HEMPFUSION WELLNESS INC.

Management's Discussion and Analysis (MD&A)

FOR THE THREE MONTHS ENDED MARCH 31, 2021
AND
MARCH 31, 2020

(Expressed in United States Dollars)

MAY 17, 2021

HempFusion Wellness Inc.
Management's Discussion & Analysis

Introduction

References in this document to the "**Company**", "we", "us" or "our" are intended to mean HempFusion Wellness, Inc.

The following management's discussion and analysis ("**MD&A**") of performance, financial condition and future prospects should be read in conjunction with our unaudited condensed interim consolidated financial statements for the three months ended March 31, 2021 and 2020, as well as our audited financial statements and notes thereto for the years ended December 31, 2020 and 2019. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the IFRS Interpretations Committee ("**IFRIC**"). All dollar amounts in this MD&A are expressed in United States dollars ("$") unless otherwise specified. This MD&A is provided as of May 17, 2021.

For the purposes of preparing this MD&A, management, in conjunction with the board of directors of the Company (the "**Board**"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares (the "**Common Shares**"); (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity. This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**") of the Canadian Securities Administrators. Additional information regarding the Company is available on our websites, www.hempfusion.com and with respect to the Company's probiotic products, www.probulin.com or through the Company's SEDAR profile available at www.sedar.com.

Cautionary Statement on Forward Looking Statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as "indicate", "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its consolidated financial condition, results of operations, business strategy and financial needs.

These forward-looking statements include, among other things, statements relating to:

- the Company's expectations regarding its revenue, expenses and operations;
- industry trends and overall market growth;
- the development of the Company's products;
- the Company's growth strategies;
- expectations relating to director and executive officer compensation levels;
- the Company's anticipated cash needs and its needs for additional financing;
- the Company's intention to grow the business and its operations;
- expectations with respect to future production costs and capacity;
- the Company's competitive position and the regulatory environment in which the Company operates;
- the Company's operations in the United States, the characterization and consequences of those operations under federal United States law and applicable State law, and the framework for the enforcement of applicable laws in the United States;
- the Company's expected business objectives for the next 12 months;
- the Company's ability to obtain additional funds through the sale of equity or debt commitments;
- the medical benefits, safety, efficacy, dosing and social acceptance of Cannabidiol ("**CBD**");
- the effect of the novel coronavirus disease 2019 ("**COVID-19**") outbreak on the ability of the Company to carry on business; and
- beliefs and intentions regarding the ownership of material trademarks and domain names used in connection with the design, production, marketing, distribution and sale of our products.

Although the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that forward-looking statements will prove to be accurate, and no such assurance is hereby offered, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except where required by applicable securities laws.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. In making the forward looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to: (i) obtaining the necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business and economic conditions; (iv) the Company's ability to successfully execute its plans and intentions; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; and (ix) that the Company's current good relationships with its service providers and other third parties will be maintained. Although the Company believes that the assumptions

underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, investors should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk Factors", which include:

- the Company is a development stage company with a short operating history, a history of losses and the Company cannot assure profitability;
- the Company's interpretation of and changes to federal and state laws pertaining to Hemp and Hemp products, including the 2018 Farm Bill;
- the Company is subject to new dietary ingredient objection by the United States Food and Drug Administration (the "**FDA**") and interpretation of the Prior Drug Exclusion;
- the Company's products are deemed as controlled substances due to delta-9 THC levels exceeding 0.3%;
- Hemp plant specific agricultural risks;
- the Company has undergone numerous corporate restructurings containing provisions that could disadvantage the Company;
- uncertainty about the Company's ability to continue as a going concern;
- the Company's actual financial position and results of operations may differ materially from the expectations of management;
- the Company expects to incur significant ongoing costs and obligations relating to its investment in infrastructure, growth, regulatory compliance and operations;
- there are factors which may prevent the Company from the realization of growth targets;
- the Company is subject to changes in Canadian laws, regulations and guidelines, which could adversely affect the Company's future business, financial condition and results of operations;
- the Company is subject to changes in federal laws, state and local of the United States and to changes in federal, state and local enforcement activities, which could adversely affect the Company's future business, financial condition and results of operations;
- there is no assurance that the Company will turn a profit or generate revenue growth;
- the Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business;
- the Company may be unable to adequately protect its proprietary and intellectual property rights;
- the Company may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Company relating to intellectual property rights;
- the Company may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Company's reputation, business, results from operations and financial condition;
- the Company faces competition from other companies where it will conduct business that may have a higher capitalization, more experienced management or may be more mature as a business;

