AVANT

February 24, 2022

Management Discussion & Analysis

For the Fourth Quarter and Year Ended November 30, 2021

(Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") of the Financial Condition and Results of the Operations of Avant Brands Inc. (formerly GTEC Holdings Ltd.) ("Avant" or the "Company") is for the three and twelve months ended November 30, 2021. This MD&A should be read in conjunction with the audited annual consolidated financial statements (the "Financial Statements") for the period ended November 30, 2021 and 2020 together with the notes thereto. The Company's Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

This MD&A has been prepared in compliance with the requirements of National Instrument 510-102 – Continuous Disclosure Obligations. This MD&A, the Financial Statements, and other disclosures have been filed on SEDAR at www.sedar.com. Additional information can also be found on the Company's website at www.avantbrands.ca.

This MD&A provides comparative disclosures related to the fourth quarter ended November 30, 2021 ("Q4 2021"), the fourth quarter ended November 30, 2020 ("Q4 2020") and to the third quarter ended August 31, 2021 ("Q3 2021"), as well as related year-to-date measures. Management believes that these comparatives provide relevant and current information.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are expressed in thousands of Canadian dollars ("$"), except for share and per share calculations, references to $ millions, per gram ("g") or kilogram ("kg") of dried flower, unless otherwise stated.

This MD&A contains forward-looking information within the meaning of applicable securities laws, and the use of non-IFRS measures. Refer to "Cautionary Statement Regarding Forward-Looking Information" and "Cautionary Statement Regarding Certain non-IFRS Performance Measures" in this MD&A.

This MD&A is prepared as of February 24, 2022.

COMPANY OVERVIEW

Avant is an innovative leading producer of high-quality, handcrafted cannabis products. Avant has multiple licensed and operational production facilities across Canada, which produce Avant's premium consumer brands. Avant's recreational brand portfolio includes BLK MKT™, Tenzo™, cognōscente™, Treehugger ™ and Pristine™ Seeds, which are produced from unique cultivars, and sold in British Columbia, Ontario, Saskatchewan, Manitoba, Yukon and New Brunswick. Avant's medical cannabis brand, GreenTec™, is distributed nationwide, directly to qualified patients through its online portal and licensed partners.

Avant is a publicly traded corporation, listed on the Toronto Stock Exchange (TSX: AVNT), and trades on the OTCQX Best Market (OTCQX: AVTBF) and Frankfurt Stock Exchange (FRA: 1BU0). The Company is headquartered in Kelowna, British Columbia and has operations in British Columbia, Alberta and Ontario.

Avant is focused on creating long term value for its shareholders and establishing itself as a premier craft cannabis company. As such, the Company has established the following key strategic areas of focus:

1. Continue growing market share by increasing production, refining prices and packaging, maintaining superior product quality, and increasing overall brand awareness.
2. New product innovation to maintain its competitive edge as a top producer of premium cannabis products.
3. Further expansion into international cannabis export markets.
4. Operate in a cost-efficient manner to ensure efficiency and maximize output.
5. Actively pursue acquisitions or outsourced manufacturing opportunities to fulfill demand in Canada and internationally.

FISCAL 2021 HIGHLIGHTS

Key Corporate Highlights

The Company transformed itself during the 2021 fiscal year through a successful corporate and financial restructuring that resulted in a superior rebranded company, Avant Brands Inc., with a strong financial position consisting of $14.3 million in cash, $23.8 million in working capital and no debt obligations at November 30, 2021. Key highlights for Fiscal 2021 include:

- The Company raised $23 million through a bought deal at a unit price of $0.80 per unit, resulting in the issuance of 28,750,000 common shares of the Company. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional share of the Company at $1.04 for a period of three years from the closing.
- The Company raised $2.8 million through a private placement financing at a unit price of $0.20 per unit, resulting in the issuance of 13,750,000 common shares of the Company. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share of the Company at $0.30 for a period of three years from the closing.
- Debt obligations of $6.3 million were repaid with part of the financing proceeds resulting in no debt on the balance sheet as at November 30, 2021.
- Convertible debt obligations of $2.0 million were repaid through the issuance of 3,650,646 common shares of the Company.
- 3PL Ventures Inc ("3PL"), a purpose-built 60,000 sq. ft. facility received its Standard Cultivation, Standard Processing and Medical Sales Licences ("3PL License"), in accordance with Health Canada's Cannabis Act and Regulations. The Company owns 49% of 3PL, and upon receipt of the 3PL License, 3PL engaged the Company to provide operational, sales, marketing, finance and accounting services for 3PL through a services agreement.

- Filed a preliminary base shelf prospectus for up to an aggregate offering of $50 million, providing the Company with the flexibility to take advantage of financing opportunities, should favourable market conditions arise, during the 25-month period that it remains active.
- Divested of the last non-core asset, Zenalytic Laboratories Ltd. For a combination of cash and stock, with an aggregate value of $0.3 million.
- Completed a corporate rebrand of GTEC Holdings Ltd. To Avant Brands Inc., graduated from the TSX Venture to the Toronto Stock Exchange, and from the OTCQB Market to OTCQX Best Market.
- Restructured the Board of Directors with the appointment of Jurgen Schreiber as the independent chairman of the board and appointed 2 new independent directors, Ruairi Twomey and Duane Lo. Aaron Dow resigned from the board during the year.

Key Sales and Market Highlights

- Production increased by 13% to 3,022kg of cannabis in Fiscal 2021, compared to 2,685kg in Fiscal 2020. As at November 30, 2021, the Company had 1,364kg of harvested flower and 874kg of harvested trim.
- The Company sold a total of 2,010kg of cannabis in Fiscal 2021, generating gross revenue of $11.0 million. This represents an increase of 736kg, or 56% in volume, and $2.2 million, or 25% in gross revenue, compared to the prior year. Q4 2021 gross revenue was $2.8 million (361kg) compared to $2.5 million (430kg) in Q4 2020.
- Recreational cannabis sales accounted for 87% of gross sales during the current year, with bulk export sales comprising 8% of gross revenue and the remainder coming from sales of bulk cannabis to other Licensed Producers in Canada, brand fees for extraction, and consulting fees. This compares to 79% for recreational sales in the prior year, with the remainder coming from bulk sales. Q4 2021 recreational cannabis sales accounted for 97% of gross sales, compared to 87% of gross sales in Q4 2020.
- Overall weighted average selling price of flower decreased by 8% to $6.34 per gram (with recreational cannabis average being $7.26, including excise tax) for Fiscal 2021 compared to $6.90 per gram ($8.67 for recreational cannabis) in the prior year. The decrease is primarily due to product mix, market pricing pressures, and entry into the export market. Q4 2021 overall weighted average selling price increased by 18% to 7.25 per gram (with recreational cannabis average being $7.25 per gram, including excise tax), compared to $6.14 per gram (with recreational cannabis average being $9.14 per gram, including excise tax) in Q4 2020.
- Continued to engage provincial liquor boards, wholesale distributors, retail chains and retail stores to build positive sales relationships.
- Successfully initiated global cannabis exports with shipments totalling over 200kg of dried cannabis during the fiscal year.
- Continued to build an international client portfolio by signing three additional export agreements with customers in Israel and Australia.
- After launching on-line medical sales in February 2021, the Company has experienced a steady increase in B2C medical clients, while expanding the range of products by adding new cultivars and product formats.
- Enhanced the Company's portfolio of unique cultivars, with the addition of approximately 50 cultivars, most of which are not currently available within the Canadian recreational market. The products are expected to launch under the Company's recreational cannabis brands during the first half of Fiscal 2022.
- In February 2022, the Company entered the concentrates market with the launch of new products in the live rosin and vape segments, leveraging the Company's cultivation expertise and brand equity.

Key Financial Highlights

- The Company's Fiscal 2021 Cash outflow from operating activities before working capital was $1.0 million compared to operating cash inflow of $1.4 million in the prior year. The cash outflow from operating activities after working capital movements was $5.6 million compared to $1.0 million in the prior year. This decrease was the result of the Company's investment into new product development, packaging and other initiatives that were implemented in Fiscal 2021.
- Gross margin before fair value adjustments was $3.7 million, or 39% of net revenue in the year ended November 30, 2021, compared to $4.0 million, or 51% of net revenue in the prior year. Q4 2021 gross margin before fair value adjustments was $0.8 million, or 35% of net revenue, compared to Q4 2020 gross margin before fair value adjustments of $0.7 million, or 30% of net revenue.
- Operating expenses from continuing operations increased by $1.8 million or 46% for Fiscal 2021 compared to Fiscal 2020 (excluding non-cash items such as depreciation, amortization, and share-based payments). The increase in operating expenses in the current year is due to various one-time non-reoccurring expenses such as the fees related to the TSX graduation, financings that occurred earlier in the year and the associated legal fees. Operating expenses in Q4 2021 increased by $1.4 million or 129% compared to Q4 2020 (excluding non-cash items such as depreciation, amortization, and share-based payments), primarily from increased headcount costs, directors fees, and annual bonuses.
- Net loss from operations was $5.4 million for the year ended November 30, 2021, compared to net income from operations of $0.3 million for the prior year. Comprehensive loss for the current year was $11.2 million, compared to $10.2 million in the prior year. The increase for the current year includes one-time non-recurring fees related to the TSX graduation, a non-cash impairment of goodwill

and intangibles, financings and associated legal fees, and a $1.0 million loss on extinguishment related to the repayment of debt. Q4 2021 net loss and comprehensive loss was $7.7 million compared to $7.9 million in Q4 2020.

