SIMPLY BETTER BRANDS CORP.

Management's Discussion and Analysis

March 31, 2023

(Expressed in United States dollars unless otherwise specified)

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Simply Better Brands Corp. (formerly PureK Holdings Corp.) ("SBBC", "we", "our" or the "Company"), our operations, financial performance, and current and future business environment. This MD&A is intended to supplement and complement the consolidated financial statements and notes thereto prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ended December 31, 2022. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company and the notes relating thereto, for the three months ended March 31, 2023, which are prepared in accordance with International Financial Reporting Standards ("IFRS") and the annual management discussion and analysis for the year ended December 31, 2022 which are available on the SEDAR website at www.sedar.com.

This MD&A is prepared as of May 30, 2023. All dollar amounts in this MD&A are expressed in thousands of United States dollars ("$", "US$" or "US dollar"), unless otherwise specified. Canadian dollars are referred to as "CA$".

Additional information relating to the Company is available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain information provided in this MD&A constitutes forward-looking statements or information (collectively, "forward-looking statements"). Forward-looking statements are typically identified by words such as "may", "will", "should", "could", "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Although these forward-looking statements are based on assumptions the Company considers to be reasonable based on the information available on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors which may cause actual results, levels of activity, and achievements to differ materially from those expressed or implied by such statements. The forward-looking statements contained in this MD&A are based on certain assumptions and analysis by management of the Company ("Management") in light of its experience and perception of historical trends, current conditions and expected future development and other factors that it believes are appropriate. The material factors and assumptions used to develop the forward-looking statements herein include, but are not limited to, the following: (i) the impact of the COVID-19 pandemic (ii) the regulatory climate in which the Company operates; (iii) the continued sales success of the Company's products; (iv) the continued success of sales and marketing activities; (v) there will be no significant delays in the development and commercialization of the Company's products; (vi) there will be no significant reduction in the availability of qualified and cost-effective human resources; (vii) new products will continue to be added to the Company's portfolio; (viii) demand for hemp-based wellness products will continue to grow in the foreseeable future; (ix) there will be no significant barriers to the acceptance of the Company's products in the market; (x) the Company will be able to maintain compliance with applicable contractual and regulatory obligations and requirements; (x) there will be adequate liquidity available to the Company to carry out its operations; and (xi) products do not develop that would render the Company's current and future product offerings undesirable and the Company is otherwise able to minimize the impact of competition and keep pace with changing consumer preferences; and (xii) the Company will be able to successfully manage and integrate acquisitions, if any.

The Company's forward-looking statements are subject to risks and uncertainties pertaining to, among other things, the adverse impact of the COVID-19 pandemic to our operations, our supply chain, our distribution chain, and to the broader market for our products, revenue fluctuations, nature of government regulations (both domestic and foreign), economic conditions, loss of key customers, retention and availability of executive talent, competing products, the effectiveness of e-commerce marketing strategies, loss of proprietary information, product acceptance, internet and system infrastructure functionality, information technology security, cash available to fund operations, availability of capital and, international and political considerations, the successful integration of acquired businesses, if any, as well as the risks and uncertainties discussed under the heading "Risks and Uncertainties" in this MD&A. The impact of any one risk, uncertainty, or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent, and the Company's future course of action depends on Management's assessment of all information available at the relevant time. Except to the extent required by law, the Company assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A, whether as a result of new information, future events, or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on the Company's behalf, are expressly qualified in their entirety by these cautionary statements.

COMPANY OVERVIEW

SBBC was incorporated by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on March 19, 2018 and changed its name from AF1 Capital Corp. to PureK Holdings Corp. on December 8, 2020 and from PureK Holdings Corp. to Simply Better Brands Corp. on May 3, 2021.

The Company is listed on the TSX Venture Exchange (the "Exchange" or "TSXV").

In connection with the name changes, on May 3, 2021, the Company's common shares commenced trading on the TSX under the symbol "SBBC". Prior to May 3, 2021, the Company's common shares traded on the TSX under the symbol "PKAN".

The Company is an international omni-channel platform with diversified assets in the emerging plant-based and holistic wellness consumer product categories. The Company focuses on innovation for the informed Millennial and Generation Z generations in the rapidly growing plant-based, natural, and clean ingredient space. The Company also focuses on expansion into high-growth consumer product categories including CBD products, plant-based food and beverage, and the global pet care and skin care industries. The head office and the registered address of the Company are 206-595 Howe Street Vancouver, British Columbia V6C 2T5.

The Company operates in one reportable segment being the sale of consumer health and wellness products with sales principally generated from the United States. Hemp extracts are produced from Industrial Hemp, which is defined as the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3% THC. The Company offers offers a diverse range of Hemp derived products including CBD under the brands of Purekana, Seventh Sense and Vibez. These CBD and Hemp derived products through two subsidiaries -Purekana LLC and BRN Brands Group Inc. The Company works closely with manufacturers who have the licenses required to manufacture CBD consumer products and e-commerce partners for the sale and distribution of its products.

The Company offers better for you protein bars under the subsidiary Tru Brands Inc. Through TRU Brands Inc. the Company offers nutritious bars sold online in both the US and Canada and through major U.S. and Canadian retailers, including Costco, Whole Foods, Loblaws and Shoppers Drugmart.

The Company also offers high quality skin care products to consumers through its No BS brand. No BS was founded to provide consumers a clean and environmentally friendly alternative to the excesses of the beauty industry. No B.S. Skincare's products are made with potent, plant-based and scientifically proven ingredients and – unlike other skincare solutions – with absolutely no harmful chemicals like parabens, sulfates, or phthalates, and no synthetic fragrances. All of their products are responsibly made in America and are never tested on animals.
Revenues from sale of SBBC's products were principally generated in the United States.