- if the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the Hemp market;
- the Company's directors, officers, employees and its investors may face challenges entering the United States;
- there is no assurance that the Company will obtain and retain any relevant licenses;
- failure to successfully integrate acquired businesses, its products and other assets into the Company, or if integrated, failure to further the Company's business strategy, may result in the Company's inability to realize any benefit from such acquisition;
- the size of the Company's target market is difficult to quantify, and investors will be reliant on their own estimates on the accuracy of market data;
- the Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition;
- the Company currently has insurance coverage; however, because the Company operates within the hemp industry, there may be additional difficulties and complexities associated with such insurance coverage;
- the Company will continue to sell securities for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders;
- the Company and its suppliers are reliant on key inputs, such as utilities, and any interruption of these services, or failure for these services to keep pace with the Company's expected growth, could have a material adverse effect on the Company's finances and operation results;
- the Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company;
- the Company will be reliant on information technology systems and may be subject to damaging cyberattacks;
- the Company may be subject to breaches of security at its facilities, or in respect of electronic documents and data storage, and may face risks related to breaches of applicable privacy laws;
- the Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest;
- in certain circumstances, the Company's reputation could be damaged;
- the Company may be subject to product recalls for product defects self-imposed or imposed by regulators;
- the market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control;
- the Company is subject to uncertainty regarding Canadian and U.S. legal and regulatory status and changes;
- the Company does not anticipate paying cash dividends;
- the Company and holders of Common Shares may be subject to certain risks as a result of United States tax classification of the Company;
- future sales of Common Shares by existing shareholders could reduce the market price of the Company's shares;

- no guarantee on the use of available funds by the Company;
- prospective retailers may delay or cancel planned or future launches of the Company's products due to legal or regulatory issues raised by FDA or other regulatory entities regarding Hemp derived cannabinoids like CBD;
- the potential for future restrictions or licensing requirements related to Hemp farming in the U.S. or changes in importation laws for imported Hemp;
- the impact of COVID-19 on the Company is unknown at this time and the financial consequences of this situation cause uncertainty as to the future and its effects on the economy and the Company;
- FDA regulations, enforcement, and intervention in the operations of CBD operating companies and selling products across U.S. state lines, including increased involvement by the FDA regarding marketing CBD products;
- shareholders could be subject to future dilution as a result of financings;
- the Company could experience significant fluctuations in quarterly results, which could fall below the expectation of analysts;
- changes to accounting standards may be implemented; and
- the Company is subject to changes to federal, state, provincial, municipal and local laws.

These factors should not be considered exhaustive. If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements. Information contained in forward-looking statements in this MD&A is provided as of the date of this MD&A, and we disclaim any obligation to update any forward-looking statements, whether as a result of new information or future events or results, except to the extent required by applicable securities laws. Accordingly, potential investors should not place undue reliance on forward-looking statements or the information contained in those statements.

All of the forward-looking statements contained in this MD&A are expressly qualified by the foregoing cautionary statements.

Except as may be expressly required by applicable law, the Company does not undertake any obligation to update publicly or revise any such forward looking statements, whether as a result of new information, future events or otherwise.

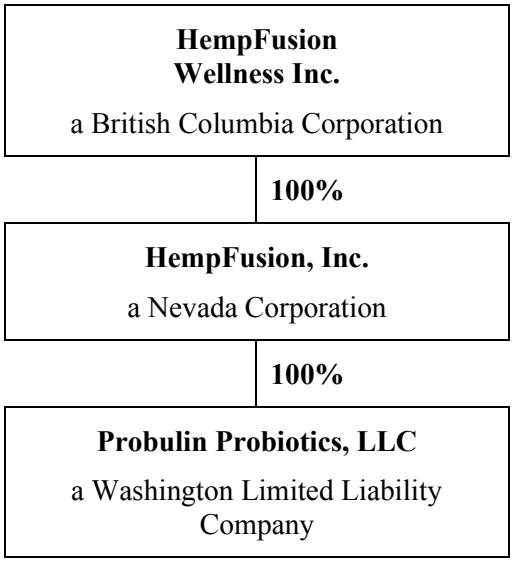
Company Overview

The Company was incorporated under the *Business Corporations Act* (British Columbia) on July 18, 2019. On January 1, 2020, the Company effected a share exchange whereby HempFusion, Inc. ("**HempFusion USA**") became a wholly-owned subsidiary of the Company. On July 31 2019, HempFusion USA completed the acquisition of Probulin Probiotics, LLC ("**Probulin**") and, as result, Probulin became a wholly-owned subsidiary of HempFusion USA.

The Company's registered office is located at Suite 1500, 1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, Canada, V6E 4N7. HempFusion USA has a registered address located at 708 Gravenstein Hwy N., Suite 188, Sebastopol, CA 95472.

The Company completed its initial public offering (the "**IPO**") on January 6, 2021 and its Common Shares, common share purchase warrants issued in 2019 (the "**2019 Warrants**") and IPO Warrants (as defined below) commenced trading on the Toronto Stock Exchange (the "**TSX**") under the trading symbols "CBD", "CBD.WT.U" and "CBD.WT.V", respectively. The Company is a reporting issuer in all Canadian provinces, except Quebec.

As at the date of the MD&A, the Company has two wholly-owned subsidiaries, being HempFusion USA and Probulin. The corporate structure of the Company is outlined in the diagram below and is current as at the date of filing of this MD&A.



Subsidiaries

HempFusion, Inc.