- Adjusted EBITDA loss for the year ended November 30, 2021 was $1.6 million, compared to adjusted EBITDA loss of $0.1 million the prior year. (Note: Adjusted EBITDA is a non-IFRS performance measure. Refer to “Cautionary Statement Regarding Certain Non-IFRS Performance Measures” for further details). Q4 2021 adjusted EBITDA loss was $1.1 million compared to adjusted EBITDA loss of $0.3 million in Q4 2020.

BRAND PORTFOLIO AND PRODUCT STRATEGY

Avant’s portfolio of brands caters to a variety of cannabis consumer preferences, meeting ever-evolving tastes, trends and price points across targeted consumer segments. The Company endeavours to help drive the cannabis industry forward through intelligent, innovative and transparent brand and product development. Examples of the Company’s strategy include being the first premium brand to package in glass bottles in Canada, development and introduction Canada’s first legal blunt, and being the first premium recreational brand to include terpene profiles on product packaging.

BRANDS

BLK MKT™

- Designed to resonate with legacy consumers – experienced connoisseurs who consume only top-shelf flower.
- 12 SKUs available at February 24, 2022.
- Products: Dried flower, pre-rolls, BLNT (vapes and concentrates launching Q1 FY2022).

Tenzo™

- Offers a diverse variety of bold cultivars that feature fun, fruity flavours, pungent aromas and exceptional terpene profiles.
- 10 SKUs available at February 24, 2022.
- Products: Dried flower, pre-rolls, vapes (concentrates launching Q1 FY2022).

cognōscente™

- Rare, limited-edition exclusives elevating the consumer experience with curated offerings.
- 1 SKU available at February 24, 2022.
- Products: Craft tasting flight

Treehugger™

- Premium and certified organic flower for the environmentally conscious cannabis consumer.
- 1 SKU available at February 24, 2022.
- Products: Pre-rolls

Pristine™ Seeds

- Providing a variety of quality seeds to help Canadians grow cannabis at home, in a fun, informative way
- 4 SKUs available at February 24, 2022.

GreenTec™

- Avant’s medical cannabis brand, providing easy access to premium craft cannabis directly to qualified patients across Canada
- 27 SKUs available at February 24, 2022.
- Products: Dried flower, pre-rolls (oil coming soon).

DISTRIBUTION STRATEGY

Avant is currently distributing cannabis through four distinct and complementary channels:

Recreational
The core of the Company’s business is its domestic recreational cannabis business. Avant currently sells via provincial liquor boards into the provinces of Ontario, B.C., Saskatchewan, Manitoba, New Brunswick and the Yukon. The Company is actively pursuing additional provincial and territorial markets.

Medical
The medical channel bypasses the high markups and risks associated with selling through provincial liquor boards – by selling direct to consumer. In February 2021 the Company launched its GreenTec Medical portal to facilitate direct sales to medical patients, and it has enjoyed steady growth in new clients since that time. Several competing on-line medical cannabis portals ceased operations in late 2021 and early 2022, enhancing the Company’s ability to build its client base. Furthermore, the Company is confident that it has key competitive advantages over most of its on-line competitors, including vertical integration, reputable brands, fresh products and low overheads.

Bulk Export
Avant is a compelling supplier for international buyers seeking the highest quality cannabis flower. Avant currently has executed multiple export contracts with clients in Israel and Australia. In August 2021 the Company made its first export shipment (over 200kg) to Focus Medical Herbs Ltd., an Israeli medical cannabis company affiliated with IM Cannabis Corp. In December 2021 the Company made its first export shipment to an Australian medical cannabis client.

Bulk Domestic
From time to time, the Company utilizes bulk B2B sales relationships to sell excess or off-spec bulk cannabis to other licensed Canadian cannabis companies. Overall, however, the Company does not deem B2B sales as financially or strategically compelling; thus, it has migrated its sales mix away from this channel over the course of F2021.

Given the current provincial legislative framework in Canada, Avant has pursued a multifaceted strategy to gain access to Canadian consumers. This includes supply arrangements with provincial control boards and retailers, and building strong relationships with major Canadian retailers. Market-specific updates are as follows:

British Columbia
The B.C. Liquor Distribution Branch ('BCLDB') was the Company's first major recreational customer, and it currently carries 15 Avant SKUs under the BLK MKT ™ and Tenzo™ brands.

Alberta
In Alberta, the Company was unsuccessful in the process to become an approved supplier. However, the Company does supply the Alberta market via its on-line medical cannabis portal (www.greentecmedical.ca).

Saskatchewan
The Company is currently shipping products into the Saskatchewan market via two wholesale distributors, in a manner that complies with the regulatory regime established by the Saskatchewan Liquor and Gaming Authority ('SLGA').

Manitoba
In August 2020, the Company received its first purchase orders from the Province of Manitoba. It subsequently commenced shipping products direct to Manitoba cannabis retail stores under the regulatory framework established by the Liquor, Gaming and Cannabis Authority of Manitoba ('LGCA').

Ontario
In August 2020, the Company commenced shipping products into the Ontario market via the Ontario Cannabis Store ('OCS'). The Company currently has 21 SKUs listed at the OCS under the BLK MKT™, Tenzo™, TreeHugger™, cognōscente™ and Pristine™ brands. The OCS is currently the Company's largest recreational cannabis customer.

Quebec
In September 2020, the Company applied to the Autorité des Marches Publics (the 'AMP') to facilitate cannabis products listings via the Société Québécoise du Cannabis (the 'SQDC'). On March 17, 2021, the AMP granted approval to conduct business with Quebec government entities. The Company is working to secure SQDC listings in order to facilitate supplying the Quebec recreational cannabis market.

New Brunswick
The Company made its first sale to Cannabis NB in August 2021, establishing a foothold for future growth.

Yukon
In September 2020, the Company signed a Cannabis Purchase and Sale Agreement with the Yukon Liquor Corporation ("YLC") and subsequently commenced shipping into the Yukon territory.

Other Provinces & Territories
The Company is actively pursuing other markets in order to maximize sales and gross margin, while building brand equity on a national scale.

ENVIRONMENTAL, SUSTAINABILITY & GOVERNANCE ("ESG")

Market pressures are pushing organizations to transparently disclose their ESG policies and practices. Various regulatory and governance requirements are currently under development, including the Proposed National Instrument 51-107 Disclosure of Climate-related Matters ("NI 51-107") from the Canadian Securities Administrators. If adopted, NI 51-107 would mandate reporting issuers to disclose climate-related information in alignment with the four core disclosure elements of the Task Force on Climate-related Financial Disclosures.

With these developments in mind, ESG considerations have been added to the mandate of the Company's Governance Committee. Management is developing an ESG framework, starting with identifying, understanding, and quantifying climate-related risks and opportunities to be used in creating a formal ESG strategy. This ESG strategy will include a formalized approach to governance oversight and activities, embedding ESG into corporate strategy and risk management, and identifying metrics and targets for measuring ESG performance for communication with our stakeholders.

CORPORATE OUTLOOK

The Company achieved gross revenues of $11.0 million and net revenues of $9.5 million in fiscal 2021, an increase from the prior year of 25% and 20%, respectively. The primary driver of sales continues to be the Canadian recreational cannabis market, accounting for 87% of gross revenue for the year, and therefore remains the Company's primary focus. Significant quarter-over-quarter volatility exists in this market due to a variety of factors, including changes in Canadian provincial board listings, retail listings, pack formats and cultivars, making this a highly complex channel. However, Avant is confident that its high-quality flower, innovative marketing and entrepreneurial culture will enable it to adapt to, and capitalize on, the industry dynamics and trends. Accordingly, the Company continues to enjoy strong demand for its recreational cannabis products and intermittently experiences temporary challenges filling orders for certain unique cultivars and innovative products due to this demand.