The Company has followed a tight operating model that efficiently generates sales while maintaining tight control over its expenses. The Company's operating model has focused on developing key strategic relationships with its product vendors to produce its products rather than a classic vertically integrated model that other competitors have followed. We have strategic partners in fulfillment, marketing, and customer service that have provided the Company with an ability to scale its business without significant need for capital investment. The Company has been able to quickly develop its revenues since its inception as a result of its agile partnership model and below benchmark fixed costs.

As the Company acquires other brands into its portfolio, it will focus on integrating the operations of the acquired companies with its main business with a goal to reduce operating costs and market its product offerings across its brand portfolio either through e-commerce or through its retail channels.

FACTORS AFFECTING THE COMPANY'S PERFORMANCE

The Company's performance and future success depends on a number of factors. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below and referred to under the heading "Risk and Uncertainties".

The COVID-19 Pandemic

Since December 31, 2019, the outbreak of the novel strain of coronavirus, identified as COVID-19, has resulted in governments worldwide enacting measures to combat the spread of the virus, including in the United States. These measures, which include the implementation of travel restriction, self-isolation measures, and physical distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The deterioration of economic conditions to date has resulted in a surge in unemployment and may lead to a deterioration in consumer balance sheets, all of which may impact consumer spending behavior and could adversely affect the Company's financial performance.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the response measures as well as the evolution of a new variant of COVID-19 that is more contagious, has more severe effects or is resistant to treatments or vaccinations. It is impossible to forecast the duration and full scope of the economic impact of COVID-19 and its variant strains and other consequential changes it will have on the Company's business, operations and prospects, both in the short term and in the long term. See also "Risks and Uncertainties - Impacts of COVID-19 to the Company's Business" below.

Branding

The Company believes that its brand image and awareness is built around consumer trust with a focus on quality. Maintaining and enhancing its brand image and increasing brand awareness in its current markets and in new markets where the Company had limited brand recognition is critical to its continued success.

Maintaining and enhancing the Company's brand image and increasing brand awareness may require the Company to make investments in areas such as marketing, product development, brand development, employee training and public relations, and may require the Company to incur other costs associated with continuing to expand e-commerce sales. These investments may be substantial, and the Company's efforts may not ultimately be successful. Failure to maintain and enhance the Company's brand in any of its key markets may materially and adversely affect the Company's business, results of operations or financial condition.

Product Innovation and Planning

The Company believes that product innovation is integral to its success and it continues to focus on innovation as a key pillar of growth. The Company's business is subject to changing consumer trends and preferences. The success of new product offerings depends upon a number of factors, including the Company's ability to: (i) accurately anticipate customer needs; (ii) develop new products that meet these needs; (iii) successfully commercialize new products in a timely manner; (iv) price products competitively; (v) deliver products in sufficient volumes and in a timely manner; and (vi) differentiate product offerings from those of competitors.

Management and Growth of E-Commerce Sales

Management and growth of the Company's e-commerce sales are essential to growth. The usability of and client experience provided by the Company's e-commerce platform is critical to the success and growth of its e-commerce sales. Any extended software disruption of the Company's e-commerce platform or the failure on the part of the Company to provide an attractive, effective, reliable, user friendly e-commerce platform that offers a wide assortment of merchandise with rapid delivery options and that continually meets the changing expectations of online customers could place the Company at a competitive disadvantage, result in the loss of revenue or harm the Company's reputation with customers and could have a material adverse effect on business and results of operations. The Company also depends on third-party service providers for its e-commerce platform and any service disruption on their part could affect customer ability to access the Company's website resulting in loss of revenue or harm to reputation.

The success of the Company's e-commerce sales is also dependent on the Company's ability to successfully manage the costs, difficulties and competitive pressures associated with shipping, including inventory management and distribution, banking and credit card processing, and compliance with governing statutes, laws, regulations and regulatory policies in the jurisdictions to which products are shipped, including laws governing the operating and marketing of e-commerce websites, as well as the collection, storage and use of information on consumers interacting with these websites. If the Company is unable to expand or update its e-commerce site commensurately with competitors, manage shipping and successfully respond to the risks inherent to e-commerce, the Company's financial position and results of operations may be negatively impacted.

Furthermore, if the Company is unable to successfully capitalize on digital marketing channels to drive client acquisition and retention, including search engine optimization, email marketing, improved product descriptions, data driven category naming, and the leveraging of social media, the Company's financial position and results of operations may be negatively impacted. Periodic changes to search engine algorithms, which retrieve data from search indices and deliver ranked search results, produce changes in search engine results pages (SERPs). Any changes to these algorithms and therefore search engine results pages could reduce visibility of, and traffic on, the Company's e-commerce website and negatively impact the Company's financial position and results of operations.

Competition

The market for its consumer wellness products is highly competitive. The competition consists of publicly and privately-owned companies, which tend to be highly fragmented in terms of geographic market coverage, vertical integration and products offered. With the Company's strong brand status and innovative products, Management believes the Company is well-positioned to capitalize on favorable long-term trends in the consumer wellness products segment.

Growth Strategies

The Company has a successful history of growing revenue, and it believes it has a strong growth strategy aimed at meeting or exceeding industry growth rates. The Company's future depends, in part, on Management's ability to implement its growth strategy including (i) product innovations; (ii) management and growth of e-commerce sales;

and (iii) growth in retail, wholesale and distributor partnerships and (iv) acquisitions of other brands related to its growth strategy. The ability of the Company to implement this growth strategy depends on, among other things, its ability to develop new products that appeal to consumers, maintain and expand brand loyalty and brand recognition, maintain and improve competitive position in the market, and identify and successfully enter, and market products in new geographic areas and segments as well the ability to successfully navigate legislative and regulatory uncertainties. See "Risks and Uncertainties".