The Company owns 100% of the issued and outstanding shares of common stock of HempFusion USA ("HempFusion USA Shares"). HempFusion USA was incorporated under Chapter 78 of the Nevada Revised Statutes (United States) in the State of Nevada on October 13, 2015 under the name MetaCan, Inc. ("**MetaCan**"). On May 28, 2019, MetaCan changed its name to "HempFusion, Inc." and restated its authorized capital to one billion shares of common stock with a par value of $0.0001 per HempFusion USA Share. The registered address of HempFusion USA is 708 Gravenstein Hwy N., Suite 188, Sebastopol, CA 95472, United States.

Probulin Probiotics LLC

HempFusion USA owns 100% of the issued and outstanding common stock of Probulin. Probulin was formed on May 30, 2019 as "Probulin Acquisition LLC", and changed its name to "Probulin Probiotics LLC" on August 14, 2019, in connection with the acquisition of the Probulin Net Assets. The address of Probulin's registered agent for service is Corporation Service Company, MC-CSC1 300 Deschutes Way SW, Suite 208, Tumwater, WA 98501, United States.

Corporate Highlights

Initial Public Offering and TSX Listing

On January 6, 2021, the Company completed its IPO of 7,000,000 Common Shares at the price of $1.00 per Common Share and 10,000,0000 units of the Company (the "**IPO Units**") at the issue price of $1.00 per IPO Unit for total gross proceeds of $17,000,000. The IPO was completed through a syndicate of agents led by Canaccord Genuity Corp., as sole bookrunner, and including Haywood Securities Inc. and PI Financial Corp. Each IPO Unit is comprised of one Common Share and one-half of one Common Share warrant (each whole warrant being an, "**IPO Warrant**"), with each IPO Warrant entitling the holder to purchase one Common Share at a price of $1.20 per Common Share at any time until January 6, 2026. The Common Shares comprising the IPO Units are subject to a contractual hold period and may not be sold, transferred, pledged, hypothecated or otherwise assigned or traded until May 6, 2021. The Common Shares issuable upon exercise of the IPO Warrants are subject to a contractual hold period and may not be sold, transferred, pledged, hypothecated or otherwise assigned or traded until July 6, 2022.

Cash balance of approximately $17 million.

As at March 31, 2021, the Company had a cash balance of approximately $17 million.

OVERVIEW OF BUSINESS

Overview of Business and Products

HempFusion is a U.S. based health and wellness CBD and probiotics company. The Company has endeavoured to build a foundation of industry-leading regulatory compliance and human safety, and has a diversified brand portfolio including: HempFusion, Probulin Probiotics, Biome Research and HF Labs. The Company sells its wellness products in approximately 4,000 retail locations and online at its websites www.hempfusion.com and www.probulin.com.

Products

The market for CBD products is growing rapidly. According to the Brightfield Group, it is expected that the U.S. Hemp-derived CBD products industry could reach a market size of $16.8 billion by 2025[1]. The Company believes this anticipated growth will reward industry participants able to react quickly to market place changes and be adept at planning for such anticipated future growth. Management of HempFusion believes that focusing on the following pillars of product development will increase the Company's relevance in the current CBD product marketplace and allow HempFusion to secure ownership of future innovation in an effort to be a leader in the global CBD market.

Main Tenets of the Company's Product Development

1. All Hemp used in the Company's products is certified organic in order to serve consumers' demand and desire for products that do not contain potentially harmful substances such as Glyphosates.

[1] Brightfield Group, "Navigating Seismic Shifts" July 2020 U.S. CBD Report.

2. All seed stock is currently derived from heirloom, DNA verified, European Union Commission registered European industrial Hemp that has a history of agricultural use in a variety of products such as textiles and consumer packaged goods (foods and beverages).

3. All extraction is currently being completed using a CO^2 extraction process proprietary to the Company's Hemp extract supplier and that the Company refers to as the "Organic Panoramic Hemp Extract". The process has been designed to yield a wider array of constituents from Hemp. The Company believes this process yields an extract closer to the naturally occurring mix of cannabinoids and other important constituents such as omega fatty acids, cannaflavins and terpenes that occur in the Hemp plant.

4. All formulations are created with what the Company refers to as "Whole Food Hemp Complex" which includes cannabinoids, terpenes and omegas (3-6-9).

5. The Company's products are generally formulated by fusing together panoramic Hemp extracts with other nutrients, herbs, botanicals as well as scientifically-studied constituents to help support consumers' needs.

6. The Company never uses isolates, instead using only broad-spectrum, DNA-verified Hemp; truly broad-spectrum CBD designed to deliver CBD along with a wide array of critical compounds.

7. Strive to be an industry leader in respect of regulatory compliance and safety. This was the driving force behind the Company's line of OTC "drug listed" (with NDC numbers) topical products, produced in an effort to better explain the intended application of the products to customers with legally-allowed drug claims.

8. Establish the Company as a trusted supplier of wellness products. For example, all documentation and third-party testing validation information on the Company's products is made available to the public on the Company's website ("Trust and Safety" page) by link or lot code entry, by link for sample testing results if not associated with a specific product, and by on-product label quick response code/smart phone access.

