Hollister Biosciences Inc.

Management's Discussion & Analysis
For the three and nine months ended September 30, 2021 and 2020
Expressed in United States Dollars

This Management's Discussion & Analysis ("MD&A") of the financial condition and results of operations of Hollister Biosciences Inc. ("Hollister" or the "Company") should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements "interim financial statements" for the three and nine months ended September 30, 2021 and 2020, and the accompanying notes therein. This MD&A is dated November 26, 2021, which is the date that the Board of Directors of the Company (the "Board") approved the disclosure contained in this MD&A.

The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. Except as otherwise indicated, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. Periods for the nine months ended September 30, 2021 and 2020 are referred to as "YTD 2021" and "YTD 2020", respectively.

All dollar amounts in this MD&A are expressed in United States Dollars except where otherwise indicated.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable 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. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also refer to those risk factors in the "Risk Factors" and "Additional Risk Disclosure for Issuers with U.S. Cannabis Operations" section below. Actual results and developments are likely to differ, and may differ materially from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its anticipated results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

USE OF NON-IFRS FINANCIAL MEASURES

This MD&A includes certain non-IFRS financial measures. Reconciliations of these non-IFRS financial measures to the most directly comparable financial measure calculated and presented in accordance with IFRS are included below. This information should be considered as supplemental in nature and not as a substitute for, or superior to, any measure of performance prepared in accordance with IFRS. Our management uses adjusted EBITDA to evaluate our operating performance and trends and make planning decisions. Our management believes adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the items that we exclude. Accordingly, we believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects, and allowing for greater transparency with respect to key financial metrics used by our management in its financial and operational decision-making.

CORPORATE OVERVIEW

Hollister Biosciences Inc. was incorporated on April 17, 2019 under the laws of the Province of British Columbia, Canada. On August 29, 2019, the Company changed its name from 1205600 B.C. Ltd to Hollister Biosciences Inc. (collectively herein referred to as the "Company", "Hollister"). The Company's registered and records office is located at 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver, British Columbia, Canada, V6E 4N7. The Company was incorporated for the sole purpose of completing financings in anticipation of completing the acquisition of Weldon Manor, LLC, ("Weldon") and concurrently applying for a listing on the Canadian Securities Exchange (the "CSE") as described below. Weldon is a private licensed manufacturer and distributor of cannabis pre-roll and extract products in the State of California. On March 24, 2020, the Company acquired a 100% interest in Labtronix, Inc. doing business as Venom Extracts ("Venom Extracts") which is a leading Arizona cannabis extract brand and one of the state's largest producers of award-winning medical cannabis distillate and related products. On April 30, 2020, the Company acquired a 100% interest in AlphaMind Brands Inc. a growth stage company that is developing a portfolio of certified legal mushroom based natural health products. The Company is listed on the CSE under the symbol "HOLL".

The Company operates as a licensed manufacturer and distributor of recreational cannabis and cannabis products, and distributes its products through an arrangement with a cannabis distributor to licensed cannabis vendors in California and Arizona. The Company commenced revenue generating activity during the year ended December 31, 2018. Continuance of operations is dependent upon maintaining the necessary licensing under Arizona and California state law. The Company does not currently expect to need to obtain financing to perform operating activities and meet ongoing obligations, however this may be required if there are significant changes in the future economic or regulatory environment.

Although the Company's activities are compliant with all applicable Arizona and California state and local laws, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law nor provide a defense to federal criminal charges that may be brought against the Company. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and, in case of conflict between federal and State law, the federal law shall apply.

The Company is classified as having a "direct" involvement in the United States cannabis industry and is in compliance with applicable United States state law and related licensing requirements and the regulatory framework enacted by the State of Arizona and State of California. The Company is not subject to any citations or notices of violation with applicable licensing requirements and the regulatory frameworks which may have an impact on its licenses, business activities or operations. The Company uses reasonable commercial efforts to ensure that its business is in compliance with applicable licensing requirements and the regulatory frameworks enacted by Nevada, through the advice of its General Counsel, who monitors and reviews its business practices and changes to United States Federal enforcement priorities.

The Company's General Counsel works with external legal advisors in Arizona and California, to ensure that the Company is in on-going compliance with applicable state laws.