Regulation

The Company is subject to the local, state, and federal laws in the jurisdictions in which it operates. Outside of the United States, the Company's products may be subject to tariffs, treaties, and various trade agreements as well as laws affecting the importation of consumer goods and the retail sale of hemp-derived products. The Agricultural Improvement Act of 2018 (the "2018 Farm Bill") became law on December 20, 2018. The 2018 Farm Bill removed hemp from the list of controlled substances under the Controlled Substances Act. The 2018 Farm Bill also redefined hemp to include its "derivatives, extracts, and cannabinoids", and accordingly removed popular hemp products, such as CBD from the purview of the U.S. Drug Enforcement Agency ("DEA"). Although the DEA no longer regulates hemp, the U.S. Food and Drug Administration ("FDA") retains its authority to regulate ingestible and topical products, including those that contain hemp and hemp extracts such as CBD. The FDA governs the regulations applicable to the Company as a vendor and marketer of hemp-derived products. These include regulations for nutrition and allergen labeling and label claim regulations; rules for submission of received serious adverse event reports; and safety requirements, including, as applicable, new dietary ingredient ("NDI") and generally recognized as safe ("GRAS") regulations. The FDA has stated its concerns over drug claims being made about products that contain CBD, as well as the agency's position that under the Food, Drug and Cosmetic Act ("FD&C Act") CBD cannot be marketed in a food or a dietary supplement because a product containing CBD was approved as a drug and substantial clinical trials studying CBD as a new drug were made public prior to the marketing of any food or dietary supplements containing CBD, and therefore dietary supplements or food are precluded from containing this ingredient (the "Prior Drug Exclusion "). The Company believes there are significant arguments against this position in that all conditions of the applicable statute must be met before the Prior Drug Exclusion applies. Importantly, there have been recent regulatory and legislative developments, described in more detail under the heading "Regulatory Framework" in the Company's filing statement dated November 20, 2020, which may provide a pathway for allowing hemp-derived compounds, such as CBD, in foods and dietary supplements. A copy of the filing statement may be viewed under the Company's SEDAR profile at www.sedar.com.

CORPORATE DEVELOPMENTS

<u>Financing</u>

The Company announced on February 14th that it had closed the first tranche of its previously announced private placement and upsized on February 7, 2023 (the "Private Placement"). The Company issued a total of 20,020,000 units ("Units") at a price of $0.25 per Unit for gross proceeds of $5,005,000. Each Unit consisted of one common share of SBBC ("Common Share") and one-half of one common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to acquire one Common Share for a period of two years following the closing of the financing at an exercise price of $0.45 per Common Share. All securities issued in connection with this private placement are subject to a four-month hold period. It is anticipated that the net proceeds of the Private Placement will be used for new product development, channel expansion, geographic expansion, debt reduction and general corporate working capital purposes. Finders acting in connection with the private placement received fees in the aggregate amount of $338,100 and 1,352,400 non-transferable finder's warrants. Each finder's warrant may be exercised to acquire one Unit at a price of $0.25 per Unit until February 14, 2025. Insider (and entities controlled by insiders) participated in the placement for a total of approximately $175,000.

The Company announced on February 27th that it had closed the second and final tranche (the "Second Tranche") of its $7,000,000 non-brokered private placement (the "Offering"). Under the Second Tranche, the Company issued a total of 7,980,000 units ("Units") at a price of $0.25 per Unit for gross proceeds of $1,995,000. Each Unit consisted of one common share of SBBC ("Common Share") and one-half of one common share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to acquire one Common Share for a period of two years following the closing of the financing at an exercise price of $0.45 per Common Share. It is anticipated that the net proceeds of the Offering will be used for new product development, channel expansion, category expansion, debt reduction and general corporate working capital purposes. A significant participant in the private placement was VRG Capital, a Toronto-based private equity and investment banking firm. In connection with the Second Tranche, finders acting in connection with the Offering received fees in the aggregate amount of $111,300 and 445,200 non-transferable finder's warrants. Each finder's warrant may be exercised to acquire one Unit at a price of $0.25 per Unit until February 21. 2025. Insiders participated in the placement for a total of approximately $150,000.

Board of Directors Expansion

On February 27th, the Company announced the appointment of J. R. Kingsley Ward, a Managing Partner at VRG, to its Board of Directors. Kingsley has over thirty years of experience initiating, structuring and monetizing private equity investments and currently serves as the Chairman of Clarus Securities Inc.

On May 12, 2023, the Company announced the addition of Richard Kellam, President and CEO of Data Communications Management Corp. to its Board of Directors. Mr. Kellam will bring a wealth of general management, customer development and marketing experience through his 35-year international career with leading global companies. Mr. Kellam's professional experience includes positions at Robin Hood Multifoods, Molson Breweries, The William Wrigley Company and Mars Inc. Following a 17 year, primarily internationally based, career with Mars Inc., he joined Goodyear as Senior Vice President of Global Sales and Marketing.

Business Developments

The Company announced on March 29, 2023 that it had entered an agreement with Sodexo a French, multinational company with 422,000 employees that provides food services, facilities management services, and employee benefits to 100 million consumers daily in 53 countries. This strategic relationship will enable Sodexo to accelerate its clean ingredient, plant-based food initiative and help it achieve its commitment to offer 33% plant-based dishes in their menus by 2025. For the initial launch phase, TRUBAR will begin work in the state of Texas in select micro-markets in Q2 2023. SBBC reports, expanded distribution and consumer demand has the company forecasting TRUBAR Q1 2023 revenues equal to or higher than all of 2022.

The Company announced on May 4, 2023 that TRUBAR was currently in national distribution at Costco due to the success of its TRUBAR business with Costco regions in 2022 as it exceeded the bar category sales velocities at Costco. Supporting the brands continued expansion are four initiatives: manufacturing capacity expansion, continued omnichannel distribution growth, bar flavor extensions, and the entry into the $8 billion protein powder category in 2023.

The Company announced on May 9, 2023 that the No B.S. brand's Initial brick and mortar success at CVS has led to additional brick and mortar distribution in 2023. The brand slotted to enter Walgreens in the summer 2023. It was further announced that the No BS brand was also picked by TJ Maxx (Q2 2023) and BJ's Wholesale.com (Q2 2023). Sources of additional growth include omni-channel expansion supported by insight-driven innovation with an expanded facial acne patch portfolio (overnight pimple patch and acne patch plus retinol night cream) and a natural deodorant category entry.