Fiscal 2021 also saw Avant complete its first export shipment to Israel, which accounted for 8% of gross revenue in the year. While the Company's medical sales launched during the year, this market is still emerging and accounts for 1% of gross revenue in the year ended November 30, 2021.

The Company was successful in activating numerous growth catalysts in Fiscal 2021. Most notably, the licensing of Avant's 3PL facility in Vernon, British Columbia resulted in a significant increase in the Company's cultivation capacity. Assuming a continuation of the Company's current capacity utilization (approximately 67% in Fiscal 2021 at the Company's existing facilities), this will translate into a significant increase in total output. The Company also anticipates that the recent expansion of its genetics library (from approximately 30 cultivars to approximately 80 cultivars) will facilitate increases in both sales, through the launch of leading-edge strains and output, by introducing strains that excel in terms of yield, cannabinoids, terpenes and 'bag appeal'.

The Company is pursuing a three-channel strategy (recreational, medical, export) to maximize sales and customer diversification. For the recreational market, Avant is highly focused on brand development and product innovation, driven both by customer demand (requests from provincial buyers) and by market research and consumer insights. The Company has also leveraged its cultivation expertise and brand equity by signing co-pack agreements with selected extraction companies. This facilitated the launch of the Company's first concentrate product (Tenzo™ vape cartridges) in September 2021. Concurrent with these efforts, the Company continues to seek ways to expand into new provincial markets, with a view to increase market penetration above the current level of 54% (being the approximate share of the total Canadian market represented by the Company's current recreational cannabis markets).

Avant's inaugural shipment to Israel demonstrated its ability to acquire the necessary accreditation (ICANNGAP via IQC) and develop the necessary export processes. More importantly, it illustrated that the competitive advantage generated by the Company's premium flower has potential to drive success in both domestic and international markets. The Company subsequently executed three additional contracts with international clients based in Israel and Australia, expected to be fulfilled in the first half of Fiscal 2022, and the Company is in discussions with additional potential export clients.

The Company launched its GreenTec Medical Cannabis e-commerce site in February 2021. In doing so, the Company sought to differentiate itself from existing medical cannabis businesses through several strategies, including premium products, competitive pricing, low overhead costs and eschewing reliance on cannabis clinics as a source of clients. To-date, this strategy has worked very well, as reflected by steady growth in client count and revenues. The Company is now seeking to accelerate this growth by expanding its product offerings (currently 13 cultivars and 5 package format-size variants). The Company is also in the process of amending the Health Canada Processing License for Alberta Craft Cannabis to facilitate the sale of concentrate products through both medical and recreational channels.

Given continuing demand for Avant's cannabis products and the expansion of its cultivation facilities, any increases in inventory tend to be temporary in nature. The Company has also experienced short-term build-up of inventory as it ramps up production of certain products. While the Canadian cannabis industry is highly competitive and suffers from significant excess supply, Avant remains optimistic in its ability to fully utilize its cannabis output, while generating positive gross margins.

The Company's operating cash outflow before working capital movements was $1.0 million, and $5.6 million after working capital items. This was lower than the prior year, primarily due to a number of one-time costs related to the Company's corporate and financial restructuring, as well as the Company's significant investment in new product development, packaging and other initiatives that were put on hold during Fiscal 2020. Going forward into Fiscal 2022, the Company anticipates that these investments will result in generating positive operating cash flows.

Overall, the Company is confident that the business developments outlined above will drive positive cash flow from operations going forward. Furthermore, the activation of the 3PL facility provides Avant with an opportunity to increase cash flows by increasing sales at a rate that exceeds any increases in corporate overhead).

Cultivation Facilities

	AVANT CONSOLIDATED	**ALBERTA CRAFT CANNABIS**	**GREY BRUCE FARMS INC.**	**TUMBLEWEED FARMS CORP.**	**GREENTEC BIOPHARM CORP**	**3PL VENTURES INC.**
Location	**Canada**	Edmonton Alberta	Tiverton Ontario	Chase B.C.	Kelowna B.C.	Vernon B.C.
Total Size (Sq ft)	**119,000**	14,000	15,000	10,000	20,000	60,000
Production Capacity (KG) [1]	**9,840**	1,200	1,640	1,000	2,150	6,000
Status		Complete	Complete	Complete	On hold	Complete
Licence(s)		Cultivation, Processing, Sales (Medical)	Cultivation, Processing	Cultivation Processing, Sales (Medical)	-	Cultivation Processing, Sales (Medical)

Note (1) Total Capacity of all operating facilities increased from 3,840kg to 9,840kg in 2021 – coincident with the licensing of 3PL Ventures Inc., calculated based on output of 200 to 236 grams per square foot of canopy space on an annualized basis (or approximately two pounds per light each harvest).

Alberta Craft Cannabis Inc. (“ACC”)
Alberta Craft Cannabis Inc. has a fully built and operational 14,000 square foot cannabis production facility located in Edmonton, AB that capable of producing 1.2 million grams of dried cannabis flower annually. ACC received its updated license from Health Canada under the Cannabis Act, permitting business-to-business (“B2B”) cannabis sales on November 28, 2018 and received its Standard Processing License and Medical Sales License from Health Canada on July 26, 2019. This provides ACC with the ability to sell into provincial recreational supply chains and facilitates direct sales to medical cannabis clients. (Note: Federally licenced producers must obtain approval from the applicable provincial government entities to access provincial recreational cannabis supply chains).

Grey Bruce Farms Incorporated (“GBF”)
Grey Bruce Farms Inc. has a fully built and operational 15,000 square foot cannabis production facility capable of producing 1.64 million grams of dried cannabis annually. The facility is located in Tiverton, ON and is located on 6 acres of land with significant future expansion capabilities. GBF received its Standard Cultivation License pursuant to the *Cannabis Act and Regulations* by Health Canada on July 5, 2019, and received its Sales Amendment on October 23, 2020, facilitating direct sales of dried cannabis to provincial liquor boards.

Tumbleweed Farms Corp. (“TWF”)
Tumbleweed Farms Corp. has a fully built and operational 10,000 square foot cannabis production facility which is currently producing approximately 1 million grams of dried cannabis flower annually. Located in Chase, BC, the facility sits on 23 acres of land with significant future expansion capabilities. TWF received its Standard Cultivation, Standard Processing and Medical Sales Licences from Health Canada on August 16, 2019 and received its Sales Amendment allowing direct sales to the provincial liquor boards on October 21, 2020.

3PL Ventures Inc. (“3PL”)
Avant owns 49% of 3PL Ventures Inc., a privately-owned corporation incorporated in British Columbia. Avant controls and oversees day-to-day operations of 3PL through a management services agreement. 3PL has a fully built cultivation facility that received its Standard Cultivation, Standard Processing and Medical Sales License pursuant to the *Cannabis Act & Regulations* on August 20, 2021 and immediately initiated cultivation operations. Through the services agreement, the Company receives a monthly fee from 3PL for providing day-to-day management of 3PL, including cultivation consulting, finance and accounting services, and sales and marketing services. Distribution of the net profits of 3PL is allocated pro-rata based on outstanding shareholder loans (80% of net profits) and ownership (20% of net profits). Upon the shareholder loans being fully repaid, net profits will be allocated based on ownership percentage.

GreenTec Bio-Pharmaceuticals Inc. (“GBP”)
The GBP facility was originally intended to be 80,000 square feet with the first phase of development to be 20,000 square feet (“GBP Phase One”). The facility is located in Kelowna, BC and was intended to serve as Avant’s flagship cultivation facility with an anticipated opening of late-2019. After completing an extensive financial review, the Company suspended construction, in order to redirect capital to other priorities. The estimated cost to complete construction is approximately $4 million. As at the date of this MD&A, the Company has no specific timeline for re-starting the construction process; however, the Company has the resources required to bring this facility on stream if required to accommodate future sales growth.

FINANCIAL INFORMATION

Financial Highlights

	Q4 2021	Q4 2020	% Change	FY 2021	FY 2020	% Change
Revenue	$ 2,770	$ 2,542	9%	$ 11,004	$ 8,804	25%
Excise tax	(428)	(284)	(51%)	(1,505)	(897)	(68%)
Net Revenue	2,342	2,258	4%	9,499	7,907	20%
Recreational revenue	2,020	1,947	4%	7,827	6,070	29%
B2B revenue	-	311	(100%)	1,350	1,837	(27%)
Medical and other revenue	322	-	N/A	322	-	N/A
Gross margin before fair value adjustments (1)	794	686	16%	3,661	3,969	(8%)
Gross margin % before fair value adjustments (1)	34%	30%	13%	39%	50%	(22%)
Gross margin	40	2,601	(98%)	1,899	6,152	(69%)
Operating expenses	2,707	1,324	104%	7,294	5,870	24%
Other income (expenses)	(6,226)	(7,727)	19%	(6,935)	(8,827)	21%
Net loss before income tax	(8,893)	(6,450)	(38%)	(12,330)	(8,545)	(44%)
Adjusted EBITDA (2)	(1,198)	(263)	(356%)	(1,557)	(40)	(3793%)
Kilograms of cannabis flower sold	361	430	(16%)	2,010	1,274	58%
Kilograms of cannabis produced	674	863	(22%)	3,022	2,685	13%
Average recreational gross pricing per gram (3)	7.25	9.14	(21%)	7.26	8.67	(16%)
Weighted average gross pricing per gram (3)	$ 7.25	$ 6.14	18%	$ 6.34	6.90	(8%)

(1) Gross margin before fair value adjustments. Management determined that the exclusion of the fair value adjustment is an alternative representation of performance. The fair value adjustment is a non-cash gain (loss) and is based on fair market value less cost to sell.