CORPORATE OUTLOOK

Corporate Outlook

In March 2017, the Company commenced construction of a large legal cannabis facility. The Company has a 37,061 sq. ft. facility in Hollister, California (the "Hollister Facility"). The Company has leased a total of 17,600 sq. ft. of this facility to other cannabis companies to reduce overhead costs. In August 2017, the Company was approved to have cannabis in the building, and operate on December 29, 2017 just in time for *Adult-Use* legalization to take effect on January 1, 2018.

Weldon is the management company for Hollister Holistics 1 and Hollister Holistics 2 (collectively "Hollister Cannabis Company"), which both operate in the legal cannabis industry in California. Hollister Cannabis Company manufactures hash, tinctures, hash infused products, crumble infused products, pre-rolls, and other cannabis products under their brands HashBones, Purity Petibles, Hollister Cannabis Co., and as contract manufacturing white label products for other companies.

Currently, the most widely distributed product manufactured at Hollister Cannabis Company is the HashBone which is a 25% hash 75% flower pre-roll which is made in small batches with only premium flower and artisanal bubble hash. Hollister Cannabis Company Bubble Hash is made with purified water and ice in hash wash machines. It is dried in state of the art freeze dryers and strained and grammed in concentrate jars. There are several white label products manufactured at Hollister Cannabis Company including crumble infused pre-rolls, 1/8th and grammed flower, and pre-rolls. The Company uses an automated process that fills vape cartridges, capsules, tincture bottles and more. There are potential white label projects for this equipment. Most products are packaged, labeled, and prepared for distribution prior to leaving Hollister Cannabis Company. The Company employs an extremely efficient Auto Labe labeling machine for any round vessel, and a blister pack machine.

The Hollister Facility will house several projects that are currently under development including but not limited to automated pre-roll manufacturing, NanoPure, nano emulsified cannabis concentrate which will be sold both wholesale as an ingredient for other companies and power products for Hollister Cannabis Company and an extraction lab for Venom Extracts to commence operations in the state of

California. The first product to be launched is a fast acting sublingual spray. Beverages, edibles, and capsules will soon be produced. Hollister, through its wholly-owned subsidiary, Venom Extracts, operates a two storey, 11,000 square foot indoor cannabis facility located at 2046 W Ironwood Dr, Phoenix Arizona 85021 (the "Phoenix Facility"). The Phoenix Facility meets all security requirements under applicable laws and the Company uses this space for butane, propane and ethanol extraction and packaging in its manufacturing process for the production of cannabis concentrate products.

The Company uses the Hollister Facility and the Phoenix Facility for the production and downstream processing of cannabis products using plant materials purchased from the licensed marketplace. Some products are unprocessed (e.g., dried flowers), while others are processed (e.g., oil derived from the cannabis leaves).

The Company offers products in the medicinal and recreational spaces, including products in the categories of, distillates, cannabis concentrates, prepackaged flower, pre-roll, infused pre-roll, bubble hash, tinctures, beverages, edibles and pet products.

Hollister Cannabis Company is licensed by the city of Hollister and the State of California for Manufacturing and Distribution. The Company currently uses Nabis as its primary distributor in California and continues to evaluate additional or alternative distribution lines in California.

Venom Extracts is one of Arizona's premier extract brands and one of the state's largest producers of award-winning medical cannabis distillate and related products. With an experienced management team and focus on quality, Venom Extracts prides itself as a differentiated extraction company by producing legal Marijuana products at a price point that allows retailers the potential to generate higher margins.

The Company's expansion strategy is centered on entering new markets/states that are approved for medical cannabis use and/or approved or have a reasonable expectation to be approved for recreational use in the near future. During Q1 2021, the Company expanded its production capacity in Arizona to accommodate Adult Use. Another key initiative for the Company in 2021 and 2022 will be greenfield development to build redundancy into the Company's supply chain of raw material, lower input costs and enhance profit margins.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time. COVID-19 has created a new set of challenges for Hollister and we have risen to that challenge. All of our employees have been able to continue working in California during this time as Hollister was deemed an essential service. We have full COVID-19 sanitization protocols in place to keep our employees safe. When the COVID-19 shutdowns started to happen Hollister jumped into action by manufacturing hand sanitizer to donate to the city, county and the local community. Hollister was awarded a certificate of appreciation from San Benito County for donating the hand sanitizer.

