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.

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.

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,[1]

The Issuer (formerly Silver Phoenix Resources Inc.) completed a business combination pursuant to a reverse take-over transaction on December 30, 2022 ("**RTO Transaction**"), with each of Atlas Biotechnologies Inc. ("**Atlas Biotech**"), AgMedica Bioscience Inc. ("**AgMedica**") and Cambrosia Ltd. ("**Cambrosia**"). Immediately prior to which Cambrosia acquired by Cambrosia of each of Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd., privately held operating cannabis pharmacies in Israel.

The RTO Transaction was structured as a three-cornered amalgamation and share exchange, pursuant to which (i) Subco 1, a wholly-owned subsidiary of the Issuer and Atlas Biotech, amalgamated (the "**Atlas Amalgamation**") to form a newly amalgamated company; (ii) Subco 2 , a wholly-owned subsidiary of the Issuer and

[1] The Issuer's wholly-owned subsidiary, Cambrosia Ltd., entered into an agreement with Harmony AI Holdings Ltd. and Harmony I.L. Management and Escorting Ltd. on February 7, 2023 to issue up to 2,800,702 common shares in the capital of the Issuer. The Issuer entered into an agreement with GreenSeal Cannabis Company, Ltd. and GreenSeal Nursery, Ltd. on February 27, 2023 to issue up to 11,500,000 common shares in the capital of the Issuer.

AgMedica, amalgamated (the "**AgMedica Amalgamation**") to form a newly amalgamated company; and (iii) the Issuer acquired all of the issued and outstanding securities of Cambrosia pursuant to a share exchange with the holders thereof (the "**Cambrosia Share Exchange**").

Prior to the completion of the Atlas Amalgamation, the AgMedica Amalgamation and the Cambrosia Share Exchange, the common shares in the capital of the Issuer (the "**SPR Shares**") were consolidated on a 2.44139 to 1 basis resulting in 3,445,380 SPR Shares outstanding post consolidation.

Pursuant to the RTO Transaction, former holders of common shares of Atlas Biotech received an aggregate of 38,550,838 post-consolidation common shares of the Issuer on a pro-rata basis. Former holders of common shares of AgMedica received an aggregate of 38,550,870 post-consolidation common shares of the Issuer on a pro rata basis. The former holders of ordinary shares of Cambrosia received an aggregate of 62,282,313 post-consolidation common shares of the Issuer.

Concurrently, the shareholders of Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd., exchanged their shares of those entities with Cambrosia for an aggregate of 8,237,380 post-consolidation common shares of the Issuer.

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

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
Dec. 30, 2022	1553434	Sheldon Croome, former CEO	N/A	$1.00	Dec. 30, 2027	N/A

Dec. 30, 2022	1753433	Jeffrey Gossain, Chief Operating Officer of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	200000	Cale Alacer, Director of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	100000	Brandon Hasmatali, Employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	100000	Chris Alessandrini, Employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	50000	Doug Peterson, General Counsel of the Issuer and related subsidiaries	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	50000	Philip Lemieux, Employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	50000	Jon San Agustin, employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	50000	Jindou Dong, employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	50000	Curtis Gerke, employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	50000	Reed Myers, employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	50000	Christian Lopez, employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	600000	Jason Cervi, Chief Financial Officer of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A

Dec. 30, 2022	100000	Joseph Sherman, employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	1218955	Trevor Henry, director of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	1218955	Peter Van Mol, director of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	1218955	Nick Roberts, employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	100000	Chad Brian, employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	100000	Lori Lynn Verbeem, employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	100000	Justin Markovic, employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	50000	Jacquie Trombley, employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	50000	Brooke Betts, employee of a subsidiary of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	200000	Elan MacDonald, director of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	200000	Dylan Kennett, pending director of the Issuer (awaiting security clearance)	N/A	$1.00	Dec. 30, 2027	N/A
Dec. 30, 2022	200000	Ir labs Inc., entity in a contractual relationship with the Issuer to handle investor relations matters	N/A	$1.00	Jan. 9, 2027	N/A

Dec. 30, 2022	2,621,027	Jonathan Ben-Cnaan, member of the Advisory Committee of the Issuer	N/A	$1.00	Dec. 30, 2027	N/A
Jan. 11, 2023	1,200,000	Bernie Yeung, Chief Executive Officer of the Issuer	N/A	$1.00	Jan. 11, 2028	N/A

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,

Unlimited common shares, without par value and without Special Rights or Restrictions attached

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

151,066,781 Common Shares at 0.30/Share
Total Value $45,320,034.3000

(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

13,234,759 options outstanding as outlined in Section 2(b)
600,000 restricted share units outstanding at $1.00/share expiring on December 30, 2027

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

600,000 restricted share units outstanding at $1.00/share expiring on December 30, 2027

8,765,804 options are subject to escrow agreements

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.

Chief Executive Officer – Bernie Yeung
Chief Financial Officer – Jason Cervi

Chief Operating Officer – Jeffrey Gossain
Corporate Secretary – Natalie Douglas

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

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

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 March 1, 2023.

Jason Cervi
Name of Director or Senior Officer

(signed) "*Jason Cervi*"
Signature

Chief Financial Officer
Official Capacity

Issuer Details Name of Issuer ATLAS GLOBAL BRANDS INC.	For Quarter Ended Q4	Date of Report YY/MM/D MARCH 1, 2023
Issuer Address 1055 WEST HASTINGS STREET, SUITE 1700		
City/Province/Postal Code VANCOUVER, BC. V6E 2E9	Issuer Fax No. N/A	Issuer Telephone No. 844-415-6961
Contact Name JASON CERVI	Contact Position CFO	Contact Telephone No. 844-415-6961
Contact Email Address JASON@ATLASGLOBALBRANDS.COM	Web Site Address WWW.ATLASGLOBALBRANDS.COM	

Interim Condensed Consolidated Financial Statements

For the 3 and 12 months ended December 31, 2022

(Unaudited and stated in Canadian Dollars)

CSE: ATL

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 condensed consolidated interim 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.

Table of Contents

Consolidated Financial Statements
Unaudited

ATLAS GLOBAL BRANDS

ATLAS GLOBAL BRANDS INC.

Consolidated Statement of Financial Position

	Note Reference	December 31, 2022	December 31, 2021
ASSETS		**$**	**$**
Current Assets			
Cash and cash equivalents		2,344,251	127,205
Short-term investments		150,993	-
Trade and other receivables	**5**	4,982,512	-
Biological assets	**8**	1,599,745	-
Inventories	**7**	13,095,522	-
Deposits and prepaid expenses	**6**	2,505,752	302,150
Other short-term assets		-	-
		24,678,775	**429,355**
Non-current Assets			
Right-of-use assets	**11**	838,168	-
Property, plant & equipment	**10**	42,410,854	-
Intangible assets		14,240,491	-
Goodwill		899,687	-
Deferred tax assets		165,679	-
Other long-term assets		2,215	-
TOTAL ASSETS		83,235,869	429,355
LIABILITIES		**$**	**$**
Current Liabilities			
Trade and other payables	**9**	21,205,322	7,071
Current portion of term debt		2,765,046	-
Current portion of lease liabilities		129,149	-
Deferred revenue		300,276	-
Other liabilities - short-term		460,349	-
		24,860,142	**7,071**
Non-current Liabilities			
Term debt	**12**	21,118,875	-
Convertible debt	**13**	795,354	-
Lease liabilities		792,276	-
Class B preferred shares	**14**	2,779,450	-
Other liabilities - long-term		852,251	-
TOTAL LIABILITIES		51,198,348	7,071
EQUITY			
Share capital	**15**	4,837,373	4,548
Share premium		512,429	512,429
Capital surplus		1,520,130	767,648
Capital reserve from translation differences		14,074	34,058
Retained earnings / (Deficit)		25,153,515	(896,399)
		32,037,521	**422,284**
TOTAL LIABILITIES & EQUITY		83,235,869	429,355

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

ON BEHALF OF THE BOARD: “**Elan MacDonald**” Director — “**Peter Van Mol**” Director

ATLAS GLOBAL BRANDS INC.

Consolidated Statement of Loss and Comprehensive Loss

	Note Reference	For the three months ended December 31, 2022	For the three months ended December 31, 2021	For the twelve months ended December 31, 2022	For the nine months ended December 31, 2021
NET REVENUE		-	-	-	-
Cost of sales		-	-	-	-
GROSS PROFIT (LOSS)		-	-	-	-
Operating Expenses					
General and administration	**17**	451,759	68,645	862,779	128,423
Share based compensation	**17**	93,743	512,896	752,482	767,648
Total Operating Expenses	**17**	**545,502**	**581,541**	**1,615,261**	**896,071**
NET LOSS BEFORE OTHER INCOME & EXPENSES		(545,502)	(581,541)	(1,615,261)	(896,071)
Other (Income) Expense					
Finance costs		1,561	314	1,700	328
(Gain) on bargain purchase	**4**	(27,666,875)	-	(27,666,875)	-
NET LOSS BEFORE INCOME TAXES		**27,119,812**	**(581,855)**	**26,049,914**	**(896,399)**
Income Taxes		-	-	-	-
NET LOSS		27,119,812	(581,855)	26,049,914	(896,399)
Other comprehensive loss					
Foreign currency translation differences		(43,161)	17,715	19,984	34,058
TOTAL OTHER COMPREHENSIVE LOSS		27,076,651	(599,570)	26,029,930	(862,341)
Net loss attributable to:					
Atlas Global Brands Inc.		**27,119,812**	**(581,855)**	**26,049,914**	**(896,399)**
Non-controlling interests		-	-	-	-
Comprehensive loss attributable to:					
Atlas Global Brands Inc.		**27,076,651**	**(599,570)**	**26,029,930**	**(862,341)**
Non-controlling interests		-	-	-	-

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

ATLAS GLOBAL BRANDS INC.