The Company's product development is driven to address why and how people are using products that contain CBD. According to a recent poll from SingleCare[2], 33% of American adults have used CBD once or more, primarily to better cope with issues related to pain relief (64%), anxiety and stress (49%), and sleep or insomnia (42%).

Current Products - HempFusion

The following outlines current product offerings, all of which generate revenue for the Company:

[2] Singlecare.com/blog/cbd-survey/, April, 20 2020.

Product	Description	
CBD Capsules: • Sleep CBD • Stress CBD • Energy CBD • 5 mg, 10 mg and 20 mg CBD	The Company's CBD Capsules come in multiple strengths and formulas in an effort to target specific use cases, such as sleep, stress and energy. The Company's specific use case formulation use synergistic ingredients such as Sensoril ashwagandha for stress support, guayusa for smooth energy and gamma aminobutyric acid (GABA) to promote relaxation and sleep.	
CBD Liquid Hemp Extract	The Company's CBD Liquid Hemp Extract features "Whole Food Hemp Complex", containing a broad range of terpenes and omegas and are infused with black cumin seed oil. Available in 5mg, 10mg, 20mg, 30mg and 50mg strength options to allow for more customized dosing for those who prefer not to swallow pills.	
Over-the-Counter Topicals: • Pain Relief Gel • Sports Pain Relief Cream • Eczema Relief Cream • Pain Relief Cream • Acne Relief Cream • Antibiotic Wound Ointment • Pain Relief Balm • Sports Pain Relief Balm	The Company's line of OTC topical products incorporates the panoramic broad-spectrum Hemp Extract CBD into a skin nourishing base designed to harness the benefits of, and the greater diversity of, naturally-occurring cannabinoids and other compounds.	
CBD Topicals and Creams: • CBD Anti-Aging Cream • CBD Balm • CBD Cream	The Company's topicals and creams contain broad-spectrum CBD for use on specific body areas. The Company's cooling and mentholated topical cream contains aloe vera, multiple cannabinoids and terpenes and other skin moisturizing and soothing ingredients, and is available in a 30 ml size. The Company's CBD Balm is available in a 1.44 oz size. The Company's CBD Anti-Aging Cream is available in a 30 ml size.	

Products Under Development

HempFusion is developing new products to meet market demands, none of which yet generate revenue for the Company. As of the date of this MD&A, the Company has the following products in development:

- **Flavored Organic Tinctures.** The Company anticipates launching Citrus Flavored as well as Unflavored organic tinctures in the second quarter of 2021;

- **Topical Products**. The Company intends to expand its topical products offerings to include targeted OTC products focused on areas related to pain and inflammation with unique delivery methods and applications. The Company anticipates launching these products in the fourth quarter of 2021;

- **CBD Gummies**. The Company has been developing two new CBD gummy products since late 2019 and intends to launch these products in the second quarter of 2021. These gummy products are specifically focused on CBD and immune supporting formulations; and

- **Pet Products**. The Company has commenced the development of its first two pet products, a tincture product and chew product, to expand its brand into the pet market. The Company intends to seek the endorsement and certification of an independent third-party veterinary certification organization in connection with the launch of these products. Initial research and development of these pet products is nearing completion and the Company expects to launch these pet products by the fourth quarter of 2021.

Current Products – Probulin

The Company's Probulin products are scientifically formulated, multi-strain products designed for total gut health support. All products are shelf stable, backed by two year real-time stability testing, and ship cold and insulated to avoid degradation due to heat exposure during the shipping process. The Company's Probulin products leverage several trademarked methods and scientifically validated formulations, including TrimSynergy®, ProbuSkin® and the MAKTrek® 3-D Delivery System, in an effort to create a unique product line. The Company's probiotics also use ingredients like seaweed extract, electrolyte minerals, bifidobacteria and prebiotics. Management of the Company believes the Company's probiotic skin line uses the proven benefits of probiotics to improve overall skin health, while leaving skin looking brighter.

The following outlines current product offerings, all of which generate revenue for the Company:

Product	Description	
Probulin Enzymes: • Daily Digestive Enzymes	Daily Digestive Enzyme is a broad spectrum plant and probiotic based digestive enzyme designed to support overall digestion. Probulin enzymes are designed to support healthy digestion of potentially difficult foods such as dairy, grains, beans, certain vegetables like broccoli and cabbage and more. Offered in 60 and 90 capsule bottles.	
Probulin Digestive Probiotics: • Original Formula • Daily Care • Total Care Probiotic • My Little Bugs OG • Women's Health • Women's UT • Colon Support • PPAK • TrimSynergy	Probulin's Digestive Probiotics are specially designed for support and maintenance of digestive health. Each product uses the Company's MAKTrek® 3-D Probiotic delivery system to protect and nourish probiotics. All products are shipped cold and insulated to avoid degradation due to heat exposure during the shipping process, and are shelf stable. Probulin's Probiotics have no GMOs, gluten, wheat, dairy, soy or magnesium stearate. The Digestive Probiotics line contain between 5 and 20 billion cfu per capsule, 10-15 probiotic strains and postbiotics. The Company's Women's UT product contains a combination of broad-spectrum digestive support designed specifically to support a women's urinary tract system. The Company's My Little Bugs product is specifically designed for children, with a broad spectrum formulation. The P-PAK™ and Colon Support products are highly concentrated with bifidobacterial. The Company's TrimSynergy® product contains a combination of clinically-researched herbal extracts for weight management (African Mango Seed Extract) and energy (Ashwagandha). The Company's Daily Care, Women's Health and Colon Support products are available in 30 and 60 capsule packages. The Company's Total Care, Women's UT and My Little Bugs products are	

