially dilutive securities as at June 30, 2023 (June 30, 2022 – 1,761,285) were excluded in the calculation of diluted loss per share as their impact would have been anti-dilutive.

24. Changes in Non-Cash Working Capital Items

		Three months ended June 30, 2023		Six months ended June 30, 2022
Trade and other receivables	$	**1,196,115**	$	(17,823)
Deposits and prepaid expenses		**317,398**		36,037
Inventories		**1,431,385**		-
Biological assets		**(3,258,024)**		-
Trade and other payables		**930,724**		165,094
Deferred revenue		**83,857**		-
Total	$	**701,445**	$	183,308

Non-cash transactions:

		June 30, 2023		June 30, 2022
Leases	$	**92,758**	$	-
Issuance of promissory notes in exchange for accounts payable		**184,424**		-

(Unaudited, in Canadian Dollars)

25. Capital Management

The Company's objective when managing its capital is to ensure sufficient debt and equity financing is available to fund its planned operations in a way that maximizes returns for shareholders and other stakeholders. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets.

The Company considers its capital under management as at June 30, 2023 to be debt, shareholder loans, put option liability and Class B preferred shares and equity, as shown below:

		Three months ended June 30, 2023		Six months ended June 30, 2022
Term debt	**$**	**21,311,209**	$	25,892,606
Shareholder loans		**615,935**		633,009
Put option liability		**1,705,560**		1,552,683
Class B preferred shares		**854,328**		804,203
Total debt		**24,487,032**		28,882,501
Equity		**19,840,632**		9,132,359
Total capital	**$**	**44,327,664**	$	38,014,860

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future planned operations of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative stage of the Company, is reasonable.

The Company is subject to externally imposed capital requirements in the form of debt covenants which were not met at June 30, 2023. Refer to Note 13.

26. Financial Instruments

Fair value of financial assets and liabilities that are measured at fair value on a recurring basis.

The carrying values of cash, trade and other receivables, and trade and other payables approximate their fair values due to their short-term to maturity. The carrying value of the debt and equipment financings approximate their fair value as the loans were recognized at fair value in the business combination discussed in Note 4 and the RTO disclosed in the Company's annual financial statements.

The contingent consideration (Note 4) is measured at fair value and is a Level 3 measurement.

Simultaneously with the closing of the Pharmacy Acquisitions, the Company was granted a call right that allows the Company to purchase all, and only all, the remaining shares in the Pharmacy Acquisitions for a 30-day period following the approval of the pharmacies' 2024 audited financial statements at a purchase price of 3x EBITDA. Following the expiry of the call option, the selling shareholders have the right to put all, and only all, of their shares to the Company for a 30-day window at a purchase price of 2x EBITDA. The Company has measured the put liability at the call price and has elected not to recognize the associated non-controlling interest. The put option liability is measured at fair value and is a Level 3 measurement.

		June 30, 2023		
		Contingent consideration		**Put option liability**
Balance, March 31, 2023	$	-	$	1,552,683
Issued in a business combination (Note 4)		308,562		-
Change in fair value		(130,694)		152,877
Balance, June 30, 2023	**$**	**177,868**	**$**	**1,705,560**

(Unaudited, in Canadian Dollars)

26. Financial Instruments (continued)

	June 30, 2023	April 28, 2023	March 31, 2023
Key inputs			
Contingent consideration			
Share price	**$ 0.19**	$ 0.44	
Volatility	**125%**	100%	
Put option liability			
Discount rate	**12.06%**		13.85%
Estimated EBITDA at date of exercise	**$ 700,000**		$ 700,000

27. Segmented Information

The Company operates as a single segment entity. The Company's revenue by geographic region is disclosed in Note 18. The Company's non-current assets by geographic region is as follows:

	Non-current assets
Canada	$ 41,197,798
Israel	1,659,821
Total	**$ 42,857,618**

The Company operates as a single segment entity.

28. Subsequent Events

Harmony Acquisition

On February 5, 2023, the Company entered into a definitive agreement for the acquisition of 51% of the outstanding securities of one trading house and two additional purpose-built cannabis pharmacies in Israel (the "Harmony Acquisition"). In anticipation of the completion of the transaction, Cambrosia, extended loans to Harmony in the amount of NIS 1,000,000 (CAD 325,785) as at March 31, 2023.

Subsequent to the reporting date, the Company advanced a further NIS 400,000 (CAD 146,600) and also entered into revenue transactions with Harmony.

Owing to disputes regarding, among other matters, payment for product, the acquisition agreement was terminated in accordance with its terms, on the basis that the transaction was not completed by the date prescribed for completion in the definitive agreement.

On December 20, 2023, the Company filed a lawsuit against Harmony and its four founders in the District Court of Tel Aviv, seeking various remedies including repayment of a loan in the amount of NIS 1,431,838 (approx. CAD $524,768) of which NIS 1,000,000 (CAD $325,785) was advanced by March 31, 2023.

As part of the claim, the Company asked the court for a lien on the bank accounts of Harmony and its four founders. On December 21, 2023 the court approved the Company's request and issued a lien on those accounts in an amount of NIS 2,137,226 (approx. CAD $783,293), on each of the accounts of all 6 defendants. Following a request by the Company, on December 25, 2023, the court issued new liens on the accounts of all defendants, revising the amount of the liens to NIS 3,291,764 (approx. CAD $1,206,431) in each account.

28. Subsequent Events (continued)

High Times Acquisition

On May 17, 2023, the Company entered into a definitive agreement for the acquisition of 51% of the outstanding securities of an Israeli private limited liability company operating a medical cannabis pharmacy. The consideration consisted of 1,132,000 common shares of Atlas and NIS 650,000 (approx. CAD $238,743). This amount was advanced as a loan ahead of the closing of the acquisition on June 6, 2023. The cash consideration may be increased by up to NIS 2,050,000 upon the Pharmacy's revenue and

profitability exceeding certain prescribed amounts for the financial years completed December 31, 2023 to 2025. The shares will be subject to a lock-up period of 36 months during which 15% shall be released every six months, commencing on the six-month anniversary of the closing.

The acquisition also included a call option whereby Atlas Global can acquire, and the vendor has a put option to sell, the remaining 49% interest in the pharmacy at a price equal to the revenue of the twelve-month period ended September 30, 2026, multiplied by 0.7. The put option is subject to satisfaction of conditions of profitability and good corporate standing.

As of the date of issuance of these financial statements and subsequent to June 30, 2023, the agreement was terminated pursuant to its terms and the Company has engaged in negotiations for the repayment of the loan advanced.

Duda Acquisition

On May 24, 2023, the Company announced the proposed acquisition of a 51% controlling interest in Umana Pharmacies Ltd (doing business as "Duda"), which owns three private limited liability companies for consideration of approximately $3,411,444, comprised of a cash payment and the issuance of 1,925,300 Shares of the Company at the deemed issue price of $1.00 per share. Duda operates pharmacies which are used to distribute medical cannabis in Israel. Subsequent to June 30, 2023, the transaction was subject to the receipt of applicable regulatory approvals in Israel which were not received by the agreed deadline for consummating the transaction. As a result, the transaction was terminated pursuant to its terms.

Purchase Order Sales

On September 9, 2023, the Company amended the factoring arrangement discussed in Note 12 to include the sale of certain purchase orders which, once the purchase order is fulfilled, convert into a sold receivable. Amounts advanced on the sale of purchase orders is 65%. The receivables are sold on a non-recourse basis, and the Company pays a fee of 1.8% per month of the uncollected amounts advanced up to $1,000,000, and 1.67% per month on amounts advanced that are greater than $1,000,000. In addition, the Company is obligated to pay an unused facility fee of 2% per annum on the unused amount of the facility.

New Loan

On February 6, 2024, the Company borrowed 3,000,000 NIS ($1,100,000 CAD) from a shareholder, with an interest rate of Israeli prime plus 3.75%, with a floor of 9.75%. In addition, the Company agreed to issue 3,693,444 common shares to the lender upon and subject to the revocation of the failure to file cease trade order imposed by the Ontario Securities Common as principal regulator on August 8, 2023. The loan is further secured by a pledge of the Company's interest in its three pharmacies located in Israel, which, the shareholder has the right to enforce should the cease-trade order not be lifted by May 15, 2024.

War in Gaza

On October 7, 2023, an attack was launched against Israel by Hamas (a terror organization) which thrust Israel into a state of war (hereinafter: "The state of war") in Israel and in Gaza strip. The Company is continuing with its operations both in Israel and globally, as the state of war had no substantial impact on its operations or business results. The Company continues to assess the effects of the state of war on its financial statements and business.

Legal Claim

In January 2024, the Company was served with a claim related to the termination of a consultant which occurred in June 2023. The Company believes that it had appropriate cause for termination and that an economic outflow associated with this claim is unlikely.

28. Subsequent Events (continued)

Failure to File Cease Trade

On August 8, 2023, the OSC, as the principal regulator, issued a failure to file cease trade order (the “FFCTO”), upon the Company’s failure to file the annual audited financial statements and related MD&A and certifications (the “Annual Filings”) by July 31, 2023,As a consequence of the delay in completing the Annual Filings, the Company is also delayed in filing its interim financial report and related management’s discussion and analysis and certifications for the interim periods ended June 30, 2023, September 30, 2023 and December 31, 2023 . The Annual Filings were completed April 9, 2023.