Consolidated Statement of Cash Flows

	Note Reference	For the three months ended December 31, 2022	For the three months ended December 31, 2021	For the twelve months ended December 31, 2022	For the nine months ended December 31, 2021
OPERATING					
Net loss		27,119,812	(581,855)	26,049,914	(896,399)
Items not affecting cash:					
Gain on bargain purchase	**4**	(27,666,875)	-	(27,666,875)	-
Stock based compensation expense		93,743	512,896	752,482	767,648
Changes in working capital items	**18**	48,528	(81,621)	357,216	(279,634)
Cash outflow from operating activities		(404,792)	(150,580)	(507,263)	(408,385)
FINANCING					
Proceeds from borrowing		387,402	-	387,402	-
Costs incurred for borrowing		-	-	-	-
Proceeds from issuance of shares		-	76,963	-	528,932
Cash inflow from financing activities		387,402	76,963	387,402	528,932
INVESTING					
Cash acquired in reverse takeover		2,343,755	-	2,343,755	-
Cash inflow from investing activities		2,343,755	-	2,343,755	-
Effect of exchange rates on cash and equivalents		194	1,586	(6,848)	6,658
NET CASH (OUTFLOW) INFLOW		2,326,559	(72,031)	2,217,046	127,205
NET CASH, BEGINNING OF PERIOD		17,692	199,236	127,205	-
NET CASH, END OF PERIOD		**2,344,251**	**127,205**	**2,344,251**	**127,205**

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

ATLAS GLOBAL BRANDS INC.

Consolidated Statement of Changes in Shareholder's Equity

For the three months ended

	Share Capital	Premium	Capital reserve from translation differences	Contributed Surplus	Retained Earnings / (Deficit)	Total Shareholder's Equity
Balance September 30, 2022	4,548	512,429	10,881	1,426,387	(1,966,297)	(12,052)
Share-based compensation	-	-	-	93,743	-	93,743
Issuance of share capital	4,832,825	-	-	-	-	4,832,825
Net gain attributable to shareholders	-	-	-	-	27,119,812	27,119,812
Capital reserve from translation differences	-	-	3,193	-	-	3,193
Comprehensive gain	**-**	**-**	**3,193**	**-**	**27,119,812**	**27,123,005**
Balance December 31, 2022	4,837,373	512,429	14,074	1,520,130	27,119,812	32,037,521

	Share Capital	Premium	Capital reserve from translation differences	Contributed Surplus	Retained Earnings / (Deficit)	Total Shareholder's Equity
Balance September 30, 2021	4,548	441,323	16,343	254,752	(314,544)	402,422
Share-based compensation	-	-	-	512,896	-	512,896
Issuance of share capital	-	71,106	-	-	-	71,106
Net loss attributable to shareholders	-	-	-	-	(581,855)	(581,855)
Capital reserve from translation differences	-	-	17,715	-	-	17,715
Comprehensive loss	**-**	**-**	**17,715**	**-**	**(581,855)**	**(599,570)**
Balance December 31, 2021	4,548	512,429	34,058	767,648	(896,399)	422,284

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

ATLAS GLOBAL BRANDS INC.

Consolidated Statement of Changes in Shareholder's Equity

For the twelve months ended

	Share Capital	Premium	Capital reserve from translation differences	Contributed Surplus	Deficit	Total Shareholder's Equity
Balance April 1, 2021	-	-	-	-	-	-
Share-based compensation	-	-	-	767,648	-	767,648
Issuance of share capital	4,548	512,429	-	-	-	516,977
Net loss attributable to shareholders	-	-	-	-	(896,399)	(896,399)
Capital reserve from translation differences	-	-	34,058	-	-	34,058
Comprehensive loss	**-**	**-**	**34,058**	**-**	**(896,399)**	**(862,341)**
Balance December 31, 2021	4,548	512,429	34,058	767,648	(896,399)	422,284
Share-based compensation	-	-	-	752,482	-	752,482
Issuance of share capital	4,832,825	-	-	-	-	4,832,825
Net gain attributable to shareholders	-	-	-	-	26,049,914	26,049,914
Capital reserve from translation differences	-	-	(19,984)		-	(19,984)
Comprehensive gain	**-**	**-**	**(19,984)**	**-**	**26,049,914**	**26,029,930**
Balance December 31, 2022	4,837,373	512,429	14,074	1,520,130	26,049,914	32,037,521

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

Notes to the Financial Statements
Unaudited

1. The Company and its Operations

(a) Operational Information:

Atlas Global Brands Inc. ("Atlas" or "Atlas Global" or the "Company") is a licensed cannabis company operating in Canada and Israel with expertise across the cannabis value chain: cultivation, manufacturing, marketing, distribution, and pharmacy. Atlas currently serves eight countries: Australia, Canada, Denmark, Germany, Israel, Norway, Spain, and the United Kingdom. Atlas currently operates two fully accredited and licensed cannabis facilities in Canada, including one EU-GMP facility, and has a majority interest in three cannabis pharmacies in Israel.

(b) Going Concern Assumption:

These 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 twelve months ended December 30, 2022, the Company had a net loss before other income and taxes of $1,615,261 (year ended December 31, 2021 - $896.071) and as at December 31, 2022 had a cumulative surplus of $32,037,521 (December 31, 2021 - $422,284) and a working capital deficit of $181,367 (December 31, 2021 surplus $422,284), which is a Non-GAAP financial metric calculated as current assets minus current liabilities.

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 which is subject to material uncertainty. 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. 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.

2. Basis of Presentation

(a) Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Consolidated Statement of Financial Position is presented as at December 31, 2022 and December 31, 2021. The Consolidated Statement of Loss and Comprehensive Loss, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Shareholder's Equity are presented for the three months ended October 1, 2022 to December 31, 2022 with comparatives for the period from October 1, 2021 to December 31, 2021 and for the twelve months ended January 1, 2022 to December 31, 2022 with comparatives for the period from to December 31, 2021.

These Consolidated Financial Statements were authorized for issue by the Board of Directors on March 1, 2023.

(b) Basis of measurement

These Consolidated Financial Statements have been prepared in Canadian dollars on a historical cost basis except for biological assets and financial assets and liabilities which are measured at fair value as included in Note 3 (c). Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

(c) Basis of consolidation

(i) Subsidiaries

For the purpose of preparing these Consolidated Financial Statements subsidiaries are entities controlled by the Company. Control exists when the Company has power over a subsidiary that exposes or give 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 Consolidated Financial Statements include the accounts and results of operations of the Company and its subsidiaries over which the Company has control. As at subsidiaries over which the Company has control include:

Name of Subsidiary	Nature of Operations	Jurisdiction of Incorporation	Ownership Interest
Cambrosia Ltd.	Management Entity	Israel	100%
Tlalim Papo Ltd.	Licensed Cannabis Pharmacy	Israel	51%
Pharmacy Baron Ltd.	Licensed Cannabis Pharmacy	Israel	51%
R.J. Regavim Ventures Ltd.	Licensed Pharmacy	Israel	51%
AgMedica Bioscience Inc.	Canadian Licensed Cannabis Producer	Canada	100%
5047346 Ontario Inc.	Real Estate Holdings	Ontario	100%
Tavivat Naturals Inc.	Dormant	Canada	100%
8050678 Canada Inc	Dormant	Canada	100%
Unique Beverages (USA) Inc.	Dormant	USA	100%
Wellworth Health Corp.	Dormant	Canada	80%
Atlas Biotechnologies Inc.	Holding Company	Alberta	100%
Atlas Growers Ltd.	Canadian Licensed Cannabis Producer	Alberta	100%
Atlas Growers Denmark A/S	Dormant	Denmark	100%

All intercompany balances and transactions have been eliminated upon consolidation.

(ii) Critical accounting estimates and judgements

The preparation of these Consolidated Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. Significant estimates and judgements used in the preparation of these Consolidated Financial Statements include the following:

Valuation of biological assets:

The Company measures its biological assets, consisting of cannabis plants, at their fair value less costs to sell. This is determined using a 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.

The following are the significant estimates required in determining the fair value of the Company's biological assets:

- Selling price
- Stage of growth and value associated with the stage
- Yield by plant
- Wastage
- Post-harvest costs

Further information on biological asset estimates is available in Note 8.

