



SOL Global Investments Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**For the year-ended November 30, 2020,
the eight-month period November 30, 2019 and
year ended March 31, 2019**

(Expressed in Canadian Dollars)

Dated as of March 30, 2021

SOL Global Investments Corp

Management's discussion and analysis for the year-ended November 30, 2020, Eight-month period ended November 30, 2019 & the year ended March 31, 2019 (Expressed in Canadian Dollars)

INTRODUCTION

SOL Global Investments Corp (the "Company" or "SOL Global") was incorporated under the laws of the Province of Ontario, Canada on January 28, 2005. The common shares of the Company are listed on the Canadian Securities Exchange under the symbol "SOL", the OTCCK in the United States of America under the symbol "SOLCF", and on the Frankfurt Exchange under the symbol "9SB". The Canadian dollar is the Company's functional and reporting currency. Unless otherwise noted, all dollar amounts within this report are expressed in Canadian dollars. This management discussion and analysis ("MD&A") is dated March 30, 2021 and should be read in conjunction with the audited financial statements of the Company for the year-ended November 30, 2020, the eight-month period ended November 30, 2019 and the year-ended March 31, 2019 (the "Financial Statements"). Additional information about the Company is available on the Company's SEDAR profile at www.sedar.com or the Company's website at <https://solglobal.com/>.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information and statements ("forward-looking statements") within the meaning of applicable securities laws, which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Forward-looking statements contained herein that are not clearly historical in nature may constitute forward-looking information. Forward-looking statements reflect the current expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "will", "expect", "likely", "should", "would", "plan", "anticipate", "intend", "potential", "proposed", "estimate", "believe" or the negative of these terms, or other similar words, expressions and grammatical variations thereof, have been used to identify these forward-looking statements. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the actual results, performance or events to be materially different from any future results, performance or events that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "Risk Factors" section of this MD&A. Although the Company has attempted to identify important factors that could cause actual results, performance or events to differ materially from those described in the forward-looking statements, there could be other factors unknown to management or which management believes are immaterial that could cause actual results, performance or events to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or events may vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These factors should be considered carefully, and readers should not place undue reliance on the forward-looking statements. Forward-looking statements contained herein are made as of the date of this MD&A and the Company assumes no responsibility to update forward looking statements, whether as a result of new information or otherwise, other than as may be required by applicable securities laws.

BUSINESS OVERVIEW

SOL Global is a diversified international investment and private equity holding company engaged in the small and mid-cap sectors. The Company is a diversified international investment and private equity holding company engaged in investing in small and mid-cap sectors. The Company's investments range from minority positions to large strategic holdings with active advisory mandates with an objective of providing shareholders with a long term returns through capital appreciation, dividends and interest from its investments. The investment sectors are primarily Cannabis but also include Retail, Agriculture, Quick Service Restaurants & Hospitality, Media Technology & Gaming, Energy and New Age Wellness.

The Company's investment objectives are to provide shareholders with long-term capital appreciation, dividends and interest by investing in an actively managed portfolio of securities of public and private companies. These companies may be operating in or derive a significant portion of their revenue from the cannabis and/or hemp industry. Notwithstanding the foregoing, the Company is not exclusively focused on investments in the cannabis industry. The Company continues to seek value investments and have invested significant capital in opportunities in other industries, with a view towards the Company's investment objectives. The Company plans to reinvest any profits on its investments to further the growth and development of the Company's investment portfolio.

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CHANGE IN YEAR END

The Company's fiscal year end was changed from March 31 to November 30 in 2019. As such, the current fiscal year end of November 30, 2020 will consist of the twelve-month period ended November 30, 2020, with comparative figures covering a eight-month period ended November 30, 2019 and the year ended March 31, 2019.

UNITED STATES REGULATORY RISK AROUND THE CANNABIS INDUSTRY

In the United States of America, the possession and/or use of cannabis or cannabis related products remains in violation of federal law as cannabis continues to be categorized as a Schedule I controlled substance under the U.S. Controlled Substances Act (the "CSA"). However, medical and adult-use cannabis has been legalized and is regulated in certain states. Thirty-five states, four of five permanently inhabited U.S. territories and the District of Columbia recognize, in some way medical use of cannabis. In addition, fifteen states plus the District of Columbia recognize, in some way adult recreational use of cannabis. As such, companies who are involved in the cannabis industry in the United States are subject to conflicting and inconsistent state and federal legislation, regulation, and enforcement. Presently, violations of federal laws and regulations in the United States of America may result in fines, penalties, administrative sanctions, convictions or settlements arising from either civil or criminal proceedings commenced by the United States federal government or private citizens. Finally, given the inconsistency in the laws at the federal and state level in the United States of America, the approach to the enforcement of cannabis laws may change at any time. **For the reasons set forth above, the Company's existing interests and operations in the United States cannabis markets may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities due to the fact that the possession and/or use of cannabis or cannabis related products remains illegal under U.S. federal law, and that enforcement of relevant laws is uncertain and, therefore, a significant risk. Readers are also encouraged to review the following sections of this MD&A: "Regulatory Developments – Regulatory Developments in the United States", "Issuers with U.S. Cannabis-Related Assets" and "Risk Factors".** As at November 30, 2020 the fair value of the Company's investments in cannabis and related investments in the United States of America totaled \$253.4 million (November 30, 2019: \$123.7 million, March 31, 2019: \$132.9 million). The fair value of non-U.S. cannabis, cannabis related investments and non-cannabis investments totaled \$26.1 million (November 30, 2019: \$14.6 million, March 31, 2019: \$49.5 million). In all U.S. jurisdictions in which the Company or its subsidiaries, as applicable, carries out cannabis-related activities, it (or the applicable subsidiaries) has obtained legal advice regarding compliance with applicable state regulatory frameworks, exposure and implication arising from U.S. federal laws in the states where it conducts operations. As of the date hereof, neither the Company nor, to its knowledge, any of its subsidiaries in which the Company has "direct", "indirect" or "material ancillary involvement" in the U.S. cannabis industry (as described under Staff Notice 51-352) have received any notices of violation, denial or non-compliance from U.S. authorities, and the Company believes that the activities of its subsidiaries who are engaged in direct involvement of the cultivation or distribution of cannabis in the United States are being done in compliance with applicable state law, however strict compliance with state laws may not act as a shield to federal criminal liability. See "Risk Factors" and "Regulatory Developments".

Notwithstanding the illegality of cannabis under U.S. federal law, the Company has historically had access to both public and private capital in Canada in order to continue to support its continuing operations, including public and/or private equity offerings of its common shares, warrants, convertible debentures and notes. The Company's executive team and the Board also have extensive relationships with sources of private capital (such as funds and high net worth individuals), that could potentially be available. Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and projects similar to the Company's projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to issuers that are involved in the cannabis industry. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. See "Risk Factors".

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FINANCINGS

On July 8, 2019, the Company completed a \$50,000,000 private placement financing by way of the issue and sale of a senior secured non-convertible debenture ("Debenture"). The Debenture bears interest at 6.0% per annum and will mature on July 8, 2021, unless such maturity date is otherwise shortened due to the occurrence of certain milestones. Interest is payable semi-annually in arrears on June 30 and December 31. Interest is computed on the basis of a 360-day year composed of twelve 30-day months.

The Debenture shall be repaid in cash on maturity. The agreement governing the Debenture (the "Debenture Agreement") considered that if an acquisition of Verano Holdings LLC ("Verano") by Harvest Health and Recreation Inc. ("Harvest") occurred, the lender would have the right to demand certain shares of Verano or Harvest instead of cash. An acquisition of Verano by Harvest did not occur and thus it is the Company's position that the lender does not have the right to demand for repayment in shares instead of cash. For further information, please refer to the heading "Legal claims related to the Debenture commenced by the lender against the Company and commenced by the Company against the lender" below.

The option of the lender to demand shares of Verano or Harvest and the right of the Company to settle the Debenture on maturity in shares in the event of certain conditions being met creates a derivative liability or asset which is required to be accounted for. Accordingly, the Company determined the fair value liability of the put and call options, embedded in the Debenture Agreement, to be \$9,352,056 at the inception of the Debenture, based on a Black Scholes Option Pricing Model, using the following assumptions: risk free interest rate of 1.55%, volatility of 65.4%, term of 2 years, and a \$nil dividend yield. The difference between the face value of the Debenture and the fair value of the derivative liability, in the amount of \$40,647,944, was allocated to the Debenture and will be accreted to its face value over the term of the Debenture on the effective interest rate method.

At November 30, 2019, the Company remeasured the embedded derivative liability using a black Scholes Option Pricing Model using the following assumptions: risk free interest rate of 1.60%, volatility of 83.4% to 72.1%, term of 1.6 years, and a \$nil dividend yield. Based on these assumptions the Company determined that the derivative was in an asset position in the amount of \$651,071. Accordingly, a gain related to the change in fair value of the derivative liability in the amount of \$10,003,127 has been recorded in the statement of income (loss) and comprehensive income / (loss) for the period ended November 30, 2019. During the year ended November 30, 2019, the Company incurred accretion expense of \$1,427,350 and Interest expense of \$1,211,529 which has been recorded in the statement of income (loss) and comprehensive income / (loss) and is accrued in the financial statements.

On March 26, 2020 both Verano and Harvest announced the mutual termination of the business combination agreement dated April 22, 2019 governing the terms of the proposed acquisition of Verano by Harvest. Due to the termination of the Harvest transaction, it is the Company's position that the lender lost the right to demand shares of Verano and the Debenture will be treated as a straight debt without the ability to be repaid in shares of Verano. Accordingly, the Company derecognized the fair value of the derivative asset of \$651,071 related to the ability of the lender to demand either Harvest or Verano shares which was recorded in the statement of income (loss) and comprehensive income / (loss) for the year ended November 30, 2020. During the year ended November 30, 2020, the Company incurred accretion expense of \$6,017,228 and interest expense of \$3,000,000 which has been recorded in the statement of income (loss) and comprehensive income / (loss). As at November 30, 2020, accrued interest of \$1,250,000 has been recorded as interest payable on long term debt on the statement of financial position.

As a requirement of the financing, the Company has pledged its interest in SOL Verano Blocker 2 Inc. and there is a general security agreement governing the Company's other assets. A director of the Company and certain other shareholders each provided guarantees under the Debenture. The Company is not compensating these parties for providing such guarantees or assuming or otherwise becoming subject to any liabilities of the guarantors in connection with them providing these guarantees.

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Legal claims related to the Debenture commenced by the lender against the Company and commenced by the Company against the lender

On February 7, 2021, SOL Global initiated litigation in the State of New York against its lender, 1235 Fund LP, and another seeking declaratory relief that, among other things, this lender is not entitled to be repaid in any property other than cash. ("US Claim") Diligent efforts to prosecute the US Claim are underway. The US Claim was commenced because the lender sent a formal notice of default pursuant to the Debenture Agreement, purportedly electing to receive, instead of cash, 1,730,794 Verano shares then currently owned by the Company ("Old Verano Shares") (plus an additional 25% of the 1,730,794 shares if the Old Verano Shares were not freely tradeable). In addition, the lender took the formal position that the Company's participation in an exchange of Old Verano Shares for shares of Verano Holdings Corp. ("New Verano Shares") that occurred automatically as a result of Verano's subsequent going public transaction was a breach of the Company's obligations under the Debenture and related agreements. Pursuant to that going public transaction, each Old Verano Share previously held by the Company was exchanged for approximately 7.537 New Verano Shares. As at November 30, 2020 the Company held 3,335,411 shares of Verano with a fair market value of \$230,747,721.

As set out in the US Claim, the Company's position is the lender's right to elect to receive shares instead of cash was dependent on a specific corporate transaction closing, which did not occur. In addition, the terms of the agreement provide that in the case of the alleged breach of the Debenture claimed by the lender, the lender's only remedy would be the immediate repayment of the principal of the Debenture in cash. Finally, the US Claim asserts that if the lender had the right to be repaid in shares, which is denied, such repayment would result in a breach of Section 347 of the Criminal Code of Canada, as the effective annual rate of interest would exceed the highest permitted rate of 60% by a significant multiple.