The FFCTO prohibits the trading by any person of any securities of the Company in each jurisdiction in Canada in which the Company is a reporting issuer and in which Multilateral Instrument 11-103 – Failure-to-File Cease Trade Orders in Multiple Jurisdictions applies, including trades in the Shares made through the CSE, for as long as the FFCTO is in effect, with limited exceptions.

SCHEDULE B

MANAGEMENT DISCUSS AND ANALYSIS
FOR PERIOD ENDED JUNE 30, 2023

ATLAS GLOBAL BRANDS INC.

Management’s Discussion & Analysis

For the three-month period ended June 30, 2023

Contents

INTRODUCTION

General

This management's discussion and analysis of financial condition and results of operations ("**MD&A**") of Atlas Global Brands Inc. ("**Atlas**" or "**Company**") for the three months ended June 30, 2023 should be read in conjunction with the condensed consolidated interim financial statements of the Company for the three months ended June 30, 2023 (the "**Interim Financial Statements**"), prepared in accordance with International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting* of International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board, and the audited annual consolidated financial statements of the Company for the financial year ended March 31, 2023 (the "**Annual Financial Statements**"). This MD&A complements and supplements but does not form part of the Company's condensed consolidated interim financial statements. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

This MD&A has been prepared as of April 26, 2024 pursuant to the disclosure requirements under National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") of the Canadian Securities Administrators.

This MD&A contains forward-looking information and statements within the meaning of applicable securities laws. Statements regarding the adequacy of cash resources to carry out the Company's strategy and maintain operations are forward-looking statements. All forward-looking statements and information, including those not specifically identified herein, are made subject to the cautionary language below under the heading "Cautionary Statement Regarding Forward-Looking Information".

The Business Combination

On December 30, 2022, the Company (then Silver Phoenix Resources Inc. ("**Silver Phoenix**")) completed a business combination with Atlas Biotechnologies Inc. ("**Atlas Biotech**"), AgMedica Bioscience Inc. ("**AgMedica**") and Cambrosia Ltd. ("**Cambrosia**") and the concurrent acquisition by Cambrosia of a 51% interest in each of Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd. (together the "**Israel Pharmacies**"), each an independent and privately held pharmacy in Israel (all together, the "**Transaction**").

The Company completed the Transaction pursuant to an amalgamation and share exchange agreement dated July 14, 2022, as amended, among Silver Phoenix, Atlas Biotech, AgMedica, Cambrosia, 2432998 Alberta Ltd. ("**Subco 1**"), 14060407 Canada Inc. ("**Subco 2**") and the ordinary shareholders of Cambrosia (the "**Amalgamation and Share Exchange Agreement**").

The Transaction constituted a "fundamental change" of the Company pursuant to the policies of the CSE.

The Transaction was structured as a three-cornered amalgamation and share exchange, pursuant to which (i) Subco 1, a wholly-owned subsidiary of the Company and Atlas Biotech, amalgamated (the "**Atlas Amalgamation**") to form a newly amalgamated company ("**Atlas Amalco**"); (ii) Subco 2, a wholly-owned subsidiary of the Company and AgMedica, amalgamated (the "**AgMedica Amalgamation**") to form a newly amalgamated company ("**AgMedica Amalco**"); (iii) the Company acquired all of the issued and outstanding securities of Cambrosia pursuant to a share exchange with the holders thereof (the "**Cambrosia Share Exchange**"); and (iv) Cambrosia acquired a 51% interest in each of the Israel Pharmacies (collectively, the "**Cambrosia Acquisitions**").

Concurrently, with the completion of the Transaction, Cambrosia completed a financing pursuant to which it issued 100,000,000 ordinary shares of Cambrosia to S.H.R. Group Management (KSN) Ltd. ("**S.H.R. Group**") for gross proceeds of ILS 9,000,000 (approximately CAD$3,487,441).

Pursuant to the terms of the Amalgamation and Share Exchange Agreement, immediately prior to closing, Silver Phoenix consolidated its shares on a 244,139 to 1 basis resulting in 3,445,380 shares outstanding post-consolidation, and all issued and outstanding Silver Phoenix warrants were cancelled.

Pursuant to the Atlas Amalgamation, former holders of common shares of Atlas Biotech received an aggregate of 38,550,838 post-consolidation shares of the Company on a pro-rata basis and Atlas Amalco became a wholly owned subsidiary of the Company.

Pursuant to the AgMedica Amalgamation, former holders of common shares of AgMedica received an aggregate of 38,550,870 post-consolidation shares of the Company, on a pro rata basis and AgMedica Amalco became a wholly owned subsidiary of the Company.

Pursuant to the Cambrosia Share Exchange, the former holders of ordinary shares of Cambrosia and vendors of the Israel Pharmacies received an aggregate of 62,282,313 post-consolidation shares of the Company together with options to acquire an additional 2,621,027 post-consolidation common shares of the Company and Cambrosia became a wholly owned subsidiary of the Company.

The Company completed the Transaction as of December 30, 2022, and on January 13, 2023 its common shares (the "**Shares**") began trading on the Canadian Securities Exchange ("**CSE**") under the symbol ATL.

Presentation of the Financial Statements

Cambrosia as Accounting Parent

The result of the Transaction is that the shareholders of Cambrosia effectively gained control of the Company, thereby constituting a reverse acquisition per IFRS 3.B19 whereby the Company (the legal parent) has been treated as the accounting subsidiary and Cambrosia (the legal subsidiary) has been treated as the accounting parent.

Silver Phoenix did not meet the definition of a business under IFRS 3, Business Combinations, and therefore the Transaction was treated as an asset acquisition and not as a business combination and was accounted for as a capital transaction under IFRS 2 –Share-Based Payments for the acquisition of the net assets of Silver Phoenix and its listing status on the CSE. The balance of the Transaction constituting the acquisitions of AgMedica, Atlas Biotech and the Israel Pharmacies have all been accounted for in the Annual Financial Statements as a single business combination under IFRS 3.

Comparative Period in Interim Financial Statements

Section 4.3(2) (b) of NI 51-102 requires that interim financial reports include a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any. Pursuant to section 4.10(3) of NI 51-102, a reporting issuer is not required to provide comparative interim financial information for the reverse takeover acquirer for periods that ended before the date of the reverse takeover if: (a) to a reasonable person it is impracticable to present prior period information on a basis that is consistent with subsection 4.3(2); (b) the prior information that is available is presented; and (c) the notes to the interim financial report disclose the fact that the prior period information has not been prepared on a basis consistent with the most recent interim financial information.

As stated above, Cambrosia has been treated as the reverse takeover acquirer for the purposes of the Interim Financial Statements. As a private company existing under the laws of Israel, Cambrosia did not prepare interim financial statements (for internal or external purposes) prior to completion of the Transaction in December 2022. As such, the Company determined that the absence of a cut-off date of March 31, 2022 (required to present financial information for the three month period ended June 30, 2022), made it impracticable for a reasonable person to present financial information that is consistent with subsection 4.3(2)(b). In accordance with subsection 4.10(3)(b) of NI 51-102 then, the Interim Financial Statements, include a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, all for the three month period ended June 30, 2023, and comparative financial information for the *six* month period ended June 30, 2022.

In addition, Cambrosia, the accounting parent, was incorporated on March 17, 2021 and prior to completion of the Transaction Cambrosia's business was focused on completing the Transaction and its results of operations for the six month period ended June 30, 2022, have limited comparative value as against the results of the operations of the Company during the three month period ending June 30, 2023, after giving effect to the Transaction. See "*The Business Combination*" above for further details regarding these mergers and acquisitions.

Use of Non-GAAP Measures

The Company reports its financial results in accordance with IFRS. However, throughout this MD&A, we discuss non-GAAP financial performance measures that are not recognized or defined under IFRS, including reference to:

- Net revenue
- Net revenue from cannabis operations
- Earnings before interest, depreciation, taxes and amortization ("**EBIDTA**")
- Adjusted EBITDA
- Working capital
- Cannabis inventory and bio assets

All these non-GAAP financial performance measures should be considered in addition to, and not in lieu of, the financial measures calculated and presented in accordance with IFRS. These measures are presented to help investors' overall understanding of our financial performance and should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with IFRS. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These non-GAAP financial measures reflect an additional way of viewing aspects of operations that, when viewed with IFRS results, provide a more complete understanding of the business. The Company strongly encourages investors and shareholders to review the Company's financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

Please see "Reconciliation of Non-GAAP Financial Measures to IFRS Measures" below for a reconciliation of such non-GAAP Measures to the most directly comparable IFRS financial measures.

CORPORATE OVERVIEW

General

Silver Phoenix was incorporated on February 14, 2003, under the *Business Corporations Act* (British Columbia) which is the date of inception of the Company from a legal operational perspective. Cambrosia was incorporated on March 17, 2021, which is the inception date of the financial information presented in the Financial Statements.

The Company is listed on the CSE under the trading symbol ATL. The address of the Company's corporate office and principal place of business is 566 Riverview Drive, Unit 104, Chatham, O.N., N7M 0N2 and its registered and records office is located at Suite 3000, 1055 West Dunsmuir Street, Vancouver B.C. V7X 1K8.