Estimated useful lives and depreciation of property, plant and equipment:

Depreciation of property, plant and equipment and intangible assets with finite lives is dependent upon estimates of useful lives, which are determined through the exercise of judgment. Property, plant and equipment and finite-lived intangible assets are recorded at cost less accumulated depreciation and accumulated impairment losses. Management is required to exercise judgement in determining whether there are factors indicating an impairment in the value of an asset, and if so, management will use judgement in the estimates of recoverable amounts which considers factors such as economic and market conditions and the useful lives of assets.

Share-based compensation:

In calculating the share-based compensation expense, key estimates such as the value of the common shares, the rate of forfeiture of options granted, the expected life of the option, the probability factor for milestone achievements, the expected milestone achievement dates, the volatility of the value of the Company's common shares and the risk-free interest rate are used.

Income taxes:

The Company estimates the amount of current and deferred income tax expenses, liabilities and assets, each reporting period. In estimating tax expense, management must use judgement in making estimates and assumptions including but not limited to, the timing of when future tax assets or liabilities will be realized, the tax rates expected to be in effect and applicable to temporary differences when they reverse, taxable income, and the utilization of tax loss carry forwards and credits available, if any.

Financial assets and financial liabilities:

Certain of the Company's financial assets and liabilities are measured at fair value. In estimating fair value, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company will use valuation techniques and unobservable inputs as disclosed in Note 15(b) for the Class B Preferred Shares.

Inventory net realizable value:

Inventory is valued at the lower of cost and net realizable value. Determining the net realizable value requires the Company to make assumptions about the estimated selling price in the ordinary course of business, the estimated costs of packaging and the estimated variable costs to sell. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory are written-down to net realizable value.

COVID-19 estimation and uncertainty:

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, did not materially disrupt the Company's operations from the date of this original announcement. The production and sale of cannabis have been recognized as essential services across Canada. As at and , the Company has not observed any material impairments of its assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

Due to the rapid developments and uncertainty surrounding COVID-19, it is not possible to predict the impact that COVID-19 will have on the Company's business, financial position and operating results in the future. Additionally, it is possible that estimates in the Company's Consolidated Financial Statements will change in the near term as a result of COVID-19 and the effect of any such changes could be material. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

3. Significant Accounting Policies

The accounting policies described below have been applied consistently throughout the reporting period presented in these Consolidated Financial Statements.

(a) Revenue recognition

Revenue is recognized at the transaction price, which is the amount of consideration to which the Company expects to be entitled in exchange for transferring control of promised goods to a customer. Gross revenue includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Net revenue from sale of goods, as presented in the Consolidated Statement of Loss and Comprehensive Loss, represents revenue from the sale of goods less applicable excise taxes, expected price discounts, and allowances for customer returns. Excise taxes are a production tax in Canada which become payable when a cannabis product is delivered to the customer and are not directly related to the value of revenue.

(i) Revenue from the Sale of Goods

Revenue from the sale of cannabis products is generally recognized when the performance obligation under the terms of the contract with a customer have been satisfied. The Company has concluded that revenue from the sale of these products should be recognized at the point in time when control is transferred to the customer, which is on shipment or delivery of these products, depending on the contract.

(ii) Variable Consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated as the most likely amount, based on the Company's historical information, at the inception of the contract.

(iii) Payment Consideration

The Company's payment terms vary by the type of customer. For individual consumer sales, payment is due prior to the transfer of control. For domestic non-individual consumers, payment terms range from 15 – 60 days after the transfer of control. For international non-individual consumers, payment terms require a 50% deposit with the balance due 30 days after the change of control.

(b) Cash

Cash comprises of cash that is held in the Company’s bank accounts and are stated at fair value through profit or loss "FVTPL".

(c) Biological assets

While the Company’s biological assets are accounted for within the scope of IAS 41, *Agriculture*, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2, *Inventories*. They include the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect labour for individuals involved in the growing and quality control process is also included, as well as depreciation on production rooms, buildings, equipment and overhead costs such as utilities, to the extent it is associated with the growing space. All direct and indirect costs of biological assets are capitalized as they are incurred, and they are all subsequently recorded as cost of sales on the Consolidated Statement of Loss and Comprehensive Loss in the period that the related product is sold. Biological assets are measured at their fair value less costs to sell in the Consolidated Statement of Financial Position. Unrealized fair value gains on growth of the biological assets are recorded separately in the Consolidated Statement of Loss and Comprehensive Loss. Further information on estimates used in determining the fair value of biological assets can be found in Note 8.

(d) Inventory

Inventories of harvested dried cannabis, and cannabis oil, work-in-process and finished goods are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value at harvest, which becomes the initial deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories of purchased dried cannabis and packaging and supplies are valued at the lower of cost and net realizable value, with cost determined using the average cost basis. Upon the sale of inventory, the capitalized production costs and processing costs are recorded in cost of sales before fair value adjustments in the Consolidated Statement of Loss and Comprehensive Loss. The related realized fair value adjustments on inventory sold in the year is recorded separately in the Consolidated Statement of Loss and Comprehensive Loss.

(e) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, including any related capitalized borrowing costs. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is recognized on a straight-line basis, over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Land is not depreciated as its useful life is deemed to be indefinite. Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted, prospectively, if appropriate.

The estimated useful lives are as follows:

- Computer hardware 3 years
- Leasehold improvements Lease term
- Vehicles 5 years
- Furniture and office equipment 5 years
- Production equipment 5 years
- Production rooms 10 years
- Buildings 20 years

Construction in process is transferred to the appropriate property, plant and equipment account at the time when it becomes available for productive use. Upon transfer, the Company begins to depreciate the asset over its useful life.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in the Consolidated Statement of Loss and Comprehensive Loss.

(f) Leases

Under IFRS 16, the Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined based on the lease term and estimated renewals, if any. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured as the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

The Company presents ROU assets within property, plant and equipment and lease liabilities separately in the Statement of Financial Position. The Company elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

(g) Impairment of non-financial assets

Long-lived assets with finite lives are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

For purposes of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows ("cash-generating units" or "CGU"). The recoverable amount is the greater of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of the recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

(h) Income taxes

Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognized in the Consolidated Statement of Operations and Comprehensive Loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the years, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Research and development

Research costs are expensed as incurred. Development costs are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in the Consolidated Statement of Loss and Comprehensive Loss. To date, no development costs have been capitalized.

(j) Share-based payment transactions

Where equity-settled share-based payments are awarded to management, employees and non-employees, the fair value of the equity instruments at the date of grant is recognized over the vesting period and charged to the Consolidated Statement of Loss and Comprehensive Loss. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of shares that eventually vest. Non-vesting conditions are factored into the fair value of the common shares (“Shares”) and/or options granted. The cumulative expense is not adjusted where a non-vesting condition is not satisfied. Where the terms and conditions are modified before they vest, any increase in the fair value of the

Shares and/or options is measured immediately before and after the modification and is also charged to the Consolidated Statement of Loss and Comprehensive Loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received unless that fair value cannot be estimated reliably in which case, they are measured at the fair value of the equity instruments granted. Amounts related to the issuance costs of Shares are recorded as a reduction of share capital. If the fair value of the goods or services received cannot be estimated reliably, the goods or services received, and the corresponding increase in equity are measured, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

(k) Government grants

The Company recognizes government grants when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received. Government grants related to income are recognized as other gains (losses) in the Consolidated Statement of Loss and Comprehensive Loss while government grants related to assets, including non-monetary grants at fair value, are recognized as a reduction of the related asset's carrying amount.

(l) Foreign currency

The Consolidated Financial Statements are presented in Canadian dollars ("CAD"), the Company's functional currency. The Company has controlling interest in foreign subsidiaries where the local currency is considered to be their functional currency.

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 Entity's functional currency are recognized in the Consolidated Statement of Loss and Comprehensive Loss, except for gains and losses resulting from intercompany balances included in the net investment in foreign operations, for which foreign exchange gains and losses are recorded in accumulated other comprehensive (loss) income.

Assets and liabilities of foreign subsidiaries are translated at foreign exchange rates on the balance sheet date. The effects of translation adjustments are reported within the Capital Reserve from Translation Differences in the Consolidated Statement of Financial Position.

(m) Financial Instruments

The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets (except for trade receivables without significant financing components) are initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs and are subsequently measured at either:

- amortized cost
- fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit or loss ("FVTPL")

The classification at amortized cost is based on whether the contractual cash flow characteristics meet the SPPI test as well as the business model under which the financial assets are managed. Financial assets are required to be reclassified only when the business model under which they are managed has changed. All reclassifications are to be applied prospectively from the reclassification date.

Debt investment financial assets are only recorded at amortized cost if they are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows and meet the SPPI test.

The assessment of the Company's business models for managing the financial assets was made as of the date of initial application, or upon initial recognition, if later. The assessment of whether contractual cash flows on debt instruments meet the SPPI test was made based on the facts and circumstances as at the initial recognition of the financial assets. All financial liabilities held by the Company are measured under IFRS 9.