(2) Adjusted EBITDA is a non-IFRS performance measure. Refer to 'Cautionary Statement Regarding Certain Non-IFRS Performance Measures" for further details.

(3) Average recreational gross pricing per gram is calculated by determining the total recreational sales divided by the total number of recreational grams sold. The weighted average gross pricing per gram is calculated by determining the total flower sales divided by the total number of flower grams sold.

Operating Results – Three and Twelve Months Ended November 30

	Three months ended		Year ended November 30	
	2021	2020	**2021**	2020
Revenue	**$ 2,770**	$ 2,542	**$ 11,004**	$ 8,804
Excise taxes	**(428)**	(284)	**(1,505)**	(897)
Net revenue	**2,342**	2,258	**9,499**	7,907
Cost of sales	**1,548**	1,572	**5,838**	3,938
Gross margin before fair value changes	**794**	686	**3,661**	3,969
Unrealized (loss) gain on changes in fair value of biological assets	**(754)**	1,915	**(1,762)**	2,183
Gross margin	**40**	2,601	**1,899**	6,152
Operating expenses				
Administration and general	**180**	83	**391**	533
Business fees and licenses	**263**	180	**1,038**	553
Consulting fees	**141**	-	**340**	-
Depreciation and amortization	**201**	227	**915**	1,091
Management fees	**42**	40	**291**	205
Marketing and advertising	**52**	7	**202**	208
Professional fees	**475**	232	**1,261**	742
Salaries and wages	**1,000**	271	**2,292**	1,731
Share based payments	**323**	266	**473**	722
Travel	**30**	18	**91**	85
	(2,707)	(1,324)	**(7,294)**	(5,870)
Net (loss) income from operations	**(2,667)**	1,277	**(5,395)**	282
Other income (expense)				
Canadian emergency wage subsidy	**159**	1,656	**1,639**	1,656
Financing costs	**3**	66	**(68)**	(94)
Equity gain (loss) on investment in associate	**246**	(187)	**(270)**	(426)
Gain (loss) on sale of assets and investments	**(642)**	78	**(142)**	331
Loss on marketable securities and derivatives	**(74)**	-	**(74)**	-
Non-Refundable Deposit	**(25)**	-	**-**	-
Impairment of goodwill and intangible assets	**(5,810)**	(8,384)	**(5,810)**	(8,384)
Loss on extinguishment of loan	**-**	-	**(1,024)**	-
Loss on debt modification	**-**	(118)	**-**	(118)
Provision of doubtful receivables	**(106)**	(292)	**(106)**	(292)
Interest and accretion	**23**	(546)	**(1,080)**	(1,500)
Net loss before income tax	**(8,893)**	(6,450)	**(12,330)**	(8,545)
Deferred income tax (expense) recovery	**1,199**	(1,199)	**1,199**	(1,199)
Net loss from continuing operations	**(7,964)**	(7,649)	**(11,131)**	(9,744)
Net loss from discontinued operations	**10**	(284)	**(103)**	(427)
Net loss and comprehensive loss	**$ (7,684)**	$ (7,933)	**$ (11,234)**	$ (10,171)
Loss per common share				
Basic and fully diluted	**$ (0.04)**	$ (0.06)	**$ (0.06)**	$ (0.08)

Revenue and Gross Margin

Fiscal 2021

The Company recognized net revenue of $9.5 million in fiscal 2021 compared to $7.9 million in fiscal 2020, from the sale of 2,010kg compared to 1,274kg of cannabis. This increase is due to the company releasing new products to increase market share, including pre-rolls, blunts, and extracts, as well as exporting cannabis internationally. Gross margin before fair value adjustments was $3.7 million or 39% of net revenue in fiscal 2021 compared to $4.0 million or 51% of net revenue in fiscal 2020. This decrease in gross margin is due to decreases in selling prices, increased cost per gram associated with new products, and supply chain constraints. Production increased by 13% to 3,022kg of cannabis in fiscal 2021 compared to 2,685kg of cannabis in fiscal 2020. Additionally, 87% of sales during fiscal 2021 were from recreational cannabis sales into the provincial supply chain, compared to 79% of total sales in fiscal 2020. The remaining sales were to wholesale customers (domestic and international) or from brand fees related to extracts.

Q4 2021

The Company recognized net revenue of $2.3 million from the sale of 361kg of cannabis in Q4 2021 consistent with $2.3 million from sales of 430kg in Q4 2020. Gross margin before fair value adjustments was $0.8 million, or 35% of net revenue in Q4 2021 compared to $0.7 million or 30% of net revenue in Q4 2020. 97% of total sales during Q4 2021 were from recreational cannabis sales into the provincial supply chain and through GreenTec Medical Cannabis E-Commerce Website, compared to 87% of total sales in Q4 2020. The remaining sales were to international and domestic wholesale customers or other licensed producers. Further, the Company's overall weighted average selling price increased by 18% to $7.25 per gram (with recreational cannabis average being $7.25 per gram, including excise tax) in Q4 2021 compared to $6.14 per gram (with recreational cannabis average being $8.07 per gram, including excise tax) in Q4 2020. The increase in the weighted average selling price is due to the Company having a larger portion of sales coming from the recreational market compared to the prior year.

Cost of Sales

Fiscal 2021

Cost of sales increased to $5.8 million in fiscal 2021 compared to $3.9 million in fiscal 2020, primarily due to higher sales volume in the current year. The Company also had a larger variety of SKUs in 2021 as it continues to strategically expand product offerings, which results in increased labour and material costs as new packaging materials and vendors needed to be sourced. Cannabis operations cost of sales were comprised of the purchase of materials, testing, packaging, freight, wages and salaries including benefits, and an allocation of other operating expenses including facility overhead and depreciation costs. Additionally, unrealized loss on changes in fair value of biological assets was $1.7 million in Fiscal 2021 compared to an unrealized gain of $2.2 million in Fiscal 2020. This decrease is due to the Company decreasing the average fair value less cost to sell of flower from $5 per gram to a range of $3.90 per gram to $4.38 per gram, to be more consistent with current selling prices.

Q4 2021

Cost of sales remained relatively consistent at $1.5 million in Q4 2021 compared to $1.6 million in Q4 2020. Cannabis operations cost of sales were comprised of the purchase of materials, testing, packaging, freight, wages and salaries including benefits, and an allocation of other operating expenses including facility overhead and depreciation costs. Additionally, unrealized loss on changes in fair value of biological assets decreased to $0.8 million in Q4 2021 compared to a gain of $1.9 million in Q4 2020. This decrease is due to the Company decreasing the average fair value less cost to sell of flower from $5 per gram to a range of $3.90 per gram to $4.38 per gram, to be more consistent with current selling prices.

Operating Expenses

Fiscal 2021

Operating expenses from continuing operations for Fiscal 2021 increased by 24% over Fiscal 2020. The significant variances in operating expenses during 2021 compared to 2020 include:

- Administration and general decreased by $0.2 million as the company made an effort to reduce overhead spending.
- Business fees and licences increased by $0.5 million due to increases in cannabis annual regulatory fees and one-time TSX graduation fees.
- Consulting fees increased by $0.3 million as there were various fees incurred relating to the financing that occurred during the year as well as the TSX graduation.
- Depreciation and amortization decreased by $0.1 million as Zen Labs' assets and depreciation were moved to assets held for sale and income (loss) from discontinued operations, and certain assets became fully amortized.
- Management fees increased by $0.1 million due to changes in classification of employees from salaries and wages to management fees.
- Professional fees increased by $0.5 million due to additional fees relating to the TSX graduation, financings and ongoing general legal.
- Salaries and wages increased by $0.5 million due to salary increases for existing staff, increased salaried headcount, directors fees, and annual bonuses.
- Shared based payments decreased by $0.2 million due to a decrease in stock-based compensation grants.