The Company's principal business activity is the production, distribution and sale of cannabis internationally and in Canada. Our medical cannabis is currently sold and distributed in Canada, Australia, Germany, Israel, Denmark, Norway, Spain, and United Kingdom and we sell cannabis for the adult recreational market in Canada. As at June 30, 2023, the Company had the following subsidiaries:

Name of Subsidiary	Jurisdiction of Incorporation	Ownership Interest	
		June 30, 2023	March 31, 2023
Atlas Global Brands Inc.	Canada	100%	100%
Tlalim Papo Ltd.	Israel	51%	51%
Pharmacy Baron Ltd.	Israel	51%	51%
R.J. Regavim Ventures Ltd.	Israel	51%	51%
AgMedica Bioscience Inc.	Canada	100%	100%
5047346 Ontario Inc.	Ontario	100%	100%
Tavivat Naturals Inc.	Canada	100%	100%
8050678 Canada Inc.	Canada	100%	100%
Unique Beverages (USA) Inc.	USA	100%	100%
Wellworth Health Corp.	Canada	100%	100%
GreenSeal Cannabis Company, Ltd.	Canada	100%	-%
GreenSeal Nursery, Ltd.	Canada	100%	-%
Atlas Biotechnologies Inc.	Alberta	100%	100%
Atlas Growers Ltd.	Alberta	100%	100%
Atlas Growers Denmark A/S	Denmark	100%	100%

Facilities

As at June 30, 2023 the Company operated two licensed facilities in Canada: (1) an EU-GMP, GACP and CUMCS certified facility in Chatham, Ontario; and (2) a GACP certified facility in Stratford, Ontario, as well as three (3) pharmacies in Israel, all of which were acquired on December 30, 2022 as part of the Transaction further described above.

The Company utilizes its fully integrated and GACP, IMC-GAP and EU-GMP growing facility in Chatham, Ontario for cultivation, packaging, and processing and as its hub for exports to international markets. The Company utilizes the cultivation from its GACP and IMC-GAP certified facility in Stratford, Ontario to augment fulfillment of the international demand as well as to satisfy demand in the domestic Canadian market.

In Israel, the Company uses the Israeli Pharmacies to sell product directly to patients. By having a controlling interest in these pharmacies, Atlas is assured increased shelf space, premium product placement and availability.

Chatham, Ontario

The Company owns 215,000 sq. ft. industrial building at 566 Riverview Drive, in Chatham, Ontario, of which 110,000 sq. ft. is a dedicated indoor growing, processing and drying facility (the "**Chatham Facility**"). The Chatham Facility has current growing capacity of approximately 6,500 kg/year.

The Chatham Facility is a purpose-built cannabis facility at which AgMedica cultivates crop using a three or four vertical tiered system. This system allows precise control growing conditions for each plant group and maximizes production per square foot within each grow room. The AgMedica Facility offers the ability to cultivate year-round, resulting in slightly more than five flowering room turns per year.

The Chatham Facility has six active three-tiered grow rooms and five active larger scale grow rooms with four vertical tiers.

Additionally, the Chatham Facility has been licensed for six additional larger scale grow rooms with four vertical tiers, which have yet to be onboarded into active production. These additional grow rooms have been structurally completed but require additional infrastructure investments prior to onboarding them into active production (the "**Chatham Expansion**"). It is estimated that the Chatham Expansion could expand capacity by an additional 6,000+ kgs/annually.

The Chatham Facility is currently only approximately 50% occupied by AgMedica. AgMedica currently rents a portion of the remaining industrial space to third-party tenants to generate non-core cash flow.

Following the closure of the Gunn Facility (as defined below), the Chatham Facility became the hub for processing of cannabis flower, 1.0 and 2.0 products, and oils.

Stratford, Ontario

As a result of its acquisition of GreenSeal (described in detail below), the Company owns a 30,000 square foot facility in Stratford, Ontario which produces just over 3,500 kg of cannabis flower annually (the "**Stratford Facility**"). Within a two-hour drive of the Chatham Facility, the Stratford Facility offers operational efficiencies. The Stratford facility is also structured as a multi tier vertical grow facility, growing flower, and drying it indoor.

Israel

As previously stated, the Company has a 51% interest in the three Israel Pharmacies, located in Tel Aviv, Israel, two of which are licensed under the Medical Cannabis Unit of the Israeli Ministry of Health to dispense medical cannabis and an application has been submitted in respect of the third pharmacy.

Products

We currently have approximately 50 distinct products available for sale across Canada varying in availability province to province. The Company has direct supply agreements in place with the British Columbia Liquor Distribution Branch, the Alberta Gaming, Liquor and Cannabis Commission, the Ontario Cannabis Stores, the Yukon Liquor Corporation and sells directly to Manitoba Liquor & Lotteries, the Northwest Territories Liquor, Cannabis Commission, and the PEI Cannabis Management Corporation. We also have distribution agreements with distributors in Saskatchewan who distribute the Company's products to certain provincial distributors and retailers**.**

The Company's primary products are currently as follows:

Brand	Description	Market Segment (economy, value, core, premium or premium +)
lbs	Nurtured and curated using old school techniques of hang drying, hand trimming and cured to perfection.	PREMIUM+
GREENSEAL CANNABIS CO. TM/MC	Standard approach, consistent craft experience with a genetic forward focus.	PREMIUM
Electric Lettuce	Accessible and convenient, with fun and unique flavours and products.. Offering a rotation of products featuring single strain, premium quality flower. Cultivated indoors with precision: hang dried, hand trimmed, and cured for weeks to ensure full flavour and potency.	VALUE

BONFIRE	Craft cannabis, grown in small batches, harvested at peak ripeness, hang dried, and hand trimmed without the use of machines. Bonfire product is all grown indoors using exclusive genetics sourced from our in-house nursery.	CORE

OVERALL PERFORMANCE

General

During the three months ended June 30, 2023, the Company had net income of $7,314,484 and as at June 30, 2023 had a cumulative deficit of $9,193,497 and current liabilities exceeding current assets by $18,678,925. Accordingly, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Concurrent with the closing of the Transaction, the Company appointed a new Chief Executive Officer and Chief Financial Officer, not previously associated with the Company nor any of the entities included in the Transaction. As such, during the three-month period ended March 30, 2023, efforts were dedicated towards implementing changes in the Company's existing operations to address urgent liquidity issues, harmonize the consolidated cost structure and ultimately, reduce costs, optimize operations, improve cash flow and shift focus to the higher margin international market. In the three month period ended June 30, 2023, management continued these efforts and implemented the more material operational changes, including in particular the closure of the Gunn Facility and acquisition of GreenSeal, each as discussed in detail below.

Exclusive Agreement with Snoop Dogg

In February 2023, the Company entered into an exclusive licensing agreement with Calvin Broadus Jr. a.k.a "Snoop Dogg", Snoop Dogg, granting Atlas use of the artist's name, image, logos, trademarks, and other authorized intellectual property to create, package, manufacture, distribute, sell, advertise, promote, and market a diverse range of cannabis products in Canada and all international medical cannabis markets (excluding the U.S.).

Acquisitions in Israel

Harmony

On February 6, 2023, the Company announced the proposed acquisition of a 51% controlling interest in a private limited liability company ("**Harmony**") operating two medical cannabis pharmacies, one in Tel-Aviv and one in Jerusalem, and a 51% interest in an Israeli licensed cannabis "Trading House" intended to serve as the Company's hub for imports to and distribution within Israel, for consideration consisting of up to 2,800,702 Shares of the Company, at a deemed price of $1.00 per share.

During the three months ended June 30, 2023, the Company lent the Trading House approximately $75,000 in addition to the approximate $375,000 advanced in prior periods, bringing the total amount lent to the Trading House as at June 30, 2023 to approximately $450,000 which is guaranteed by the Harmony vendors, to be repaid immediately in the event the transaction does not close.

Subsequent to June 30, 2023, the Company advanced a further $75,000 and also entered into revenue transactions with the vendors.

Owing to disputes regarding, among other matters, payment for product, the acquisition agreement was terminated in accordance with its terms, on the basis that the transaction was not completed by the date prescribed for completion in the definitive agreement.

On December 20, 2023, Cambrosia filed a lawsuit against the principals of Harmony in the District Court of Tel Aviv, seeking various remedies including repayment of a loan in the amount of NIS 1,431,838 (approx. CAD $525,000) as noted above.

As part of the claim, the Company asked the court for a lien on the bank accounts of Harmony and its four founders. On December 21, 2023 the court approved the Company's request and issued a lien on those accounts in an amount of NIS 2,137,226 (approx. CAD $783,293), on each of the accounts of all six defendants. Following a request by the Company, on December 25, 2023, the court issued new liens on the accounts of all defendants, revising the amount of the liens to NIS 3,291,764 (approx. CAD $1,206,431) in each account

Hi Times

On May 17, 2023, the Company announced the proposed acquisition of a 51% controlling interest in a private limited liability company operating a medical cannabis pharmacy, doing business as "Hi Times", for consideration of approximately 1,132,000 Shares of the Company at the deemed issue price of $1.00 per Share, and approximately CAD $239,743, payable at closing (the "**Cash Consideration**"). Had the transaction closed, the Cash Consideration may have been increased by up to New Israeli Shekel ("**NIS**") 2,050,000 upon the pharmacy's revenue and profitability exceeding certain prescribed amounts for the financial years ending December 31, 2023, to 2025.