The Company March 20, 2023 announced its PureKana launch of a science-based line of CBD-based products designed to support specific dog ailments. The product line includes CBD oil drops, treats, and topicals formulated to address common issues such as anxiety, inflammation, skin irritation and coat health. Per Grandview Research, the global CBD pet market size was estimated at USD 195.98 million in 2022 and is expected to grow at a lucrative compound annual growth rate (CAGR) of 31.8% from 2023 to 2030. PureKana Pets was created with a mission to provide natural, safe, and efficacious solutions to improve the overall wellness of pets. The expanded PureKana Pet offering addresses the needs of pets in three categories: Calming/Anxiety relief, Hip /Joint anti-inflammatory, Hair & Coat / Irritation relief & shiny coat.

SUMMARY OF QUARTERLY RESULTS

expressed in millions except for earnings (loss) per share	**March 31, 2023** $	**December 31, 2022** $	**September 30, 2022** $	**June 30, 2022** $
Revenue	24.60	23.00	13.40	16.90
Gross margin ($)	13.90	16.10	8.80	11.70
Gross margin (in %)	57%	70%	66%	69%
Net income (loss)	(2.70)	(5.40)	(1.40)	(2.80)
- Basic	(0.05)	(0.13)	(0.03)	(0.10)
- Diluted	(0.05)	(0.13)	(0.03)	(0.10)

expressed in millions except for earnings (loss) per share	**March 31, 2022** $	**December 31, 2021** $	**September 30, 2021** $	**June 30, 2021** $
Revenue	12.10	6.50	3.50	3.10
Gross margin ($)	8.00	4.40	2.00	1.80
Gross margin (in %)	66%	68%	57%	58%
Net income (loss)	(3.30)	(4.20)	(6.40)	(1.50)
- Basic	(0.10)	(0.13)	(0.27)	(0.06)
- Diluted	(0.10)	(0.13)	(0.27)	(0.06)

The net loss for the first quarter of 2023 decreased by $2.7 million over the loss in the fourth quarter of 2022 and is primarily related to the decrease in operating expenses ($5.0 million) and other expenses ($0.9 million), offset by a reduction in gross margin ($2.2 million) and deferred taxes ($1.0 million) compared to the fourth quarter of 2022.

The net loss for the fourth quarter of 2022 increased by $4.0 million over the loss in the third quarter of 2022 is primarily related to the increase in amortization expenses ($2.8 million) and impairment charges ($2.1 million) in the fourth quarter compared to the third quarter of 2022.

The net loss for the third quarter of 2022 decreased by $1.4 million over the loss in the second quarter of 2022 is primarily related to the decrease in marketing expenses, share-based payments and other expenses. In the second quarter of 2022, the Company recognized an impairment of prepaid expenses of $0.4 million and the loss on remeasurement of loan payable. No such other expenses were recognized in the third quarter of 2022.

The net loss for the second quarter decreased by $0.5 million over the loss in the first quarter of 2022 with higher revenues and higher gross profits generated in the second quarter of 2022 compared to the first quarter of 2022. Loss per share was $0.10 in the second quarter of 2022.

The net loss for the first quarter of 2022 decreased over the loss in the fourth quarter of 2021 as the primarily as the result of lower impairment charges in the first quarter compared to the fourth quarter of 2021. Loss per share was $0.10 in the first quarter of 2022.

The net loss in the fourth quarter of 2021 decreased over the loss in the third quarter. Loss per share was $0.13 in the fourth quarter of 2021. The fourth quarter loss included impairment charges of $2.5 million.

The net loss in the third quarter of 2021 increased significantly driven by the $4.5 million in stock-based compensation recognized. This increase in stock-based compensation is driven by the first grant awarded after the plan was approved at the Shareholders meeting in July 2021. Loss per share was $0.27 in the third quarter of 2021.

The net loss incurred for the second quarter of 2021 was mainly due to the increase in salaries and wages. Loss per share was $0.06 in the second quarter of 2021.

RESULTS OF OPERATIONS

	For the three months ended				Change	
	March 31, 2023		March 31, 2022			
*expressed in millions **	$	% (in terms of revenue)	$	% (in terms of revenue)	$	%
Revenue	24.60	100%	12.10	100%	12.50	103%
Cost of goods sold	(10.70)	(43%)	(4.10)	(34%)	(6.60)	161%
Gross profit	**13.90**	**57%**	**8.00**	**66%**	**5.90**	**74%**

First Quarter March 31, 2023 – Revenue

The Company's revenue is generated by one segment – consumer products and within that segment by four main subsidiaries, PureKana's, Tru, BRN, No BS and other subsidiaries which do not generate material revenue currently. Revenue for the first quarter of 2023 was $24.6 million, an increase of $12.5 million or 103% growth compared to $12.1 million in the first quarter of 2022. PureKana's first quarter revenue for the three months ended March 31, 2023, was $12.5 million compared to $9.3 million for the comparable period in 2022 (increase of $3.2 million or 34%). PureKana's revenue increase was driven by growth of new customers. Tru's first quarter revenue for the three months ended March 31, 2023, was $10.2 million compared to $2.5 million for the comparable period in 2022 (increase of $7.7 million or 308%). Tru's strong sales performance in the first quarter was driven primarily by orders from Costco in the US for a national promotion (Multi Vendor Mailers "MVM") and from major retailers in Canada. No BS's first quarter revenue for the three months ended March 31, 2023, was $0.3 million compared to $0.3 million for the comparable period in 2022. Revenue from BRN (Vibez and Seventh Sense) was $1.4 million compared to nil as BRN was acquired in the second quarter of 2022. SBBC's other subsidiaries contributed $0.2 million in the first quarter compared to 0.0 million.