On February 25, 2021, the lender commenced litigation against the Company and others in Ontario Superior Court seeking delivery of the equivalent value in New Verano Shares to the Old Verano Shares that it previously demanded or in the alternative more than \$550 million in damages. ("Ontario Claim"). The Company is considering all of its legal options to respond to the Ontario Claim, including asking the Ontario court to dismiss or stay the Ontario Claim as these matters are already before the courts in New York. While the Company has confidence that its positions are correct, all litigation carries risk of an unsuccessful judgment that and that risk can not be quantified at this time. Unless amicably resolved, however, the Corporation anticipates that the litigation may take many years before a final judgment is obtained. During the litigation, moreover, the Company's ability to sell the Verano shares claimed by the Lender and use the proceeds for other purposes may become limited. No amounts have been reserved in the financial statements of the Company with respect to the Ontario Claim.

IFRS 10, DESIGNATION AS AN INVESTMENT COMPANY

The following criteria within IFRS 10, Financial Statements ("IFRS 10"), were assessed by the Company to determine whether it qualifies as an investment entity: (a) does the Company obtain funds from one or more investors for the purpose of providing those investors with investment management services; (b) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all its investments on a fair value basis. As at August 1, 2018 and up to the date of these financial statements, the Company determined that it met the definition of an investment entity. As a result of this classification, effective August 1, 2018, the Company deconsolidated its subsidiaries and recognized the interests held as financial instruments classified at fair value through profit and/loss.

NORMAL COURSE ISSUER BID

On March 2, 2021, the Company announced its intention to commence a normal course issuer bid ("NCIB"), under which the Company may purchase up to 2,731,805 of the Company's common shares, representing approximately 5% of its issued and outstanding common shares. The NCIB is expected to commence on March 31, 2021 and terminate on March 31, 2022. All common shares purchased under the NCIB will be purchased on the open market through the facilities of the Canadian Securities Exchange (the "CSE") at the prevailing CSE market price for the common shares at the time of purchase. Common shares acquired by the Company under the NCIB are being purchased for cancellation. During the year-ended November 30, 2020, total of 993,500 common shares have been re-purchased through the NCIB.

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INCOME STATEMENT ANALYSIS COMPARISON FOR THE YEAR ENDED NOVEMBER 30, 2020 AND EIGHT-MONTH PERIOD ENDED NOVEMBER 30, 2019

	Year ended November 30, 2020 \$	Eight-month period ended November 30, 2019 \$	Year ended March 31, 2019	November 30, 2020 vs Eight-month period November 30, 2019 Variance \$	Eight-month period November 30, 2019 Vs March 31, 2019 Variance \$
(Loss)/Income from investments					
Gain on sale of LATAM Holdings Inc.	-	-	204,803,703		(204,803,703)
Realized/Unrealized gain on investments	134,527,192	(114,995,830)	(53,173,171)	249,523,022	(61,822,659)
Interest and other income	4,477,229	1,775,728	784,824	2,701,501	990,904
Total (loss) / income from investments	139,004,421	(113,220,102)	152,415,356	252,224,523	(265,635,458)
Expenses					
Salaries and consulting fees	5,262,913	4,979,735	16,454,238	283,178	(11,474,503)
Share based compensation	598,329	3,808,091	5,914,980	(3,209,763)	(2,106,889)
General and administrative	2,342,535	2,596,755	4,827,295	(254,219)	(2,230,540)
Interest expense	8,176,361	3,366,572	-	4,809,789	3,366,572
Professional fees and transaction costs	3,824,249	105,369	8,487,044	3,718,880	(8,381,675)
Foreign exchange loss	173,898	206,242	745,988	(32,344)	(539,746)
Change in fair value of deferred share units	-	(6,264,280)	(522,829)	6,264,280	(5,741,451)
Change in fair value of derivatives	651,071	(10,003,127)	-	10,654,198	(10,003,127)
Research and development			2,679,322		(2,679,322)
Total expenses	21,029,356	(1,204,643)	38,586,038	22,233,999	(39,790,681)
Income (loss) from continuing operations	117,975,065	(112,015,459)	113,829,318	229,990,524	(225,844,776)
Loss on deconsolidation of Impact Biosciences Corp.	-	-	(3,080,653)	-	3,080,653
Net income (loss) before income taxes	117,975,065	(112,015,459)	110,748,665	-	(222,764,124)
Deferred income taxes	25,572,354	1,197,892	(1,197,892)	24,374,462	2,395,784
Current income taxes	(5,611,546)	7,089,371	(14,565,109)	(12,700,917)	21,654,479
Net income (loss) from continuing operations	98,014,257	(103,728,196)	94,985,665	201,742,453	(198,713,861)

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Comparison of Income Statement for the year ended November 30, 2020 to the eight-month period ended November 30, 2019

Net gain from continuing operations before income taxes totalled \$118.0 million for the year-ended November 30, 2020, compared to a loss of (\$112.0) million for the eight-month period ended November 30, 2019. This represents a favourable change of \$230.0 million. Total gain from investments totalled \$139.0 million for the year-ended November 30, 2020, compared to loss of (\$113.2) million for the eight-month period ended November 30, 2019. This represents a favourable change of \$252.2 million between periods. Total expenses were \$21.0 million for the year-ended November 30, 2020, compared to (\$1.2) million for the eight-month period ended November 30, 2019, which represents an increase of \$22.2 million.

Significant reasons for the changes in income and loss from operations:

- The change in realized/unrealized gain on equity investments of \$252.2 million is primarily due to \$199.7 million in unrealized gain recognized for the Company's investment in Verano. Verano entered into a merger agreement with Harvest in early 2019. On March 26, 2020, Verano and Harvest announced the mutual termination of their business combination. As a result, the value of Verano shares were no longer tied to the public market share price of Harvest through a fixed exchange ratio. As of November 30, 2020, the primary driver of change in fair market value for this position was the decoupling of Harvest and Verano's share prices. On its own, Verano operates in 12 states in the United States and Puerto Rico. Verano has very low debt compared to its competitors and among the highest earnings before interest, taxes, depreciation and amortization (EBITDA) and operating margins in the industry. SOL investee company CannCure Investments Inc. ("CannCure") conducted a go-public transaction by way of a reverse takeover with Bluma Wellness Inc. (formerly Goldstream Minerals Inc.) ("Bluma") on June 11, 2020 (the "CannCure RTO"). On the effective date of the CannCure RTO, SOL Global was the largest shareholder of Bluma by holding an aggregate of approximately 19.5% of the issued and outstanding shares of Bluma. Together with the shareholdings of Bluma of three independent limited partnerships in which the Company holds a stake as a limited partner, SOL Global indirectly held an interest, whether directly or indirectly, of approximately 49% of the issued and outstanding common shares of Bluma on the effective date of the RTO. For liquidity and Florida regulatory purposes, SOL Global has since further diversified its Bluma investments by transferring additional common shares of Bluma to the independent limited partnerships. As of November 30, 2020, the independent limited partnership had an unrealized loss of \$24.6 million. In the prior-year, the majority of the Company's investments suffered due to regulatory, logistics and other reasons and, as a result, the Company impaired the majority of its investments. For the year-ending November 30, 2020, SOL Global's core investments in Verano and Bluma performed significantly better. The remaining difference is primarily attributed to an increase in the Company's other public and private company investments. In addition, interest and other income increased by \$2.7 million between periods.
- Change in fair value of derivatives increased by \$10.7 million. This is related to the \$50.0 million Debenture that the Company secured during July 2019. The debenture shall be repaid in cash on or before June 30, 2021. On November 30, 2020, the Company reversed the fair value of the embedded derivative liability recorded previously. This was primarily due to the termination of the business combination agreement between Harvest and Verano which in turn resulted in Verano being valued as a stand-alone company, including being a company with low debt compared to its peers and having a high EBITDA and operating margins, leading to recording an unrealized gain.
- The non-cash expense of the change in fair value gain on the deferred share units ("DSUs") decreased by \$6.3M. The DSU's were previously recorded as a liability in the statement of financial position at fair value at the date of grant because the amount to be paid could either be settled by the issuance of shares or cash and historically it had been the Company's intention to settle the DSU's in cash. As of December 1, 2019, the Company determined that its intension, on a go forward basis, will be to settle the DSU's through the issuance of shares. Accordingly, DSU are no longer fair valued and are recorded as equity issuances
- Interest expense increased by \$4.8 million between periods. This increase is primarily due to interest and accretion accrued on the \$50 million debenture that the Company secured during July 2019.
- Professional fees and transaction costs increased by \$3.7 million between periods. This is primarily due to fees paid to external consultants as part of the RTO and costs related to legal, investigative, due diligence and professional fees related to investment acquisitions made or assessed by the Company. During the prior period,

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the Company incurred transaction costs of approximately \$0.1M related to various deals. The remaining fluctuation relates primarily to legal, accounting and other professional fees incurred.

- Salaries and consulting fees increased by \$0.3 million compared to the prior period. The Company did not accrue any bonus for the year-ending November 30, 2020.
- Non-cash share-based compensation decreased by \$3.2 million between periods. During the year-ended November 30, 2020, the following share-based compensation were issued: \$2.0 million in deferred share units, 0.4 million committed deferred share units but not yet issued (November 30, 2019: 1.4 million deferred share units, 0.1 million stock options and 2.7 committed deferred shares units but not yet issued).

Comparison of Income Statement for the eight-month period ended November 30, 2019 to the year ended March 31, 2019

Net loss from continuing operations totalled \$103.7 million for the eight-month period ended November 30, 2019, compared to a gain of \$95.0 million for the year ended March 31, 2019. This represents an adverse change of \$198.7 million. Total loss from investments totalled \$113.2 million for the eight-month period ended November 30, 2019, compared to gain of \$152.4 million for the year-ended March 31, 2019. This represents an adverse change of \$265.6 million between periods. Total expenses were negative \$1.2 million for the eight-month period ended November 30, 2019, compared to \$38.6 million for the year-ended March 31, 2019, which represents a decrease of \$39.8 million.

Significant reasons for the changes in income and loss from operations:

- Gain on sale of subsidiary decreased by \$204.8 million. This decrease is due to the Company selling LATAM Holdings Inc. to Aphria Inc. in the prior period which resulted in a gain of \$204.8 million.
- The change in realized/unrealized loss on equity investments of \$61.8 million is due to a reduction in the overall cannabis market during the period. Specifically, the Company's investment in Verano Holdings LLC ("Verano") decreased by \$67.8 million during the period. Verano entered into a merger agreement with Harvest Health & Recreation Inc. ("Harvest") in early 2019. As such as of November 30, 2019, the price of the Company's investment in Verano was linked to the value of the underlying Harvest shares that the Company would receive. The remaining difference is primarily attributed to a decrease in the Company's other public and private company investments. In addition, interest and other income increased by \$1.0 million between periods.
- Change in fair value of derivatives decreased by \$10.0 million. This is related to the \$50 million debenture that the Company secured during the period. The debenture shall be repaid in cash on June 30, 2021 unless the Harvest acquisition of Verano closes. In this scenario, the lender will receive shares in Harvest. The Company determined the fair value liability, which is an embedded derivative, to be \$9.4 million at inception based on a Black Scholes Option Pricing Model, using the following assumptions: Risk free interest rate of 1.55%, volatility of 65.4%, term of 2 years, and a nil %dividend yield. At November 30, 2019, the Company determined the fair value of the embedded derivative liability to have decreased by \$10.0 million to (\$0.7 million). This was primarily due to the falling share price of Harvest and the requirement that the Lender accept shares on maturity should the transaction close. The value was determined using a Black Scholes option pricing Model, using the following assumptions: Risk free interest rate of 1.60%, volatility of 83.4%, remaining term of 1.6 years, and a nil %dividend yield.
- Professional fees and transaction costs decreased by \$8.4 million between periods. Transaction costs relate to legal, investigative, due diligence and professional fees related to investment acquisitions made or assessed by the Company. In the prior year, the Company incurred transaction costs of approximately \$7.0M related to various deals. The remaining fluctuation relates primarily to legal, accounting and other professional fees incurred.
- General and administrative expenses decreased by \$2.2 million between periods. This is primarily due to a decrease in public relations costs (\$1.7 million), marketing & promotion (\$0.5 million), travel expenses (\$0.2 million) offset by an increase in rent expenses of \$0.2 million.
- Interest expense increased by \$3.4 million between periods. This increase is primarily due to interest and accretion accrued on the \$50 million debenture that the Company secured during the eight-month period ended November 30, 2020.
- Salaries and consulting fees decreased by \$11.5 million compared to the prior period. This is primarily a result of a \$12.0 million decrease in the Company's bonus accrual.
- Non-cash share-based compensation decreased by \$2.1 million between periods. During the eight-month period ended November 30, 2019, the following share-based compensation was issued: 1.4 million deferred share units,

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0.1 million stock options and 2.7 million committed deferred share units but not yet issued (March 31, 2019: 0.9 million deferred share units, 1.2 million stock options and 1.6 committed deferred shares units but not yet issued).