The transaction was subject to the receipt of applicable regulatory approvals in Israel, which were not received by the agreed deadline for consummating the transaction. As a result, the transaction lapsed. Numerous attempts to negotiate a new agreement have not succeeded.

Duda

On May 24, 2023, the Company announced the proposed acquisition of a 51% controlling interest in Umana Pharmacies Ltd (doing business as "Duda"), which owns three private limited liability companies for consideration of approximately $3,411,444, comprised of a cash payment and the issuance of 1,925,300 Shares of the Company at the deemed issue price of $1.00 per share. Duda operates pharmacies which are used to distribute medical cannabis in Israel.

The transaction was subject to the receipt of applicable regulatory approvals in Israel which were not received by the agreed deadline for consummating the transaction. As a result, the transaction was terminated pursuant to its terms.

GreenSeal Acquisition

On April 28, 2023, the Company acquired all of the issued and outstanding shares of GreenSeal Cannabis Company, Ltd. and GreenSeal Nursery Ltd. (together, "**GreenSeal**"), a privately owned Ontario-based licensed cannabis producer and nursery pursuant to a share purchase agreement dated February 24, 2023, as amended, among the Company, GreenSeal and the shareholders of GreenSeal (the "**Share Purchase Agreement**").

Pursuant to the Share Purchase Agreement, Atlas Global issued to the GreenSeal vendors an aggregate of 7,612,358 Shares at an issue price per share equal to CAD $0.4374, representing the 20-day volume weighted average closing price (the "**VWAP**") of the Company's Shares on the CSE prior to closing. A further 2,387,642 Shares have been reserved for issuance to the GreenSeal vendors under the Share Purchase Agreement in connection with certain withholding obligations of the Company (the "**Withheld Shares**"). Up to an additional 1,500,000 shares may be issued at the 12-month anniversary of the closing date of the acquisition (the "**Closing Date**") based on the then VWAP of the Shares.

Approximately $5.5M in bank debt and $0.6M in long-term loans remain with GreenSeal post-closing, including a loan by an employee of GreenSeal that was guaranteed by the Company as a condition to closing the transaction.. The Shares are subject to a contractual lock-up, pursuant to which 15% of the Shares are released every six months commencing on the six-month anniversary of the Closing Date, until the 36-month anniversary of the Closing Date. If, the volume weighted average closing price per share for the 20 trading days preceding the share releases on the 18, 24, and 30-month release dates is at least CAD $2.00, an additional 5% of the Shares will be released on such release date.

The following table summarizes the preliminary fair value of the assets and liabilities acquired and consideration paid for GreenSeal:

Fair value of share consideration		
Common shares issued (i)	$	2,521,118
Common shares to be issued (ii)		790,757
Contingent consideration (iii)		308,562
Total consideration paid for transaction	**$**	**3,620,437**
Net assets acquired		
Net working capital	$	2,051,670
Biological assets		792,603
Property, plant and equipment		9,913,000
Right of use assets		570,230
Right of use liabilities		(570,230)
Intangible assets		25,000
Contingent liability (iv)		(1,058,172)
Debt		(6,013,518)
Total net assets acquired		5,710,583
Gain on bargain purchase	**$**	2,090,146

(i) Share consideration: The share consideration has been determined based on the fair value of the Company's shares on the closing date of the transaction.

(ii) Shares to be issued: 2,387,642 common shares have been reserved for issuance to the GreenSeal vendors under the Share Purchase Agreement in connection with certain withholding obligations of the Company.

(iii) Contingent consideration: Up to an additional 1,500,000 shares may be issued at the 12-month anniversary of the closing date of the acquisition based on the then share price of the Company's common shares.

(iv) Contingent liability: As part of the GreenSeal acquisition, the Company recognized a liability related to past investment tax credits received by GreenSeal which may be repayable in the future. The timing of any repayment is uncertain.

Closure of the Gunn, Alberta Facility

On June 2, 2023, the Company announced that it would cease operations at its facility in Gunn, Alberta and liquidate the assets of Atlas Biotech and Atlas Growers Ltd., respectively (together, the "**Atlas Subsidiaries**"). Approximately 50 employees were impacted by this decision. All packaging activities were relocated to the Chatham Facility.

On June 5, 2023, the Atlas Subsidiaries received demand notices from its senior lender demanding payments of loan owing to them within 10 days of receiving the notices failing which legal action and/or realization proceeding may be commenced. The demand notices also included a notice of intention to enforce security pursuant to the Bankruptcy and Insolvency Act. Based on financial analysis and after careful consideration of available alternatives, as based on the cash positions of the Company and its subsidiaries, forecasted revenue and expenses, scheduled debt payments and demands for payment received from creditors and the operational capabilities of the Company's other business units in Ontario, it was determined to be in the best interests of the Company and its shareholders to have the assets of the Atlas Subsidiaries liquidated, through a court-supervised process, in an orderly fashion so as to maximize recoveries for all affected stakeholders.

At the Company's suggestion and with the Company's cooperation, on June 27, 2023, the Atlas Subsidiaries' senior lender, the Agriculture Financial Services Corporation (the "**AFSC**") filed a statement of claim against the Company with the Court of King's Bench of Alberta in connection with the enforcement of the indebtedness of Atlas Biotech to the AFSC as well as the existing $1,400.000 limited parental guarantee of the Company and the personal guarantees of certain former principals of the Atlas Subsidiaries.

Effective July 4, 2023, on the application of the AFSC and with the consent of the Company, Ernst & Young Inc. was appointed as receiver and manager over certain current and future assets of the Atlas Subsidiaries, under the *Bankruptcy and Insolvency Act* (Canada) and the *Personal Property Security Act* (Alberta).

The following table summarizes the net impact of deconsolidation of the Atlas Subsidiaries as reported in the Interim Financial Statements:

Net Assets deconsolidated as at June 30, 2023		
Cash	$	34,691
Trade and other receivables		604,623
Inventories		635,418
Deposits and prepaid expenses		431,146
Intercompany and other receivables		454,152
Property, plant & equipment		4,761,514
Right-of-use assets		215,908
Trade and other payables		(8,569,573)
Term Debt		(10,761,357)
Lease liabilities		(238,707)
Net assets of Atlas Subsidiaries	**$**	**(12,432,185)**
Parental guarantee liabilities	$	2,896,341
Gain on loss of control	**$**	9,535,844

Operational Changes

Commencing with initial samples in May 2023 followed by first commercial exports in July 2023, operations at the Chatham Facility were expanded to include EU-GMP vape production.

Coincident with the liquidation of the Atlas Subsidiaries and consequential cessation of operations at the Gunn Facility, the Company shifted the focus of its activity at the Stratford Facility on growing, processing and packaging for the domestic Canadian market while continuing to breed unique genetics for both the domestic and international markets. This shift has enabled the Company to enhance yields and the proportion of Grade A flower at both its Chatham Facility and Stratford Facility.

Industry and Economic Factors Affecting Our Business

The following industry and economic factors have and are anticipated to continue to affect the Company's performance.

Canadian cannabis market trends

- ***Price compression***. We have historically seen and continue to see price compression in the market, when compared to the prior fiscal year, which was driven by intense competition from the approximately 800 licensed producers in Canada. The price compression year over year has reduced the Company's revenue and has made growing market share a challenge.
- ***Excise tax Rates***. Given the impacts of the above-referenced price compression, excise tax has grown to become a larger component of net revenue as it is predominantly computed as a fixed price on grams sold rather than as a percentage of the selling price. In late February 2024, the House of Commons Standing Committee on Finance issued a report outlining several recommendations regarding the adult-use cannabis industry. One such recommendation was a request to "make adjustments to the excise duty formula for cannabis so that it is limited to a 10% ad valorem rate and a requirement to apply an excise stamp on cannabis products. While, the Company believes that in the long term there is a possibility of some level of reform, but it will likely not occur in the next 12 months.
- ***Excise Tax Arrears*****.** Separately, as of March 1, 2024 it was reported that approximately $200M was owed to the Canada Revenue Agency (the "**CRA**") in excise tax in arrears. These arrears prompted the CRA to request that provincially owned cannabis wholesalers to garnish payments intended for licensed producers, such as the Company. The Company has an arrears balance with the CRA and the potential garnishment of payments, without third party financing and/or some negotiation of the timing of payment of the arrears will materially adversely affect the Company's future financial performance.

International cannabis market trends

The cannabis industry in Europe is in its early stages of development, and countries within Europe are at different stages of legalization of medical and adult-use cannabis. Some countries have expressed a clear political ambition to legalize adult-use cannabis, some are engaging in an experiment for adult-use, and some are debating regulations for cannabinoid-based medicine.