The Company's wholly owned subsidiary Hollister Holistics 2 ("HH2") applied for a non-storefront delivery license in the city of Hollister. On September 21, 2020 the City Council of Hollister unanimously approved HH2's application for a delivery license in the city of Hollister. The Company, through Hollister Holistics 2, was also approved for a similar licence for the state of California on January 12, 2021.

The Company has also opened a smaller depot in Oakland, CA and Sacramento, CA to service the Bay Area and the greater Sacramento area in California. The www.DreamyDelivery.com website for delivery has been launched and is currently accepting orders in the Bay Area of California, Sacramento and Hollister California.

The Company has made several strategic enhancements to align governance, leadership, operations, management and infrastructure with a refined corporate strategy. The corporate and brand strategy is primarily centered on the growth of owned and partner brands by expanding product categories and distribution markets. As part of the expansion strategy the company plans to internalize functions that were previously outsourced including communications, finance, accounting, management, investor relations, public relations, marketing, sales and strategy.

The Company has initiated a rebrand, including seeking a new corporate name and visual identity. The brand is being created to represent a focused vision towards becoming a leading house of brands with a mission to empower consumers to trusted cannabis packaged goods that serve a variety of occasions. In connection with the refined strategy, the company has moved its corporate office from Hollister California to Phoenix Arizona, and has placed its California operations in a care and maintenance program as it analyzes its options related to the asset. The transition from active operations to care and maintenance is expected to reduce operating losses and enable the Company to focus on its core revenue generating assets and activities.

Acquisition of AlphaMind Brands Inc.

On April 30, 2020, the Company closed its acquisition of AlphaMind Brands Inc (AlphaMind"), a Canada and US based growth stage company, which is developing certified legal mushroom based natural health products (the "AlphaMind Acquisition").

Expressed in United States Dollars

Pursuant to the terms of the AlphaMind Acquisition, the Company has acquired AlphaMind for consideration of $517,613 which was satisfied by the issuance of 4,200,000 Hollister common shares at a fair value of CAD$0.12 per share pro rata to the shareholders of AlphaMind and a commitment to issue an additional 1,800,000 common shares at a fair value of CAD$0.12 per share to certain former shareholders of AlphaMind on the earlier of (i) AlphaMind's first production run or its first sales of product, or (ii) December 31, 2021.

Alphamind is a non-core asset of the Company and is now part of a care and maintenance program to preserve future rights. The asset is not relevant to the go-forward business strategy.

EVENTS AFTER THE REPORTING PERIOD

On October 8, 2021 the Company issued 2,135,000 common shares pursuant to the exercise of 2,135,000 stock options.

On October 11, 2021 the Company issued 433,333 common shares pursuant to the exercise of 433,333 stock options.

On October 11, 2021, the Company granted an aggregate of 4,375,000 stock options at an exercise price of $0.22 per share. Each stock option is exercisable for a period of five years.

On October 12, 2021 the Company announced significant changes to its board and executive team. Jake Cohen was appointed CEO. Eula Adams was appointed interim CFO and a nominated board member and Chris Lund was appointed CCO. Carl Sailing resigned as CEO and Director of the Company and has been appointed Senior Advisor to the Board.

On October 27, 2021 the Company issued 28,368 common shares at $0.22 per share as part of a consulting agreement.

OVERALL PERFORMANCE

Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates and judgments in order to ensure that our consolidated financial statements are presented fairly and in accordance with IFRS.

For information regarding the Company's total assets and liabilities, refer to "Liquidity and Capital Resources" below.

SELECTED FINANCIAL INFORMATION - RESULTS OF OPERATIONS

For the three and nine months ended September 30, 2021 and 2020:

	Q3 2021	Q3 2020	**YTD 2021**	YTD 2020
	$	$	**$**	$
Gross revenue	**14,488,634**	9,489,911	**55,166,917**	18,915,011
Gross profit	**3,483,987**	1,386,968	**11,411,787**	2,613,685
Gross margin %	**24%**	15%	**21%**	14%
Operating expenses	**(2,204,690)**	(2,023,761)	**(5,199,903)**	(5,107,902)
Net income (loss) and comprehensive income (loss)	**457,148**	(649,095)	**4,040,649**	(2,584,259)
Total assets	**27,907,759**	15,276,336	**27,907,759**	15,276,336
Current liabilities	**6,957,813**	4,099,472	**6,957,813**	4,099,472

Review of consolidated financial information for Q3 2021 compared to Q3 2020

Gross revenue during the three months ended September 30, 2021, increased by $4,998,723 or 53% compared to the prior year period, as the Company increased sales of existing products (pre-rolls and vape cartridges) and moved into new products (terpenes).