- Research and development costs decreased by \$2.7 million during the period to \$Nil. The Company designated itself as an investment company due to deconsolidation of Impact Biosciences Corp ("Impact", termination of partnership with University of Miami in the prior year).
- The non-cash expense of change in fair value of deferred share units decreased by \$5.7 million between periods due to the decrease in the market price of the Company's share price. This expense is a result of changes in the Company's share price between periods as it release to issued and outstanding deferred share units.
- Loss on deconsolidation of Impact Biosciences Inc. ("Impact") decreased by \$3.1 million in the current year. This is due to the accounting change implemented during the prior year whereby, under IFRS 10, the Company has designated itself as an investment company. As such Impact was deconsolidated.

INVESTMENTS

Investments are measured and carried at fair value at each reporting period. Fair value measurements are based on a three-level fair value hierarchy, based on inputs used in determining the fair value of financial assets and liabilities. The hierarchy of inputs is summarized as follows:

- Level 1 - inputs used to value financial assets and liabilities are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs used to value financial assets and liabilities are other than quoted prices included in Level 1 that are observable either directly or indirectly for the asset or liability.
- Level 3 - inputs used to value financial assets and liabilities are not based on observable market data.

Investments consisted of the following at November 30, 2020:

Financial assets measured at fair value	Cost \$	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Common shares	228,889,605	1,166,313	11,794,318	263,549,442	276,510,073
Warrants	-	-	-	3,008,484	3,008,484
Investments Subtotal	228,889,605	1,166,313	11,794,318	266,557,926	279,518,557
Promissory notes receivable	4,706,975	-	-	2,884,134	2,884,134
Convertible debentures	4,153,490	-	-	4,297,213	4,297,213
Total	237,750,070	1,166,313	11,794,318	273,739,273	286,699,904

Investments consisted of the following at November 30, 2019:

Financial assets measured at fair value	Cost \$	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Common shares	217,584,373	5,781,617	-	131,351,361	137,132,978
Warrants	-	-	-	1,092,853	1,092,853
Investments subtotal	217,584,373	5,781,617	-	132,444,214	138,225,831
Promissory notes receivable	4,431,916	-	-	4,029,544	4,029,544
Convertible debentures	5,350,099	-	-	6,349,687	6,349,687
Total	227,366,388	5,781,617	-	142,823,445	148,605,062

Investments consisted of the following at March 31, 2019:

Financial assets measured at fair value	Cost	Level 1	Level 2	Level 3	Total Fair Value
Common shares	173,338,052	32,788,159	-	149,461,444	182,249,603
Warrants	-	-	-	172,417	172,417
Investments subtotal	173,338,052	32,788,159	-	149,633,861	182,422,020
Promissory note	25,656,960	-	-	26,430,183	26,430,183

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Convertible debentures	1,600,000	-	-	1,400,000	1,400,000
	200,595,012	32,788,159	-	177,464,044	210,252,203

Change in level 3 investments

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the year-ended November 30, 2020, eight-month period ended November 30, 2019 and the year ended March 31, 2019.

	Private Equities \$	Convertible debentures \$	Promissory notes \$	Warrants \$	Total Fair Value \$
Balance April 1, 2018	-	-	-	-	-
Purchases	142,209,613	1,600,000	25,656,950	-	169,466,563
Unrealized gains (losses)	7,251,831	(200,000)	773,233	172,417	7,997,481
Balance March 31, 2019	149,461,444	1,400,000	26,430,183	172,417	177,464,044
Purchases	61,948,008	9,738,649	4,790,574	-	76,477,231
Unrealized gains (losses)	(97,691,724)	(1,365,941)	(795,734)	920,436	(98,932,963)
Disposal	(8,796,550)	(3,423,021)	-	-	(12,219,571)
Transfers ⁽¹⁾	26,430,183	-	(26,430,183)	-	-
Interest income on promissory note	-	-	34,703	-	34,704
Balance, November 30, 2019	131,351,361	6,349,687	4,029,544	1,092,853	142,823,445
Purchases	3,290,006	2,919,180	2,895,730	679,751	9,784,667
Unrealized gains (losses)	146,496,451	30,992	(2,099,200)	1,235,880	145,664,123
Disposal	(4,403,646)	(5,093,011)	-	-	(9,496,657)
Transfers ⁽²⁾	(13,184,730)	-	(2,148,300)	-	(15,333,030)
Interest on income promissory note	-	90,365	206,360	-	296,725
Balance, November 30, 2020	263,549,442	4,297,213	2,884,134	3,008,484	273,739,273

1. The promissory note receivable from CannCure Investments Inc. was fully satisfied through the issuance of 13,872,602 of the CannCure Investment Inc's common shares at a deemed price of US\$1.384 per common share
2. The promissory note receivable valued at \$2,148,300 with a private company was terminated and the shares were transferred to SOL.

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Significant unobservable inputs

The key assumptions the Company used in the valuation of level 3 investments include, but are not limited to, the value of recently completed financings by the investee, entity-specific information, and publicly available information of comparable entities.

	Fair value as at November 30, 2020 \$	Fair value as at November 30, 2019 \$	Fair value as at March 31, 2019	Range of Input	Valuation technique	Unobservable inputs
Private company common shares	263,549,442	131,351,361	149,461,444	Discount rates: 16% - 30%, Illiquidity discount: 20%-25%	Recent transaction and financings, Discounted cash flow methodology, trends in comparable companies and/or transactions	Period-end transaction prices, discount rates, growth and margin estimates, investment specific adjustments
Promissory notes	2,884,134	4,029,544	26,430,183	Discount rate 6% - 100%	Discounted cash flow methodology	Discount rate
Convertible debentures	4,297,213	6,349,687	1,400,000	176.2%, 11.1%	Black-Scholes option pricing and Discounted cash flow methodology	Expected volatility, Discount rate
Warrants	3,008,484	1,092,853	172,417	35% - 191%	Black-Scholes option pricing	Expected volatility
Total	273,739,273	142,823,445	177,464,044			

For the Level 3 investments, the inputs used are judgmental using managements best estimates. A small increase or decrease in the key assumptions would result in a corresponding significant change to the total fair value of Level 3 investments. The overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments. The Company used a combination of valuation techniques as determined by the nature of each investment and security type. All valuation techniques rely on assumptions that may differ, to a reasonable degree, between informed professionals. This may include, but is not limited to, comparable multiples, discount rates, growth rates, increases or decreases in margins, the likelihood of certain events to take place in the future, the intensity of competition in a market, future volatility of market prices, credit worthiness of borrowers, and adjustments for investee specific factors.

	November 30, 2020 \$	November 30, 2019 \$	March 31, 2019 \$
Investments			
Common shares, in public and private companies	276,510,073	137,132,978	182,249,603
Common share purchase warrants, in public companies	3,008,484	1,092,853	172,417
Total Investments	279,518,557	138,225,831	182,422,020
Convertible debentures, in public companies	4,297,213	6,349,687	1,400,000
Promissory notes, in private companies	2,884,134	4,029,544	26,430,183

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As at November 30, 2020, the fair value of the Company's investments in cannabis and related investments in the United States of America totaled \$253,408,232 (November 30, 2019: \$123,650,568, March 31, 2019: \$132,914,173). The fair value of non-United States of America cannabis, cannabis related investments and non-cannabis investments totaled \$26,110,325 (November 30, 2019: \$14,575,263, March 31, 2019: \$49,507,847).

Investments

The Company's investments totalling \$279,518,557 (November 30, 2019: \$138,225,831, March 31, 2019: \$182,422,020) include common shares in public companies, common shares in private companies and common share purchase warrants of public companies. The Company values its common shares of public companies at price quotations in active markets. The Company values its common shares in private companies based on various factors including, but not limited to, present market conditions, values of comparable companies, internal or external valuations, the per share price of recent financings or transactions undertaken by the private company, and the like. Internal valuations of private companies generally rely on a combination of approaches including market multiples of comparable companies, valuations and multiples of comparable transactions and intrinsic estimates of value such as discounted or capitalized cash flow methodologies.

Comparable market multiples rely on assumptions about the comparability of publicly traded companies. Multiples are adjusted for factors that are specific to private companies or the investment. For example, an illiquidity discount of 20% - 25% was applied to companies that are not publicly traded. Additional adjustments for size, market share, superior or inferior margins, among other considerations were applied where appropriate. The application and size of each adjustment is subject to professional judgement. A 10% change in a revenue or earnings multiple may significantly change the estimated value of an investment.

Often, private companies raise capital in multiple rounds. Occasionally, the Company invests in a round that was subsequently followed by another capital raise at a different valuation and a different price per share where unrelated third-party investors subscribed. The Company generally considers these events to be strong evidence of the fair market value of the investment at the time of the raise.

Intrinsic methods for valuing private companies are highly subject to professional judgement and are recorded as the midpoint of a range following a sensitivity analysis. Factors specific to each investment, such as forward-looking projections of sales and costs often rely on material non-public information provided by investees to investors. Small changes in discount rates, meant to reflect the risk of future cash flows, can have material effects on valuations. Many of the Company's investments are of a "high risk, high reward" nature and often require discount rates of 16% - 21%.

Common share purchase warrants are valued using the Black-Scholes option pricing model. The following are the assumptions used in valuing the common share purchase warrants:

	November 30, 2020	November 30, 2019	March 31, 2019
Expected volatility	35% - 191%	118.59% - 180.56%	143.26%
Risk-free interest rate	0.29% - 0.30%	1.38% - 1.56%	1.54%
Expected life (in years)	1.68-3.85	2.00	2.10
Expected dividend yield	0.0%	0.0%	0.0%
Underlying share price	\$0.04-\$11.02	\$0.65	\$1.59

Convertible Debentures

The fair value of convertible debentures in public and private companies totalled \$3,008,484 (November 30, 2019: \$1,092,853, March 31, 2019: \$172,417). Convertible debentures represent an amount advanced bearing interest between 4% and 5% per annum and maturing before July 1, 2021. If exercised, the convertible debentures will convert into common shares in the underlying businesses or entity. Certain convertible debentures convert into units, which consist of common shares and a common share purchase warrant.

As of November 30, 2020, accrued interest totalled \$90,365 (November 30, 2019: \$455,944, March 31, 2019: \$54,181). The fair value of the convertible debentures were estimated using the present value of future cash flows, discounted at a market discount rate of 100% (November 30, 2019: between 12% - 21%, March 31, 2019:

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between 12% - 20%) based on an estimate of the synthetic credit rating. The ratings were estimated based on a range of factors used to assess the creditworthiness of a borrower. The fair value of the conversion features were estimated using a Black-Scholes option pricing model with the following assumptions:

	November 30, 2020	November 30, 2019	March 31, 2019
Expected volatility	143.5%	83% - 188%	42%
Risk-free interest rate	0.29%	1.56% - 1.63%	1.80%
Expected life (in years)	0.72	1.00 - 3.00	1.72
Expected dividend yield	0.0%	0.0%	0.0%
Underlying share price	\$1,100	\$0.02 - \$1.02	\$0.08

Promissory Notes

As of November 30, 2020, a total of \$2,884,134 with a cost of \$3,473,504 (November 30, 2019: \$4,029,544 with a cost of \$4,431,916, March 31, 2019: \$26,430,183 with a cost of \$25,656,960) was held in promissory notes that were due from private companies. The largest promissory note was in relation to Heavenly RX. SOL advanced \$1,948,574 CDN to Heavenly RX and the Company has the security over the assets of Heavenly RX. Interest accrued for other promissory notes as of November 30, 2020 was \$206,360 (November 30, 2019 - \$34,704, March 31, 2019 -\$Nil). During the year-ended November 30, 2020, the Company recorded an unrealized loss of \$2,099,200 (Eight-month period ended November 30, 2019: unrealized loss of \$795,734, March 31, 2019: unrealized loss of \$773,233).