	available in 30 capsule packages. The Company's P-PAK product is available in 10 capsule packages, TrimSynergy product is available in 60 capsule packages and The Daily Formula product is available in 45 and 90 capsule bottles.	
Probulin Probiotic Skin Care: • Facial Serum • Marula Eye Cream • Day Cream • Night Cream • Facial Cleansing Gel • Blemish 3 Step Kit	The Company's Probulin's Probiotic Skin line contains six products designed to cleanse and exfoliate skin, while supporting brighter and healthier looking skin. The skin line uses the Company's **ProbuSkin® technology** with beneficial probiotic lysate which provides moisturization and helps to protect the lipid barrier. The Blemish 3-Step Kit combines the Cleansing Gel, Facial Serum and Facial Cream. The Facial Cleansing Gel is available in a 100 ml bottle. The Marula Eye Cream and Facial Serum are offered in a 29.9 ml bottle. The Night Cream and Day Cream are available in a 50 ml bottle.	

As of the date of this MD&A, the Company has the following Probulin products in development, none of which generate revenue for the Company (other than the Total Care immune product as referenced in "Probiotic Capsules" below):

- **Probiotic Capsules**. The Company is developing several line extensions to its range of ingestible probiotic capsules called Total Care. These line extensions are anticipated to include focus areas such as immune support, gas and bloating, diarrhea and constipation. The Company launched the Total Care Immune product in January 2021 and is planning the launch of the remaining lines in the fourth quarter of 2021;

- **Prebiotics and Postbiotics**. The Company is in the initial phase of vetting prebiotics and postbiotics products, such as capsules and, potentially, gummies, with a plan to launch such products in the second half of 2021; and

- **Probiotic Gummies**. The Company is developing a new probiotic gummy without the use of spore forming bacteria. The Company is in the research phase of developing new probiotic gummy supplements and is developing a manufacturing process for gummies using primary native bacteria species that are resident in the human gut microbiome rather than spore forming bacteria. .

COVID-19 Response

On March 11, 2020, the World Health Organization declared the ongoing COVID-19 outbreak as a global health emergency. This resulted in governments worldwide enacting emergency measures to combat the spread of the virus, including the closure of certain non-essential businesses.

The Company has taken steps to minimize the potential impact of the pandemic including safety measures with respect to personal protective equipment, the reduction in travel and the implementation of a virtual office including regular video conference meetings and participation in virtual Company events, trade shows, customer meetings and other virtual events. During the pandemic, the Corporation was able to maintain its operations and expand delivery options to provide additional fulfillment models that are safe and efficient for employees and customers. The Company evaluated the risk of supply chain disruption as well as staffing disruption. While the Company has not experienced any failure to secure critical supplies or services, future disruptions in the supply chain are possible and may significantly increase cost or delay production time. To mitigate the risk, orders are being placed with in advance with key vendors. To mitigate the risk of staffing disruption, the Company implemented new safety procedures in accordance with the guidance of the CDC, at all locations to better protect the health and safety of employees. These changes include but are not limited to required face masks for employees, frequent cleaning and sanitizing of surfaces and work stations and adequate spacing of staff.

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

Regulation

The Company is subject to the local, state, and federal laws in the jurisdictions in which it operates. Outside of the United States, the Company's products may be subject to tariffs, treaties and various trade agreements as well as laws affecting the importation of consumer goods and the retail sale of hemp-derived products. The 2018 Farm Bill became law on December 20, 2018. The 2018 Farm Bill removed hemp from the list of controlled substances under the Controlled Substances Act. The 2018 Farm Bill also redefined hemp to include its "derivatives, extracts, and cannabinoids", and accordingly removed popular hemp products, such as hemp-derived CBD from the purview of the U.S. Drug Enforcement Agency (the "DEA").

Although the DEA no longer regulates hemp, the U.S. Food and Drug Administration ("FDA") retains its authority to regulate ingestible and topical products, including those that contain hemp and hemp extracts such as CBD. FDA regulations govern manufacturing and marketing of food and dietary supplements. These include regulations for food facility registration; current good manufacturing practice ("cGMPs") regulations; nutrition and allergen labeling and label claim regulations; rules for submission of received serious adverse event reports; and safety requirements, including, as applicable, new dietary ingredient ("NDI") and generally recognized as safe ("GRAS") regulations.