Q4 2021

For Q4 2021, operating expenses from continuing operations increased by 104% over Q4 2020. The significant variances in operating expenses during Q4 2021 compared to Q4 2020 include:

- Business fees and licences increased by $0.1 million due to increases in Cannabis annual regulatory fees.
- Consulting fees increased by $0.1 million as there were various costs incurred for corporate consulting services.
- Marketing and advertising expenses increased by $0.1 million due to various one-time marketing initiatives.
- Professional fees increased by $0.2 million due fees relating to the TSX graduation, financings and ongoing general legal expenses.
- Salaries and wages increased by $0.8 million due to investment in corporate resources in anticipation of future growth.
- Share based payments increased by $0.1 million due to an increase in stock-based compensation grants.

Other Income and Expense

Other income and expenses during Fiscal 2021 relate to the Company's investments, as well as one-time non-recurring transactions, as follows:

- Equity loss on investment in associate was $0.3 million for the year and relates to the Company's 49% ownership in 3PL. The Company records its investment in 3PL on the equity basis (see note 12 of the consolidated financial statements).
- Financing costs were $0.1 million and relate to the Company adopting IFRS 16, which resulted in the recognition of lease liabilities and corresponding interest expense (financing costs).
- The Company qualified to receive the Canada Emergency Wage Subsidy ("CEWS") and applied to receive $1.6 million, with $0.1 million relating to Zen Labs being recorded in income (loss) from discontinued operations.
- Gain on sale of assets and investments relate to:
    - On February 11, 2021, the Company sold the assets of 1203648 B.C. Ltd. for gross proceeds of $0.5 million. The primary asset was a 4,000 square foot leased retail space, for which a right-of-use asset of $0.5 million and a lease liability of $0.6 million were recorded on the consolidated statements of financial position. During the year ended November 30, 2021, a lease modification gain of $0.1 million was included within the consolidated statements of comprehensive loss under net income from discontinued operations.
    - On September 20, 2021, the Company sold 100% of the issued and outstanding shares its wholly owned subsidiary, Zenalytic Laboratories Ltd. for gross proceeds of $0.3 million. Of the total gross proceeds, $0.1 million was received in cash and $0.2 million was received in the form of common shares of Lexston Life Sciences Corp. The Company recorded a loss of $0.6 million on the sale of Zenalytic Laboratories Inc. During the year ended November 30, 2021, a net loss of $0.2 million was included within net loss from discontinued operations.
- Loss on extinguishment of loan of $1 million relates to the accelerated accretion of the previously capitalized loan transaction costs for the long-term debt that was repaid during the year ended November 30, 2021.
- Impairment of goodwill and intangible asset relates to the Company's license to sell cannabis at ACC. The Company completed its annual assessment of the recoverable amount of the goodwill and intangible asset during the year ended November 30, 2021, based on the fair value less costs of disposal model using level 3 inputs in a discounted cash flow analysis. Management determined that the recoverable amount was lower than the carrying value as at November 30, 2021. Accordingly, the Company recorded an impairment loss of $4.9 million to the intangible asset and $0.9 million to goodwill as at November 30, 2021.
- Interest and accretion of $1.1 million relates to the convertible debentures and long-term debt (see notes 15 and 16 for the consolidated financial statements).

Summary of Quarterly Results

	Q4 21	Q3 21	Q2 21	Q1 21	Q4 20	Q3 20	Q2 20	Q1 20	Q4 19
Revenue	$ 2,770	$ 3,101	$ 2,904	$ 2,229	$ 2,542	$ 2,400	$ 1,507	$ 2,354	$ 1,149
Excise tax	(428)	(371)	(446)	(259)	(284)	(329)	(261)	(23)	(21)
Net Revenue	2,342	2,730	2,458	1,970	2,258	2,071	1,246	2,331	1,128
Cost of sales	1,548	1,635	1,497	1,159	1,572	627	373	1,366	838
Gross margin before fair value adjustments	794	1,095	961	811	686	1,444	873	965	290
Unrealized (loss) gain on changes in fair value of biological assets	(754)	(2,301)	368	927	1,915	(264)	654	(122)	(989)
Gross margin	40	(1,206)	1,329	1,738	2,601	1,180	1,527	843	(699)
Operating expenses	2,707	1,765	1,453	1,370	1,324	1,161	1,724	1,658	1,872
Net (loss) income from operations	(2,667)	(2,971)	(124)	368	1,277	19	(197)	(815)	(2,571)
Other income (expense)	(6,226)	325	(1,420)	(115)	(7,727)	(299)	(581)	(222)	361
Net (loss) income before income tax	(8,893)	(2,646)	(1,544)	253	(6,450)	(280)	(778)	(1,037)	(2,210)
Deferred income tax	1,199	-	-	-	(1,199)	-	-	-	74
Net (loss) income from continuing operations	(7,694)	(2,646)	(1,544)	253	(7,649)	(280)	(778)	(1,037)	(2,136)

LIQUIDITY AND CAPITAL RESOURCES

The following table provides a summary of the Company's cash flows for the three months and year ended November 30, 2021.

	Year ended	
	2021	**2020**
Cash from/used in operating activities		
- Before changes in non-cash working capital items	**(1,035)**	**1,363**
- After changes in non-cash working capital items	**(5,623)**	**(959)**
Cash flows from/used for investing activities	**(1,649)**	**(962)**
Cash flows from/used in financing activities	**20,960**	**577**
Net cash (outflows) inflows	**13,688**	**(1,344)**
Cash and cash equivalents	**14,313**	**625**

Financing

Management intends to finance operating costs over the next twelve months with current cash on hand and cash flow from operations. During the year ended November 30, 2021, the Company announced the closing of a bought deal public offering (the "Offering") of units for gross proceeds of $23,000 issuing 28,750,000 units at a price of $0.80 per unit. The Company used part of the proceeds to repay all existing debt obligations on its balance sheet.

The table below describes the differences between the Company's anticipated use of the net proceeds from the Bought Deal Offering as described in the final prospectus dated March 23, 2021 (the "Final Prospectus") and the Company's actual use of the net proceeds:

	Original Allocation of Use of Proceeds	Approximate Actual Expenditures (to November 30, 2021)	Remaining Proceeds(2)
Indebtedness	7,500,000	6,333,000	1,167,000
Increased Operational Capacity	1,000,000	900,000	100,000
Product Development	2,800,000	346,000	2,454,000
Capital Expenditures	4,000,000	562,000	3,438,000
International Expansion	500,000	Nil	500,000
Working Capital	4,249,454	2,000,000	2,249,454
	20,049,454(1)	10,141,000	9,908,454

Notes:

1. Includes $2,820,000 received by the Company on exercise of the over-allotment option, which was allocated to working capital as described in the Final Prospectus.
2. The Company does not anticipate any changes to the intended use of proceeds.

Liquidity and Capital Recourses

The Company manages its capital structure based on the funds available to the Company for operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders' equity. The Company has historically relied on the equity markets and debt financing to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Summary of Debt Transactions

On June 8, 2020, the Company closed a non-brokered senior secured debt financing of $4 million with NFS Leasing Canada Ltd. Proceeds from the financing were used to repay existing senior secured convertible debenture. The financing carried an annual interest rate of 18%. In connection with the financing, 2,135,135 common shares were issued at $0.185 per share, subject to a three-year release schedule, with 355,856 shares being released each six-month period. No other broker fees or broker warrants were issued in connection with the financing.

On October 30, 2020, the Company closed a non-brokered senior secured debt financing with NFS Leasing Canada Ltd. in the amount of $2.3 million. The financing carried an annual interest rate of 16%. In connection with the financing, the Company would issue common shares valued at $0.2 million, subject to a three-year release schedule, with 403,508 shares being released each six-month period. In addition, the Company would issue 6,900,000 common share purchase warrants with an expiration date of three years from the date of issuance. The exercise price of the warrants was as follows: (i) 2,300,000 warrants at an exercise price of $0.10; (ii) 2,300,000 warrants at an exercise price of $0.15; and (iii) 2,300,000 warrants at an exercise price of $0.25. No other broker fees or brokers warrants were issued in connection with the financing.

On October 30, 2020, the Company amended its unsecured Convertible Promissory Note with Invictus MD Strategies Corp., which was to mature on October 17, 2020. The amended principal terms of the note were as follows: (i) principal repayment of $0.5 million due on October 30, 2020; (ii) annual interest rate to increase from 8% to 10% on the remaining principal balance of $2 million; (iii) amended maturity date to February 28, 2022, with certain months being interest-only payments and others being principal plus interest, such that the note will have been fully repaid upon the maturity date; (iv) amend price of conversion from $1.50 to (a) $0.35 per share on the first $0.3 million of the outstanding principal balance and (b) $0.55 per share on the remaining principal balance outstanding at the time of conversion; (v) the Promissory Note will remain unsecured.