For example, on March 22, 2024, it was announced that cannabis possession and home cultivation will be decriminalized in Germany from April 1, 2024. The decriminalization legislation is what is known as the "first pillar" in a two-step plan to legalize cannabis in the country. The "second pillar" is expected after the decriminalization bill and would set up municipal five-year pilot programs for state-controlled cannabis to be sold in licensed shops.

Overall, then, in Europe, we believe that, despite continuing recessionary economic conditions and the Russian conflict with Ukraine, cannabis legalization (both medicinal and adult-use) will continue to gain traction albeit more slowly than originally expected.

STRATEGY AND OUTLOOK

Atlas believes that profitable growth, smart capital allocation and balance sheet health are critical success factors in the dynamic and rapidly developing global cannabis industry.

On the basis of the industry and economic trends discussed above, we believe that our international medical business provides the foundation for profitability and positive cash flow, and so we continue to increase distribution in core international markets and use the Canadian consumer business as a platform to build brands particularly through partnerships such as that described above with Snoop Dogg.

As such and given the Company's current cash flow concerns and continuing losses, the Company's primary strategy is to secure a short term loan of up US$3 to $5 million to address immediate liquidity needs, refinance its Chatham Facility to complete the Chatham Expansion and increase its market share in the higher margin international medical cannabis market while adding a high margin revenue stream in the form of co-packing cannabis and cannabis accessories for export.

This strategy is heavily dependent on securing third party financing, absent which the Company have consider a reduction in corporate capacity and/or sale or liquidation of non-core assets.

DISCUSSION OF OPERATIONS

Summary

As previously stated, Cambrosia, the accounting parent, was incorporated on March 17, 2021 and had limited operations until completion of the Transaction on December 30, 2022. While Atlas Biotech and AgMedica were operational prior to the Transaction date having substantial revenues in 2022, their respective pre-amalgamation results are not consolidated in the above financial data under IFRS accounting standards.

As a result, a discussion of the Company's results of operations during the three month period ended June 30, 2023 as compared to the corresponding period in the prior year is of very little value to the reader. A discussion of the Company's financial performance in comparison to that of the corresponding period of the preceding financial year will be of value commencing with the three month period ended June, 30, 2024, which will be comparable to the three months ended June 30, 2023.

Similarly, the operating results of the Company for the 15 month period ended March 31, 2023 (being the most recently completed financial year), only include three months of the operating results of the Company after giving effect to the Transaction.

The following is a summary of the Company's operating results for the three months ended June 30, 2023 and the most recent 15 month fiscal year ended March 31, 2023.

		3 Months ended June 30, 2023	15 Months ended March 31, 2023
Financial Results			
Revenue	$	7,329,712	6,212,241
Net revenue from cannabis operations (1)		4,464	5,109,776
Gross profit		6,082,248	813,754
Operating expenses		5,838,799	8,512,685
Net income (loss)		7,314,484	(289,046)
EBIDTA (2)		9,673,296	(7,245,758)
Adjusted EBITDA(2)		1,847,222	(3,824,806)
Statement of Financial position			
Working capital (deficiency) / surplus(3)		(18,685,326)	(25,432,813)
Cannabis inventory and bio assets (4)		17,065,151	12,893,684
Shareholder (equity) deficit		(23,389,198)	(9,132,359)
Total assets		70,189,630	61,653,037

Notes:
These terms are defined in the "Cautionary Statement Regarding Certain Non-IFRS Performance Measures" section of this MD&A. Refer to the following sections for reconciliation of Non-GAAP Measures to the IFRS equivalent measure.

(1) Refer to the "Net Revenue" section for a reconciliation to the IFRS equivalent.
(2) Refer to the "EBITDA" section for a reconciliation to the IFRS equivalent.
(3) "Working capital" is defined as current assets less current liabilities as reported on the Company's Consolidated Statements of Financial Position. Current Liabilities includes the current portion of convertible debentures.
(4) Represents total biological assets and inventory, accessories, supplies, consumables, and plant propagation biological assets.

Revenue

The Company's revenue is comprised of the domestic and export sales of our three wholly owned Canadian subsidiaries, AgMedica, Atlas Biotech, and GreenSeal and the revenues of the Israel Pharmacies.

The Company generates revenue from the cultivation, distribution, wholesale and pharmaceutical dispensing of cannabis and cannabis related products within the domestic and international markets ("**Cannabis revenue**") as well as non-cannabis medicines and over the counter consumer packaged goods at its pharmacy locations in Israel ("**Non-cannabis revenue**").

The results of AgMedica and the Israel Pharmacies are included for the entire reporting period. Atlas Biotech's results are included from the beginning the period on April 1, 2023 through to its liquidation on June 26, 2023 with the resulting deconsolidation and abnormal losses reported in other income and expenses. GreenSeal is included in the consolidated results from day following the acquisition closing, April 29, 2023, through to the end of the reporting period.

During the period, Cannabis revenue was 5,272,691 and Non-cannabis revenue was $2,057,022 for total revenue of $7,329,713 compared to $6,212,241 for the 15 month period ended March 31, 2023, (and again only the last three months of which period represented the results of each of the entities acquired in the Transaction). The increase from $6,212,241 to $7,239,713 during the three months ended June 30, 2023 is primarily attributable to the acquisition of GreenSeal during the period and the increase in sales following the launch of the Company's product collaboration with Snoop Dogg.

Net Cannabis Revenue

Net revenue represents revenues from the sale of cannabis products less excise taxes. Only the Company's Cannabis revenue is subject to excise tax. Cannabis revenue of $5,272,691 and excise taxes of $808,426 were recorded in the period, resulting in net Cannabis revenue of $4,464,264 and total net revenue of $6,521,286 . See Note 18 in the Interim Financial Statements for further information on net revenues from cannabis products.

The following is a breakdown of net revenues based on the geographical region.

		For the 3 month period ended June 30, 2023	%	For the 3 month period ended March 31, 2023	%	Quarter to Quarter Growth
Canadian revenues	$	**2,978,360**	46%	**2,092,509**		42%
International revenues:						
Oceania		**1,910,000**	29%	**2,073,350**		-8%
Asia		**1,168,540**	18%	**1,194,290**		-2%
Europe		**464,386**	7%	**441,186**		5%
Net revenue	$	**6,521,286**	100%	**5,801,335**		12%

Net revenue growth is driven by the Canadian launch of the D Lbs products arising from the partnership with Snoop Dogg. International revenues were consistent quarter to quarter with D Lbs launches planned in subsequent quarters leveraging the insights gathered by the domestic launch.

Gross Profit

Gross profit of $6,082,248 is primarily driven by the recognition of unrealized gains of $3,655,760 on changes in fair value of biological assets developed in the period.

Operating Expenses

Selling, general and administrative ("**SG&A**") expenses of $5,838,083 include, in material part, legal and professional fees of $757,747 relating to the acquisition of GreenSeal, the closure of the Gunn Facility and the negotiation and termination of the purchase agreements to acquire assets in Israel, as described above. See Note 19 of the Interim Financial Statements for a detailed breakdown of SG&A for the period.

Net Income

The net income for the three-month period ended June 30, 2023 of $7,314,484, includes the gain on bargain purchase resulting from the GreenSeal acquisition of $2,090,146 and the gain on loss of control resulting from the liquidation of the assets of the Atlas Subsidiaries of $9,535,844, partially offset by the loss from abnormal destruction of the Atlas Biotech inventories and biological assets of $3,514,649.

Positive net income in the quarter is a result of the one-time gains described above. It is expected that these will be nonrecurring in nature. Please see below for discussion on Adjusted EBITDA as an indicator of underlying performance.

EBITDA

EBITDA is defined as earnings (loss) before interest, taxes, depreciation and amortization. Adjusted EBIDTA is EBITDA less adjustments for non-recurring items.

EBITDA for the period was $9,822,181 driven by the gain from the de-consolidation of the Atlas Subsidiaries. See Note 5 in the Interim Financial Statements. EBITDA for the period also includes $2,090,146 bargain purchase gain resulting from the acquisition of GreenSeal. See Note 4 in the Interim Financial Statements.

Adjusted EBITDA

Adjusted EBITDA is EBITDA adjusted for abnormal and non-recurring items as outline below, adjusted EBITDA was $1,996,107. The improvement in adjusted EBITDA reflects the activities of management on the implementation of its strategies including the harmonization and the consolidation of the Company's cost structure, optimization of operations, and shift of focus to the higher margin international market.

Although management believes the Adjusted EBITDA figure is indicative of underlying performance, it expects there to be fluctuations as we continue the implementation of our strategies and balance the cost and benefit realization over the coming quarters.

Working Capital

As at June 30, 2023, there was a working capital deficiency of $18,678,925) primarily due to the classification of the Company's term debts in the amount of $21,291,775, as current. Working capital is further influenced by short-term liabilities, including government remittances of $5,311,959 and other accounts payable of $6,443,330 offset by inventory and biological assets of $17,065,151 and trade and other receivables of $3,775,787.

Cannabis Inventory

Cannabis inventory of S17,065,151 as at June 30, 2023 increased as compared to March 31, 2023 as a result of (i) improvements to plant yields and improvements in post harvest processes implemented at the Chatham Facility during the reporting period; and (ii) the introduction and mix shift towards new higher value products such as vapes and infused pre-rolls.