Investment Holdings

Verano Holdings LLC

On October 23, 2018, the Company announced a \$114,842,644 (\$88,000,000 USD) investment in Class B units in Verano, a private, Delaware organized, vertically integrated, licensed operator of cannabis cultivation, manufacturing and retail facilities. Verano's footprint encompasses 12 states, 32 active and planned retail locations, and 6 cultivation facilities with 440,000 square feet of cultivation space. The estimated fair market value of this position at November 30, 2020 was \$230,747,612. During the twelve-month period ended November 30, 2020, the Company recorded an unrealized gain of \$199,703,348 (eight-month period ended November 30, 2019: unrealized loss of \$68,176,842, year ended March 31, 2019: unrealized gain of \$4,634,618) and recorded a realised loss on the sale of Verano shares of \$Nil (eight-month period ended November 30, 2019 - \$13,607,80, year-ended March 31, 2019 -\$Nil). As of November 30, 2020, the Company owned 12.6% of Verano's outstanding shares on an undiluted basis.

On March 11, 2019, Harvest announced its intention to acquire Verano in an all share transaction for a purchase price of approximately \$850,000,000 USD which based on a Harvest share price of CAD\$8.79 per share. On March 26, 2020, Verano and Harvest announced the mutual termination of their business combination. As a result, the value of Verano shares were no longer tied to the public market share price of Harvest through a fixed exchange ratio.

On November 11, 2020, Verano announced that it had entered an agreement to merge with Alternative Medical Enterprises ("AltMed") and its affiliated companies in an all-stock transaction that would result in a combined equity value of \$2.8 billion USD on a fully diluted basis. AltMed is a vertically integrated cannabis company with retail locations in Florida and Arizona. It operates under the brand name müv with 43 active and planned retail locations in Florida, 1 active retail location in Arizona, and 250,000 square feet of cultivation space. Expansion of its Arizona facility is underway to add another 50,000 square feet.

Pursuant to the proposed transaction, shareholders of Verano would own 77.0495% of the merged company on a fully diluted basis. As a result, the Company would own approximately 9.06% of the fully diluted equity of the merged entity. The implied unadjusted value of the Company's position would be \$253 million USD should the transaction be completed. As of November 30, 2020, the proposed transaction had not been finalized and negotiation around the specific terms of a potential reverse takeover and new capital raise of \$80 million to \$100 million were ongoing. Due to the uncertainty surrounding the timing that this transaction would close, the risk of the deal failing to be completed, post-reverse take over lockup arrangements, and other ongoing risks, the Company discounted the implied value of its position by 30% to reach an estimated fair market value of \$178 million USD.

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Subsequent to November 30, 2020, Verano completed its merger with AltMed and affiliated companies, as well as a capital raise of \$100 million USD. Concurrent with the merger, Verano also completed a reverse takeover of Majesta Minerals Inc. and became publicly-listed on the CSE under the ticker "CNSX:VRNO". The Old Verano Shares that the Company held were exchanged for New Verano Shares at an exchange ratio of one New Verano Share for approximately 7.537 Old Verano Shares. The Company received approximately 25.2 million New Verano Shares on the effective date of the transaction. At the value reflected in the accompanying financial statements as at November 30, 2020, which do not reflect the closing of the transactions noted above, the approximate value per New Verano Share was USD\$7.06 or CAD\$9.18. At the close of trading on March 26, 2021, the share price of the New Verano Shares on the Canadian Securities Exchange was CAD\$23.44. Adjustments for changes in value as a result of these developments will be reflected in future filings.

As of November 30, 2020, the primary driver of the change in value for SOL Global's investment in Verano was its announced plan to merge with AltMed and to complete a liquidity event via public listing. Verano also demonstrated growth in operations in key markets and margin improvement over the period. The Company valued its position in Verano at the proposed price of its merger. That price represented a fair value offered by an arm's length party with all relevant knowledge to make an informed decision. The Company then discounted the value to reflect specific risks related to uncertainty, liquidity, and other relevant factors.

Verano is directly engaged in the cultivation and/or distribution of cannabis in accordance with U.S. state licences, however the Company does not control Verano. Accordingly, the Company's investment in Verano may be considered to be "Ancillary industry involvement" as described under Staff Notice 51-352 – *Issuers with U.S. Marijuana Related Activities* ("Staff Notice 51-352"). See "Regulatory Developments – Regulatory Developments in the United States", "Issuers with U.S. Cannabis-Related Assets" and "Risk Factors". To the best of the Company's knowledge, Verano is in compliance with all applicable federal and state guidelines

Bluma Wellness Inc. (Formerly CannCure Investments Inc.)

On October 11, 2018, the Company entered into a binding share purchase agreement to acquire the issued and outstanding common shares of CannCure.. At the time of signing, CannCure owned a 60% interest in the issued and outstanding common shares of 3 Boys Farms LLC, ("3 Boys") and held an indirect contractual right and obligation to purchase the remaining 40% interest. Subsequently, CannCure completed its acquisition of the remaining 40% interest in 3 Boys and, as a result, owned a 100% interest in 3 Boys. On April 8, 2019, the Company issued 7,317,500 of its common shares as partial consideration for acquiring CannCure. As a part of the consideration for this transaction, upon a future sale of 3 Boys, the Company would also pay an earn out structured as follows: i) the Company and the former shareholders of CannCure will each receive funds upon a sale for the amounts each has invested; and ii) any remaining amount from such sale will be split, with 42% of the remaining amount going to the Company and 58% of the remaining amount going to the former CannCure shareholders. If the Company failed to announce a binding agreement to sell 3 Boys within 2 years of the closing date, only then would the Company have been required to pay the former CannCure shareholders \$80,000,000 USD.

On January 8, 2020, CannCure entered into a letter of intent with Bluma (formerly "Goldstream Minerals Inc."), a Canadian public company, whereby CannCure would complete a reverse takeover of Bluma. Further, on February 20, 2020, the Company announced that a definitive business combination agreement had been signed between CannCure and Bluma. As a result of the closing of the CannCure RTO, the former shareholders of CannCure were issued common shares of Bluma. On June 15, 2020, the common shares of Bluma commenced trading on the Canadian Securities Exchange. Bluma operates in the Florida medical cannabis market through its wholly owned subsidiary, One Plant Florida. As of November 30, 2020, One Plant Florida operated 6 medical cannabis dispensaries in the State of Florida.

As of November 30, 2020, the Company owned 16,891,749 common shares of Bluma, representing approximately 10.57% of Bluma's issued and outstanding common shares. The estimated fair market value of the position was \$11,129,648. An aggregate of 16,067,269 Bluma common shares held by the Company were subject to lock-up arrangements and appropriate discounts were applied to their value. During the twelve-month period ended November 30, 2020, the Company recorded an unrealized loss of \$21,947,778 (eight-month period November 30, 2019: \$12,093,969, March 31, 2019 - \$Nil). The Company also held common 6,450,000 common share purchase warrants with a strike price of \$1.00

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USD and various expiry dates. The warrants were valued using the Black Scholes option pricing model and were estimated to have a fair market value of \$315,630 (November 30, 2019 :Nil, March 31, 2019: Nil)

Through being a limited partner in independent limited partnerships and agreements, the Company had additional economic exposure to 34,011,167 shares, and 25,015,515 common share purchase warrants. Subsequent to the end of SOL Global's financial period, Bluma announced that the strike price of these warrants were to be amended to \$1.01 USD.

The company's position in Bluma was measured at fair value based on the market price of Bluma Wellness with appropriate discounts applied to shares held in escrow or otherwise restricted. Warrants were valued using the Black-Scholes option pricing model.

Bluma Wellness is directly engaged in the cultivation and/or distribution of cannabis in accordance with United States state licenses. The Company's investment in Bluma may be considered to be "direct industry involvement" as described under Staff Notice 51-352. See "*Regulatory Developments – Regulatory Developments in the United States*", "*Regulatory Developments in the State of Florida*", "*Issuers with U.S. Cannabis-Related Assets*" and "*Risk Factors*". The Company believes that it is in compliance with United States state law and the related licensing framework applicable to Bluma. Additional discussion around operations and regulatory compliance for One Plant Florida in the state of Florida can be found under "*Regulatory Developments in the State of Florida*" and its accompanying subsections.

The Company believes that One Plant Florida is currently compliant with all State of Florida requirements as mandated by the Department of Health, Office of Medical Marijuana Use (OMMU). One Plant Florida uses BioTrack as its seed-to-sale tracking POS/ERP and reports all inventory to the OMMU, in real-time as mandated. Each site controlled by One Plant Florida has either two employees, security personnel or monitored security systems, including video surveillance 24/7. All vehicles used for delivery include redundant tracking systems, two employees and an inventory manifest when on the road.

Heavenly Rx Ltd.

On February 25, 2019, the Company announced the formation of a new international hemp-focused company, Heavenly Rx Ltd. ("Heavenly Rx"). Heavenly Rx intends to hold controlling ownership interests in various industry leading assets in the hemp/CBD and THC-free cannabinoid wellness space, with an initial focus on hemp cultivation, processing and the manufacturing of a diverse range of traditional CBD products including oils, tinctures, balms and vape-ready products. Additionally, Heavenly Rx intends to include several proprietary brands across numerous consumer product group verticals such as cosmetics and beauty products, bath and body products and infused foods (subject to governmental approvals and/or compliance with health standards).

As of November 30, 2020, the Company owned approximately 37.6% (November 30, 2019: 44%, March 31, 2019 – Nil) of Heavenly Rx's issued and outstanding common shares. The estimated fair market value of this position was \$5,716,936. During the twelve-month period ended November 30, 2020, the Company recorded an unrealized loss of \$7,447,511 (eight-month period ended November 30, 2019: unrealized loss of \$6,770,558, year-ended March 31, 2019 -\$Nil).

Throughout 2019 and 2020, Heavenly Rx made several investments in its target industries. The most significant of these investments included PureKana, LLC ("PureKana"), Jones Soda Co., and TRU Brands.

On November 20, 2020, AF1 Capital Corp. ("AF1"), Heavenly Rx, Heavenly Rx, LLC (a subsidiary of Heavenly Rx), and PureKana, LLC entered into a business combination agreement dated November 20, 2020, providing for the indirect acquisition by AF1 of Heavenly Rx's indirectly-held 50.1% equity interest in PureKana. The transaction would result a reverse take-over of AF1 by PureKana, and would constitute AF1's qualifying transaction under TSX Venture Exchange policies.

On May 12, 2020, AF1 Capital Corp. entered into a non-binding letter of intent to acquire Heavenly Rx's 50.1% stake in PureKana LLC for \$68.9M in an RTO transaction. On November 20, 2020, Purekana announced that it had completed its business combination agreement and would commence trading on the TSX Venture Exchange on or about December

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10, 2020 under the ticker TSXV:PKAN. Pursuant to the transaction, Heavenly Rx received 4,000,000 shares of the new combined company "PureK Holdings" at a deemed value of \$8.00 USD per share. This represented approximately 49.7% of the fully diluted equity of PureK Holdings. Following the transaction and subsequent to November 30, 2020, Heavenly Rx distributed 1,349,934 PureK Holdings shares to its shareholders.

Subsequent to the financial year end, AF1 was renamed "PureK Holdings Corp." ("PureK"), and announced on December 8, 2020 that the transaction had closed, and that the PureK common shares would commence trading on the TSX Venture Exchange on or about December 10, 2020 under the ticker symbol "PKAN". In connection with the closing, Heavenly Rx received aggregate consideration of US\$69.6M, of which \$22.5M was satisfied through the assumption of obligations, US\$15.1M was satisfied through the assumption and partial settlement of promissory notes of Heavenly Rx, LLC, in the aggregate principal amount of US\$14.3 million plus applicable interest, and US\$32.0M was satisfied through the issue of 4,000,000 PureK common shares at a deemed issue price of US\$8.00 per share. Immediately upon closing, Heavenly Rx distributed to its shareholders 1,349,934 PureK common shares, and contributed 2,050,000 PureK common shares to arm's length third party limited partnerships.