The composition of revenue for the three months ended September 30, 2021, included the following:

- $11,846,133 - concentrates
- $87,892 - hash bone (as described in "Corporate Outlook" above)
- $206,968 - pre-rolls
- $1,862,298 - vape cartridges
- $13,454 - contract manufacturing services
- $225,569 - Terpenes
- $246,320 - other product sales

Comparatively, the composition of revenue during the three months ended September 30, 2020 was substantially comprised of sales of concentrates, hash bone, contract manufacturing services and discounts and allowances which totaled $9,516,685, $427,291, $50,754 and a reduction of revenue by $504,820, respectively.

Gross profit was $3,483,987 for the three months ended September 30, 2021, compared to gross profit of $1,386,968 for the prior year period. This change is primarily driven by significantly increased sales in Venom Extracts. Gross profit margin for the three months ended September 30, 2021 increased due to the sales mix shifting away from bulk materials and white label sales towards higher margin, finished products.

The portion of cost of sales that relates specifically to inventory (product, labour, testing, and supplies) amounted to $11,128,223 during the three months ended September 30, 2021 (2020 - $8,357,734), or 83% (2020 - 88%) of revenue. Key drivers in percentage fluctuations of cost of sales relative to revenue are fluctuating market prices of biomass inputs (product), as well as the addition of new production employees during the quarter.

Operating expenses during the three months ended September 30, 2021 were $2,204,690, compared to $2,023,761 during the prior year period. The increase is primarily driven by the growth of the Company, the continual evolution of the Company's activities and the expansion of sales efforts including increasing its sales mix and customer acquisition efforts. The most significant changes in operating expenses and other expenses were as follows:

- Depreciation charged to operating expenses decreased to $333,739 during Q3 2021 from $445,045 during Q3 2020 as a result of a movement in the allocation of depreciation between cost of good sold and operating expenses.
- Professional fees and consulting increased to $381,466 during Q3 2021 from $182,382 during Q3 2020 as a result of the timing of invoices received for legal and accounting fees and additional public company compliance costs from increased activity .
- Share-based compensation decreased to $527,475 during Q3 2021 from o $561,247 during Q3 2020 as the Company issued fewer stock options to employees that vested during Q3 2021 compared to Q3 2020.
- Salaries and wages increased to $420,142 during Q3 2021 from $224,229 during Q3 2020 as a result of the Company's growth and increased operations.

Review of consolidated financial information for YTD 2021 compared to YTD 2020

Gross revenue during the nine months ended September 30, 2021, increased by $36,251,906 or 192% compared to the prior year period, as the Company increased sales of existing products (pre-rolls and vape cartridges), moved into new products (terpenes) and realized the revenues from Venom Extracts from the date of acquisition to the end of the quarter.

The composition of revenue for the nine months ended September 30, 2021, included the following:

- $46,462,567 - concentrates
- $228,775 - hash bone (as described in "Corporate Outlook" above)
- $472,306 - pre-rolls
- $6,934,103 - vape cartridges
- $18,328 - contract manufacturing services
- $225,569 - Terpenes
- $825,269 - other product sales

Comparatively, the composition of revenue during the nine months ended September 30, 2020, was substantially comprised of sales of concentrates, hash bone, contract manufacturing services and discounts and allowances which totaled $18,633,760, $884,302, $218,137 and a reduction of revenue by $821,188, respectively.

Gross profit was $11,411,787 for the nine months ended September 30, 2021, compared to gross profit of $2,613,685 for the prior year period. This change is primarily driven by sales recognized from Venom Extracts, which was acquired on March 24, 2020. Gross profit for the current year period was also impacted by increases in cost components of inventory. Gross profit margin for the current year period increased due to the sales mix shifting away from bulk materials and white label sales towards higher margin, finished products.