Total Assets

The Company's assets of $66,616,184are primarily comprised of property, plant and equipment of $40,392,918, (mainly land, buildings and productions rooms), inventory and biological assets of $17,065,151 (work in progress and finished goods), and trade and other receivables of $3,775,259.

Compared to March 31, 2023, total assets as at June 30, 2023 increased by $15,004,344 s upon the the acquisition of GreenSeal during the reporting period and were reduced by $7,406,347upon the liquidation of the Atlas Subsidiaries also during the reporting period.

Reconciliation of Non-GAAP Financial Measures to GAAP Measures

Net Revenue and Net Revenue from cannabis operations

The closest IFRS measure to net revenue and net revenue from cannabis operations is revenue as reported on the consolidated statement of loss and comprehensive loss, a reconciliation to which is found in the below table.

		For the 3 month period ended June 30, 2023	For the 15 month period ended March 31, 2023	Growth over prior year
Revenue	$	7,329,712	6,212,241	18%
Less: excise taxes		**(808,427)**	**(410,906)**	
Net revenue		6,521,286	5,801,335	12%
Less: Revenue from non-cannabis goods – pharmacy operations		**611,586**	**691,559**	
Net revenue from cannabis products		5,909,700	5,109,776	16%

EBITDA and Adjusted EBITDA

The closest IFRS measure to EBIDTA and Adjusted EBITDA is net loss as reported on the consolidated statement of loss and comprehensive loss, a reconciliation to which is found in the below table.

	For the 3 month period ended June 30, 2023	**For the 15 month period ended March 31, 2023**
Net Income / (loss)	7,314,484	(16,366,895)
Remove:		
Depreciation and Amortization	(1,265,520)	(1,144,480)
Share Based Compensation	(68,426)	(122,446)
Other income	81,543	138,749
Finance expense	(1,272,952)	(631,251)
Finance income	14,309	16,297
Impairment of intangible assets and goodwill	-	(7,373,056)
Loss on foreign exchange	3,349	(4,950)
EBITDA / (loss)	9,822,181	(7,245,758)
Non-recurring items included in EBITDA:		
Listing expense	-	(1,117,225)
Company acquisition expenses	(285,267)	(2,303,727)
Abnormal Destruction	(3,514,649)	-
Gain on loss of control	9,535,844	-
Gain on bargain purchase	2,090,146	-
Adjusted EBITDA / (loss)	1,996,107	(3,824,806)

Working Capital and Cannabis Inventory and bio-assets

These non-GAAP measures are a result of the addition or netting of IFRS financial measures, a reconciliation to which is found in the below table.

		As at June 30, 2023	As at June 30, 2022	As at March 31, 2023
Biological Assets	$	2,304,570	-	1,892,745
Inventories		14,753,580	-	11,000,939
Cannabis inventory and bio-assets		17,058,150	-	12,893,684
Add:				
Cash		1,372,542	17,550	2,614,498
Short-term Investments		33,312	-	35,833
Trade and other receivables		3,776,287	17,823	5,424,743
Deposits and prepaid assets		1,511,774	266,113	2,126,110
Deduct:				
Trade and other payables		19,379,945	218,482	22,375,179
Current portion of term debt		21,291,775	-	25,862,873
Current portion of lease liabilities		319,500	-	161,778
Income taxes payable		34,377	-	49,618
Deferred revenue		150,188	-	66,331
Contingent liability		1,073,620	-	-
Contingent consideration		177,868	-	-
Other current liabilities		10,118	-	11,902
Working capital surplus (deficiency)		(18,685,326)	83,004	(25,432,813)

Cash flows

Cash utilized by operating activities for the three months ended June 30, 2023, was $945,613 compared to $96,594 cash used in operating activities for the six months ended June 30, 2022.

During the three months ended June 30, 2023, the Company received $52,840 from investing activities (nil$ for six months ended June 30, 2022), representing cash acquired upon completion of the Transaction. Refer to Note 5 in the Interim Financial Statements.

During the three months ended June 30, 2023 and six months ended June 30, 2022, the Company did not raise funds from the issuance of shares and the exercise of stock options.

SUMMARY OF QUARTERLY RESULTS

This MD&A relates to the financial results of Cambrosia, as the reverse takeover acquirer. Having not previously been a reporting issuer, Cambrosia has not prepared financial statements on a quarterly basis and as a result, quarterly financial results are not available for any period prior to the three months ended December 31, 2022.

		For the 3 month period ended June 30, 2023		For 3 months ended March 31, 2023	For the 3 months ended December 31, 2022
Financial Results					
Revenue	$	7,329,712	$	6,212,241	-
Net Income (loss)		7,314,484		(16,366,895)	(1,579,407)
Earnings (loss) per share		0.05		(0.50)	(0.38)

		As at June 30, 2023		As at March 31, 2023	As at December 31, 2022
Statement of financial position					
Total Assets	$	66,616,184	$	61,653,037	73,273,009
Total liabilities		46,775,552		52,520,678	50,771,882

The financial results for the three month period ended December 31, 2023, are those of Cambrosia as the reverse take over acquirer and are not comparable to the results in subsequent quarters, which consolidate those of the other entities acquired as of December 30, 2022 upon completion of the Transaction.

The financial results for the three month period ended March 31, 2023, represent the first consolidated results of all of the entities acquired as of December 30, 2022 upon completion of the Transaction

The net income for the three months ending June 30, 2023 was impacted, to a very large extent, by the recognition of a gain on loss of control of the Atlas Subsidiaries of $9,535,844 as well as the gain on bargain purchase of $2,090,146 resulting from the acquisition of GreenSeal. These gains were partially offset by the loss from the abnormal destruction of inventory and biological assets resulting from the liquidation of the Gunn Facility, as well as related non-recurring expenses such as legal and professional fees of $757,747. The Company's assets are primarily comprised of property, plant and equipment (mainly land, buildings and productions rooms) of $40,392,918 (March 31, 2023 of $36,412,516), inventory and biological assets of $17,065,151 (March 31, 2023 of $12,893,685), and trade and other receivables of $3,776,287 (March 31, 2023 of 5,424,743).

Compared to March 31, 2023, total assets as at June 30, 2023 increased by $15,004,344 s upon the acquisition of GreenSeal during the reporting period and were reduced by $7,406,347upon the liquidation of the Atlas Subsidiaries also during the reporting period. The Company's liabilities are primarily comprised of trade and other payables of $19,380,045 (March 31, 2023 of $22,375,175), and current portion of long-term debt of $21,291,775 (March 31, 2023 of $25,862,873).

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of ($18,678,925) as at June 30, 2023 as compared to a working capital surplus of $83,004 as at June 30, 2022. As at June 30, 2023, the Company had cash in the amount of $1,372,542 as compared to $17,550 at June 30, 2022.

Based on the current funds held, the Company does not have sufficient working capital for the short-term to maintain capacity. The Company's primary short-term liquidity needs are to make the down payments necessary to source product from some third parties, to fund its net operating losses and capital expenditures to maintain existing facilities, and lease payments.

The Company's ability to fund its short-term operating requirements depends on (i) future operating performance and cash flows, which are subject to economic, financial, competitive, business and regulatory conditions, and other factors, some of which are beyond its control and (ii) the Company's ability to access third party financing, including by way of a refinancing of existing debt or a sale or lease back of certain assets previously described. In addition, recent developments in the Canadian cannabis industry regarding potential garnishment of excise taxes in arrears (of which the Company has $3,492,155), inserts material uncertainty into the Company's cash flow forecasts and increase the risk that it may not be able to fund its short-term operating requirements, absent third party financing.

The Company's medium-term liquidity needs primarily relate to debt repayments and lease payments and financing the Chatham Expansion to increase cash flow from operations and international market penetration. These additional grow rooms at the Chatham Facility have been structurally completed but require additional infrastructure investments of up to approximately $5 million, prior to onboarding them into active production.

Our long-term liquidity needs primarily relate to potential strategic plans. The Company does not have any current commitments for capital expenditures.

The Company's capital resources will continue to be insufficient, and to the extent available, costly, until it can sustain net positive cash flow from operations, whereupon the Company believes access to capital will increase and its cost will decrease.

The Company currently has $15.1M of principal owing on mortgages registered against the Chatham Facility. This secured indebtedness includes financial covenants including a requirement that the Company keep its debt-to-equity ratio at 1:1, and as of June 31 , 2023, the Company was in violation of this covenant, which resulted in the long-term debt being classified as current. The lenders are contractually entitled to request for immediate repayment of the outstanding loan amount unless waived. The Company is in discussion with the lenders to secure a waiver of the default and while prior requests have been successful, there can be no assurance the Company will be successful again. See "*Risks and Uncertainties - The Company is in default of a covenant in a Mortgage registered against the Chatham Facility*".

In addition, the Company is in discussions with lenders for the refinancing of this debt prior to maturity in November 2024. The Company has appraised the Chatham Facility, including land and building, at a fair value upwards of $30M and is seeking to leverage the equity in the facility to secure additional financing for the short-term operations of the Company and the Chatham Expansion.