The following table summarizes the original measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities:

Financial Asset / Liability	IFRS 9
Cash	FVTPL
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

(n) New IFRS standards in issue but not yet adopted by the Company

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

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact on the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

(v) 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 Company is currently evaluating the potential impact of this standard on the Company's consolidated financial statements.

4. Acquisitions and Divestitures

(a) Amalgamation and Share Exchange

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") pursuant to which Cambrosia concurrently acquired a 51% interest in of each of Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd., privately held cannabis pharmacies in Israel (together the "Business Combination").

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

The Business Combination was structured as a three-cornered amalgamation and share exchange, pursuant to which: (i) 2432998 Alberta Ltd. ("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) 14060407 Canada Inc. ("Subco 2"), a wholly-owned subsidiary of the Company, and AgMedica amalgamated (the "AgMedica Amalgamation") to form a newly amalgamated company ("AgMedica Amalco"); and (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") immediately after Cambrosia had acquired a 51% interest in each of Tlalim Pappo Ltd., Pharmacy Baron Ltd. and R.J. Regavim Ventures Ltd., privately held operating cannabis pharmacies in Israel (collectively, the "Cambrosia Acquisitions").

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

In accordance with the Amalgamation and Share Exchange Agreement, the Company issued a total of 147,621,401 common shares to the former shareholders of Atlas, AgMedica, Cambrosia, and the vendors of the Cambrosia Acquisitions. The Business Combination resulted in the former shareholders of Cambrosia acquiring control of the Company. Therefore, the transaction has been accounted for as an acquisition of the Company by Cambrosia combined with the acquisitions of Atlas and AgMedica. The transaction has been accounted for as a reverse take-over. As the Company, at the time of the Business Combination, did not meet the definition of a business as defined by IFRS 3 Business Combinations, it has been accounted for as a share-based payment transaction in accordance with IFRS 2 Share Based Payments.

(i) Cambrosia Acquisition of Silver Phoenix

The purchase price for the acquisition of the Company by Cambrosia is deemed to be the cost to Cambrosia to acquire the Company's common shares at their fair value at the time of the transaction. The fair value is calculated as $206,723 being the cost of acquiring the 3,445,380 common shares of the Company at a price of $0.060, being the fair value of each share in Cambrosia's most recently negotiated financing.

The assets and liabilities of the Company are included in the unaudited consolidated statement of financial position and are presented at their fair value. The fair value of the consideration exceeds the fair value of the net assets of the Company. As the Company does not qualify as a business according to the definition in IFRS 3, this transaction does not constitute a business combination, rather it is treated as an issuance of shares by Cambrosia for the net assets of the Company and the Company's listing status and Cambrosia is the continuing entity.

The excess of the amount paid over the fair value of the net assets acquired, estimated at $496,149, is charged to profit or loss as a listing expense. The excess was calculated as follows:

Fair Value of consideration	
3,445,380 common shares at $0.06 per share	206,723
Net assets acquired	
Working Capital (Current Assets less Current Liabilities)	(147,879)
Term Debt	(141,548)
Net assets	(289,427)
Excess of consideration over net assets acquired	**496,149**

(ii) Cambrosia Acquisition of Atlas

The purchase price is deemed to be the cost to Cambrosia to acquire the Company's common shares at their fair value at the time of the transaction. The fair value is calculated as $2,313,050 being the cost of issuing the 38,550,838 common shares of the Company at a price of $0.060, being the fair value of each share in Cambrosia's most recently negotiated financing.

The assets and liabilities of the Company are included in the unaudited consolidated statement of financial position and are presented at their fair value. The fair value of the consideration exceeds the fair value of the net assets of the Company. As the Company does not qualify as a business according to the definition in IFRS 3, this transaction does not constitute a business combination, rather it is treated as an issuance of shares by Cambrosia for the net assets of the Company and the Company's listing status and Cambrosia is the continuing entity.

The excess of the net assets acquired over amount paid, estimated at $2,591,514, is recognized as income on a bargain purchase. The excess was calculated as follows:

Fair Value of consideration	
38,550,838 common shares at $0.06 per share	2,313,052
Net assets acquired	
Working Capital (Current Assets less Current Liabilities)	(273,680)
Property, plant and equipment	12,617,157
Intangible assets	694,035
Other non-current assets	161,053
Term Debt – long term portion	(7,383,170)
Convertible Debt	(795,354)
Other liabilities – long term	(115,477)
Net assets	4,904,564
Excess of net assets acquired over consideration considered a bargain purchase	**2,591,514**

(iii) Cambrosia acquisition of AgMedica

The purchase price is deemed to be the cost to Cambrosia to acquire the Company's common shares at their fair value at the time of the transaction. The fair value is calculated as $2,313,052 being the cost of issuing the 38,550,870 common shares of the Company at a price of $0.060, being the fair value of each share in Cambrosia's most recently negotiated financing.

The assets and liabilities of the Company are included in the unaudited consolidated statement of financial position and are presented at their fair value. The fair value of the consideration exceeds the fair value of the net assets of the Company. As the Company does not qualify as a business according to the definition in IFRS 3, this transaction does not constitute a business combination, rather it is treated as an issuance of shares by Cambrosia for the net assets of the Company and the Company's listing status and Cambrosia is the continuing entity.

The excess of the net assets acquired over amount paid, estimated at $25,571,510, is recognized as income on a bargain purchase. The excess was calculated as follows:

Fair Value of consideration	
38,550,870 common shares at $0.06 per share	2,313,052
Net assets acquired	
Working Capital (Current Assets less Current Liabilities)	1,107,826
Property, plant and equipment	29,598,662
Intangible assets	13,522,540
Term Debt – long term portion	(13,553,687)
Class B preferred shares	(2,779,450)
Other liabilities – long term	(11,329)
Net assets	27,884,562
Excess of net assets acquired over consideration considered a bargain purchase	25,571,510

5. Accounts Receivable

	December 31, 2022	December 31, 2021
Trade accounts receivable	4,470,821	-
Accrued receivables	50,000	-
Sales Tax and Value Added Tax receivable	461,691	-
Total accounts receivable	4,982,512	-

6. Prepaid expenses and other current assets

The Company's prepaid expenses and other current assets consists of the following:

	December 31, 2022	December 31, 2021
Prepaid expenses	704,242	263,980
Deposits	1,801,443	7,016
Other assets (ST)	67	31,154
Total prepaid expenses and other current assets	2,505,752	302,150

7. Inventory

Inventory is comprised of:

	Carrying Value **December 31, 2022**
Harvested cannabis	
Work-in-progress	8,928,349
Finished goods	215,991
Extracted cannabis	
Work-in-progress	756,167
Finished goods	11,918
Purchased cannabis	
Work-in-progress	243,410
Finished goods	117,228
Non-cannabis products	472,251
Packaging and supplies	2,350,207
Total inventory	13,095,521

8. Biological Assets

The Company's biological assets consist of cannabis plants. The Company measures its biological assets at their fair value less costs to sell and harvest. This is determined using a 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.

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-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value (subject to any wastage adjustments).

The following significant unobservable inputs, all of which are classified as Level-3 on the fair value hierarchy, were used by management as part of this model:

- 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;
- Wastage: represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested; 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.

9. Accounts Payable and Accrued Liabilities

	December 31, 2022	**December 31, 2021**
Accounts payable	11,023,392	-
Accrued liabilities	3,147,261	-
Government remittances	6,313,432	-
Payroll liabilities	(46,132)	3,951
Other liabilities	767,369	3,120
Total accounts payable and accrued liabilities	21,205,322	7,071

10. Property, Plant & Equipment

	Balance at: December 31, 2022
Net Book Value	
Land	4,798,657
Buildings	14,514,571
Productions rooms	11,338,721
Production equipment	4,998,887
Furniture & office equipment	878,453
Vehicles	7,756
Right of use assets	9,518
Construction in progress	5,864,290
Net Book Value	**42,410,854**

The majority of the property, plant & equipment was acquired through the Business Combination. A fair value assessment of the AgMedica facility (including Land, Buildings and Production rooms) was conducted as part of the purchase price allocation of the transaction and an adjustment has been recorded to represent the Assets at their acquired Fair Market Value.

The Company has right-of-use assets as for standard office equipment and photocopiers.

11. Lease Liabilities

Due to the month-to-month term, the Company elected not to recognize ROU assets and lease liabilities for short-term office leases that have a lease term of 12 months or less and leases of low-value assets.

12. Term Debt

The Company, as part of the Business Combination, has acquired multiple term debt arrangements as summarized below:

(a) AgMedica Bioscience Inc.:

A First mortgage payable with a one-year term, a principal balance of $3,000,000, monthly interest only payments of $28,750 at an interest rate of 11.5% per annum upon the origination of the loan and $23,750 monthly interest only payments at a renewal interest rate of 9.5% per annum upon renewal, compounded annually with the balance due at the end of the term, being October 31, 2022. AgMedica incurred $77,967 of costs associated with the loan origination and $46,113 in costs associated with the renewal. AgMedica, on November 22, 2022, extended its outstanding first mortgage for an additional 24 months, commencing November 1, 2022. The first mortgage has a principal amount outstanding of $3,000,000. The terms of the loan extension resulted in a $60,000 renewal fee and the interest rate for the first mortgage will be the greater of 9.5% or 5.0% plus the RBC Prime Lending Rate. The $60,000 renewal fee is being paid by AgMedica over the term of 12 months with $5,000 monthly payments. All other terms associated with the first mortgage remained unchanged.