First Quarter March 31, 2023 – Cost of goods sold

Cost of goods sold includes the product cost from co-manufacturers, merchant processing fees, fulfillment and delivery costs. Product costs may vary directly based on hemp's crop price and the CBD derivatives from the crops. Product costs for No BS and Tru products can also be impacted by price of raw materials. Merchant processing fees may be affected by the CBD industry's risk and customer data security and fraud. Fulfillment costs are mainly driven by the delivery costs with the main courier companies. SBBC's cost of sales increased in the first quarter relative to the fourth quarter of 2022 by 13 percentage points due to a higher mix of lower margin retails sales (41% of Q1 sales compared to 15% of sales in Q4 of 2022) which has lower gross margins than online sales. The Company continues to manage its finished goods costs with co-manufacturers with the higher order volumes it has been able to place.

Cost of goods sold for online sales (Direct to consumer "DTC") typically range in the low to mid 70's and retailer (Business to Business "B2B") gross margins range in the mid 30's to higher 40's.

Cost of goods sold was $10.7 million in the first quarter of 2023 (43% of revenues) compared to $4.1 million (34% of revenues) in the comparable period.

First Quarter March 31, 2023 – Gross profit

Gross profit for the first quarter of 2023 was $13.9 million (57%) compared to $8.0 million (66%) in the first quarter of 2022. The gross profit margin was down nine percentage points in the first quarter of 2023 over the gross profit in the comparable period driven by a higher mix of B2B sales in the first quarter of 2023 (B2B was 41% of Q1 2023 sales) compared to the first quarter of 2022 (B2B was 15% of Q1 2022 sales)

First Quarter March 31, 2023– Operating expenses

Followings are the breakdown of the major operating expenses in the presented period:

	For the three months ended					
	March 31, 2023		March 31, 2022		Change	
*expressed in millions **	$		$		$	%
Expenses						
Amortization	1.00	7%	0.20	2%	0.80	400%
Customer service support	0.80	5%	0.20	2%	0.60	300%
General and administrative expenses	0.30	2%	0.40	4%	(0.10)	(25%)
Marketing expenses	10.70	72%	7.00	67%	3.70	53%
Professional fees	0.30	2%	0.60	6%	(0.30)	(50%)
Regulatory and filing fees	-	-	0.10	1%	(0.10)	(100%)
Salaries and wages	1.00	7%	0.80	8%	0.20	25%
Share-based payments	0.70	5%	1.10	10%	(0.40)	(36%)
Miscellaneous	-	-	0.10	-	(0.10)	(100%)
Total expenses	**14.80**	**100%**	**10.50**	**100%**	**4.30**	**41%**

Operating costs for the first quarter of 2023 were $14.8 million, an increase of $4.3 million (or 41%), compared to $10.5 million in the first quarter of 2022.

The majority of the operating costs increase incurred in the three months ended March 31, 2023, were marketing expenses ($10.7 million for Q1 or 72% of operating expenses) and they increased $3.7 million over the previous year directly related to the increase in PureKana and Tru sales. PureKana accounted for $7.6 million of the $10.7 million in marketing expenses in the quarter ended March 31, 2023 (71%). Tru Brand also accounts for $2.1 million in marketing expenses. These were higher in the first quarter directly related to the national Costco MVM promotion. The national promotional costs are significantly higher than the regular Costco promotional allowances. The national promotion averages 22% compared to the regular promotional; allowance of approximately 10%. The Company chose to participate as it expected to exit the national promotion in a favorable position where additional Costco regions would continue to order the product after the national promotion had ended. The MVM will run through the Company's second quarter and marketing expenses will be higher also in the second quarter.

Non-cash items of $1.7 million (Share-based payments of $0.7 million and amortization of $1.0 million) represented 12% of the operating expenses and increased $0.4 million from the prior year. Customer services support represented 5% of operating expenses for the three months ended March 31, 2023 and increased $0.6 million over the prior year ($0.2 million). These expenses were also directly related to the increase in sales at PureKana. Salaries and Wages represent 7% of total expenses and increased $0.2 million from the prior year ($0.8 million).

First Quarter March 31, 2023 – Other income (expenses)

	For the three months ended				Change	
	March 31, 2023		March 31, 2022			
*expressed in millions **	$		$		$	%
Expenses						
Acquisition-related costs	-	-	(0.40)	57%	0.40	(100%)
Fair value adjustment of derivative liability	(0.10)	6%	-	-	(0.10)	100%
Finance costs	(0.70)	41%	(0.30)	43%	(0.40)	133%
Loss on remeasurement of warrant liabilities	(0.90)	53%	-	-	(0.90)	100%
Total other income (expenses)	**(1.70)**	**100%**	**(0.70)**	**100%**	**(1.00)**	**143%**

Other expenses for the first quarter 2023 were $1.7 million compared to other expenses of $0.7 million in the first quarter of 2022 or an increase of $1.0 million. The main components in the first quarter of 2023 for other income and expenses were finance costs of $0.7 million and loss on remeasurement of warrant liabilities of $0.9 million.

Earnings before Interest, Taxes, Depreciation, and Amortization ("EBITDA") and Adjusted EBITDA (Non-GAAP Measures)

EBITDA and Adjusted EBITDA are non-GAAP measures used by management that are not defined by IFRS. EBITDA and Adjusted EBITDA do not have a standardized meaning prescribed by IFRS and therefore may not be Comparable to similar measures presented by other issuers. Management believes that EBITDA and Adjusted EBITDA provide meaningful and useful financial information as these measures demonstrate the operating performance of business excluding non-cash charges.

The most directly comparable measure to EBITDA and Adjusted EBITDA calculated in accordance with IFRS is net loss. The following table presents the EBITDA and Adjusted EBITDA for the three months ended March 31, 2023, and 2022, and a reconciliation of same to net income (loss):

	For the three months ended		Change in	
	March 31, 2023	March 31, 2022		
	$	$	$	%
Net loss	**(2.70)**	**(3.20)**	**0.50**	(19%)
Amortization	1.00	0.20	0.80	80%
Finance costs	0.70	0.30	0.40	57%
EBITDA	**(1.00)**	**(2.70)**	**1.70**	**118%**
Acquisition-related costs	-	0.40	(0.40)	100%
Fair value adjustment of derivative liability	0.10	-	0.10	100%
Loss on remeasurement of warrant liabilities	0.90	-	0.90	100%
Share-based payments	0.70	1.10	(0.40)	(57%)
Shares issued for services	-	0.10	(0.10)	100%
Non-recurring expenses	0.10	-	0.10	100%
Adjusted EBITDA	**0.80**	**(1.10)**	**1.90**	**561%**

The Company generated an adjusted EBITDA of $0.8 million for the three months ended March 31, 2023, an increase of $1.9 million over the adjusted EBITDA loss for the comparable period in 2022.