As at November 30, 2020, Heavenly Rx owned approximately 13 million shares of Jones Soda Co, representing approximately 20.2% of the undiluted shares outstanding. It also owned approximately 55.6% of the equity in TRU Brands.

The Company valued its position in Heavenly Rx using a NAV approach. It included adjustments for debt, working capital needs, and other factors. The Company then discounted the unadjusted NAV by 23.4% to reflect its minority position and lack of control over the assets. The primary drivers of change in fair value for Heavenly Rx included progress on several transactions, offset by mediocre expansion in the broader CBD market. The reverse takeover of its core asset, PureKana LLC provided a significant increase in value which was offset by other assets that performed below expectations.

Engine Media Holdings Inc (Formerly Torque Esports Corp).

Engine Media Holdings Inc. (Formerly Torque Esports Corp.) ("Engine"), is a TSX Venture Exchange listed gaming and esports company with operations in North America and Europe. It uses a growth strategy centred around the acquisition of complementary businesses to enhance its current ecosystem. Through its subsidiaries, Engine offers industry leading gaming content production, data, esports events and hardware. Its popular racing games, Gear. Club and F1 Mobile have seen more than 23 million downloads since their launch. Its subsidiary, Stream Hatchet, is uniquely positioned to capture the data that drives customer engagement and sales throughout the entire gaming industry. Additionally, Engine enhances the monetization of its wide reach and data abilities through live events and tournaments.

As at November 30, 2020, the Company owned 170,215 common shares, representing approximately 2.2% of Engine's issued and outstanding common shares. All of the common shares held by the company were subject to a lock-up agreement. The estimated fair market value of this position was \$1,198,313 (November 30, 2019: \$3,334,508, March 31, 2019: Nil). The Company also held convertible debentures with a combined principal value of \$2,234,334 USD. The debentures carry an interest rate of 5% and convert into common equity at a price between \$8.90 USD and \$11.25 USD depending on specific factors and dates. The Company also held 524,309 share purchase warrants with various strike prices and expiry dates. The combined fair market value of the warrants was estimated to be \$2,819,556 (November 30, 2019: Nil, March 31, 2019 -Nil) using the Black-Scholes option pricing model.

SOL Global's position in Engine was measured at fair value based on the market price of Engine's shares with appropriate discount applied to shares held in escrow or otherwise restricted.

Material drivers of fair value included potential synergies and growth opportunities associated with the previously mentioned transactions, as well as rapid growth in the broader esports market. Additionally, adjustments to the capital structure of Engine decreased the overall cost of capital, creating a more tax efficient structure. The growth in the market, and Engine's uniquely broad exposure to different facets of it further enhanced the company's value. Stream Hatchet, Engine's big data focused subsidiary, is of particular note with its proprietary data and analysis, which serves a largely untapped market of major companies looking to enter the rapidly growing esports space.

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OG DNA Genetics Inc.

On December 12, 2018, the Company invested in OG DNA Genetics Inc. ("DNA Genetics"). The Company acquired an approximate 8% interest in DNA Genetics for \$13,302,633 (\$10,000,000 USD). DNA Genetics is recognized worldwide for its highly selective, genetics-based approach to cannabis cultivation. DNA Genetics is established in the U.S. cannabis marketplace, where they have begun developing high-quality cannabis seeds for the global market. DNA Genetics is also the exclusive provider of DNA certified products to a subsidiary of one of the world's largest diversified cannabis and hemp companies based in Ontario, Canada. DNA Genetics is directly involved in the cultivation and/or distribution of cannabis in accordance with United States state licenses, however the Company does not control DNA Genetics. Accordingly, the Company's investment in DNA Genetics may be considered to be "Ancillary industry involvement" as described under Staff Notice 51-352 (defined below). See "Regulatory Developments – Regulatory Developments in the United States", "Issuers with U.S. Cannabis-Related Assets" and "Risk Factors". As at November 30, 2020, the estimated fair market value of this position was \$324,80 (November 30, 2019: \$13,302,613, March 31, 2019 - \$13,302,613)

To the best of the Company's knowledge, OG DNA Genetics is in compliance with all applicable state and federal guidelines.

Material drivers of change in fair market value for this investment included a shift towards a greater reliance on licensing agreements and the discontinuance of the wholesale and retail business lines. During the prior year, OG DNA Genetics signed licensing and royalty agreements with several large cannabis producers to allow them use of its award-winning genetics and to consult on best practices for production. The main focus of the business pivoted towards this model, which were intended to provide consistent and ongoing revenue streams. At the end of 2019, DNA Genetics completed stock transactions at lower valuations than the Company's cost base, resulting in a decrease in the value of the Company's position. In 2020, it underperformed relative to expectations causing the Company to lower forward looking targets and apply additional discounts to the price of its stock issuance.

As such, during the twelve-month period ended November 30, 2020, the Company recorded an unrealized loss of \$12,977,828 (eight-month period ended November 30, 2019: \$Nil, year-ended March 31, 2019 - \$Nil) on this investment.

GS Holistic LLC

On July 29, 2019, SOL Global invested \$2,000,000 USD into GS Holistic LLC ("GS Holistic"). GS Holistics markets and sells popular brands of vaporizers, vape pens, cartridges, bongs, and other accessories. Its brands include GPEN, GIO, Accudose, Vapium, BND, Boundless, and Stüden glass. GS Holistic products are sold online and in more than 10,000 retail locations around the world. GPEN is an established and well recognized brand of premium vaporizers. Accudose is a range of medically focused next generation vaporizers using a closed system solution that allows patients to track, analyze and optimize care plans. It was developed in partnership with Johnson & Johnson and MaRS to be the go to hardware for medical cannabis administration. As at November 30, 2020, the estimated fair market value of this position was \$1,904,554 (eight-month period ended November 30, 2019: \$2,655,800, year-ended March 31, 2019 - \$Nil).

Fyllo

In September 2019, the Company purchased convertible notes with a principal value of \$400,000 USD in Casters Holdings Inc. ("Casters") which operates through its subsidiary Fyllo. The Company subsequently converted the notes into 1,345,889 shares. The fair value of the Company's investment at November 30, 2020 was \$533,183 (November 30, 2019: \$Nil). Fyllo develops and markets a suite of compliance cloud software and services built to overcome the complexities of highly regulated industries. It delivers data, media, retail and regulatory solutions that enable organizations to streamline compliance, increase efficiencies, and scale with speed. Fyllo's products have seen widespread success in cannabis, cannabidiol ("CBD"), and related industries. It also markets its products to law firms, marketing agencies and other customers that interact or operate in regulated industries.

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In January 2021, Fyllo purchased DataOwl, a software company that develops customer relationship management ("CRM") and business operating solutions for cannabis dispensaries. Following integration of the platforms, Fyllo intends to market what it describes as the industry's "first end-to-end marketing solution" combining consumer data, digital advertising, regulatory compliance, CRM, and loyalty programs tied to a business's point of sale system. In the future, the platform may expand to additional regulated industries beyond cannabis. Subsequent to November 30, 2020, the Company invested an additional \$200,000 USD in an additional series A2 Financing round of Fyllo's series A2 funding round and approximately \$4 million USD in its Series B funding round.

SELECTED QUARTERLY FINANCIAL INFORMATION (expressed in thousands except per share amounts)

	30-Nov-20	31-Aug-20	31-May-20	29-Feb-20	30-Nov-19	30-Sep-19	30-June-19	31-Mar-19
							\$	\$
Total revenue	46,833	61,098	25,530	3,663	(23,384)	(57,245)	(32,591)	(3,033)
Net (loss) income	34,095	43,695	1,314	2,935	(17,527)	(51,292)	(43,485)	3,844
(Loss) income per share, basic	0.87	0.81	0.02	0.05	(0.32)	(0.94)	(0.81)	\$0.10
Loss (income) per share, fully diluted	0.83	0.78	0.02	0.05	(0.32)	(0.91)	(0.81)	\$0.09
Total assets	298,234	252,337	199,372	179,151	178,484	201,578	218,785	224,073
Working capital surplus	211,368	216,488	178,712	158,336	153,922	122,721	171,364	189,156
Dividends	-	-	-	-	-	-	-	-

Note – the period ended November 30, 2019 represents the two-month period from October 1, 2019 to November 30, 2019. All other periods in the selected quarterly information chart are three-month periods.

During the eight most recent quarters the following items have had a significant impact on the Company's results:

- Transitioned from a life sciences company focused on research studies to an investment company.
- Made significant investments in numerous companies including: Verano, CannCure,, Heavenly,, Engine,, DNA Genetics, and numerous others.
- Acquired, MMJ Colombia, Marigold Jamaica and MMJ Argentina. Subsequently sold for a gain of \$204.8M.
- Changed its name from "Scythian Biosciences Corp" to "SOL Global Investments Corp."
- Completed a \$50M private placement financing by way of the issue and sale of a senior secured non-convertible debenture. The Debenture bears an interest rate of 6.0% per annum and will mature on July 8, 2021, unless such maturity date is otherwise shortened due to the occurrence of certain milestones.
- CannCure entered into a business combination agreement with Bluma pursuant to which CannCure completed a reverse takeover of Bluma on June 11, 2020 and Bluma commenced trading on the Canadian Securities Exchange on June 15, 2020.

ANNUAL INFORMATION

	Year ended 30-Nov-20	Eight-month period ended 30-Nov-19	Year ended 31-Mar-19
			\$
Total other income	139,004,421	(113,220,102)	152,415,356
Net (loss) income	98,014,257	(103,728,196)	94,985,665
Per Share, Basic	1.79	(1.91)	2.38
Per Share, Diluted	1.69	(1.91)	2.30
Total assets	298,234,409	178,484,696	224,073,304
Total liabilities	86,994,224	66,916,052	34,916,862

The following outlines the fluctuations between periods of the above noted items:

- During the year-ended November 30, 2020, total other income increased by \$252.2 million. Unrealized gain increased by \$230.0 million compared to the prior year. This is primarily due to a increase in the valuation of

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the Company's core investment Verano (\$199.7M). Subsequent to November 30, 2020 Verano completed a merger with AltMed and its affiliated companies in an all stock- transaction that resulted in a combined equity value of \$2.8 billion USD on a fully diluted basis. Verano also completed a capital raise of \$100 million USD and a reverse takeover transaction of Majesta Minerals Inc., allowing the Company to become publicly-listed on the Canadian Securities Exchange under the ticker "CNSX:VRNO". The Old Verano Shares held by the Company were exchanged for New Verano Shares at an exchange ratio of approximately 1 New Verano Share for each 7.537 Old Verano Shares held. The Company received approximately 25.2 million New Verano Shares upon completion of the transactions.

- During the eight-month period ended November 30, 2019, total other income decreased by \$265.6 million. Unrealized loss increased by \$61.8 million compared to the prior year. This is primarily due to a decrease in the valuation of the Company's cannabis investments as a result of unfavorable market conditions in the cannabis industry.
- During the year-ended November 30, 2020, the Company's net gain increased by \$201.7 million due to higher unrealized gain relating to its investments, specifically Verano Holdings. During the eight-month period ended November 30, 2019, net loss increased by \$198.7 million due to higher unrealized/realized loss relating to its investments, primarily in the cannabis industry.
- During the year- ended November 30, 2020, total assets increased by \$119.7 million. The increase was mainly due to increased valuation of the company's investments mainly due to Verano offset and was offset by decrease in receivables and convertible debentures. Investments increased due to favourable market conditions in the cannabis industry which resulted in increased valuation of the Company's investment portfolio. During the eight-month period ended November 30, 2019, total assets decreased by \$45.6 million. The decrease was due to reduction in the value of investments and promissory notes, partially offset by increase in receivables and convertible debentures. Investments decreased due to unfavourable market conditions in the cannabis industry which resulted in lower valuation of the Company's investment portfolio.
- During the year-ended November 30, 2020, total liabilities increased by \$20.1 million. The increase was due to increase in deferred tax liability, lease obligation and debt which is offset by decrease in accounts payables, deferred share liabilities, promissory note payables. During the eight-month period ended November 30, 2019, total liabilities increased by \$31.9 million. The increase was due to the Company securing long term debt of \$50.0 million. In addition, the Company secured promissory notes with two private vendors which increased the promissory note payables offset by a decrease in accounts payables, deferred share liabilities, liabilities related to leases and income taxes payable.