A Second mortgage payable with a one-year term, a principal balance of $11,550,000, monthly interest only payments of $139,260 at an interest rate of 15.0% per annum, compounded semi-annually with the balance due at the end of the term, being August 31, 2024. AgMedica incurred $365,000 of costs associated with the origination of the loan and $151,673 and $621,000 for the first and second renewal of the loans respectively. On November 21, 2022, AgMedica further expanded its second mortgage by $750,000 with a term of 22 months, commencing on December 1, 2022, and maturing on September 1, 2024. The second mortgage has a principal amount owing of $12,100,000. The terms of the loan extension, results in a $7,500 lender commitment fee and a $7,500 broker fee. All other terms associated with the second mortgage remain in unchanged.

(b) Atlas Biotechnologies Inc.

On September 3, 2019, Atlas secured a direct loan (“First Direct Loan”) for $7,350,000 of which the purpose of $5,250,000 was to settle an existing loan and $2,100,000 was received to complete infrastructure upgrades. The interest rate on the First Direct Loan is 4.15% and is repayable in blended monthly installments of $76,758 with a maturity date of August 1, 2025. If, at maturity date Atlas is not in default of principal and interest payments, and there is any principal amount remaining unpaid under the First Direct Loan, Atlas may renew the First Direct Loan for a further term upon terms and conditions agreed to between Atlas and the lender. Providing Atlas is not in default of principal and interest payments, Atlas may prepay all or part of the First Direct Loan at any time without notice or penalty. The prepayment option represents an embedded derivative, however, is not separated from the host First Direct Loan as the prepayment option’s exercise price is approximately equal on each exercise date to the amortized cost of the host First Direct Loan and therefore is considered closely related. The First Direct Loan is personally guaranteed by Atlas Biotechnologies’ former CEO and two members of the Board of Directors limited to $700,000 each, a parental guarantee from Atlas and an unlimited guarantee from Atlas Growers for all present and future debts. The amounts are secured by a $15,000,000 mortgage and a general assignment of rents and leases on the Facility and a security agreement on all the present and after acquired personal property, including proceeds, and including but not limited to all harvested and unharvested crops whether growing or matured and all production, processing and packaging equipment of Atlas and Atlas Growers.

Also on September 3, 2019, Atlas secured an additional direct loan (“Second Direct Loan”) for $4,150,000 for the purpose of purchasing equipment and completing additional infrastructure upgrades. The interest rate on the Second Direct Loan is 4.15% and is repayable in blended monthly installments of $38,337 with a maturity date of August 1, 2025. Providing Atlas is not in default of principal and interest payments, Atlas may prepay all or part of the Second Direct Loan at any time without notice or penalty. The amounts are secured by the same security under the First Direct Loan.

In October 2021, the terms of the First and Second Direct Loans were amended. One of the personal guarantees for the loans was discharged, resulting in the blended monthly installments being adjusted to $86,802 and $38,467 respectively beginning on November 1, 2021, and the amortization date being updated to March 1, 2030.

In December 2022, in connection with the Business Combination, the terms of the First and Second Direct Loans were further amended to: (a) re-amortize principal in arrears as at December 22, 2022, in the amount of $301,910 and $178,721.09, respectively, resulting in a principal balance of $6,834,979.76 and $1,687,935.16, respectively, as at such date; (b) implement an interest only period from January 1, 2023 to February 1, 2023, resulting in monthly blended payments commencing on March 1, 2023 in the amount of $83,546.06 and $41,363.02, respectively; (c) extend the amortization period to February 1, 2031 in respect of the First Direct Loan and to October 1, 2026 in respect of the Second Direct Loan; (d) add a limited corporate guarantee of Atlas Global Brands in the amount of $1,400,000 securing all present and future debts owing in respect of the First and Second Direct Loans; (e) add and amend certain financial reporting and corporate covenants on the part of Atlas Biotechnologies and Atlas Growers; and to (f) add certain financial covenants for Atlas Biotechnologies, requiring that Atlas Biotechnologies maintain on a consolidated basis (i) a minimum debt service ratio of 1.1 to 1.0 commencing on December 31, 2023 (where debt service ratio is defined as EBITDA (earnings before income tax, depreciation and amortization) divided by the aggregate of the current portion of long-term debt and the current portion of lease obligations); (ii) a minimum current ratio of 1.0 to 1.0 commencing on December 31, 2022, and increasing to 1.25 to 1.0 thereafter (where current ratio is defined as current assets divided by current liabilities); (iii) a maximum debt to equity ratio of 3.0 to 1.0 (where debt to equity ratio is defined as total liabilities less shareholder loans and postponed related party debt divided by total equity plus shareholder loans and postponed related party debt). The interest rate of 4.15% was not amended.

On June 23, 2020, Atlas secured the Regional Relief and Recovery Fund (RRRF) loan for $577,000 for the purposes of covering operating expenses and does not incur interest until the first payment is due on January 31, 2023. The interest rate is the average bank rate (prime) plus 3%, accrues monthly, and is payable in monthly blended payments of $16,000, and ending with a final payment of $17,000 on the maturity date of December 31, 2025.

13. Convertible debentures

During 2020, Atlas Biotechnologies issued convertible debentures for a total of $875,000 with a maturity date of May 1, 2021, and a unilateral option for Atlas to extend the maturity date by 12 months, bearing interest at 12% per annum, and convertible into Class B non-voting common shares at $3 per share. $93,750 was allocated to the conversion option and recorded in equity. At the maturity date, $350,000 plus accrued interest of $42,000 was converted into Class B non-voting common shares. The maturity date for the remaining $525,000 was extended to May 31, 2022, at the option of Atlas. An amount of $56,250 was allocated to the extension of the conversion option and recorded in equity.

During 2021, Atlas issued additional convertible debentures for a total of $800,000 with maturity dates from February 25, 2022, to July 23, 2022, bearing interest from 8 % to 12%, and convertible into Class B non-voting common shares at $3 per share. $65,873 was allocated to the conversion option and recorded in equity. Atlas has a unilateral option to extend the maturity date by 12 months for $610,591 of these debentures.

During 2022, Atlas issued additional convertible debentures for a total of $30,000 with a maturity date of February 25, 2023, bearing interest at 12%, and convertible into Class B non-voting common shares at $3 per share. $3,214 was allocated to the conversion option and recorded in equity. There is no option for renewal.

At the maturity date, $700,000 was renewed for an additional year. The renewed options have maturity dates from February 25, 2023, to July 23, 2023, with no option for renewal. An amount of $58,466 was allocated to the extension of the conversion option and recorded in equity.

In connection with the Business Combination, the outstanding Debentures were converted into term loans such that as at December 31, 2022: (i) the aggregate principal owing in respect of the such term loan, as converted, was $930,000, with no more than $150,000 aggregate principal amount becoming due prior to June 30, 2023. The interest rate on the term loans do not exceed 15%.

14. Non-Current Liabilities

The Company acquired 4,999,933 Class B - Preferred Shares from AgMedica which were issued on October 9, 2020, prior to the Business Combination. The Class B - Preferred Shares are non-voting in nature. Each Class B Preferred Share shall be entitled to receive a pro rata annual cumulative return of capital from an amount equal to 10% of AgMedica's Free Cash Flow (defined below) 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.

The Class B - Preferred Shares shall become automatically redeemable by AgMedica on the date on which the entire principal amount of $4,999,933 has been returned to the Class B Converting Creditors by way of preferential return of capital or any other distributions of capital.

"Free Cash Flow" means the sum of:

(a) AgMedica's consolidated net income (that is attributable to AgMedica) after tax, before the free cash flow sweep; plus/minus
(b) All of AgMedica's non-cash charges or credits (i.e., depreciation, deferred tax, etc.) included in the calculation of "(a)" above; plus/minus
(c) The changes in AgMedica's working capital in the year; less
(d) The capital expenditures (including, without limitation, capital expenditures relating to expansion and maintenance) incurred in the course of AgMedica's business in the year; less
(e) Mandatory debt principal payments.

The Company has determined that the Class B - Preferred Shares are a financial liability, as the Company has a contractual obligation to deliver cash to settle the Class B - Preferred Shares. The legal form of the contract is a Preferred Share, but in effect the substance of the instrument is a financial liability. The Class B - Preferred Shares have no fixed repayment terms and repayment is based on the Company's ability to generate Free Cash Flow. At the time of issuance, the Company performed a forecast to prospectively assess when the Company expects to settle the Class B - Preferred Shares in full, resulting in a discount upon issuance of the Class B - Preferred Shares of $2,490,394.