During the year ended November 30, 2021, Invictus converted $2 million of the outstanding principal balance at a conversion price of $0.35 for the first $0.3 million and $0.55 for the remaining balance. The Company issued 3,650,646 common shares.

On April 9, 2021, the Company made an early principal repayment of $5.9 million to NFS Leasing Canada Ltd., to fully repay the principal balance on the Promissory Notes. In connection with the repayment of the full outstanding principal balance, the Company paid $0.4 million as an early repayment penalty per the terms of the agreement.

As at the date of this MD&A, the Company had a cash balance of approximately $15.4 million.

FINANCIAL POSITION

The following table provides a summary of the Company's financial position as at November 30, 2021 and November 30, 2020.

		November 30, 2021		November 30, 2020
Total assets	**$**	**50,570**	$	40,800
Total liabilities		**2,696**		12,380
Share capital		**99,621**		68,825
Deficit	**$**	**(51,747)**	$	(40,405)

ADJUSTED EBITDA (NON-IFRS PERFORMANCE MEASUREMENT)

The Company has identified adjusted EBITDA as a relevant industry performance indicator. Adjusted EBITDA is a non-IFRS financial measure used by management that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies.

Management defines adjusted EBITDA as loss from continuing operations, as reported, adjusted for depreciation and amortization, equity loss on investment in associate, financing costs, gains and losses on disposals of capital assets, gains and losses on sale of marketable securities, Canadian emergency wage subsidy, impairment of accounts receivable, impairment of goodwill and intangible assets, interest and accretion, loss on extinguishment of loan, share-based payments, non-refundable deposit, deferred income tax, and unrealized gains and losses on changes in fair value of biological assets. Management believes this measure provides useful information as it is a commonly used measure in the capital markets to approximate operating earnings. See table below for determination of specific components of Adjusted EBITDA.

	Three months ended November 30				**Year ended November 30**			
		2021		**2020**		**2021**		**2020**
Loss from continuing operations	**$**	**(7,964)**	$	(7,649)	**$**	**(11,131)**	**$**	(9,744)
Depreciation and amortization		**386**		227		**1,603**		1,257
Equity loss on investment in associate		**(246)**		187		**270**		426
Financing costs		**3**		(66)		**68**		94
Loss (gain) on sale of assets or investments		**642**		(78)		**142**		(331)
Loss (gain) on sale of marketable securities		**74**				**74**		-
Canadian emergency wage subsidy		**(159)**		(1,656)		**(1,639)**		(1,656)
Impairment of accounts receivable		**106**		292		**106**		292
Impairment of goodwill and intangible assets		**5,810**		8,384		**5,810**		8,384
Interest and accretion		**(23)**		546		**1,080**		1,500
Loss on extinguishment of loan		**-**		-		**1,024**		-
Share based payments		**323**		266		**473**		722
Non-refundable deposit		**25**		-		**-**		-
Deferred income tax (expense) recovery		**(1,199)**		1,199		**(1,199)**		1,199
Unrealized (gain) loss on changes in fair value of biological assets		**754**		(1,915)		**1,762**		(2,183)
Adjusted EBITDA	**$**	**(1,198)**	$	(263)	**$**	**(1,557)**	**$**	(40)

PROPERTY, PLANT AND EQUIPMENT – SEGMENTED

The following table provides a summary of the Company's segmented property, plant, and equipment as at November 30, 2021:

	ACC	Grey Bruce	Tumbleweed	GBP	Corporate	TOTAL
Land	-	195	160	19	974	**1,348**
Buildings	-	3,934	3,861	-	-	**7,795**
Growing & processing equipment	964	1,072	574	1,142	47	**3,799**
Other	369	-	11	-	40	**420**
Right-of-use assets	259	-	-	-	247	**506**
Construction in process	-	-	-	3,201	-	**3,201**
	1,592	**5,201**	**4,606**	**4,362**	**1,308**	**17,069**

SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares. The table below outlines the number of issued and outstanding common shares, options and warrants.

	February 24, 2022	November 30, 2021	November 30, 2020
Common shares	200,591,886	199,591,886	140,723,195
Warrants	36,816,000	36,816,000	29,298,986
Options – vested and exercisable	2,387,500	3,087,500	8,157,447

Escrow shares

As at November 30, 2021 there were 3,635,237 common shares held in escrow. The following is a summary of escrow shares to be released:

Escrow release date	Escrow shares to be released (000's)	Balance (000's)
December 8, 2021	355,856	3,279,381
April 30, 2022	403,508	2,875,873
June 8, 2022	355,856	2,520,017
October 30, 2022	403,508	2,116,509
December 8, 2022	355,855	1,760,654
April 30, 2023	403,512	1,357,142

Of the common shares held in escrow summarized in the table above, as at November 30, 2021 there were:

i. 1,357,142 common shares held in escrow pursuant to an agreement with a consulting firm to facilitate the acquisition and cultivation of cannabis genetics, which will be released contingent upon the occurrence of future events.

ii. 1,067,567 common shares held in escrow pursuant to the debt financing described in note 16 of the consolidated financial statements, which are subject to a three-year release schedule, with 355,856 shares being released each six-month period.

iii. 1,210,528 common shares held in escrow pursuant to the debt financing described in note 16 of the consolidated financial statements, which are subject to a three-year release schedule, with 403,508 shares being released each six-month period.

Share purchase warrants

As at November 30, 2021, the following share purchase warrants were outstanding:

Number of share purchase warrants	Exercise price per share	Expiry date
6,772,500	$ 0.30	March 8, 2024
1,293,500	$ 0.80	March 30, 2024
28,750,000	$ 1.04	March 30, 2024
36,816,000		

Stock options

At November 30, 2021, the following stock options were outstanding:

Number of shares	Vested	Exercise price per share C$	Expiry date
750,000	750,000	$0.60	January 29, 2022
100,000	100,000	$0.57	February 1, 2022
200,000	200,000	$0.60	February 23, 2023
50,000	50,000	$0.78	February 24, 2023
50,000	50,000	$0.30	August 12, 2023
1,750,000	1,300,000	$0.34	August 14, 2024
100,000	100,000	$0.30	September 24, 2024
537,500	537,500	$0.30	October 23, 2024
3,537,500	**3,087,500**		

RELATED PARTY TRANSACTIONS

Key management compensation

All transactions with related parties have occurred in the normal course of operations. Key management is comprised of directors and executive officers. Key management compensation for three and twelve months period ended November 30 consisted of the following:

	Three months ended November 30		Year ended November 30	
	2021	2020	**2021**	2020
Salaries and wages	**$ 340**	$ 176	**$ 840**	$ 663
Director fees	**189**	15	**346**	60
Share-based payments (1)	**319**	219	**393**	219
	$ 848	$ 410	**$ 1,578**	$ 942

(1) Share-based payments are the fair value of options granted and vested to key management of the Company under the Company's stock option plan.

Related party balances

As at November 30, 2021, accounts payable included $Nil (November 30, 2020: $0.3 million) which was due to the Company's Vice President and Director, Mr. Michael Blady ("Mr. Blady") in connection with management services and advances made to the Company. The amount was unsecured, non-interest bearing and due on demand.

As at November 30, 2021, accounts payable and accrued liabilities included $0.5 million (November 30, 2020: $0.1 million) which was due to directors of the Company in connection with directors' fees.

As at November 30, 2021, $Nil (November 30, 2020: $0.4 million) was due to the Company's Chief Executive Officer, Mr. Norton Singhavon ("Mr. Singhavon") for advances made to the Company during the year. The amount was unsecured, non-interest bearing and due on demand.

Related party transactions

During the year ended November 30, 2017, the Company entered into share purchase agreements to purchase 100% interest in Grey Bruce, 1118157 B.C. Ltd. ("1118157 BC"), Zenalytic and GBP. Each one of these entities was under common control with Mr. Singhavon and/or Mr. Blady. Certain milestones within these agreements remain outstanding and are disclosed under Note 23.

COMMITMENTS

The Company has the following outstanding commitments based on achieving certain milestones.

Grey Bruce Farms

On March 13, 2020, the Company entered into an amending agreement with the vendors of Grey Bruce amending certain terms and conditions of the definitive share purchase agreement, dated September 15, 2017. During the year ended November 30, 2021, the Company issued 795,454 common shares in connection with certain milestones achieved in 2020.

During the year ended November 30, 2021, the final milestone related to Grey Bruce was achieved, and the Company has recorded a liability of $0.3 million related to the fair value of 1,000,000 common shares that were issued to Mr. Singhavon in December 2022 as settlement of this milestone payment.