LIQUIDITY AND CAPITAL RESOURCES

*expressed in millions ** As at	March 31, 2023 $	December 31, 2022 $
ASSETS		
Current assets		
Cash and cash equivalents	5.7	2.3
Accounts receivable	5.6	4.6
Other receivable	0.2	0.1
Prepaid expenses	3.6	4.5
Inventory	2.2	3.6
Total current assets	**17.4**	**15.1**
Non-current assets	**20.4**	**21.4**
TOTAL ASSETS	**37.7**	**36.5**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	5.5	6.1
Current portion of derivative liability	0.3	0.2
Current portion of loan payable	14.3	14.6
Current portion of promissory note	1.7	1.8
Current portion of convertible notes	-	1.7
Warrant liabilities	2.2	-
Total current liabilities	**23.9**	**24.4**
Non-current liabilities	**1.1**	**1.0**
TOTAL LIABILITIES	**25.1**	**25.4**
WORKING CAPITAL (DEFICIENCY)	**(6.5)**	**(9.3)**

The Company's working capital requirements fluctuate from period to period depending on, among other factors, key consumer holidays (third, second and first quarter each year), new product introductions and vendor lead times. The Company's principal working capital needs include accounts receivable, inventory, prepaid expenses, short-term loans and accounts payable.

The Company's primary liquidity and capital requirements are for inventory and general corporate working capital purposes. The Company had a cash balance of $5.7 million as of March 31, 2023, which will provide capital to support the planned growth of the business and for general corporate working capital purposes. The Company's working capital deficiency decreased from $9.3 million as of December 31, 2022, to a working capital deficiency of $6.5 million as of March 31, 2023 ($2.8 million decrease). Working capital deficiency included the Mainstreet loan ($10.3 million) which is classified as current whereas the term of the loan is 5 years maturing in December 2025. The Mainstreet loan has a five-year term with principal repayments due to start in December 2023 with the first $1.5 million principal repayment. This loan has several covenants including annual and quarterly reporting and debt service coverage. The Company was not compliant with the debt service covenant as of December 31, 2022 although it made progress in improving the Adjusted EBITDA performance of Purekana LLC during the year. For example, adjusted EBITDA reported for Purekana LLC for the year ended December 31, 2022 was $1.4 million compared to an adjusted EBITDA loss of $1.4 million for the year ended December 31, 2021 or a $2.8 million improvement. No notice of default has been received by the Company as of the date of this MD&A and has been paying the interest on a regular basis. It has been classified as current as a result of the noncompliance with the debt service covenant.

The Company continues to focus on improving its working capital position through a number of initiatives including equity and convertible debt private placements, issuance of promissory notes and establishment of lines of credit for its subsidiaries.

Private Placements

The Company completed a private placement for CAD 7 million in equity to be used for further debt reduction, working capital and for growth initiatives in 2023.

Convertible Debentures

The Company paid down $1.7 million in convertible debentures including accrued interest that were due in February 2023.

Line of Credit Facilities

Additionally, the Company has secured several lines of credit facilities for three of its subsidiaries to support the financing of purchase orders from key customers. These lines of credit have been critical to finance the large retail purchase orders the Company's subsidiaries have successfully generated during the quarter ended March 31, 2023. For more information of the line of credit facilities please refer to note 8 in the interim financial statements for the three months ended March 31, 2023. During the three months ended March 31, 2023, the Company raised over $5.3 million in funds from these lines of credit to finance purchase orders from its large retail customers. Over the same period, the Company repaid over $5.5 million of these credit facilities to the lender. TRU was able to increase its primary line of credit with this lender to USD 6 million in December 2022. The nature of these loans is to turnover between 3-5 months from the time the money is advanced to repayment.

Promissory Notes

During the three months ended March 31, 2023, the Company reduced the balance of promissory notes outstanding by approximately $0.2 million (see note 10 in the financial statements for the three months ended March 31, 2023). All promissory notes paid off during the year had a maturity less than 12 months. Subsequent to the quarter the Company paid off a promissory note with accrued interest in the amount of $0.75 million.

The Company's ability to fund operating expenses will depend on its future operating performance which will be affected by general economic, financial, regulatory, and other factors including factors beyond the Company's control (See "Risk and Uncertainties").

Management continually assesses liquidity in terms of the ability to generate sufficient cash flow to fund the business. Net cash flow is affected by the following items: (i) operating activities, including the level of accounts receivable, other receivable, accounts payable, accrued liabilities and unearned revenue and deposits; (ii) investing activities (iii) financing activities.

Cash flow

	For the three months ended		
	March 31, 2023	**March 31, 2022**	**Change**
expressed in millions	**$**	**$**	**$**
Cash flow used in operating activities	1.00	0.50	0.50
Cash flow provided by (used in) investing activities	-	0.40	(0.40)
Cash flow provided by (used in) financing activities	2.40	(1.00)	3.40
Increase (decrease) in cash	**3.40**	**(0.10)**	**3.50**

First Quarter 2023 Cash flow from (used in) operating activities.
Following is the breakdown of the cash flow from operating activities:

	For the three months ended		
	March 31, 2023	**March 31, 2022**	**Change**
expressed in millions	**$**	**$**	**$**
Net loss	(2.70)	(3.20)	0.50
Adjustments for items not affecting cash:	3.20	2.10	1.10
Net changes in non-cash working capital items:	0.50	1.60	(1.10)
Increase (decrease) in cash	**1.00**	**0.50**	**0.50**

Cash provided from operating activities was $1.0 million in the first quarter of 2023, compared to $0.5 million in the first quarter of 2022 or an increase of $0.5 million. This increase of $0.5 million was the result of (1) an increase in cash generated in operating activities after adjusting for items not affecting cash of $0.5 million generated during the first quarter of 2023 compared to $1.1 million used in the prior period ($1.6 million improvement) and (2) cash used in non-cash working capital of $0.5 million in the first quarter of 2023 compared to the non-cash working capital of $1.6 million generated in the first quarter of 2022 ($1.1 million decrease).