PROPOSED TRANSACTIONS

There are no undisclosed proposed transactions that will materially affect the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The remuneration of directors and key management personnel during the reporting periods-ended June 30, 2023, is set out below:

Related Party Reconciliation	**For the Reporting Period Ended June 30, 2023 ($)**
Salaries and benefits	400,391
Share-based compensation	27,523
Professional fees	171,475
Total Related Party Compensation	599,389

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Accounting Pronouncements Adopted in Most Recently Completed Financial Year

The Company has applied the following amendments to IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these condensed interim financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1)

The IASB has issued amendments to IAS 1 Presentation of Financial Statements which require entities to disclose their “material” accounting policy information rather than their “significant” accounting policies. The amendments explain that accounting policy information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

Definition of Accounting Estimates (Amendments to IAS 8)

The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. Under the amendments, accounting estimates are defined as “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendments also emphasize that a change in an accounting estimate that results from new information or new developments is not an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes in an input or measurement technique are not the result of an error correction.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IFRS 1 and IAS 12)

The IASB has issued amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 12 Income Taxes which clarify that the initial recognition exemption set out in IAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

New Accounting Pronouncements

Other than as set forth below the Company has not adopted any new accounting policies during the reporting period and does not expect to adopt any in the period subsequent to the reporting period.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments: • clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period" • clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability • make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability. This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

IFRS 17 – Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The standard is effective for annual periods beginning on or after January 1, 2023.

The amendments were applied effective July 1, 2023 and did not have a material impact on the Company's condensed Interim Financial Statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, cash equivalents, accounts payable, accounts receivable, the AgMedica Class B Preferred Shares, and other financial assets, term debt and accrued liabilities. Financial instruments are measured either at fair value or at amortized cost. The table below lists the valuation methods used to determine the fair value of each financial instrument.

Financial asset / liability	IFRS 9
Cash	Amortized cost
Accounts receivable	Amortized cost
Other financial assets	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Term debt	Amortized cost
Deposits	Amortized cost
Class B - preferred shares	Amortized cost
Contingent consideration	Amortized cost
Contingent liability	Amortized cost

The Company classifies its cash and cash equivalents at amortized cost. The carrying values of accounts payable, amounts payable and consideration payable, which have been classified as financial liabilities, are measured at amortized cost using the effective interest method.

The carrying values of the financial instruments at June 30, 2023 are summarized in the following table:

Financial asset / liability	Carrying Value
Cash	1,372,542
Trade and other receivables	3,775,787
Other financial assets	33,312
Trade and other payables	19,380,045
Term debt	21,311,209
Deposits and prepaid assets	1,511,774
Class B - preferred shares	854,328
Contingent consideration	177,868
Contingent liability	1,073,620

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. Further information on fair value measurements is available in Note 2 of the Financial Statements.

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The fair value of the promissory notes and term debt and equipment financings also approximate their fair value.

The risks associated with the Company's financial instruments and how these risks are managed are summarized below.

Credit risk

Credit risk is the risk of potential loss if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its accounts receivable in the aggregate amount of $3,775,787 as at June 30, 2023 (June 30, 2022 - $17,823). Cash is held with certain Canadian and Israeli financial institutions with high credit worthiness.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. The Company has assessed that it has limited customer credit risk due to the fact that accounts receivable is primarily from the sale of cannabis to Canadian government agencies and large retail outlets and have a payment terms of 30–60 days. For smaller customers, payment is fulfilled through the processing of a credit card or obtaining payment in advance of delivery, therefore limiting the Company's credit risk exposure on these types of transactions. Pharmacy operations in Israel do not extend credit to its retail customers.

To mitigate credit risk exposure for its international customers, the Company generally receives a minimum of a 50% deposit prior to shipment.

The aging of the Company's trade receivables has changed significantly between June 30, 2023 and June 30, 2022 due to the increase in operations and the Transaction. As at June 30, 2023, no financial assets were past due except for the outstanding accounts receivable, of which $36,320 (June 30, 2022 - $nil) was greater than 60 days outstanding as at June 30, 2023.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements, and when possible, raises capital as required to support investment in production facilities and working capital requirements.

Based on the current funds held, the Company does not have sufficient working capital for the short term, and thus will need to rely upon financing from shareholders and/or debt holders, or from new investors, or from the refinancing or sale and leaseback of its Chatham, Ontario facility, to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company or at all.

Market Risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, currency exchange rates and changes in market prices due to other factors including changes in equity prices.

The Company, through its international customers and vendors, is exposed to currency risk. As at June 30, 2023, $7,082,993 (June 30, 2022 - $301,486) of its financial assets were denominated in NIS. At June 30, 2023, $3,985,325 (June 30, 2022 - $218,482) of its financial liabilities, were denominated in NIS.

The Company is exposed to the NIS and a 10% strengthening or weakening in the NIS against the Canadian dollar on financial assets and financial liabilities would result in a decrease or increase of approximately $309,767 (June 30, 2022 - $21,848) in net loss for the reporting period-ended June 30, 2023.

The Company has not entered into any hedging agreements or purchased any financial instruments to hedge its foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk.

As at June 30, 2023, the Company does not hold any financial liabilities with variable interest rates, other than short-term revolving credit facilities at its pharmacy subsidiaries in Israel. Atlas does maintain bank accounts and occasionally government investment certificates which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

Interest rate risks on the interest-bearing financial liabilities are mostly limited due to the fact that the Company's substantial financial liabilities are fixed rate interest instruments carried at amortized cost. In Israel, the Company's pharmacy subsidiaries have bank lines of credit, with fluctuating interest rates, but their impact on the Company's overall interest rate risk is limited.

Foreign Currency Risk

The Company, through its international customers and vendors is exposed to currency risk. As at June 30, 2023, $7,082,993 of the Company's' financial assets (June 30, 2022 - $301,486) and $3,985,325 of the Company's financial liabilities (June 30, 2022 - $218,482) are translated to and denominated in Canadian dollars.

The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables and planned expenditures.

OUTSTANDING SHARE DATA

The Company has authorized an unlimited number of common shares without par value.

As of the date of this MD&A, the Company has 158,679,139 shares issued and outstanding, 11,681,326 stock options and 300,000 restricted share units.

Lastly, (i) in connection with the acquisition of GreenSeal and the recent receipt of a clearance certificate from the CRA, the Company is obligated to issue the 2,387,642 Withheld Shares; and (ii) subject to full or partial revocation of the existing cease trade order, the Company will issue 3,693,444 Loan Consideration Shares (as defined below).

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties. The following discussion summarizes certain risk factors that apply to the Company's business and may affect the Company's financial condition, results of operation or business and that could cause actual results to differ materially from those expressed in our forward-looking statements. These risks and uncertainties are not the only ones facing the Company. Refer to the Company's MD&A for the financial year ended March 30, 2023, dated April 9, 2024 for a complete list of risk factors impacting the Company Also, additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also materially adversely affect the business, financial condition and results of operations, or the trading price of the Company's Shares if any such risks actually occur.

The Company's ability to continue as a going concern depends on several factors, primarily securing additional funding.

During the three months ended June 30, 2023, the Company had a net income of $7,314,484 and as at June 30, 2023 had cumulative deficit of $9,193,497 and current liabilities exceeding current assets by $18,678,925. The above events and conditions indicate there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent, among, other things, upon its capability to grow its revenue or reduce its cost base, to achieve self-sustaining operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, is sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company, or at all.

The Company is in default of a covenant in a Mortgage registered against the Chatham Facility

Any default under our existing debt that is not waived by the applicable lenders could materially and adversely impact our results of operations and financial results, may impact the Company's ability to continue as a going concern, and may have a material adverse effect on the trading price of our Shares (once and if the FFCTOis lifted).

We are required to comply with the covenants in our debt instruments. These covenants may create a risk of default on our debt if we cannot satisfy or continue to satisfy these covenants. If the Company cannot comply with a debt covenant or anticipate that it will be unable to comply with a debt covenant under any debt instrument it is party to, management may seek a waiver and/or amendment to the applicable debt instrument in respect of any such covenant in order to avoid any breach or default that might otherwise result therefrom. If we default under a debt instrument and the default is not waived by the lender(s), the debt extended pursuant to all of its debt instruments could become due and payable prior to there stated due date. If such event were to occur, the Company cannot give any assurance that (i) its lenders will agree to any covenant amendments or waive any covenant breaches or defaults that may occur, and (ii) it could pay this debt if it became due prior to its stated due date. Accordingly, any default by us on existing debt that is not waived by the applicable lenders could materially adversely impact our results of operations and financial results, may impact the Company's ability to continue as a going concern, and may have a material adverse effect on the trading price of our Common Shares.

In that regard, Atlas is subject to externally imposed capital covenants related to secured indebtedness registered against the Chatham Facility and must keep its debt-to-equity ratio at 1:1, and as of June 30, 2023, was in violation of this covenant, which resulted in the long-term debt being classified as current.

The Company is in discussion with the applicable lender regarding a waiver of this breach and possibly repayment, in the event discussions regarding a refinancing of the Chatham Facility are successful.