The portion of cost of sales that related specifically to inventory (product, labour, testing, and supplies) amounted to $42,588,201 during the nine months ended September 30, 2021 (2020 - $16,301,326), or 77% (2020 - 86%) of revenue. Key drivers in percentage fluctuations of cost of sales relative to revenue are fluctuating market prices of biomass inputs (product), as well as the addition of new production employees during the quarter and the acquisition of Venom Extracts.

Operating expenses during the nine months ended September 30, 2021 were $5,199,903, compared to $5,107,902 during the prior year period. This increase is a combination of the increased costs incurred as the Company expands its operations offset by prior year acquisition and transaction costs as part of the Company's acquisition of Venom Extracts and AlphaMinds Brand Inc. The most significant changes in operating expenses and other expenses were as follows:

- Administrative expense increased to $741,420 during YTD 2021 from $545,641 during YTD 2020 as a result of the Company's increased operations and acquisition of Venom Extracts on March 24, 2020, which have various administrative costs.
- Depreciation increased to $964,861 during YTD 2021 from $574,098 during YTD 2020 as a result of the Company's acquisition of Venom Extracts on March 24, 2020 which has a production facility, brands and intellectual property that are required to be depreciated in accordance with IFRS.
- Marketing expenses decreased to $428,635 during YTD 2021 from $1,038,816 during YTD 2020 as a result of the Company's

Expressed in United States Dollars

more established presence in the market and cost cutting initiatives to reduce inefficient and ineffective spend.

- Professional fees and consulting increased to $848,404 during YTD 2021 from $556,493 during YTD 2020 as a result of the additional legal, accounting and auditing costs associated with the Company's continued growth.
- Share-based compensation increased to $768,214 during YTD 2021 from $561,247 during YTD 2020 as the Company issued more stock options to employees that vested during Q3 2021 compared to Q3 2020.
- Salaries and wages increased to $1,123,136 during YTD 2021 from $486,993 during YTD 2020 as a result of the Company's increased operations and acquisition of Venom Extracts on March 24, 2020, which has various full and part-time staff as part of its operation.
- Transaction costs decreased to $nil during YTD 2021 from $379,684 during YTD 2020 as a result of the Company's acquisition of Venom Extracts on March 24, 2020.
- Acquisition costs decreased to $nil during YTD 2021 from $535,478 during YTD 2020 as a result of the Company's purchase price being in excess of the net liabilities acquired on the acquisition of AlphaMinds Brands Inc.

SUMMARY OF QUARTERLY RESULTS

	Revenue	Net income (loss) and comprehensive income (loss)	Income (loss) per share
	$	$	$
September 30, 2021	14,488,634	457,148	0.00
June 30, 2021	17,585,077	1,596,699	0.01
March 31, 2021	23,093,206	1,986,802	0.01
December 31, 2020	11,710,491	(459,860)	(0.00)
September 30, 2020	9,489,911	(649,095)	(0.00)
June 30, 2020	8,476,202	305,377	0.00
March 31, 2020	948,898	(2,153,479)	(0.01)
December 31, 2019	347,362	(1,328,057)	(0.07)

Quarter to quarter fluctuations in revenue have been driven by fluctuations in the normal course of business, the Company's overall growth efforts and significant customer acquisitions in recent periods. Revenue increased in Q1 and Q2, 2021 with increased order sizes following the first adult-use sales of recreational cannabis in Arizona in January 2021. This demand was not sustained through Q3 which, combined with the expected seasonality of the Arizona market, led to a decrease in revenue for the three months ended September 30, 2021. Gross margin did however improve in Q3 as the sales mix shifted away from bulk materials and white label sales towards higher margin, finished product sales.

Commencing the three months ended June 30, 2020, the Company realized increased sales of existing products (pre-rolls and vape cartridges) and the revenues from Venom Extracts from the date of acquisition.

LIQUIDITY AND CAPITAL RESOURCES

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to maintain operations. The Board of Directors, which is comprised of members of management, does not establish quantitative return on capital criteria, but rather relies on their expertise to sustain future development of the business. The Company defines capital that it manages as shareholders' equity. The Company has historically relied on financing from the issuance of Units, other arm's length financing arrangements, and the contributions of its officers to fund its activities. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not currently subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2021.