First Quarter 2023 Cash flow from (used in) investing activities.
Cash from investing activities was $nil million in the first quarter of 2023, compared to $0.4 million in the first quarter of 2022 or a decrease of $0.4 million.

First Quarter 2023 Cash flow from (used in) financing activities.
Cash flow from financing activities of $2.4 million in the first quarter of 2023 was related to cash raised from a private placement ($5.0 million) which were offset by repayment of convertible debentures ($1.7 million), a net reduction in its line of credit facilities ($0.7 million) and repayment of promissory notes ($0.2 million) compared to cash used in financing activities of $1.0 million in the first quarter of 2022.

OUTSTANDING SHARE DATA

As at the date of this MDA, March 31, 2023, the Company had 71,724,489 common shares issued and outstanding (42,488,379 as of December 31, 2022).

In addition, as at the date of this MD&A, the Company had 16,297,600 warrants, 1,318,000 stock options and 5,004,755 RSUs issued and outstanding.

In addition to the outstanding warrants as of the date of the MDA, the outstanding convertible notes with a principal amount of CA$850,000 are convertible at the election of the holder into one common share and a one-half common share purchase warrant for each common share exercisable at CA$0.59 at a conversion price of CA$0.39 per common share. Each Convertible Debenture holder will receive one-half common share purchase warrant for each Common Share exercisable at $0.59. If all warrants exercised a total of 1,089,744 Common Shares would be issued.

<u>During the three months ended March 31, 2023</u>

- The Company completed a private placement of 28,000,000 units ("2023 Units") at a price of CA$0.25 for gross proceeds of $5,226,496 (CA$7,000,000). Each 2023 Unit consists of one common share with a fair value of $0.14 and one-half of one common share purchase warrant ($0.47). Each whole warrant ("2023 Warrants") entitles its holder to purchase one additional common share at an exercise price of CA$0.45 for a period of two years following the closing of the private placement. The 2023 Warrants were classified as financial liability.

  In connection with the private placement, the Company paid a finders' fee of $334,765 (CA$449,400) and issued 1,797,600 non-transferable finders warrants with a fair value of $335,700 and recorded these values as share issuance costs (collectively the "2023 Finders' Fees"). Each finder's warrant may be exercised to acquire one 2023 Unit at CA$0.25 per 2023 Unit for 2 years.

  Including the 2023 Finders' Fees, the Company incurred total share issuance costs of $757,334 of which $566,725 were allocated to share issue costs and $190,069 were recognized as finance costs in consolidated statements of loss and comprehensive losses, based on the relative fair values of the common shares and the 2023 Warrants.

- Issued 148,925 common shares to settle $29,380 payables which included in the accounts payable and accrued liabilities as of December 31, 2022.

- The Company issued 776,043 common shares with a fair value of $2,259,640 for the restricted share unit.

- The Company issued 97,988 common shares with a fair value of $37,235 pursuant to the Earnout Agreement. This amount was recognized as share-based payments in the statements of loss and comprehensive loss.

<u>Subsequent to March 31, 2023</u>

- The Company issued 122,918 common shares pursuant to the Earnout Agreement.
- The Company issued 2,070,00 restricted share units to directors and officers.

SUBSEQUENT EVENTS

- The Company issued 122,918 common shares pursuant to the Earnout Agreement.
- The Company issued 2,070,00 restricted share units to directors and officers.

OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2023 and the date of this MD&A, the Company did not have any off-balance sheet financing arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

Key management personnel include those persons having the authority and responsibility of planning, directing, and executing the activities of the Company. The Company has determined that its key management personnel consist of the Company's officers and directors.

During the three months ended March 31, 2023, the key management compensation was:

- Salaries and benefits – $180,295 (March 31, 2022 – $223,146)
- Share-based payments – $490,648 (March 31, 2022 – $888,960)

In addition to the compensation above, the Company granted the following options and RSUs to the Company's officers and directors:

During the three months ended March 31, 2023

- 425,000 options with an exercise price of CA$0.27 to the Company's CFO. The options are exercisable for a period of five years. One-fourth vest will vest every six months thereafter.

- 925,000 RSUs with a fair value of $186,852 to the Company's CEO and directors. One-fourth vest on date of grant and one-fourth will vest every six months thereafter.

- 150,000 RSUs with a fair value of $33,452 to the Company's director. One-fourth will vest every six months thereafter.

CRITICAL ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements requires management to use judgment and make estimates and assumptions that affect the reported amounts assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results could materially differ from these estimates. Refer to note 2 of our annual audited consolidated financial statements for the year ended December 31, 2022 for a more detailed discussion of the critical accounting estimates and judgments.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no new or amended IFRS pronouncements effective January 1, 2022 that impacted these consolidated financial statements.