LIQUIDITY AND CAPITAL RESOURCES

As of November 30, 2020, the Company had cash and cash equivalents of \$0.1 million (November 30, 2019: \$2.5 million) and positive working capital of \$215.4 million (excluding deferred share unit liability and lease liabilities) (November 30, 2019: \$155.3 million). The Company's financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business and does not reflect adjustments to assets and liabilities that would be necessary if it were unable to continue as a going concern. For the year-ended November 30, 2020, the Company recorded a positive net income of \$98,014,257 (Year-end November 30, 2019: loss of \$103,728,196), had positive cash flows from operations and, as it is an investment company, has no regular sources of income other than its investment activities. The Company had a history of operating losses and negative cash flows from operations, with the exception of net income generated for the year ended March 31, 2019. The Company is reliant on net income from continuing operations and capital markets for future funding to meet its ongoing obligations. The application of the going concern concept is dependent on the Company's ability to receive continued financial support from its stakeholders and, ultimately, on the Company's ability to generate profitable operations in the future. These circumstances indicate the existence of material uncertainty may cast significant doubt as to the Company's ability to continue as a going concern.

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SHARE CAPITAL STRUCTURE

The Company's authorized capital consists of an unlimited number of common shares without par value. As at the date of this MD&A, there were a total of 54,756,114 common shares issued and outstanding. As at March 30, 2021, the Company's issued and outstanding shares, stock options and warrants were as follows:

	Amount
Common shares	54,756,114
Stock options	349,000
Deferred share units	3,286,666
Total fully diluted	58,391,780

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

COMMITMENTS AND CONTINGENCIES

Transaction Commitments

On May 16, 2019, pursuant to the terms of a binding letter of intent between the Company and Three Habitat Consulting Holdco Inc. ("Three Habitat"), the Company was to acquire an initial six (6) California dispensary companies from Three Habitat that would have been operated as "One Plant" dispensaries, as well as the exclusive rights to utilize the One Plant name and intellectual property in the United States for an aggregate purchase price of US\$17,000,000, subject to adjustment based on the achievement of certain post-closing milestones. On November 28, 2019, the Company announced that it was terminating this agreement. As part of the termination, US\$7,500,000 advanced by the Company to MCP Wellness through CannCure will be repaid in full over 18 months in monthly installments of various amounts. Of this amount US\$2,500,000 will be received in cash by the Company from MCP Wellness through Bluma Wellness Inc. (Formerly CannCure) with the remaining US\$5,000,000 being invested into Common shares of Bluma Wellness Inc. (Formerly CannCure). The amounts advanced by the Company are included in the investment and receivable balance from Bluma Wellness Inc. as at November 30, 2020. The interest rate being charged on the outstanding amount is 4% per annum.

Right of Use Asset and Lease Liability

During the period ended November 30, 2019 the company entered into a lease for office space in Toronto, Ontario and recorded a right of use asset and a corresponding lease liability amounting to \$602,609. During the year ended November 30, 2020, the Company was no longer using the Toronto premises and accordingly wrote off the right of use asset amounting to \$582,522.

On May 30, 2020 the Company commenced a new office lease and as required by IFRS 16, recorded a lease liability and a corresponding right of use asset in the amounting to \$1,276,775. The Company's leases include variable charges such as property taxes and maintenance fees. These variable components are expensed as they are incurred and are not included in the determination of the lease obligations or right of use asset. The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate which was determined to be 9% per annum for similar assets. The right of use asset was initially recorded at the present value of the lease obligation and the Company recorded depreciation of \$83,407 for the year ended November 30, 2020 (November 30, 2019: \$20,087). Set out below are the carrying amounts of right of use assets and lease liabilities recognized and the movements during the year:

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	Right-of-use asset	Lease Liabilities
	\$	\$
As at April 1, 2019	-	-
Additions	602,609	602,609
Depreciation	(20,087)	-
Interest expense	-	50,472
Payments	-	(173,284)
As at November 30, 2019	582,522	479,797
Additions	1,276,775	1,276,775
Depreciation	(83,407)	-
Write-off	(582,522)	-
Accretion	-	47,587
Payments	-	(90,877)
As at November 30, 2020	1,193,368	1,713,282

The following is a schedule of minimum lease payments over the lives of the right-of-use lease:

	\$
2021	319,291
2022	326,284
2023	336,130
2024	306,219
2025	195,515
2026	201,381
2027	207,422
2028	213,645
2029	220,054
2030	111,653
Total	2,437,594

As of November 30, 2020, the Company has incurred costs relating to leasehold improvements of \$391,358 (November 30, 2019: \$111,585, March 31, 2019: \$Nil).

Litigation

The Company will record a provision for losses when claims become probable and the amounts can be reasonably estimated. The Company is subject to various claims, lawsuits and other complaints arising in its ordinary course of business. The Company is aware of two outstanding actions relating to its disposal of LATAM. No amounts have been accrued in the financial statements as at November 30, 2020. Please refer to the "Legal claims related to the Debenture commenced by the lender against the Company and commenced by the Company against the lender" above for an in-depth of the Company's litigation with 1235 Fund LP.

PROMISSORY NOTE

As of November 30, 2020, a total of \$6,364,997 with a cost of \$8,267,108 (November 30, 2019: \$4,029,544 with a cost of \$4,431,915) was held in promissory notes that were due from private companies. The largest promissory note is pursuant to previous agreements with CannCure. During prior years, the Company advanced \$25,656,960 (US\$19,200,000), respectively as a promissory note bearing interest at 10% per annum to CannCure Investments Inc. ("CannCure"). The purpose of this promissory note was to assist CannCure in closing its acquisition of 3 Boys Farms, LLC ("3 Boys"). This amount was advanced after the Company had agreed to acquire CannCure's in 3 Boys. Upon the Company acquiring CannCure, the amount of this promissory note, including accrued interest, was transferred to investments in private entities. Interest accrued for this promissory note as at November 30, 2020 was \$802,992 (November 30, 2019: \$Nil). Interest accrued for other promissory note as of November 30, 2020 was \$88,850 (November 30, 2019 - \$34,704). During the year-ended ended November 30, 2020, the Company recorded an unrealized loss of \$795,734 (Eight-month period ended November 30, 2019: unrealized loss of \$795,734).

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RELATED PARTY TRANSACTIONS

Parties are considered related if one party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. The Company has identified its directors and senior officers as key management who are considered to be related parties.

During the year ended November 30, 2020, the Company incurred payroll related costs of \$4,958,551 (Eight-month period ended November 30, 2019: \$3,069,045) with directors and senior officers as key management. As of year-ended November 30, 2020, \$182,419 (November 30, 2019: \$113,895) was included in account payable and accrued liabilities related to amounts due to directors and senior officers as key management that had not been paid.

	Year ended November 30, 2020	Eight-month period November 30, 2019	Year ended March 31, 2019
	\$	\$	\$
Salaries and consulting fees	4,435,427	1,460,492	7,984,374
Share-based payments	479,326	1,122,087	4,864,214
Consulting fees	43,798	486,466	485,084
Total	4,958,551	3,069,045	13,333,672

- During the year ended November 30, 2020, a company owned by a shareholder of the Company advanced \$415,000 USD and \$848,000 CDN by way of short-term loans. Both the US\$ and CDN\$ loan have been fully repaid as of November 30, 2020.
- During the year ended November 30, 2020, the Company subscribed for shares in two of its investees on behalf of directors and consultants of the Company in the amount of \$1,384,000 USD. The amount owing from the directors and consultant has been recorded in compensation/consulting fees that were owing to the directors and consultants.
- During the period ended November 30, 2019, a company owned by a shareholder of the Company advanced US\$500,000, by way of a promissory note to the Company, which was repaid during the period. Interest paid of \$13,000 was expensed in the period to November 30, 2019, with respect to the promissory note.
- During the period ended November 30, 2019, a shareholder of the Company provided investment advisory services totalling \$133,256 to the Company, which was expensed.
- During the period ended November 30, 2019, the Company subscribed for additional shares, on behalf of a director, totalling \$360,000 in one of its investees. The director settled the amount owing to the Company by the reduction of the bonus payable that was owing to the director in the amount of \$360,000. The amount has been recorded in compensation paid to directors in the amount of \$360,000 in the financial statements.
- During the period ended November 30, 2019, the Company sold shares in one of its investees to a third party for proceeds of \$6,648,250. Of the proceeds, \$1,994,475 was paid to another entity on behalf of a director of the Company. The amount owing from the director of \$1,994,475 has been recorded against the bonus amounts that were owing to that director.
- During the period ended November 30, 2019, the Company subscribed for shares in one of its investees on behalf of directors and consultants of the company in the amount of \$540,000. The amount owing from the director and consultant of \$540,000 has been recorded against the bonus amounts/consulting fees that were owing to the director and consultants.
- The Company may at times invest in shares in investees of which directors of the Company are also directors of the investee. In these circumstances the director of the Company who is a director of the investee will abstain from voting decisions related to the initial purchase of the investee.
- From time-to-time directors and officers of the Company may subscribe for shares in investees of the Company when the investee company is undertaking an issuance of shares.

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ISSUERS WITH U.S. CANNABIS-RELATED ASSETS

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352, as amended, setting out the Canadian Securities Administrators’ disclosure expectations for specific risks facing issuer with direct, indirect or ancillary involvement in activities including the cultivation, possession or distribution of marijuana in the United States (“US Marijuana-Related Activities”). Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with US Marijuana-Related Activities Staff Notice 31-532 includes additional disclosure expectations that apply to all issuers with US Marijuana-Related Activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the United States cannabis industry.

All reporting issuers with U.S. Marijuana-Related Activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other applicable disclosure documents, including this MD&A, in order to fairly present all material facts, risks and uncertainties about issuers with U.S. cannabis-related activities.. In accordance with Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this MD&A that address the disclosure expectations outlined in Staff Notice 51-352

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Disclosure or Cross-Reference
All Issuers with U.S. Marijuana-Related Activities	Describe the nature of the issuer’s involvement in the U.S. marijuana industry and include the disclosures for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	See the discussion of the Company’s investments under the heading “ <i>Discussion of Operations – Investment Holdings</i> ”.
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	See the discussion under the heading “ <i>United States Regulatory Risk Around the Cannabis Industry</i> ”. See the discussion under the heading “ <i>Regulatory Developments</i> ”. See the description of risks under “ <i>Risk Factors</i> ”.
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.	See the discussion under the heading “ <i>United States Regulatory Risk Around the Cannabis Industry</i> ”. See the discussion under the heading “ <i>Regulatory Developments</i> ”. See the description of risks under “ <i>Risk Factors</i> ”.
	Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer’s ability to operate in the U.S.	See the description of risks under the heading “ <i>Risk Factors</i> ”.
	Given the illegality of marijuana under U.S. federal law, discuss the issuer’s ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	See the discussion under the heading “ <i>United States Regulatory Risk Around the Cannabis Industry</i> ”. See the description of risks under “ <i>Risk Factors</i> ”.
	Quantify the issuer’s balance sheet and operating statement exposure to U.S. marijuana-related activities.	See the discussion under the heading “ <i>United States Regulatory Risk Around the Cannabis Industry</i> ”.

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Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Disclosure or Cross-Reference
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	See the discussion under the heading “ <i>United States Regulatory Risk Around the Cannabis Industry</i> ”. See the discussion under the heading “ <i>Regulatory Developments</i> ”.
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution. ⁽¹⁾	Outline the regulations for U.S. states in which the issuer’s investee(s) operate.	See the discussion under the heading “ <i>Regulatory Developments</i> ”.
	Provide reasonable assurance, through either positive or negative statements (which may include statements that the issuer is not aware of non-compliance), that the investee’s business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee’s license, business activities or operations.	See the discussion under the heading “ <i>United States Regulatory Risk Around the Cannabis Industry</i> ”. See the discussion under the heading “ <i>Regulatory Developments</i> ”.

Notes:

(1) Indirect industry involvement arises where an issuer has a non-controlling investment in an entity who is directly involved in the U.S. marijuana industry.

REGULATORY DEVELOPMENTS

The commercial medical cannabis industry is a relatively new industry and the Company anticipates that such regulations will be subject to change. The Company’s operations are subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, distribution, storage and disposal of the product candidates and also laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations, and the protection of the environment. While to the knowledge of management, the Company is currently in compliance with all such laws, any changes to such laws, regulations, guidelines, and policies due to matters beyond the control of the Company may adversely affect its operations and performance.