GreenTec Bio-Pharmaceuticals Inc.

As at November 30, 2021, the Company has committed to issue common shares valued at $2.5 million contingent on future events as follows:

Trigger event		
Completion of GBP construction of a Health Canada approved cannabis production facility in compliance with the CA&R		500
GBP obtaining a license to sell cannabis under the CA&R		500
GBP having sold an aggregate of 3,000kg of dried cannabis		750
GBP completing construction of an expansion to its production facility to increase production by at least 8,500kg per annum and receiving an amendment to its production and sales licenses		750
	$	**2,500**

On March 13, 2020, the Company entered into an amending agreement with the vendors of GBP amending certain terms and conditions of the definitive share purchase agreement, dated November 15, 2017. The vendors of GBP agreed to restructure the milestones and reduce the milestone payments (reflected in the above table) and raise the floor price of the Common Shares to be issued in connection with the new milestones to a deemed price per share equal to the greater of (A) the 10-day volume-weighted average trading price of the Company's common shares, and (B) $1.00.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make certain estimates and apply judgment affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period.

The areas involving higher degrees of judgement, or areas where assumptions and estimates are significant to the financial statements are:

Biological assets and inventory
In calculating the value of the biological assets and inventory, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plant. In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value.

Estimated useful lives and impairment considerations
Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Business combinations
Judgment is used in determining whether control over an investee exists, and if so, whether an acquisition is a business combination or an asset acquisition. In an asset acquisition, the purchase price is allocated across all acquired assets and liabilities. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. In determining the allocation of the purchase price in a business combination, including any acquisition related contingent consideration, estimates including market based and appraisal values are used. The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Investments in associates
Management exercises judgment in determining whether the Company has acquired significant influence over an entity. An assessment of significant influence is performed at the inception of a relationship between any entity and the Company. When performing this assessment, the Company considers all facts and circumstances, and it must reassess whether it still has significant influence over an investee if facts and circumstances indicate there are changes to one or more of the conditions of significant influence.

Share-based compensation and warrants
In calculating the share-based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used. In calculating the fair value of the warrants, the Company includes key estimates such as the volatility of the Company's stock price, the value of the common share, and the risk-free interest rate.

Deferred tax assets and liabilities
The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probably that some or all of the deferred income tax assets and liabilities will be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income. To the extent that management's assessment of the

Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Going concern
Management applies judgment in its evaluation of the Company's ability to continue as a going concern.

ADOPTION OF NEW ACCOUNTING POLICIES

New IFRS Standards that are effective for the current year:

Amendments to IFRS 3, Business combination ("IFRS 3")

In October 2018, the IASB issued "Definition of a Business (Amendments to IFRS 3)". The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. The amendments provide an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company adopted this amendment on December 1, 2020 and has determined that there has been no material impact to the Company's consolidated financial statements.

New IFRS Standards in issue but not yet effective:

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

The amendment specifies that '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, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

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 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.

FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk). The Company's management team carries out risk management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

The Company's financial instruments consist of cash, receivable and accounts payable. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

Market Risk
Market risk is the risk that the fair value of future cash flows will fluctuate due to changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, interest rate risk, and commodity price risk.

Foreign Currency Risk
The Company operates primarily in Canadian dollars and as such is not materially affected by the fluctuations of the Canadian dollar with other currencies.

Interest Rate Risk
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's current policy is to invest excess cash in certificates of deposit or interest-bearing accounts of major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its financial institutions.

Cash is subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would not have a material impact on the reported consolidated net income (loss) and comprehensive consolidated net income (loss) for the period.

Commodity Price Risk
The Company is exposed to price risk with respect to commodity prices of cannabis. As a result, commodity price risk may affect the Company's ability to operate profitably, completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash. At present, the Company holds its cash in Canadian rated financial institutions and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. The Company has established guidelines, including diversification, credit ratings and maturities, to ensure safety and liquidity of its cash. At November 30, 2021, the Company's maximum exposure to credit risk is the carrying value of its financial assets.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through issuances of equity and debt or partnering transactions. The Board of Directors approves any material transactions outside the ordinary course of business. Management regularly reviews the Company's operating and capital budgets and maintains short-term cash flow forecasts. The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

Maturity Risk

1. The Company's cash and cash equivalents balance at November 30, 2021 was $14.3 million. At November 30, 2021, the Company had accounts receivable of $2.3 million, accounts payable and accrued liabilities of $2 million, current lease liabilities of $0.3 million and long-term lease liabilities of $0.3 million. All accounts payable and accrued liabilities are current.
2. As at November 30, 2021, the Company did not have derivative financial liabilities with contractual maturities.
3. Management of liquidity risk: Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses and commitments for a period of 90 days. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary.

The following table summarizes the maturities of the Company's financial liabilities as at November 30, 2021 based on the undiscounted contractual cash flows:

	Carrying value	Principal amount	Less than 1 year	1 - 5 years
Accounts payable and accrued liabilities	$ 2,073	$ 2,073	$ 2,073	$ -
Lease liabilities	623	728	403	326
	$ 2,696	**$ 2,801**	**$ 2,476**	**$ 326**

Cautionary Statement Regarding Forward-Looking Information

This MD&A contains certain forward-looking information within the meaning of Canadian securities laws (collectively referred to herein as "forward looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. To the extent any forward-looking statements in this MD&A constitute "financial outlooks" within the meaning of applicable Canadian securities laws, the reader is cautioned that these statements may not be appropriate for any other purpose and the reader should not place undue reliance on such financial outlooks. Forward-looking statements are often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions.

Such forward-looking statements are based on numerous assumptions, including among others, the Company's expectations about the continued impact of the COVID-19 pandemic on the Company's operations and those of the Company's suppliers and distribution channels; the potential impact of the COVID-19 pandemic on the use of the Company's products; the Company's expectations with respect to its ability to sustain its growth trajectory; the Company's expectations with respect to its ability to maintain adequate capital resources and liquidity, including but not limited to, availability of sufficient cash flow, to execute the Company's business plan (either within the expected timeframe or at all); the Company's expectations regarding potential effects of judicial or other proceedings on the Company's business, financial condition, results of operations and cash flows; the anticipated effects of actions of third parties such as competitors, activist investors, federal, provincial, territorial or local regulatory authorities, self-regulatory organizations, plaintiffs in litigation or persons threatening litigation; the Company's expectations regarding the anticipated general economic, market, industry or business conditions; the Company's expectations regarding its ability to comply with applicable environmental, economic, health and safety, energy and other policies and regulations and, in particular, health concerns with respect to the use of cannabis; and the anticipated changes in regulatory requirements in relation to the Company's business and products.

Forward-looking statements are not guarantees of future performance, but are instead based on the reasonable assumptions and estimates of management of the Company at the time they are made and involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements contained in this MD&A. Such factors include, but are not limited to: COVID-19; liquidity and additional financing; reliance on licenses; regulatory risks; changes in laws, regulations and guidelines; limited operating history, history of losses, and no assurance of profitability; unfavourable publicity of consumer perception; competition; uninsured or uninsurable risk; key personnel; conflicts of interest; litigation; agricultural operations; transportation disruptions; fluctuating prices of raw materials; environmental and employee health and safety regulations; and political and economic instability. Additional factors that may cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements contained in this MD&A include the factors discussed in the section entitled "Risk Factors" herein and the section entitled "Risk Factors" in the Company's annual information form dated February 24, 2022.

Forward-looking statements contained herein are made as of the date of this MD&A and, other than as required by law, the Company disclaims any obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive and all forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements.

The forward-looking statements contained herein are based on information available as of February 24, 2022.

CAUTIONARY STATEMENT REGARDING CERTAIN NON-IFRS PERFORMANCE MEASURES

This MD&A contains certain financial performance measures that are not recognized or defined under IFRS (termed "Non-IFRS Measures"). As a result, this data may not be comparable to data presented by other licensed producers and cannabis companies. For an explanation of these measures to related comparable financial information presented in the consolidated financial statements prepared in accordance with IFRS, refer to the discussion below. The Company believes that these Non-IFRS Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operational performance of the Company. These Non-IFRS Measures include, but are not limited, to the following:

- Adjusted EBITDA is a measure of the Company's financial performance. It is intended to provide a proxy for the Company's operating cash flow and is widely used by industry analysts to compare the Company to its competitors and derive expectations of future financial performance of the Company. Adjusted EBITDA increases comparability between comparative companies by eliminating variability resulting from differences in capital structures, management decisions related to resource allocation, and the impact of fair value adjustments on biological assets and inventory, which may be volatile on a period-to-period basis. Adjusted EBITDA is not a recognized, defined, or standardized measure under IFRS. The Company calculates Adjusted EBITDA as net income (loss) before income taxes from continuing operations, excluding interest expense, income taxes, depreciation and amortization, unrealized gain (loss) on changes in fair value of biological assets, equity loss on investment in associate, share based payments, finance costs and certain one-time income or expenses.