Expressed in United States Dollars

Liquidity and Financial Condition

As at September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
	$	$
Cash	**7,662,780**	1,061,950
Receivables	**5,074,840**	2,849,775
Prepaid expenses	**134,472**	82,088
Inventory	**5,367,417**	2,203,133
Current portion of lease receivable	**319,837**	157,439
Current assets	**18,559,346**	6,354,385
Deposits	**59,380**	83,380
Property and equipment	**3,912,526**	3,152,638
Intangible assets	**1,650,000**	2,137,500
Lease receivable	**1,505,879**	879,484
Goodwill	**2,220,628**	2,220,628
Current liabilities	**6,957,813**	5,720,938
Non-current liabilities	**4,790,229**	4,036,325
Working capital	**11,601,533**	633,447
Shareholders' equity	**16,159,717**	5,070,752

The Company's current assets increased by $12,204,961 mainly due to an increase in cash from financing, receivables and inventory. The Company had a positive working capital resulting from the significant increase in cash from proceeds on the issuance of common shares and cash generated from operations.

The Company is in a deficit position due to the historic losses incurred during prior periods. Fluctuations in cash are discussed below under "Cash flows".

Cash flows

	Q3 2021	Q3 2020	**YTD 2021**	YTD 2020
	$	$	**$**	$
Net cash provided by (used in) operating activities	**1,007,092**	(252,832)	**2,051,733**	(818,818)
Net cash (used in) provided by investing activities	**(105,339)**	(100,927)	**(1,022,504)**	499,210
Net cash (used in) provided by financing activities	**(200,066)**	1,154,563	**5,578,656**	748,098
Impact of exchange rate changes on cash	**(22,866)**	43,212	**(7,055)**	9,822
Net increase in cash	**678,821**	844,016	**6,600,830**	438,312
Cash, beginning of period	**6,983,959**	1,050,445	**1,061,950**	1,456,149
Cash, end of period	**7,662,780**	1,894,461	**7,662,780**	1,894,461

Q3 2021 versus Q3 2020

- Cash provided by operating activities of $1,007,092 (Q3 2020 - cash used $252,832) was the result of net cash inflows from revenue activity, the utilization of available credit on accounts payable and accrued liabilities, partially offset by cash spent on inventory and increases in accounts receivable. During the prior year comparable period, the Company generated net cash inflows from revenue activity more than offset by inventory purchases and increases in trade receivables.

- Cash used in investing activities of $105,339 (Q3 2020 - $100,927) comprised the purchase of equipment.

- Cash used in financing activities totaled $200,066 (Q3 2020 - cash provided $1,154,563) which was driven by repayments of lease liabilities which includes payments on the Company's facility lease, as well as repayments on long-term debt and promissory notes. During the prior year comparable period, the cash provided by proceeds from the issuance of units, partially offset by repayments of lease liabilities which includes payments on the Company's facility lease, as well as repayments on long-term debt and promissory notes.

Expressed in United States Dollars

YTD 2021 versus YTD 2020

- Cash provided by operating activities of $2,051,733 (YTD 2020 - cash used $818,818) was the result of net cash inflows from revenue activity, partially offset by cash spent on inventory and paying down accounts payable. During the prior year comparable period, the Company generated net cash outflows predominantly from cash spent on inventory.

- Cash used in investing activities totaling $1,022,504 (YTD 2020 - cash provided $499,210), comprised the purchase of equipment, and payments of deferred compensation for the acquisition of Venom Extracts. During the prior year comparable period, the Company generated net cash inflows from the cash acquired from the acquisition of Venom Extracts, offset by a deferred compensation payable arising from the acquisition and purchases of equipment.

- Cash provided by financing activities totaled $5,778,722 (YTD 2020 - $748,098) was the result of a private placement financing of special warrants and proceeds from option and warrant exercises, partially offset by repayments of lease liabilities which includes payments on the Company's facility lease, as well as repayments on long-term debt and promissory notes. During the prior year comparable period, the Company also generated cash inflows from a private placement financing offset by repayments of lease liabilities which includes payments on the Company's facility lease, as well as repayments on long-term debt and promissory notes.