Shortly after the 2018 Farm Bill was signed into law, the FDA issued a statement by former Commissioner Dr. Scott Gottlieb on the agency's regulation of products containing cannabis and cannabis-derived compounds, in which the FDA confirmed its authority to regulate ingestible and topical products, including those that contain hemp and hemp extracts such as CBD. The FDA has also stated its concerns over drug claims being made about products that contain CBD, as well as the agency's position that under the federal Food, Drug and Cosmetic Act ("FD&C Act") CBD cannot be marketed in a dietary supplement because a product containing CBD was approved as a drug and substantial clinical trials studying CBD as a new drug were made public prior to the marketing of any food or dietary supplements containing CBD, and therefore dietary supplements or food are precluded from containing this ingredient (the "IND Preclusion"). The Company believes there are significant arguments against this position in that all conditions of the applicable statute must be met before the IND Preclusion applies. The FDA has maintained this stance.

Over the intervening years, the FDA has sent warning letters to dozens of companies marketing CBD products with disease claims. The letters also reiterate the agency's position that CBD cannot be added to food and dietary supplements. This matter is still in active discussion with the FDA and is unresolved as of the date of this MD&A. While the Company disagrees with the position of the FDA, there is risk that this agency, or the FTC (as defined herein), could take law enforcement or regulatory actions against the Company.

The FDA has acknowledged that there are pathways through which certain Cannabis-derived compounds, such as CBD, might be permitted in a food or dietary supplement. FDA officials have publicly stated that the FDA has authority to issue a regulation that would allow the use of CBD in a food or dietary supplement. The FDA has also confirmed that it is now evaluating whether to pursue such a process, and clarified that the agency would consider 4 doing so if it determines that all other requirements in the FD&C Act are met, including those required for food additives or new dietary ingredients.

On February 4, 2021, Rep. Kurt Schrader (D-OR-5) introduced H.R. 841, which would ensure that Hemp-derived CBD, and other non-intoxicating Hemp-derived compounds, could be lawfully marketed as dietary supplements. The bill would require CBD and Hemp extract product manufacturers to comply with the existing regulatory 5 framework for dietary supplements, to help assure that such products are safe, properly labeled, and manufactured in accordance with current Good Manufacturing Practices. Passage would also help stabilize the Hemp markets, open up a promising economic opportunity for U.S. agriculture, and fulfill the commitments made to Hemp farmers pursuant to the 2018 Farm Bill. Prospects for such passage are improved by the fact that the prior version of H.R. 842, introduced during the 116th Congress (2019-2020), won the bipartisan support of 30 co-sponsors and was referred to the House Committee on Energy and Commerce. However, the bill failed to win passage prior to the congressional session ending. Prospects for passage of H.R. 841 would be further improved by the introduction of companion legislation in the U.S. Senate, although continuing congressional focus on the nation's response to COVID-19 may delay any action.

Overall Performance

Selected Financial Information

(Expressed in United States Dollars)	March 31, 2021 $	December 31, 2020 $
Cash and cash equivalents	17,074,030	9,262,517
Other current assets	5,884,751	4,564,770
Non-current assets	780,975	528,751
Total assets	**23,739,756**	**14,356,038**
Current liabilities	3,077,627	17,727,426
Non-current liabilities	149,408	165,310
Total liabilities	**3,227,035**	**17,892,736**
Shareholders' equity	**20,512,721**	**(3,536,698)**

DISCUSSION OF PERIOD TO PERIOD VARIANCES

Total cash increased by $7,811,513 to $17,074,030 during the three months ended March 31, 2021 from $9,262,517 at the end of December 31, 2020. The increase in cash was due to proceeds from issuance on shares and exercise of warrants amounting to $15,432,583 offset by utilization of $7,879,318 for operating activities, the purchase of property and equipment of $23,588 and repayment of lease obligations and interest thereon of $19,369.

Other current assets increased by $1,319,981 during the three months ended March 31, 2021 when compared with December 31, 2020 due to the increase in inventory of $355,044 offset by a reduction in trade receivables of $116,032 and an increase in prepayments of $1,080,069. Non-current assets increased by $252,224 during the three months ended March 31, 2021 when compared with December 31, 2020 primarily due to increase in prepayments of $259,997 and decrease in right-of-use assets of $14,586 offset by an increase in property and equipment of $6,813.

Current liabilities decreased by $14,649,799 during the three months ended March 31, 2021 when compared with December 31, 2020. The decrease was mainly attributable to de-recognition of derivative liabilities associated with warrants and reclassification to equity of $13,975,514, decrease in trade payables and accrued liabilities of $639,259, decrease in the current portion of purchase consideration payable of $36,342 offset by an increase in the current portion of lease obligations of $1,316.

Non-current liabilities reduced by $15,902 during the three months ended March 31, 2021 when compared with December 31, 2020 due to the decrease in long term lease obligations.