Regulatory Developments in the United States

In the United States, cannabis is regulated at the state and federal level. To the Company’s knowledge, there are to date a total of 35 states, plus the District of Columbia, U.S. Virgin Islands, Puerto Rico and Guam that have legalized the production, distribution, and use of cannabis in some form either for a medicinal use and/or for adult/recreational use. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis (other than hemp) continues to be categorized as a Schedule I controlled substance under the Controlled Substances Act of 1970 (the “CSA”) and as such, violates federal law in the United States. The United States has a complex regulatory landscape when it comes to medical cannabis. The CSA regulates the possession, importation, manufacture, distribution and dispensing of controlled substances under United States federal law. Controlled substances are classified into schedules based on their potential for abuse by a patient or other user. Cannabis, other than hemp, is classified as a Schedule I substance under the CSA. Classification of substances under the CSA is determined jointly by the U.S. Drug Enforcement Agency and the U.S. Food and Drug Administration. The United States Department of Justice defines Schedule I drugs, substances, or chemicals as “drugs with no currently accepted medical use and a high potential for abuse.” The FDA has approved Epidiolex, which contains a purified form of the drug CBD, a non-psychoactive cannabinoid in the cannabis plant, for the treatment of seizures associated with two epilepsy conditions. The FDA has not approved cannabis or cannabis compounds as a safe and effective drug for any other condition.

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On August 29, 2013, then Deputy Attorney General, James Cole, authored a memorandum (the "Cole Memorandum") directing that individuals and businesses that rigorously comply with state regulatory provisions in states that have strictly-regulated legalized medical or recreational cannabis programs should not be a prosecutorial priority for violations of federal law. The Cole Memorandum outlined certain priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority.

The U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") issued a memorandum on February 14, 2014 (the "FinCEN Memorandum") outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum and states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("SAR") in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis-related SARs are divided into three categories – cannabis limited, cannabis priority, and cannabis terminated – based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively. On the same day the FinCEN Memorandum was published, the DOJ issued a memorandum (the "2014 Cole Memorandum") directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related conduct.

On January 4, 2018, former Attorney General Jeff Sessions issued a memorandum (the "Sessions Memorandum") that rescinded the Cole Memorandum effective upon its issuance. The Sessions Memorandum rescinded previous nationwide guidance specific to the prosecutorial authority of United States Attorneys relative to cannabis enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principles are included in chapter 9.27.000 of the United States Attorneys' Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community. As a result of the Sessions Memorandum, federal prosecutors are free to use their discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how actively federal prosecutors will be in relation to such activities. Furthermore, the Sessions Memorandum did not discuss the treatment of medical cannabis by federal prosecutors. However, former Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memorandum has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memorandum and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum is a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance. However, in the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution.

On November 7, 2018, U.S. Attorney General Jeff Sessions resigned. On February 14, 2019, William Barr was confirmed as U.S. Attorney General. Mr. Barr resigned as Attorney General on December 23, 2020. On March 11, 2021, former Chief Judge of the United States Court of Appeals for the District of Columbia Circuit, Merrick Garland, was sworn in as

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Attorney General of the United States. It is not yet known whether the Department of Justice under President Biden and Attorney General Garland will re-adopt the Cole Memorandum or announce a substantive cannabis enforcement policy. If the Department of Justice policy under Attorney General Garland were to aggressively pursue financiers or owners of cannabis-related businesses, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis operations, (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the Controlled Substances Act for aiding and abetting and conspiring to violate the Controlled Substances Act by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis, and/or (iii) the barring of its employees, directors, officers, managers and investors who are not United States citizens from entry into the United States for life. Unless and until the United States Congress amends the Controlled Substances Act with respect to cannabis and the President approves such amendment (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law criminalizing cannabis.

One legislative safeguard for the medical cannabis industry, appended to the federal budget bill, remains in place following the rescission of the Cole Memorandum. For fiscal years 2015, 2016, 2017, 2018, 2019 and 2020 Consolidated Appropriations Acts (currently referred to as the "Rohrabacher/Blumenauer Amendment") to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. The Rohrabacher/Blumenauer Amendment was included in the Consolidated Appropriations Act, 2021 signed into legislation by President Trump in December 2020 to remain in effect until September 30, 2021. At such time, it may or may not be included in the omnibus appropriations package or a continuing budget resolution once the current Consolidated Appropriations Act, 2021 expires. While the Cole Memorandum and the Rohrabacher/Blumenauer Amendment gave medical cannabis operators and investors in states with legal regimes greater certainty regarding federal enforcement as to establish cannabis businesses in those states, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law.

Additionally, the Agriculture Improvement Act of 2018 (the "2018 Farm Bill") was signed into law by President Trump on December 20, 2018. With the passage of the 2018 Farm Bill, hemp and CBD products with less than .3% THC have been removed from Schedule I of the CSA. This will allow market participants such as the Company to cultivate, process and dispense hemp and certain CBD products (with less than .3% THC) throughout the United States without violating the CSA, and will also serve to open up banking and financial services for hemp and CBD operators. The 2018 Farm Bill explicitly preserved the United States Food and Drug Administration's authority to regulate products containing cannabis or cannabis-derived compounds under the Federal Food, Drug, and Cosmetic Act and Section 351 of the Public Health Service Act. The agency held public commentary workshops and rulemaking proceedings relative to the issuance of regulations to govern the nascent CBD marketplace and products on May 31, 2019. The FDA held a public hearing to determine the safety, manufacturing, product quality, marketing, labeling, and sale of CBD products, and opened the forum to public comments on the matter. In November of 2020, the FDA also held a research conference on cannabinoids and gender to discuss data on how cannabis compounds affect woman and men differently. In a statement released on January 8, 2021, FDA Commissioner Stephen Hahn and Principal Deputy Commissioner Dr. Amy Abernethy noted that "over a short period of time, our society has seen a rapid increase in the interest and availability of cannabidiol (CBD) products and other products derived from cannabis. However, we still have a limited understanding of the safety profile of CBD and many other cannabis-derived compounds." In the same statement, Commissioner Hahn committed to developing and refining plans for research projects at the FDA to address the gaps in current CBD data research capabilities. As the FDA continues its rulemaking proceedings, the Company will be an active participant.

On June 7, 2018, the Strengthening the Tenth Amendment Through Entrusting States Act (the "STATES Act") was introduced in the Senate by Republican Senator Cory Gardner of Colorado and Democratic Senator Elizabeth Warren of Massachusetts. A companion bill was introduced in the House by Democratic representative Jared Polis of Colorado. The bill provides in relevant part that the provisions of the CSA, as applied to cannabis, "shall not apply to any person acting in compliance with state law relating to the manufacture, production, possession, distribution, dispensation, administration, or delivery of marijuana." Even though cannabis will remain within Schedule I of the CSA under the STATES Act, the bill makes the CSA unenforceable to the extent it conflicts with state law. In essence, the bill extends

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the limitations afforded by the protection within the federal budget—which prevents the DOJ and the DEA from using funds to enforce federal law against state-legal medical cannabis commercial activity—to both medical and adult-use cannabis activity in all states where it has been legalized. The STATES Act was reintroduced on April 4, 2019 in both the House and the Senate. Since the STATES Act is currently draft legislation, there is no guarantee that the STATES Act will become law in its current form.

On December 4, 2020, the House of Representatives passed the Marijuana Opportunity Reinvestment and Expungement Act of 2019 (the “MORE Act”). The MORE Act would provide for the removal of cannabis from the list of controlled substances in the CSA and other federal legislation. It would end the applicability of Section 280E to cannabis businesses but would impose a 5% federal excise tax. The MORE Act was not passed by the Senate prior to the end of the 116th Congress and would need to be reintroduced and passed by the House of Representatives and Senate and signed into law by the President. There is no guarantee the MORE Act will become law in its current form. Overall, there were more than 1500 cannabis-related bills moving through state legislatures and Congress for the 2020 sessions.

On March 18, 2021, the SAFE Banking Act was reintroduced in the House of Representatives. On March 23, 2021, the bill was reintroduced in the Senate as well. The House previously passed the SAFE Banking Act in September 2019, but the measure stalled in the Senate. As written, the SAFE Banking Act would allow financial institutions to provide their services to state-legal cannabis clients and ancillary businesses serving state-legal cannabis businesses without fear of federal sanctions. There is no guarantee the SAFE Banking Act will become law in its current form, if at all.

Regulatory Developments in the State of Florida

Although recreational use of cannabis is criminalized at the state level, medical cannabis is now legal under the Florida Constitution. The process of legalization began in 2014. On June 16, 2014, the Florida state governor signed Senate Bill 1030, also known as the Compassionate Medical Cannabis Act of 2014 (the “CMCA”), which was the first legal medical cannabis program in the State’s history. The CMCA legalized low THC for medical patients suffering from cancer or “a physical medical condition that chronically produces symptoms of seizures”, such as epilepsy, “or severe and persistent muscle spasms”. The CMCA requires physician approval and determination that no other satisfactory alternative treatment options exist for that patient. The CMCA also authorizes medical centers to conduct research on low THC cannabis. On November 8, 2016, Florida voters approved the Florida Medical Marijuana Legalization Initiative, Amendment 2 (“Amendment 2”), ballot measure with 71% of the vote. Amendment 2 protects qualifying patients, caregivers, physicians, and medical cannabis dispensaries and their staff from criminal prosecution or civil sanctions under Florida law. Pursuant to Amendment 2, qualified patients who have been diagnosed with debilitating medical conditions and have been evaluated by a qualified physician may be prescribed medical cannabis. Amendment 2 also expanded the definition of debilitating diseases to include 12 conditions including HIV/AIDS, Crohn’s disease, post-traumatic stress disorder and any medical condition that the physician believes will benefit from the use of medical cannabis. Amendment 2 became effective on January 3, 2017. Amendment 2 provides a regulatory framework that requires licensed producers, which are statutorily defined as Medical Marijuana Treatment Centers (“MMTCs”), to cultivate, process and dispense medical cannabis in a vertically integrated marketplace. On June 9, 2017, the Florida House of Representatives and Florida Senate passed respective legislation to implement the expanded program by replacing large portions of the existing Compassionate Use Act, which officially became law on June 23, 2017. The Florida Department of Health, Office of Medical Marijuana Use (the “OMMU”), is the organization responsible for the regulation of Florida’s medical cannabis program. Specifically, the OMMU writes and implements the Department’s rules for medical cannabis, oversees the statewide medical cannabis patient database, and licenses Florida businesses to cultivate, process and dispense medical cannabis to qualified patients.

The Company is a publicly traded company with access to both Canadian and US capital markets. The Company’s business requires compliance with many laws and regulations. As a public company, the Company has obtained legal advice from both Canadian & US lawyers regarding compliance with applicable state regulatory frameworks and potential exposure and implications arising from the U.S. federal law. As of August 31, 2020, 91% of the Company’s investment portfolio is represented by companies with either direct, indirect or ancillary involvement with the US cannabis industry.

Issuer Licenses in Florida

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One Plant Florida (Florida arm of CannCure) is the holder of a vertically-integrated MMTC license issued by the Florida Department of Health, Office of Medical Marijuana Use, pursuant to Florida Statutes section 381.986. One Plant Florida's MMTC license grants it the right to cultivate, process and dispense medical cannabis and medical cannabis products throughout the state of Florida, to operate licensed dispensaries in the State of Florida and to effectuate state wide delivery of medical cannabis and medical cannabis products and related approved activities. On January 2, 2018, One Plant Florida received approval from the OMMU to begin cultivating medical cannabis at its cultivation facility located at the Ruskin Facility. On March 29, 2019 and April 9, 2020 respectively, One Plant Florida received approval from the OMMU to process and cultivate medical cannabis at the Indiantown Facility.