USE OF NON-IFRS FINANCIAL MEASURES

This press release includes certain non-IFRS financial measures. Reconciliations of these non-IFRS financial measures to the most directly comparable financial measure calculated and presented in accordance with IFRS are included below. This information should be considered as supplemental in nature and not as a substitute for, or superior to, any measure of performance prepared in accordance with IFRS. Our management uses adjusted EBITDA to evaluate our operating performance and trends and make planning decisions. Our management believes adjusted EBITDA helps identify underlying trends in our business that could otherwise be masked by the effect of the items that we exclude. Accordingly, we believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results, enhancing the overall understanding of our past performance and future prospects, and allowing for greater transparency with respect to key financial metrics used by our management in its financial and operational decision-making.

The table below reconciles net income (loss) and comprehensive income (loss) to Adjusted EBITDA (Loss for the three and nine months ended September 30, 2021 and 2020:

	Three months ended September 30,		**Nine months ended September 30,**	
	2021	2020	**2021**	2020
	$	$	**$**	$
Net income (loss) and comprehensive income (loss)	**457,148**	(649,095)	**4,040,649**	**(2,584,259)**
Add (deduct) impact of:				
Accretion	**-**	3,150	**-**	9,451
Depreciation	**333,739**	445,045	**964,861**	574,098
Finance costs	**123,300**	107,274	**332,905**	327,135
Foreign exchange gain	**(29,665)**	-	**(57,961)**	-
Interest expense	**342**	37,750	**20,356**	87,750
Transaction costs	**-**	-	**-**	379,684
Acquisition expense	**-**	-	**-**	535,478
Interest income	**(46,802)**	-	**(112,890)**	-
Gain on sublease	**-**	-	**262,015**	-
Gain on lease extinguishment	**19,951**	-	**19,951**	-
Lease renegotiation costs	**(252,036)**	-	**(252,036)**	-
Income tax expense	**617,000**	(8,400)	**2,438,000**	(8,400)
Deferred income tax recovery	**(3,000)**	-	**(131,000)**	-
Foreign currency translation adjustment	**22,866**	3,902	**7,055**	81,642
Adjusted EBITDA (Loss)	**1,242,843**	**(60,374)**	**7,531,905**	(597,421)

Expressed in United States Dollars

OUTSTANDING SHARE DATA

Summary of outstanding share data as of date of this MD&A:

Authorized: Unlimited number of common shares without par value.
Issued and outstanding: 272,474,953 common shares
Stock options: 20,778,333
Warrants: 22,939,862

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The carrying values of cash, receivables, accounts payable and accrued liabilities, and accounts payable to related parties approximate their respective fair values due to the short-term nature of these instruments. Long-term debt and lease obligations also approximate their respective fair values as these instruments are either discounted using market rates of interest or bear a market rate of interest.

The Company's potential sources of cash flow in the upcoming year will be cash generated from operations as well as from possible equity or debt financings.

Economic dependence

During the nine months ended September 30, 2021, the Company derived 50% of its revenues from six customers (2020 - 37% from six customers) with the remaining sales being made to a variety of customers.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at September 30, 2021 and December 31, 2020, and as at the date hereof.

RELATED PARTY TRANSACTIONS

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers and directors of the Company. The remuneration of the Company's key management personnel during the three and nine months ended September 30, 2021 and 2020 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
	$	$	**$**	$
Salaries and wages	**-**	-	**82,913**	83,333
Professional and consulting fees	**21,772**	20,083	**120,032**	59,119
	21,772	20,083	**202,945**	142,452

As at September 30, 2021, accounts payable to Amasa Lacy (a Vice President, Production and director of the Company) totalled $44,083 (December 31, 2020 - $59,083) and accounts payable to Carl Saling (CEO and director of the Company) totalled $43,110 (December 31, 2020 - $63,612). These amounts are unsecured, non-interest bearing and are due on demand.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenues and expenses. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities. Details of the areas which require management to make critical

estimates and judgments are disclosed in note 3 of the Company's audited consolidated financial statements for the years ended December 31, 2020 and 2019.

ACCOUNTING STANDARDS AND INTERPRETATIONS

The interim financial statements have been prepared in accordance with IFRS as issued by the IASB, effective as of September 30, 2021. The Company's significant accounting policies are described in note 3 of the Company's audited consolidated financial statements for the years ended December 31, 2020 and 2019.