Shareholders' Equity

Shareholders' equity increased by $24,049,419 during the three months ended March 31, 2021 when compared with December 31, 2020 directly attributable to increase in share capital of $12,381,004, increase in warrant reserve of $15,840,322 primarily due to reclassification of warrants from derivative liability to equity, increase in contributed surplus of $1,649,758 offset by net loss and comprehensive loss incurred by the Company during the three months ended March 31, 2021 of $5,821,665.

Results of Operations

	For the three months ended March 31, 2021 $	For the three months ended March 31, 2020 $
Revenue, net of discounts	**983,496**	977,379
Cost of goods sold	**703,291**	944,756
Gross profit	**280,205**	32,623
Expenses		
General and administrative	**2,655,134**	2,176,528
Sales and marketing	**3,651,569**	2,238,264
Total expenses	**6,306,703**	4,414,792
Net loss from operations	**(6,026,498)**	(4,382,169)
Other (income) expenses		
Other (income)	**(102,465)**	(65,268)
Interest expense	**4,783**	7,582
Change in fair value of derivative liabilities	**—**	(64,387)
Gain on derecognition of derivative liabilities	**(70,809)**	—
Change in fair value of purchase consideration	**(36,342)**	177,275
Total other (income) expenses	**(204,833)**	55,202
Income tax (recovery) expense	**—**	—
Net loss and comprehensive loss	**(5,821,665)**	(4,437,371)
Loss per common share - basic and diluted	**(0.05)**	(0.04)
Weighted average number of common shares - basic and diluted	**116,351,760**	99,699,196

Revenue and cost of goods sold

Revenue during the three months ended March 31, 2021 increased by $6,117 compared to the three months ended March 31, 2020.

Cost of goods sold during the three months ended March 31, 2021 decreased by $241,465 compared to the three months ended March 31, 2020, as the Company increased its inventory reserve during the three months ended March 31, 2020.

General and administrative expenses

General and administrative expenses during the three months ended March 31, 2021 increased by $478,606 compared to the three months ended March 31, 2020. The increase during the three months ended March 31, 2021 was primarily attributable to an increase of $231,252 in professional and consulting fees, an increase in stock based compensation of $232,591, an increase in printing and filing fees of $229,121, increase in insurance of $98,140, increase in office expenses of $96,835, increase in dues and subscriptions of $39,813, an increase in depreciation on property and equipment of $9,302, an increase in other expenses of $9,486 and an increase in taxes and licenses of $416 offset by a reduction in salaries and benefits of $12,231, reduction in travel expenses of $47,341, reduction in commissions of $59,326, reduction in rent of $64,306, reduction in amortization expenses of $124,500, reduction in research and development

expenses of $114,914, reduction in allowance for expected credit losses by $27,722, reduction in depreciation on right of use assets of $5,072, reduction in utilities of $12,715 and in bank charges of $223.

Sales and Marketing expenses

Sales and marketing expenses during the three months ended March 31, 2021 increased by $1,413,305 compared to the three months ended March 31, 2020. The increases were primarily attributable to increased advertising expenses of $1,635,145, an increase in commissions of $117,107, an increase in sales support expenses of $49,814, an increase in training and education expenses of $3,336 and an increase in other expenses related to market research of $6,079 offset by a reduction in salaries and benefits of $292,616 and a decrease in travel expenses of $105,560.

Other (Income) expenses

During the three months ended March 31, 2021 other income increased by $260,035 compared to the three months ended March 31, 2020. The increase during the three months ended March 31, 2021 was driven by recovery of $100,917 from trade receivables which was written off offset by a reduction in interest income of $63,720, a gain of $70,809 on de-recognition of warrants as a derivative liability and reclassification to equity and a gain of $213,617 due to change in the fair value of purchase consideration, and a decrease in interest expense of $2,799 offset by a reduction in gain from change in fair value of derivative liabilities of $64,387 over the comparative period in 2020.

Liquidity and Capital Resources

The Company defines capital to include its shareholders' equity, which was in a deficiency of $3,536,698 as at December 31, 2020. On January 6, 2021, the Company completed the IPO of 7,000,000 Common Shares at the price of $1.00 per Common Share and 10,000,000 IPO Units at the issue price of $1.00 per IPO Unit for total gross proceeds of $17,000,000. The issuance costs amounted to $1,567,417 and the Company received net proceeds of $15,432,583. The Company's principal objectives in managing capital are: (i) to ensure there is sufficient liquidity to fund its operations and capital projects; (ii) to be flexible to take advantage of opportunities that are expected to provide satisfactory returns; (iii) to maintain a strong capital base to ensure access to debt and capital markets on an as-needed basis; and (iv) to provide an adequate rate of return to its shareholders.

The Company has not committed to any significant capital expenditures as of the date of this MD&A. See "Risk Factors" below and "Caution Regarding Forward-Looking Statements" above.

As at March 31, 2021, the Company has not yet achieved profitable operations and had an accumulated deficit of $59,739,663. The Company had cash of $17,074,030 and a working capital of $19,881,154 as at March 31, 2021. The Company has adequate funds to meet its working capital requirements for the next twelve months.