15. Share Capital

(a) Common Shares – Authorized and Issued

An unlimited number of voting common shares without par value are authorized. As of December 31, 2022, the Company had 151,066,781 common shares issued and outstanding, 12,034,759 stock options and 600,000 restricted share units. The stock options and restricted share units are exercisable into common shares of the Company.

(b) Class B – Preferred Shares

Refer to Note 13 for the details relating to the Class B – Preferred Shares.

16. 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. The Company has determined that key management personnel consist of members of the Company's Board of Directors and Corporate Officers. As of December 31, 2022, there was $nil intercompany balances.

Atlas Biotech and AgMedica, both being Canadian cannabis Licensed Producers have greater opportunity to leverage the key value drivers in each of their respective facilities, allowing for the exchange of goods and services that deliver the most cost effective and commercially sound solutions.

17. Operating Expenditures by Nature

The following is a reconciliation of the Company's operating expenditures by function to operating expenditures by nature:

	December 31, 2022	December 31, 2021
Company acquisition expenses	493,067	-
Legal and professional fees	340,660	41,188
Travel and other employee expenses	16,287	-
Salaries, wages and other employee benefits	(1,217)	58,229
Facility expenses	-	25,670
Insurance	-	1,062
Office expenses	3,306	1,126
Other	10,676	1,149
Total Operating Expenses	862,779	128,424

18. Changes in Non-Cash Working Capital Items

	December 31, 2022	December 31, 2021
Accounts receivable	(126,874)	(286,335)
Accounts payable and accrued liabilities	484,090	6,701
Total	357,216	(279,634)

19. Other Income

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 Statements 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
December 31, 2022 to March 31, 2023	97,853
2024	250,536
2025	151,500
2026	22,135
2027 and beyond	-
Total Lease Payments	522,024

20. Net Finance Costs

(a) Finance Costs

The Company incurred an immaterial amount of finance costs during the periods reported as the Cambrosia business was funded primarily through equity raises.

21. Capital Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or issue new debt.

22. Financial Instruments

(a) 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.

(b) Currency risk

The Company is exposed to foreign currency in the seven international jurisdictions in which it currently operates. The Company aims to negotiate terms of supply agreements from Canada to be denominated in CAD. Where this is not commercially reasonable, deposits are secured up front so as to mitigate any significant currency risk.

(c) Interest rate risk

Interest rate risks on the interest-bearing financial liabilities are limited due to the fact that they are fixed rate interest instruments carried at amortized cost.

(d) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk principally impacts the Company's cash, and accounts receivable. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

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 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.

Since the inception of the Company, no credit losses have been incurred in relation to cash held by the bank or on any other amounts receivable.

The Company's aging of receivables was approximately as follows per the reporting periods-ended:

	December 31, 2022
Current	5,508,457
61 – 120 Days	265,047
Greater than 120 Days	1,114
Total	5,774,618

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements and raises capital as required to support investment in production facilities and working capital requirements. Other than as noted in the description of the Business Transaction, during the twelve months ended December 31, 2022 and nine month period ended December 31, 2021 respectively, the Company did not complete any equity financings.

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

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.

Presently the Company is not employing any Level 3 valuation techniques for significant unobservable inputs in the fair value measurement of Level 3 financial instruments other than for valuation of the Class B Preferred Shares in Note 13.

(g) Fair value of financial assets and liabilities that are not measured at fair value, but fair value disclosures are required

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 carrying value of the debt and equipment financings approximate their fair value as the loans were taken out with third parties on commercial terms.

23. Segmented Information

The Company operates in one segment, the production and sale of cannabis and cannabis related products.

24. Commitments and Contingencies

There are no significant commitments or contingencies recorded as at December 31, 2022.

25. Revenue breakdown

Cambrosia, as the accounting acquirer in the Business Combination, is not a selling entity. Given the Business Combination concluded on December 30, 2022, there would not have been any activity to be reflected on the Statement of Loss and Comprehensive Loss.

26. Subsequent events

On February 7, 2023, the Company announced that, its wholly-owned subsidiary, Cambrosia, had signed a definitive agreement through Cambrosia to acquire a 51% interest in Harmony AI Holdings Ltd., an Israeli licensed cannabis “Trading House” intended to serve as the Company’s hub for imports to and distribution within Israel, and Harmony I.L. Management and Escorting Ltd., which owns two pharmacies licensed to dispense medical cannabis in Israel, for consideration of up to 2,800,702 common shares of the Company at a deemed price of $1 per common share. Pursuant to the definitive agreement, the Company will loan an aggregate of $196,180 to the vendors immediately, which loan will be guaranteed by the vendors and will be repaid immediately in the event the transaction does not close. After closing, the Company will make an additional loan of the same amount. The parties are unrelated and negotiated at arm’s length.

On February 27, 2023, the Company announced that it signed a definitive agreement to acquire GreenSeal Cannabis Company, Ltd. and GreenSeal Nursery, Ltd. (together “GreenSeal”), a privately-owned Ontario-based licensed cannabis producer. GreenSeal is expected to be accretive to Atlas’ international strategy, adding a GACP and CUMCS certified facility with a vertical cultivation model. This is expected to expand the Company’s annual production capacity by approximately 3,500 kg and adds a nursery program with hundreds of exotic genetics, further establishing the Company’s international footprint. Pursuant to the definitive agreement, the Company will issue up to 11,500,000 common shares in the Company (the “Consideration Shares”) to acquire 100% ownership of the issued and outstanding common and preferred shares of GreenSeal. The Consideration Shares will be subject to a lock-up pursuant to which 15% of the Consideration Shares will be released every six months commencing on the six-month anniversary of closing of the until the 36-month anniversary of the closing of the Acquisition. The parties are unrelated and negotiated at arm’s length.

Neither of the proposed transactions are subject to shareholder approval but are subject to various third-party consents and regulatory approvals related to the change of control of cannabis license holders.

Published on: 2023-03-01

CSE: ATL

ATLAS™
GLOBAL BRANDS

Management's Discussion and Analysis of Financial Condition and Results of Operations

CSE: ATL

INTRODUCTION

This management's discussion and analysis ("**MD&A**") reports on the operating results and financial condition of Atlas Global Brands Inc. ("**Atlas**" or "**Company**") for the three and twelve months ended December 31, 2022 and is prepared as at February 28, 2023.

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 each of Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd., privately held cannabis pharmacies in Israel (together the "**Business Combination**").

The Business Combination was structured as a three-cornered amalgamation and share exchange, pursuant to which: (i) 2432998 Alberta Ltd. ("**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) 14060407 Canada Inc. ("**Subco 2**"), a wholly-owned subsidiary of the Company, and AgMedica amalgamated (the "**AgMedica Amalgamation**") to form a newly amalgamated company ("**AgMedica Amalco**"); and (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") immediately after Cambrosia had acquired a 51% interest in each of Tlalim Pappo Ltd., Pharmacy Baron Ltd. and R.J. Regavim Ventures Ltd., privately held operating cannabis pharmacies in Israel (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. (the "**S.H.R. Group**") for gross proceeds of ILS 9,000,000 (approximately CAD$3,487,441) with a further commitment of ILS 6,000,000 to finance future acquisitions.

The result of the Business Combination is that the shareholders of Cambrosia effectively gained control of the Company, thereby constituting a reverse acquisition 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.

The Company does 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 has been accounted for as a capital transaction under IFRS 2 – *Share-Based Payments*. Accordingly, the Company's consolidated financial statements represent the continuation of the financial statements of Cambrosia except as to share capital structure, which has been retroactively restated to reflect the legal capital of the Company. Loss-per-share amounts have also been retrospectively restated to reflect the reverse take-over transaction. *See "The Business Combination" below*.

The information in this MD&A is current as of February 28, 2023 and should be read in conjunction with: (i) the audited financial statements of the Company for the year ended December 31, 2021 and the unaudited condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2022, and the notes thereto; (ii) the audited financial statements of Cambrosia for the year ended December 31, 2021 and the unaudited condensed interim consolidated financial statements of Cambrosia for the nine months ended September 30, 2022, and the notes thereto; (iii) the audited financial statements of AgMedica for the period ended December 31, 2021 and for the nine months ended September 30, 2022, and the notes thereto; and (iv) the audited financial statements of Atlas Biotech for year ended September 31, 2021 and the unaudited condensed interim consolidated financial statements of Atlas Biotech for the three and nine months ended June 30, 2022, and the notes thereto (collectively, the "**Financial Statements**"). The Financial Statements are contained in the Company's amended and restated listing statement dated as at December 23, 2022 and available under the Company's profile at www.sedar.com (the "**Listing Statement**").

All Financial Statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standard Board ("**IASB**") and, in the case of interim financial statements International Accounting Standards ("**IAS**") 34, Interim Financial Reporting

Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

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 that 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, any estimate of potential earnings and margins, the completion of any transaction including additional acquisitions, 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 need for and 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 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. 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 integration of the businesses involved in the Business Combination; 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 as needed; 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; 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.

In addition, as previously stated, Atlas was formed as a result of the Business Combination between companies with a history of operating losses and it may not achieve its plans, projections or expectations. 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. This MD&A has not been independently verified and the information contained within may be subject to updating, revision, verification and further amendment.