RISK FACTORS

This section discusses factors relating to the business of the Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner.

COVID-19
The Company's business is dependent on a number of key supply chains which could be adversely disrupted by a number of factors including, among others, major health issues or pandemic. In particular, major health issues and pandemics, such as the global impact of COVID-19. Given the ongoing and dynamic nature of the circumstances, it is difficult to predict the impact of the COVID-19 outbreak on the Company's business, which may be adversely affected or cause disruption. These risk factors are out of the Company's control.

Liquidity and Additional Financing
The Company has limited financial resources and revenues. There can be no assurance that additional funding will be available to it for further development of its assets or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could cause the Company to reduce or terminate its operations.

Reliance on Licenses
The Company's ability to grow, store cannabis in Canada is dependent on maintaining its license with Health Canada. All licenses are, or will be, subject to ongoing compliance and reporting requirements. Failure to comply with the requirements of the licenses, to maintain its licenses, and to renew the licenses after their expiry dates would have a material adverse impact on the business, financial condition and operating results of the Company.

Although the Company believes that it will meet the requirements of the CA&R for future extensions or renewals of any required licenses, there can be no assurance that Health Canada will extend or renew the licenses or, if extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew existing licenses should it renew existing license on different terms, or should it refuse applications for new licenses, the business, financial condition and operating results of the Company would be materially adversely affected.

Regulatory Risks
The activities of the Company are subject to regulation by governmental authorities, particularly Health Canada. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the future sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the Company's business, results of operations and financial condition.

Change in Laws, Regulations and Guidelines
The Company's business is subject to particular laws, regulations, and guidelines. The production and distribution of cannabis is a highly regulated field, and although the Company intends to comply with all laws and regulations, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of the Company may cause adverse effects to its operations.

Limited Operating History, History of Losses, and No Assurance of Profitability
The Company was incorporated and began operations in June 2017 and as of the date of this MD&A had not generated material revenue from the sale of its products or services. The Company is subject to all of the business risks and uncertainties associated with any early-staged enterprise, including under-capitalization, cash shortages, limitation with respect to personnel, financial and other resources, and lack of revenues.

The Company has incurred operating losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations.

Unfavourable Publicity or Consumer Perception
The success of the cannabis industry may be significantly influenced by the public's perception of cannabis's medicinal and recreational applications. Cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to cannabis will be favourable. The cannabis industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for cannabis is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of cannabis may have a material adverse effect on our operational results, consumer base and financial results.

Competition
Health Canada has issued numerous licenses under the Cannabis Act & Regulations. Accordingly, a large number of licensed cannabis companies are currently operating in the Canadian recreational and medical cannabis markets. This has resulted in a highly competitive marketplace, with a significant number of companies dealing with material solvency issues. Moreover, legal cannabis companies face ongoing competition from illicit cannabis operations (commonly referred to as the 'black market' and/or 'grey market'). In summary, the Company faces intense competition from various sources, and recognizes that many of its competitors are larger and better financed.

Uninsured or Uninsurable Risk
The Company may become subject to liability for risks against which it cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Key Personnel
The Company's success will depend on its directors' and officers' ability to develop and execute on the Company's business strategies and manage its ongoing operations, and on the Company's ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants. The loss of any key personnel or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations.

Conflicts of Interest
Certain of the Company's directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers' conflict with or diverge from the Company interests. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.
In addition, the directors and the officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company.

Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Litigation
The Company may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business, which could adversely affect its business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages.

While the Company has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact the Company's business, operating results or financial condition.

Agricultural Operations
Since the Company's business will revolve mainly around the growth of agricultural products, the risks inherent with agricultural businesses will apply. Such risks may include disease and insect pests, among others. Although the Company expects to grow its product in climate controlled, monitored, indoor locations, there is no guarantee that changes in outside weather and climate will not adversely affect production.

Transportation Disruptions
The Company will depend on fast, cost-effective and efficient transportation services to distribute its product. Any prolonged disruption of these services could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with transportation services used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably.

Fluctuating Prices of Raw Materials
The Company revenues, if any, are expected to be in large part derived from the production, sale and distribution of agricultural products or products related to the growth of such agricultural products. The price of production, sale and distribution of these products will fluctuate widely and is affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new production and distribution developments and improved production and distribution methods. The effect of these factors on the price of product produced by the Company and, therefore, the economic viability of any of the Company's business, cannot accurately be predicted.

Environmental and Employee Health and Safety Regulations
The Company's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water and air, the handling and disposal of hazardous and nonhazardous materials and wastes, and employee health and safety. The Company will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain required environmental approvals or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Political and Economic Instability
The Company may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in medicine and agriculture development or investment policies or shifts in political attitude in certain countries may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people and water use. The effect of these factors cannot be accurately predicted.

FINANCIAL RISKS

Compliance with TSX Requirements
On October 16, 2017, the TSX provided clarity regarding the application of Section 306 (Minimum Listing Requirements), Section 325 (Management) and Part VII (Halting of Trading, Suspension and Delisting of Securities) of the TSX Company Manual (collectively, the "Requirements") to TSX-listed issuers with business activities in the cannabis sector. In TSX Staff Notice 2017-0009, the TSX notes that issuers with ongoing business activities that violate U.S. federal law regarding cannabis are not in compliance with the Requirements. The TSX reminded issuers that, among other things, should the TSX find that a listed issuer is engaging in activities contrary to the Requirements, the TSX has the discretion to initiate a delisting review. Failure to comply with the Requirements could have a material adverse effect on the Company's business, financial condition and results of operations. Following the completion of the Arrangement, on July 12, 2021, the common shares of Avant Brands Inc. ceased trading on the TSXV and commenced trading on the TSX under the symbol "AVNT". The Company is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including, but not limited to, the Canadian Securities Administrators, the TSX, and the British Columbia Securities Commission. These rules and regulations continue to evolve in scope and complexity, creating many new requirements.

No assurance that Listing Standards of TSX will continue to be met
Avant Brands Inc. must meet continuing listing standards to maintain the listing of the common shares on the TSX. If the Company fails to comply with listing standards and the TSX delists the common shares, Avant and its shareholders could face significant material adverse consequences, including but not limited to:

i. a limited availability of market quotations for the common shares;
ii. reduced liquidity for the common shares;
iii. a determination that the common shares are "penny stock," which would require brokers trading in the common shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for the common shares;
iv. a limited amount of news about the Company and analyst coverage; and
v. a decreased ability for the Company to issue additional equity securities or obtain additional equity or debt financing in the future.

Volatile Market Price of Common Share
The market price of the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of common shares to sell their securities for a profit, or at all. Market price fluctuations in the common shares may be due to the Company's operating results failing to meet expectations of securities analysts (including short-sellers) or investors in any period, downward revision in securities analysts' estimates, adverse changes in general

market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors.

Financial markets have historically at times experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the common shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the common shares may be materially adversely affected.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

In accordance with National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI52-109"), the establishment and maintenance of Disclosure Controls and Procedures ("DCP") and Internal Control Over Financial Reporting ("ICFR") is the responsibility of management. DCP's are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure. ICFR's are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

NI52-109 requires the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") to certify that they are responsible for establishing and maintaining ICFR for the Company and that those internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The CEO and CFO are also responsible for disclosing any changes to the Company's internal controls during the most recent period that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

The Chief Executive Officer and Chief Financial Officer (the "Certifying Officers"), in accordance with NI52-109, have both certified that they have reviewed the Consolidated Financial Statements and MD&A (the "Filings") and that, based on their knowledge having exercised reasonable diligence, (a) the Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made with respect to the period covered by the Filings; and (b) the Consolidated Financial Statements together with the other financial information included in the Filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in the Filings.

The Company ceased to be a venture issuer (as defined by National Instrument 52-102 – Continuous Disclosure Obligations) on July 12, 2021, as a result of listing its common shares on Toronto Stock Exchange ("TSX"). The Company is currently in the process of developing and implementing NI52-109 compliant DC&P and ICFR. For the year ended November 30, 2021, the financial period during which the Company became a non-venture issuer, the Company is not required to certify the design and evaluation of its DC&P and ICFR and has not completed such an evaluation. The inherent limitations on the ability of the Certifying Officers to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Proposed Transactions

There are currently no significant proposed transactions except as otherwise disclosed in this MD&A. Confidentiality agreements and non-binding agreements may be entered into from time to time, with independent entities to allow for discussions of the potential acquisition and/or development of potential business relationships.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A.