Selected Cash Flow Information

(Expressed in United States Dollars)	For the three months ended March 31, 2021 $	For the three months ended March 31, 2020 $
Cash used in operating activities	(7,879,318)	(4,697,945)
Cash used in investing activities	(23,588)	(2,945)
Cash provided by (used in) financing activities	15,714,419	(25,560)
Net increase (decrease) in cash	7,811,513	(4,726,450)
Cash, beginning of period	9,262,517	26,258,500
Cash, end of period	17,074,030	21,532,050

Operating Activities

Cash used in operating activities during the three months ended March 31, 2021 and 2020 was $7,879,318 and $4,697,945, respectively. Cash used in operating activities was driven by general and administrative and sales and marketing expenses during the three months of 2021 and 2020**.**

Investing Activities

Cash used in investing activities during the three months ended March 31, 2021 and 2020 was $23,588 and $2,945 respectively. Cash was used primarily for purchase of property and equipment.

Financing Activities

Cash provided by (used in) financing activities during the three months ended March 31, 2021 and 2020 was $15,714,419 and ($25,560) respectively. Cash was raised through initial public offering of capital stock of the company during the three months of 2021.

Risk Factors

Due to the nature of the Company's business, the legal and economic climate in which it operates and its present stage of development, the Company is subject to significant risks. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business and operations. Factors that could cause actual results to differ materially from those set forth in forward-looking information include, but are not limited to: financial risks; inflationary risks; foreign exchange risks; international taxation risks; risks typical of an early stage entity; the Company's ability to obtain or maintain insurance at reasonable rates; product development, facility and technological risks; changes to applicable laws or regulations; ability to obtain or maintain licenses or certifications; product recall and product liability risks; import, export and transportation risks; and the ability to access financing on commercially attractive terms.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements as at the date of this MD&A.

Related Party Transactions

"**Related parties**" are defined as management, directors, and principal shareholders of the Company and/or members of their immediate family and/or other companies and/or entities in which a principal shareholder, director or senior officer is a principal owner or senior executive. Consulting fees amounting to $30,000 were paid to Nick Grafton, Vice President, Corporate Development, and Corporate Development Officer of RADD Capital Corp, who also serves as a director of the Company during the three months ended March 31, 2021 ($30,000 during the three months ended March 31, 2020).

Critical Accounting Estimates, Assumptions and Judgements

The critical judgment and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements include judgement and estimated applied in determining the following:

- Going Concern;
- Inventory;
- Estimated useful lives and depreciation of property and equipment;
- Income taxes;
- Impairment of non-financial assets;
- Expected credit losses;
- Derivative liabilities;
- Equity-settled share based payments;
- Contingencies;
- Leases;
- Purchase consideration payable; and
- Business combinations

New accounting pronouncements not yet effective

The following new standards, amendments and interpretations have been issued but are not effective for the fiscal year ending December 31, 2021 and, accordingly, have not been applied in preparing the unaudited condensed interim consolidated financial statements for the period ended March 31, 2021.

Improving accounting policy disclosures and clarifying distinction between accounting policies and accounting estimates (Amendments to IAS 1 and IAS 8)

In February 2021, the IASB issued narrow-scope amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 Making Materiality Judgments and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to IAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Company is assessing the potential impact of these amendments.

Internal controls over financial reporting:

The Company's Chief Executive Officer and Chief Financial Officer are responsible for designing and maintaining internal controls over financial reporting as defined under NI 52-109. At March 31, 2021, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these internal controls and procedures was effective in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") in Internal Control – Integrated Framework.

The Chief Executive Officer and the Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, whether or not there were changes to its ICFR during the period ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect the Corporation's ICFR. No such changes were identified through their evaluation.

Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The board of directors of the Company mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

Credit Risk

Credit risk is the risk of unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash and trade receivables. The cash consists mainly of checking and operating accounts, cash and security deposits. As at March 31, 2021 and December 31, 2020, the maximum amount exposed to credit risks was $17,415,056 and $9,719,575, respectively.

The Company believes that its trade receivables are fully collectable. The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The loss allowance is based on the Company's historical collection and loss experience and incorporates forward-looking factors, where appropriate. The Company actively monitors its trade receivables by managing and monitoring the underlying business relationships and assesses credit risk on a case-by-case basis and a provision is recorded where required.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

Market Risk

Currency Risk

The operating results and financial position of the Company are reported in United States dollars. The results of the Company's operations are subject to currency transaction and translation risks.

The Company has no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash bears interest at market rates. The Company does not have significant exposure to interest rate risk.

Outstanding Share Information

As of March 31, 2021 the Company had the following common shares, stock options and warrants outstanding:

Common shares	117,342,984
Stock options (vested and unvested)	4,905,600
Warrants	29,263,553
Broker warrant units	632,257

Other MD&A Requirements

Additional information relating to the Company, including the Company's 2020 Annual Information Form, is available under the Company's profile on SEDAR at www.sedar.com.