CORPORATE OVERVIEW

The Company

The Company was incorporated on February 14, 2003 under the *Company Act* (British Columbia). Prior to the Business Combination, the Company was an exploration stage company engaged in acquiring, exploring, and developing mineral properties, principally located in British Columbia, Canada.

The Company is listed on the Canadian Securities Exchange (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 1055 West Hastings Street, Suite 1700, Vancouver, B.C. V6E 2E9.

As a result of the Business Combination, the Company has three principal subsidiaries: Cambrosia, Atlas Amalco (which carries on the business of Atlas) and AgMedica Amalco (which carries on the business of Agmedica).

Cambrosia

Cambrosia is a company incorporated under the laws of Israel on March 17, 2021 as "Cambrosia Ltd.". Cambrosia maintains a registered and head office at 15 Israel Galili, Rishon LeZion, Israel. Cambrosia was incorporated to:

- evaluate prospective acquisition targets, negotiate acquisition agreements to acquire companies in Israel who are part of the cannabis value chain;
- seek prospective merger partners in other countries, including Canada, in order to combine with, and together form an integrated cannabis company with global reach in emerging markets;
- identify a publicly traded shell in Canada as a platform for the combination of Cambrosia, acquisition targets and licenced cannabis producers in Canada; and
- to raise capital for the foregoing.

Following the Business Combination, Cambrosia holds a 51% interest in each of Tlalim Pappo Ltd., Pharmacy Baron Ltd. and R.J. Regavim Ventures Ltd., privately held operating cannabis pharmacies in Israel acquired by Cambrosia concurrently with, and as a condition to, completion of the Business Combination.

AgMedica

AgMedica was incorporated under the Canada Business Corporations Act, on November 22, 2013 AgMedica maintains a head office and registered office at 104 – 566 Riverview Drive, Chatham, Ontario, N7M 0N2. AgMedica has five subsidiaries, all of which are wholly-owned, except for Wellworth Health Corp., which is 80% owned by AgMedica.

On December 2, 2019, the Ontario Superior Court of Justice – Commercial List granted an order to AgMedica pursuant to the CCAA to allow them to restructure their business and affairs (the "**CCAA Order**"). Such restructuring included: (i) a recapitalization transaction whereby AgMedica issued 445,000,000 AgMedica Class A Preferred Shares to eight confidential individual investors at a price per share of $0.01 per share to raise the aggregate amount of $4,450,000; (ii) the execution of a secured debt facility with AgriRoots Capital Management Inc. in the maximum principal amount of $10,000,000; (iii) the payment to affected creditors with a claim of $1,000 or less of an amount equal to the lesser of $1,000 and the amount of their claim; and (iv) the issuance or payment to affected creditors with a claim exceeding $1,000, at their option, of (a) the lesser of $1,000 and the amount of their claim, (b) their pro rata portion of 5,000,000 AgMedica Class B Preferred Shares, which are entitled to an annual return of capital based on the free cash flow of AgMedica until redemption, or (c) their pro rata portion of 61,965,221 AgMedica Common Shares at a conversion rate of $0.01, after which any shortfall would be satisfied with a pro rata portion of AgMedica Class B Preferred Shares. AgMedica was discharged from CCAA on October 9, 2020.

AgMedica is federally licensed to cultivate, process and sell medical and adult-use cannabis, cannabis-derived extracts and derivative cannabis products under the provisions of the *Cannabis Act* (Canada). AgMedica currently produces, markets and distributes its medical cannabis products under the AgMedica brand and its adult-use brands under the Vertical and Five Founders brands. Vertical, AgMedica's premium, adult-use brand, is designed to appeal to consumers seeking very high THC strains produced to a "craft" standard. Five Founders is AgMedica's value, adult-use brand, targeting consumers seeking quality cannabis at a low cost.

AgMedica operates a 215,000 sq. ft. industrial building at 566 Riverview Drive, in Chatham, Ontario, of which 114,000 sq. ft. is a dedicated indoor growing facility (the "**AgMedica Facility**").

AgMedica holds a cannabis licence by Health Canada for standard cultivation, standard processing and sale for medical purposes and has a GACP certification. Internationally, AgMedica was issued a Medical Cannabis Standard for propagation and cultivation in Israel and EU GMP certification for flower and oil.

Atlas

Atlas was incorporated under the Alberta Business Corporations Act on December 1, 2017 under the name "Atlas Biotechnologies Inc.". Atlas maintains a head office and registered office is at 200-16011 116 Avenue NW, Edmonton, Alberta, T5M 3Y1. Atlas has two wholly-owned subsidiaries, Atlas Growers, and Atlas Growers Denmark A/S, which is inactive.

Atlas' subsidiary, Atlas Growers, is federally licensed in Canada for cultivation and processing of cannabis products, with a focus on health and wellness, and adult use products. Atlas, through Atlas Growers, currently produces, markets and distributes smokeless THC and CBD products through its' wellness oriented brand: Atlas Thrive. Atlas also produces, markets and distributes its' inhalable adult-use focused products (such as flower, pre-rolls, vapes, concentrates and seeds) through its Natural History brand.

Atlas operates a 38,000 sq. ft. facility located 45 minutes west of Edmonton in the Lac Ste. Anne County. The Atlas Facility was purpose-built for indoor cultivation and processing of cannabis in accordance with the Health Canada's good production practices.

Atlas holds a cannabis licence authorizing the cultivation, processing, and sales of cannabis issued by Health Canada and has a GACP certification. Internationally, Atlas was issued a Medical Cannabis Standard for exports to Israel.

THE BUSINESS COMBINATION

The Company completed the Business Combination pursuant to an amalgamation and share exchange agreement dated July 14, 2022, as amended, among Silver Phoenix, Atlas Biotech, AgMedica, Cambrosia, Subco 1, Subco 2, and the ordinary shareholders of Cambrosia (the "**Amalgamation and Share Exchange Agreement**"). The Business Combination constitutes a "fundamental change" of the Company pursuant to the policies of the CSE.

The Company completed the Business Combination as of December 30, 2022. On January 13, 2023 its common shares began trading on the CSE under the symbol ATL.

The Company now carries on the business previously carried on by Atlas Biotech, AgMedica and Cambrosia and is a federally licensed Canadian cultivator and processor of cannabis with a focus on genetics, brands and unique cannabis delivery formulations. 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 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.

Concurrently, the shareholders of Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd. exchanged 51% of their shares of those entities with Cambrosia for an aggregate of 8,237,380 post-consolidation shares of the Company and became wholly controlled subsidiaries of Cambrosia, and indirect subsidiaries of the Company. Following completion of each of the Atlas Amalgamation, the AgMedica Amalgamation, the Cambrosia Share Exchange and Cambrosia Acquisitions, the Company became the parent and the sole shareholder of Atlas Amalco, AgMedica Amalco and Cambrosia and is the indirect majority shareholder of the Cambrosia Acquisitions and thus will indirectly carry on the business of AtlasBiotech, AgMedica, Cambrosia and the Cambrosia Acquisitions under the new name “Atlas Global Brands Inc.”

As a result of the completion of the Transaction, former holders of Silver Phoenix now hold approximately 2% of the issued and outstanding common shares of Atlas, former shareholders of Atlas Biotech now hold approximately 25% of the issued and outstanding common shares of Atlas, former shareholders of AgMedica now hold approximately 25% of the issued and outstanding common shares of Atlas and former shareholders of Cambrosia together with the vendors of the Cambrosia Acquisitions now hold 70,519,693 post-consolidation common shares of Atlas, representing approximately 48% of the issued and outstanding common shares of Atlas, in each case, based on an aggregate of 151,066,781 common shares currently issued and outstanding.

Upon closing of the Business Combination, all existing directors and officers of Silver Phoenix resigned and were ultimately replaced by Bernard Yeung (Chief Executive Officer), Jason Cervi (Chief Financial Officer) and Jeffrey Gossain (Chief Operating Officer).

RESULTS OF OPERATIONS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 COMPARED TO THE YEAR ENDED DECEMBER 31, 2021

The following is an analysis of the Company's operating results for the 12 months ended December 31, 2022 and includes a comparison against the year ended December 31, 2021.

	For the tw elve months ended	For the nine months ended
	31-Dec-22	31-Dec-21
NET REVENUE	-	-
GROSS PROFIT (LOSS)	-	-
Total Operating Expenses	**1,615,261**	**896,071**
NET LOSS BEFORE OTHER INCOME & EXPENSES	(1,615,261)	(896,071)
Finance costs	1,700	328
(Gain) on bargain purchase	(27,666,875)	-
Income Taxes	-	-
NET LOSS	26,049,914	(896,399)

During the twelve months ended December 31, 2022, the Company had a net gain of $26,049,914 (year December 31, 2021 – net loss -$896,399). The gain is largely due to the accounting for the Business Combination with the valuation of the transaction resulting in the recording of a gain from bargain purchase.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2022 COMPARED TO THE THREE MONTHS ENDED DECEMBER 31, 2021

	For the three months ended	
	31-Dec-22	31-Dec-21
NET REVENUE	-	-
GROSS PROFIT (LOSS)	-	-
Total Operating Expenses	**545,502**	**581,541**
NET LOSS BEFORE OTHER INCOME & EXPENSES	(545,502)	(581,541)
Finance costs	1,561	314
(Gain) on bargain purchase	(27,666,875)	-
Income Taxes	-	-
NET LOSS	27,119,812	(581,855)

During the three months ended December 31, 2022, the Company had a net gain of $27,119,812 (three months ended December 31, 2021 – net loss -$581,855).