LEGAL AND REGULATORY MATTERS

For a detailed listing of the legal and regulatory considerations impacting the Company, please refer to the Company's MD&A for the year ended December 31, 2020.

RISKS AND UNCERTAINTIES

For a detailed listing of the risk factors faced by the Company, please refer to the Company's MD&A for the year ended December 31, 2020.

ADDITIONAL RISK DISCLOSURE FOR ISSUERS WITH U.S. CANNABIS OPERATIONS

Unfavorable Publicity or Consumer Perception

Proposed management of the Company believes the recreational cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the recreational cannabis produced. Consumer perception of the Company's proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of recreational cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the recreational cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's proposed products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for the Company's proposed products, and the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of recreational cannabis in general, or the Company's proposed products specifically, or associating the consumption of recreational cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

ADDITIONAL RISK DISCLOSURE FOR ALPHAMIND BRANDS

AlphaMind's prospects depend on the success of its products/compounds which are not yet in development.

AlphaMind currently has no products/compounds that have been approved by Health Canada or any similar regulatory authority. To obtain regulatory approvals for its product/compound candidates being developed and to achieve commercial success, clinical trials may be required to demonstrate that the product/compound candidates are safe for human use and that they demonstrate efficacy to varying degrees of certainty depending on the product. Many product/compound candidates never reach the stage of clinical testing and even those that do have only a small chance of successfully completing clinical development and gaining regulatory approval. Product/compound candidates may fail for a number of reasons, including, but not limited to, being unsafe for human use or due to the failure to provide therapeutic benefits equal to or better than the standard of treatment at the time of testing. Unsatisfactory results obtained from a particular study relating to a research and development program may cause AlphaMind or its collaborators to abandon commitments to that program. Positive results of early preclinical research may not be indicative of the results that will be obtained in later stages of preclinical or clinical research. Similarly, positive results from early-stage clinical trials may not be indicative of favorable outcomes in later-stage clinical trials, and AlphaMind can make no assurance that any future studies, if undertaken, will yield favorable results.

The psychedelic industry and market are relatively new and this industry may not succeed in the long term.

There is no assurance that the industry and market will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the psychedelic industry and market could have a material adverse effect on AlphaMind's business, financial conditions and results of operations. The psychedelic market will face specific marketing challenges given the products' status as a controlled substance which resulted in past and current public perception that the products have negative health and lifestyle effects and have the potential to cause physical and social harm due to psychoactive and potentially addictive effects.

AlphaMind expects to rely on contract manufacturers over whom it will have limited control. AlphaMind may rely on contract manufacturing organizations ("CMOs") for manufacturing, formulation, filling, packaging, storing and shipping of drug product in compliance with current Good Manufacturing Practices ("cGMP") regulations applicable to its products/compounds. Health Canada and the FDA and other equivalent regulatory bodies in other jurisdictions ensure the quality of drug products by carefully monitoring drug manufacturers' compliance with cGMP regulations.

The cGMP regulations for drugs contain minimum requirements for the methods, facilities and controls used in manufacturing, processing and packing of a drug product. There can be no assurances that CMOs, if and when contracted by AlphaMind, will be able to meet AlphaMind's timetable and requirements. Further, CMOs must operate in compliance with cGMP and failure to do so could result in, among other things, the disruption of product supplies. AlphaMind's dependence upon third parties for the manufacture of its products/compounds may adversely affect its profit margins and its ability to develop and deliver products on a timely and competitive basis.

A CAUTIONARY NOTE

The information provided in this MD&A, including information incorporated by reference, may contain "forward-looking statements" about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

(a) the regulation of the recreational cannabis industry in the States of California and Arizona;
(b) the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and
(c) other risks described in this MD&A and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

With respect to the forward-looking statements contained herein, although the Company believe that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the availability of sources of income to generate cash flow and revenue; the dependence on management and directors; risks relating to the receipt of the required licenses, risks relating to additional funding requirements; due diligence risks; exchange rate risks; potential transaction and legal risks; risks relating to regulations applicable to the production and sale of marijuana; and other factors beyond the Company's control, as more particularly described elsewhere in this MD&A.

Consequently, all forward-looking statements made in this MD&A and other documents of the Company, as applicable, are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on its behalf may issue. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

Respectfully submitted on behalf of the Board of Directors,

Jacob Cohen

CEO