Garnishment of Excise Tax Arrears Would Materially and Adversely Affect The Company's Near Term Cash Flow

As stated above, in an industry wide effort to collect substantial arrears, CRA has requested that provincially owned cannabis wholesalers to garnish payments intended for licensed producers, such as the Company. The Company has an arrears balance with the CRA of $6,819,519 and potential garnishment, without third party financing and/or some negotiation of the timing of payment of the arrears will materially adversely affect the Company's future financial performance. The Company is in discussion with the CRA regarding payment of the arrears on a schedule that will mitigate the effect on the Company's near term cash position.

Refinancing debt on the Chatham Facility as an opportunity to increase working capital for AGB

The Company currently has $15.1M in principal mortgages secured against the Chatham Facility which matures in November 2024. The Company is in discussions with lenders for the refinancing of this debt, however upon maturity of the debt, there can be no certainty that refinancing will be available at terms acceptable to the Company.

Our continued growth requires additional financing, which may not be available on acceptable terms or at all.

Our continued development and our ability to meet planned growth and increased cash flow for operations, particularly the Chatham Expansion, requires additional financing. The Company has appraised the Chatham facility, including land and building, at a fair value upwards of $30M and is seeking to further leverage the equity in the facility to secure additional financing for the Chatham Expansion and other operations of the Company.

The failure to raise such capital would result in the delay or indefinite postponement of our current business strategy or our ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be available on favorable terms. If additional funds are raised through issuances of equity, equity-linked securities, or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of holders of Shares. In addition, from time to time, we may enter into transactions to acquire assets or equity securities of other companies. These transactions may be financed wholly or partially with debt, which may increase our debt levels above industry standards and our ability to service such debt. Any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which could make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, entitle lenders to accelerate repayment of debt and there is no assurance that we would be able to repay such debt in such an event or prevent the enforcement of security, if any, granted pursuant to such debt financing.

An economic downturn of global capital markets may make raising additional capital more difficult. If uncertain market conditions persist, the Company’s ability to raise capital could be jeopardized, which could have an adverse impact on the Company’s operations and the trading price of the Company’s shares.

KEY DEVELOPMENTS SUBSEQUENT TO THE FIFTEEN MONTHS ENDED JUNE 3, 2023

Purchase Order and Accounts Receivable Sales

On July 6, 2023 the Company entered into an arrangement to sell certain accounts receivables in exchange for an advance of 75% of the accounts receivables sold with the remaining 25%to be remitted net of fees and charges upon collection. On September 9, 2023, the Company amended the arrangement to include the sale of certain purchase orders which, once the purchase order is fulfilled, convert into a sold receivable and the Company receives an advance of 65% of the receivable. The receivables are sold on a non-recourse basis, and the Company pays a fee of 1.8% per month of the uncollected amounts advanced up to $1,000,000, and 1.67% per month on amounts advanced that are greater than $1,000,000. In addition, the Company is obligated to pay an unused facility fee of 2% per annum on the unused amount of the facility.

Failure to File Cease Trade Order

On August 8, 2023, the Ontario Securities Commission (the “**OSC**”), as the principal regulator, issued a failure to file cease trade order (the “**FFCTO**”), upon the Company’s failure to file the financial statements and related MD&A and certifications (the “**Annual Filings**”) by July 31, 2023,. On April 9, 2024 the Company completed its Annual Filings.

As a consequence of the delay in completing the Annual Filings s, the Company is also delayed in filing its interim financial report and related management’s discussion and analysis and certifications for the interim period ended June 30, 2023, September 30, 2023 and December 31, 2023 that were due August 29, 2023, November 29, 2023, and February 29, 2024 respectively/

The FFCTO prohibits the trading by any person of any securities of the Company in each jurisdiction in Canada in which the Company is a reporting issuer and in which Multilateral Instrument 11-103 – *Failure-*

to-File Cease Trade Orders in Multiple Jurisdictions applies, including trades in the Shares made through the CSE, for as long as the FFCTO is in effect, with limited exceptions.

On March 20, 2024, the Company made application to the OSC for a partial revocation order permitting the issue of the Loan Consideration Shares.

New Loan

On February 6, 2024 Shahar Management Group Company (K.S.N.) Ltd. ("**Shahar**"), an entity controlled by Avi Elkayam, an insider of the Company, has made a loan to Cambrosia, a wholly-owned subsidiary of the Company in the principal amount of 3,000,000 NIS (approximately $1,110,000 CAD) (the "**Loan**").

The Loan was made pursuant to an agreement dated January 8, 2024, as amended on February 1, 2024, and further amended on March 12, 2024, between Cambrosia and Shahar (the "**Loan Agreement**"). The Loan has a term of two years commencing on February 1, 2024, and bears interest at a rate of 9.75% per annum. Loan repayment obligations for the first 12 months of the term are on an interest-only basis, and thereafter monthly payments of interest and principal.

Pursuant to the Loan Agreement, Cambrosia deposited 250,000 NIS in a closed bank account to ensure timely interest payments for the first year of the term. Cambrosia has the option to request an extension of the term of the Loan by an additional 12 months, for an aggregate repayment term of three years.

Cambrosia's obligations under the Loan Agreement are secured by a pledge of its 51% interest in its three pharmacies located in Israel and its interest in any other subsequently acquired medical cannabis pharmacies and guaranteed by the Company,. Shahar has the right to enforce its' security interest in the pharmacies should the FFCTO not be lifted by May 15, 2024. In addition to the applicable interest on the Loan payable by Cambrosia, subject to and conditional upon the revocation of the FFCTO, Atlas will issue to Avi Elkayam, as sole shareholder of Shahar and/or to Shahar 3,693,444 Shares (the "**Loan Consideration Shares**").

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at sedarplus.ca.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking information" within the meaning of applicable securities legislation, that relate to our current expectations and views of future events. Statements or information which are not purely historical are forward-looking statements and include any statements or information regarding beliefs, plans, outlook, expectations or intentions regarding the future including words or phrases such as "anticipate", "objective", "may", "will", "should", "expect", "believe", "estimate", "potential", "plan", "project" or similar expressions suggest future outcomes or the negative thereof or similar variations. Forward-looking statements and information may include, among other things, statements or information relating to the business strategy (including expected growth rate) of Atlas, potential sources of capital, any estimate of potential earnings and margins, the completion of any transaction including additional acquisitions, financings and re-financings, expected market growth and market penetration, timing of product development (both for future products and enhancements of existing products), expectations regarding expenses, sales, operations, our estimates regarding our capital requirements and our ability to obtain additional financing, our expectations for the cost and timing of achieving our business objectives, our competitive position, and anticipated trends and challenges in the markets in which we operate including the regulatory environment.

Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Atlas will operate in the future, including: general business and economic conditions; the regulatory environment, the demand for our products; anticipated costs and ability to achieve goals, business plan and growth strategy; the availability of financing on reasonable terms as needed; our ability to attract and retain skilled staff; our ability to complete any contemplated transactions; and that there will be no regulation or law that will prevent us from operating our business or render it more costly to do so. Although Atlas believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect.

Forward-looking statements and information are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results to be materially different from those expressed or implied by such forward-looking statements or information, including but not limited to:the commencement of garnishment proceedings to collect excise tax is arrears, the possibility that the secured lender in respect of the Chatham Facility does not waive the breach of covenant and commences enforcement proceedings against the collateral, that short term financing is not secured, that the FFCTO is not revoked in part or in whole, our ability to access capital on reasonable terms in the medium term; demand for our products, business, economic and capital market conditions; the ability to expand our business internationally; the ability of the Company to make payments of principal and interest on its outstanding debt; the ability to refinance outstanding debt if required; the ability to manage our operating expenses which will increase significantly through business expansion and may adversely affect our financial condition; our ability to manage working capital; our ability to obtain additional financing, continued hostilities in the Middle East, potential dilution of the Company's share capital from future financing; our ability to successfully define, design and release new products in a timely manner that meet our customers' needs; our ability to remain competitive as competitors develop and release products; the ability to find and finance suitable acquisitions; legal and regulatory uncertainties; the uncertainty of the outcome of current ongoing litigation; risks inherent in foreign operations in the countries in which the Company or its subsidiaries operates, including political, economic, legal, military and sovereign risk; market volatility in response to heightened inflation and the impact on demand and pricing for our products; exchange rate fluctuation; price and volume volatility of the Company's shares; our relationships with our customers, distributors, suppliers and business partners; volatility in cannabis supply and demand; logistics issues, delays or delivery costs; ability to meet target production; alteration of supply contracts; conflicts of interest; quality control; our ability to attract, retain and motivate qualified personnel; our dependence on key personnel and the sufficiency of their expertise in managing a public company; our failure to develop new products; our ability to successfully maintain and enforce our intellectual property rights and defend third-party claims of infringement of their intellectual property rights; product liability and recall; the risk that consumer interest in and sentiment towards Atlas products adversely changes; the impact of COVID-19 or other viruses and diseases on Atlas' ability to operate; equipment failures; unanticipated increases in operating costs; security threats; government regulations and laws regulating cannabis production and distribution and changes thereto; the availability and validity of licenses and permits required to operate the Company's business; changes or developments affecting the Company's production facilities; and failure of counterparties to perform their contractual obligations.

Further, Atlas is a holding company and essentially all of its operating assets are the capital stock of its subsidiaries. Given these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements or information.

The forward looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. The Company cautions that the foregoing lists of assumptions, risks and uncertainties is not exhaustive.