SUMMARY OF QUARTERLY RESULTS

Again, 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.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of $181,367 as at December 31, 2022 as compared to a working capital surplus of $422,284 as at December 31, 2021. As at December 31, 2022, the Company had cash and cash equivalents in the amount of $2,344,251 as compared to $127,205 at December 31, 2021.

Prior to the Business Combination, neither the Company nor Cambrosia (as the legal subsidiary) had any operating revenues and had financed their operations principally through equity financing. AgMedica's activities however have been funded primarily by the capital received upon the exit of CCAA through the issuance of Class A preferred shares and by an increase in its debt facilities (based on a material increase in the value of its real estate) and Atlas Biotech's activities have been previously funded primarily by cashflow from operations, the issue of additional convertible debentures and additional equity raises to both new and existing shareholders.

The Company's primary short-term liquidity needs are to fund its net operating losses and capital expenditures to maintain existing facilities, and lease, and debt payments. The Company's medium-term liquidity needs primarily relate to debt repayments and lease payments. The Company's long-term liquidity needs primarily relate to potential strategic plans. As of December 31, 2022, the Company has access to the following capital resources available to fund operations and obligations: $2.3 million cash and cash equivalents.

Atlas is subject to an externally imposed capital covenant related to its indebtedness and must keep its debt-to-equity ratio at 1:1, and as of September 30, 2020, was in violation of this covenant, which resulted in the long-term debt being classified as current. Atlas was granted a waiver by the lender until the period ended September 30, 2023.

Volatility in the cannabis industry, stock market and the Company's share price may impact the amount and our ability to raise financing.

Based on all of the aforementioned factors, the Company believes that a reduction of operating costs, current liquidity position and a sale or lease back of certain assets will be adequate to address its working capital deficiency and fund operating activities and cash commitments for investing and financing activities for the short and medium future.

In the longer term and subject to the availability of funds, the Company anticipates investing capital resources into the AgMedica facility to complete the onboarding of six additional larger scale grow rooms with four vertical tiers into active production. These additional grow rooms have been structurally completed but require additional infrastructure investments prior to onboarding them into active production during the next twelve to twenty-four months at an approximate cost of $4.5 million to $5.0 million, in the following phases (subject to available funds):

	Estimated Cost ($)	**Estimated Completion Date**
Additional cooling chillers	750,000	June 30, 2023
Grow room environmental controls, electrical connections, irrigation and air handling commissioning	900,000	June 30, 2023
Harvesting and processing equipment	600,000	August 31, 2023
Additional cooling chillers	750,000	November 30, 2023
Grow Room environmental controls, electrical connections, irrigation, and air handling commissioning	1,000,000	March 31, 2024
Additional grow lights	1,000,0000	March 31, 2024
Total	**5,000,000**	

PROPOSED TRANSACTIONS

On February 7, 2023, the Company announced that, its wholly-wed subsidiary, Cambrosia, had signed a definitive agreement through Cambrosia to acquire a 51% interest in Harmony AI Holdings Ltd., an Israeli licensed cannabis "Trading House" intended to serve as the Company's hub for imports to and distribution within Israel, and Harmony I.L. Management and Escorting Ltd., which owns two pharmacies licensed to dispense medical cannabis in Israel, for consideration of up to 2,800,702 common shares of the Company at a deemed price of $1 per common share. Pursuant to the definitive agreement, the Company will loan an aggregate of $196,180 to the vendors immediately, which loan will be guaranteed by the vendors and will be repaid immediately in the event the transaction does not close. After closing, the Company will make an additional loan of the same amount. The parties are unrelated and negotiated at arm's length.

On February 27, 2023, the Company announced that it signed a definitive agreement to acquire GreenSeal Cannabis Company, Ltd. and GreenSeal Nursery, Ltd. (together "**GreenSeal**"), a privately-owned Ontario-based licensed cannabis producer. GreenSeal is expected to be accretive to Atlas' international strategy, adding a GACP and CUMCS certified facility with a vertical cultivation model. This is expected to expand the Company's annual production capacity by approximately 3,500 kg and adds a nursery program with hundreds of exotic genetics, further establishing the Company's international footprint. Pursuant to the definitive agreement, the Company will issue up to 11,500,000 common shares in the Company (the "**Consideration Shares**") to acquire 100% ownership of the issued and outstanding common and preferred shares of GreenSeal. The Consideration Shares will be subject to a lock-up pursuant to which 15% of the Consideration Shares will be released every six months commencing on the six-month anniversary of closing of the until the 36-month anniversary of the closing of the Acquisition. The parties are unrelated and negotiated at arm's length.

Neither of the proposed transaction are subject to shareholder approval but are subject to various third-party consents and regulatory approvals related to the change of control of cannabis license holders.

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.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

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

Amendments to IAS 41: Agriculture

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IAS 41. The amendment removes the requirement for entities to exclude taxation cash flow when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. The Company adopted the amendments to IFRS 41 effective July 1, 2022 which did not have a material impact on the Company's consolidated financial statements.

Amendments to IFRS 9: Financial Instruments

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company adopted the amendments to IFRS 9 effective July 1, 2022 which did not have a material impact on the Company's consolidated financial statements.

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company adopted the amendments to IAS 37 effective July 1, 2022 which did not have a material impact on the Company's consolidated financial statements.

New Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

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

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact on the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

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 Company is currently evaluating the potential impact of this standard on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, cash equivalents accounts payable, accounts receivable, the Class B Preferred Shares, term debt, deposits and other financial assets and accrued liabilities. The table below lists the valuation methods used to determine the fair value of each financial instrument.

Financial Asset / Liability	IFRS 9
Cash and cash equivalents	Fair Value Through Profit or Loss (FVTPL)
Accounts receivable	Amortized cost
Other financial assets	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Term debt	Amortized cost
Class B - preferred shares	Amortized cost

The carrying values of the financial instruments at December 31, 2022 are summarized in the following table:

Financial Asset / Liability	Carrying Value
Cash and cash equivalents	$2,344,251
Accounts receivable	$4,982,512
Other financial assets	$150,993
Accounts payable and accrued liabilities	$21,205,322
Term debt	$23,882,920
Class B - preferred shares	$2,779,450

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.

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that reflects the significance of inputs used in measuring fair value as follows:

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 carrying value of the debt and equipment financings approximate their fair value as the loans were taken out with third parties on commercial terms.

At December 31, 2022 the Company made certain Level 2 calculations to assess the fair value of the assets acquired during the Business Combination. Valuations were completed for the expected lower of cost or market of the acquired carrying values of Inventories, the fair value of the land and building holdings as well as certain intangible assets including brand names and the value ascribed to licenses. These adjustments were prepared to support the recognition of the purchase price accounting which are subject to refinements and adjustments within one year of the close of the Business Combination.

The Company had no financial assets measured and recognized on the statement of financial position at fair value belonging in Level 3 of the fair value hierarchy, other than for the valuation of the Class B Preferred Shares.

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 financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk principally impacts the Company's cash, and accounts receivable. The Company is exposed to credit-related losses in the event of nonperformance by the counterparties.

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 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.

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

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 raises capital as required to support investment in production facilities and working capital requirements.

Other than as noted in the description of the Business Transaction, during the twelve months ended December 31, 2022 and nine month period ended December 31, 2021 respectively, the Company did not complete any equity financings.

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.

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.

Foreign Currency Risk

The Company is exposed to foreign currency in the seven international jurisdictions in which it currently operates. The Company aims to negotiate terms of supply agreements from Canada to be denominated in CAD. Where this is not commercially reasonable, deposits are secured up front so as to mitigate any significant currency risk.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 151,066,781 common shares issued and outstanding, 12,034,759 stock options and 600,000 restricted share units. The stock options and restricted share units are exercisable into common shares of the Company.

In addition, AgMedica has 4,999,933 Class B - Preferred Shares outstanding. The Class B Preferred Shares were issued in conjunction with AgMedica's exit from CCAA on October 9, 2020. AgMedica issued 4,999,933 Class B - Preferred Shares, all with a stated value of $1 per Class B Preferred Share. The Class B - Preferred Shares are non-voting. Each Class B Preferred Share is entitled to receive a pro rata annual cumulative dividend from an amount equal to 10% of 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.

The obligation for the Class B – Preferred shares on December 31, 2022 and as of the date of this MD&A is $4,999,933. AgMedica did not generate free cash flows during the reporting periods ended and December 31, 2022 respectively and thus did not reduce the Class B – Preferred Share obligation.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties. Please refer to the Listing Statement for a description of the risks that could 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. 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 common shares if any such risks actually occur.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com

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