(Expressed in United States Dollars unless otherwise specified)

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Fair value

The fair values of financial assets and liabilities, together with their carrying amounts, are presented by class in the following table:

	March 31, 2023 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash	5,740,717	-	5,740,717	-
Accounts receivable	5,623,800	-	5,623,800	-
Other receivable	157,048	-	157,048	-
Restricted cash	325,000	-	325,000	-
Deposits	3,783	-	3,783	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(5,499,882)	-	(5,499,882)	-
Derivative liability	(295,810)	(295,810)	-	-
Loan payable	(14,287,114)	-	(14,287,114)	-
Current portion of promissory note	(1,669,807)	-	(1,669,807)	-
Warrant liabilities	(2,185,432)	(2,185,432)	-	-
Promissory note	(670,013)	-	(670,013)	-
Convertible notes	(416,140)	-	(416,140)	-

	December 31, 2022 $	FVTPL $	Amortized costs $	FVTOCI $
FINANCIAL ASSETS				
ASSETS				
Cash and cash equivalents	2,343,178	-	2,343,178	-
Accounts receivable	4,616,267	-	4,616,267	-
Other receivable	134,500	-	134,500	-
Restricted cash	325,000	-	325,000	-
Deposits	3,783	-	3,783	-
FINANCIAL LIABILITIES				
LIABILITIES				
Accounts payable and accrued liabilities	(6,122,385)	-	(6,122,385)	-
Current portion of derivative liability	(175,122)	(175,122)	-	-
Current portion of loan payable	(14,634,180)	-	(14,634,180)	-
Current portion of promissory note	(1,793,119)	-	(1,793,119)	-
Current portion of convertible notes	(1,711,223)	-	(1,711,223)	-
Promissory note	(627,197)	-	(627,197)	-
Convertible notes	(389,080)	-	(389,080)	-

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2 – Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
Level 3 – Unobservable (supported by little or no market activity) prices.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

The levels of the fair value inputs used in determining estimated fair value of the Company's financial assets and liabilities at fair value through profit or loss as of December 31, 2022 are shown below:

		Estimated fair value		
	March 31, 2023	**Level 1 $**	**Level 2 $**	**Level 3 $**
Current portion of derivative liability	(295,810)	-	-	(295,810)
Warrant liabilities	(2,185,432)	-	-	(2,185,432)

The financial instrument recorded at fair value on the statement of financial position is derivative liability and warrant liabilities which is measured using Level 3 of the fair value hierarchy. Level 3 inputs for other derivative liability include the use of the Black-Scholes option pricing model. Estimates are made regarding (i) the discount rate used, (ii) the expected life of the instruments, (iii) the volatility of the Company's common shares price which are driven by historical information and the expected dividend yield.

As of March 31, 2023 and December 31, 2022, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 1 and Level 2 in the fair value hierarchy above.

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of being affected by these risks. The Company uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. When material, these risks are also reviewed and monitored by the Board of Directors.

Market risk

- Foreign currency risk

  The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in US$. The Company has not entered into any foreign currency contracts to mitigate this risk. The risk is measured using sensitivity analysis and cash flow forecasting.

  As of March 31, 2023, the majority of the Company's monetary assets and liabilities are denominated in US$; as a result, management believes the currency risk is minimal.

  The Company's derivative liability may expose to the currency risk as the Company's share is trading in CA$. Based on the sensitivity analysis, assuming that all other variables remain constant, a 10% appreciation or depreciation of the US$ against CA$ would provide insignificant impacts on the fair value of the derivative liability.

- Price risk
  The Company's derivative liability may be exposed to the price risk as the share price of the Company is one of the inputs of valuation. Based on the sensitivity analysis, assuming that all other variables remain constant, a 10% increase (decrease) in the share price of the Company as of March 31, 2023 would provide insignificant impacts on the fair value of the derivative liability.

- Interest rate risk
  The Company's interest rate risk principally arises from fluctuations in the US$ LIBOR rate as it relates to the Company's loan payable. A 1% change in the US$ LIBOR rate would result in approximately a $100,000 impact on the Company's profit or loss for three months March 31, 2023. The Company has not entered into any interest rate swaps to mitigate this risk.

  The Company's derivative liability may expose to the interest as the risk-free interest rate is one of the inputs of valuation. Based on the sensitivity analysis, assuming that all other variables remain constant, a 1% increase (decrease) in the risk-free interest rate would provide insignificant impacts on the fair value of the derivative liability.

Credit risk
Credit risk is the risk of loss associated with a customer's or counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash is held with reputable United States and Canada financial institutions, from which management believes the risk of loss is remote. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments. The Company has, and intends, to adhere strictly to the state statutes and regulations in its operations.

The Company's extension of credit to customers involves judgment and is based on an evaluation of each customer's financial condition and payment history. The Company's credit controls and processes cannot eliminate credit risk.

The Company accounts for credit risk by primarily allocating specific provisions to trade accounts. During the three months ended March 31, 2023, the Company transacted with a few new customers for which financial positions deteriorated during the year. The Company has recorded specific provisions related to these customers.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. As of March 31, 2023, the Company had cash of $5,740,717 to meet short-term business requirements. As of March 31, 2023, the Company had current liabilities of $23,943,977.

DISCLOSURE CONTROLS AND PROCEDURES

Management of the Corporation has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Corporation, as of the date of and for the periods presented.

Pursuant to National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed Venture Issuer Basic Certificates with respect to the financial information contained in the interim consolidated financial statements for the quarter ended March 31, 2023, and this accompanying MD&A (together, the "Filings"). In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the Venture Issuer Basic Certificates. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis disclosure controls and procedures and internal control over financial reporting, as such terms are defined in NI 52-109, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

REVIEWED BY MANAGEMENT

This MD&A and the interim consolidated financial statements for the three months ended March 31, 2023 (the "Filings") had been reviewed by the Company Executive Officer ("CEO") and Chief Financial Officer ("CFO") and certified the followings:

No misrepresentations: Based on CEO's and CFO's knowledge, having exercised reasonable diligence, the Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the Filings.

Fair presentation: Based on CEO's and CFO's knowledge, having exercised reasonable diligence, the financial report together with the other financial information included in Filings fairly presented in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the Filings.

RISKS AND UNCERTAINTIES

To the date of this MD&A, there have been no significant changes to the risk factors set out in the Company's annual management discussion and analysis for the year ended December 31, 2022.

ADDITIONAL INFORMATION

Additional information relating to the Company's operations and activities can be found under the Company's profile on SEDAR at www.sedar.com.