Florida Licenses and Regulations

Cannabis is illegal in Florida for recreational use. However, medical use of cannabis in Florida was legalized in 2016 by way of a constitutional amendment appearing on the ballot as Amendment 2, which was approved with 71% of the vote. The State of Florida Statutes 381.986(8)(a) provides a regulatory framework that requires licensed producers, statutorily defined as MMTCs, to cultivate, process and dispense medical cannabis in a vertically integrated marketplace. Only licensed MMTCs can sell and dispense medical cannabis; medical cannabis may not be purchased from any vendor other than a MMTC. MMTC licenses are issued by the OMMU. Applicants for licenses are required to provide comprehensive business plans with demonstrated knowledge and experience on execution, detailed facility plans, forecasted performance and robust financial resources. The applicant's technical ability on plant and medical cannabis cultivation, infrastructure, processing, dispensing and safety are also assessed. Each MMTC must receive authorization at three stages, (i) cultivation authorization, (ii) processing authorization and (iii) dispensing authorization, prior to dispensing medical cannabis.

License holders are only permitted to hold one MMTC license pursuant to the State of Florida Statutes. However, each license allows for the cultivation, processing and dispensing of medical cannabis products. Originally, each MMTC was permitted to open up to 25 dispensaries statewide. With each additional 100,000 qualified patients that registered for the program, the dispensary cap for each MMTC increased by five dispensaries. On April 1, 2020, the cap on the number of dispensaries that could be opened and operated by a license holder expired. As of March 26, 2021, there were 515,676 qualified patients with an approved medical ID card, 22 approved MMTCs and 325 approved retail dispensing locations.

Each licensee is required to cultivate, process and dispense medical cannabis. The license permits the sale of derivative products produced from extracted cannabis plant oil as medical cannabis to qualified patients to treat certain medical conditions in the State of Florida, which conditions are delineated in Florida Statutes section 386.981.

On March 18, 2019, Florida Governor Ron DeSantis signed Florida Senate Bill 182 (2019) ("SB 182") into law, repealing the previous ban on smoking medical cannabis. SB 182 also allows patients to receive up to 2.5 ounces of whole flower cannabis every 35 days as recommended by their doctor and requires patients under the age of 18 to have a terminal condition and to get a second opinion from a pediatrician before smoking medical cannabis. On April 1, 2019, the State legalized the dispensing of whole flower cannabis products and pre-rolled cannabis joints.

Under its license, One Plant Florida is permitted to sell cannabis to those patients who are entered into Florida's electronic medical cannabis use registry by a qualified physician and possess a state-issued medical cannabis identification card. The physician determines patient eligibility as well as the routes of administration (e.g. topical, oral, inhalation) and number of milligrams per day a patient is able to obtain under the program. An MMTC may not dispense more than a 70-day supply of cannabis within a 70-day period to a qualified patient or caregiver, except an MMTC may not dispense more than a 35-day supply of cannabis in a form for smoking within a 35-day period. The MMTC employee who dispenses the cannabis must enter into the registry his or her name or unique employee identifier. The MMTC must verify that: (i) the qualified patient and the caregiver, if applicable, each has an active registration in the registry and active and valid medical cannabis use registry identification card, (ii) the amount and type of cannabis dispensed matches the physician certification in the registry for the qualified patient, and (iii) the physician certification has not already been filled. An MMTC may not dispense to a qualified patient younger than 18 years of age, only to such patient's caregiver. An MMTC may not dispense or sell any other type of cannabis, alcohol, or illicit drug-related product, except a cannabis delivery device as specified in the physician certification. An MMTC must, upon dispensing, record in the registry: (i) the date, time, quantity and form of cannabis dispensed, (ii) the type of cannabis delivery device dispensed,

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and (iii) the name and registry identification number of the qualified patient or caregiver to whom the cannabis delivery device was dispensed. An MMTC must ensure that patient records are not visible to anyone other than the patient, caregiver, and MMTC employees.

Licenses issued by the OMMU may be renewed biennially so long as the licensee meets requirements of Florida Statute 381.986 and pays a renewal fee. One Plant Florida timely submitted its biennial renewal on February 28, 2020. Applicants must demonstrate (and licensed MMTCs must maintain) that: (i) they have been registered to do business in the State of Florida for the previous five years, (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture & Consumer Services, (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis, (iv) they have the ability to secure the premises, resources, and personnel necessary to operate as an MMTC, (v) they have the ability to maintain accountability of all raw materials, finished products, and any by-products to prevent diversion or unlawful access to or possession of these substances, (vi) they have an infrastructure reasonably located to dispense cannabis to registered qualified patients statewide or regionally as determined by the OMMU, (vii) they have the financial ability to maintain operations for the duration of the two-year approval cycle, including the provision of certified financial statements to the Department, (viii) all owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, and ensure that a medical director is employed to supervise the activities of the MMTC, and (ix) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees. Upon approval of the application by the OMMU, the applicant must post a performance bond of up to \$5 million, which may be reduced by meeting certain criteria such as a minimum patient count.

Several of CannCure and its subsidiaries' licenses are subject to renewal on an annual or periodic basis; however, they are generally renewed, as a matter of course, if the license holder continues to operate in compliance with applicable legislation and regulations and without any material change to its operations. While the CannCure's (and its subsidiaries') compliance controls have been developed to mitigate the risk of any material violations of any license it holds arising, there is no assurance that the CannCure (or its subsidiaries') licenses will be renewed by each applicable regulatory authority in the future in a timely manner.

Florida Reporting Requirements

The OMMU requires that any licensee establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the OMMU to data. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of certain events, including when cannabis seeds are planted, when cannabis plants are harvested and destroyed, and when cannabis is transported, sold, stolen, diverted, or lost. Each MMTC shall use the seed-to-sale tracking system established by the OMMU or integrate its own seed-to-sale tracking system with the seed-to-sale tracking system established by the OMMU. The OMMU also maintains a patient and physician registry and the licensee must comply with all requirements and regulations relative to providing required data or proof of key events to said system. The State of Florida requires all MMTCs to abide by representations made in their original application to the State of Florida. Any changes or expansions must be requested pursuant to and in accordance with a variance process.

Florida Security and Transportation

With respect to security requirements for cultivation, processing and dispensing facilities, a MMTC must maintain a fully operational security alarm system that secures all entry points and perimeter windows, and is equipped with motion detectors, pressure switches, duress, panic and hold-up alarms. The MMTC must also have a 24-hour video surveillance system with the following features: (a) cameras positioned for the clear identification of persons and activities in controlled areas including growing, processing, storage, disposal and point-of-sale rooms, (b) cameras fixed on entrances and exits to the premises, which shall record from both indoor and outdoor, or ingress and egress, vantage points, and (c) ability to record images clearly and accurately together with the time and date. MMTCs must retain video surveillance recordings for at least 45 days, or longer upon the request of law enforcement. Facilities may not display products or dispense cannabis or cannabis delivery devices in the waiting area and may not dispense cannabis from its premises between the hours of 9:00 p.m. and 7:00 a.m. However, it may perform all other operations and deliver cannabis to qualified patients 24 hours a day.

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Cannabis must be stored in a secured, locked room or a vault. A MMTC must have at least two employees, or two employees of a security agency, on the premises at all times where cultivation, processing, or storing of cannabis occurs. MMTC employees must wear a photographic identification badge and visitors must wear a visitor pass at all times on the premises.

A cannabis transportation manifest must be maintained in any vehicle transporting cannabis or a cannabis delivery device. The manifest must be generated from the MMTC's seed-to-sale tracking system. The manifest must include the following information: (i) departure date and time; (ii) name, address and license number of the originating MMTC; (iii) name and address of the receiving entity; (iv) the quantity, form and delivery device of the cannabis; (v) arrival date and time; (vi) the make, model and license plate of the delivery vehicle; and (vii) the name and signatures of the MMTC delivery employees. Further, a copy of the transportation manifest must be provided to the MMTC when receiving a delivery. Each MMTC must retain copies of all cannabis transportation manifests for at least three years. Cannabis and cannabis delivery devices must be locked in a separate compartment or container within the vehicle and employees transporting cannabis or cannabis delivery devices must always have their employee identification on their person. Lastly, at least two people must be in a vehicle transporting cannabis, and at least one person must remain in the vehicle while the cannabis is physically delivered.

The business premises of CannCure's operating locations are targets for theft. While the company has implemented security measures at each location and continues to monitor and improve its security measures, its cultivation, processing and dispensary facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and the CannCure fell victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers or cultivation and processing equipment could have a material adverse impact on the business, financial condition and results of operation of the CannCure.

As the CannCure's business involves the movement and transfer of cash which is collected from dispensaries or patients/customers and deposited into its bank, there is a risk of theft or robbery during the transport of cash. The company has engaged a security firm to provide security in the transport and movement of large amounts of cash. Employees sometimes transport cash and/or products and each employee has a panic button in their vehicle and, if requested, may be escorted by armed guards. While the CannCure has taken robust steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

Florida Inspections

The OMMU may conduct announced or unannounced inspections of MMTCs to assess compliance with applicable laws and regulations. The OMMU is required to inspect a MMTC upon receiving a complaint or notice that the MMTC has dispensed cannabis containing mold, bacteria, or other contaminants that have caused or which may cause an adverse effect to humans or the environment. The OMMU is required to conduct at least a biennial inspection of each MMTC to evaluate the MMTC's records, personnel, equipment, security, sanitation practices, and quality assurance practices.

RISK FACTORS

There are a number of risk factors that could cause future results to differ materially from those described in this MD&A. The risks and uncertainties described herein are not the only ones the Company faces but are those the Company currently believes to be material. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business.

The following are certain risk factors relating to the business of the Company which may cause future results to differ materially from those currently anticipated by management of the Company. If any of the following risks actually occur: (i) shareholders of SOL Global could lose all or part of their investment; (ii) the business, financial condition, liquidity, results of operations and prospects of SOL Global could be materially adversely affected; and (iii) the ability of SOL Global to implement its future plans could be adversely affected.

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- The Company will require additional financing from time to time in order to pursue its business objectives and fund its ongoing and future operations and the failure to raise such capital on satisfactory terms or at all could result in the delay or postponement of current business objectives or the going out of business.
- Funding may be difficult to obtain given the fact that part of the Company's business is materially investing into cannabis companies in the United States of America, where federally cannabis is illegal by virtue of the fact that it is categorized as a Schedule I controlled substance under the U.S. Controlled Substances Act.
- Servicing the Company's debt will require a significant amount of cash, and the Company may not have significant cash flow from the Company's business to pay the Company's debt.
- The outbreak of the novel strain of coronavirus, "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown, as is the efficacy of the government and central bank interventions. The severity and impact on the financial results and condition of the Company and its operations in future periods cannot be estimated. COVID-19 may affect the ability to raise capital.
- If additional funds are raised by the Company through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution.
- Laws, regulations and the policies with respect to the enforcement of such laws and regulations affecting the U.S. cannabis industry are constantly changing, which could detrimentally affect the Company's current or proposed business operations.
- There are risks inherent in investing in the United States cannabis industry.
- Inconsistent public opinion and perception regarding the medical-use and adult-use marijuana industry may affect the reputation of the Company.
- The market price of securities of companies involved in the cannabis industry (such as the Company) have historically been very volatile and subject to wide fluctuations in response to various factors, many of which are beyond the Company's control. Such volatility, whether resulting from external market forces or as a result of the Company's failure to meet expectations, downward revision in analysts' estimates or other adverse changes, could negatively affect the market price of the Company's securities or impair the liquidity of the Company's securities.
- The U.S. federal government's approach to the enforcement of cannabis laws may be subject to change or may not proceed as previously outlined.
- The states to which the Companies investee companies operate may change their approach to either enforcement of cannabis laws or adversely change their laws altogether. This may have the effect of eroding the value of their businesses.
- The business of the Company, while believed to be compliant with applicable U.S. state and local laws, currently are illegal under U.S. federal law, and existing state or federal regulatory bodies could impose additional regulatory restrictions which may make it difficult for the Company or its investee companies to continue doing business as presently conducted.
- The Company may have difficulty accessing the service of banks or other essential services or third party service providers, which may make it difficult to operate and counterparties with whom the Company or its investee companies currently does business may suspend or withdraw services.
- U.S. border officers could deny entry into the United States to non-U.S. citizens who are employees of or investors in companies with cannabis operations in the United States or Canada.
- Certain events or developments in the cannabis business generally may affect the Company's business, its reputation or the market price of the Company's securities.
- The Company is currently involved in litigation in the State of New York and in Ontario against its lender, 1235 Fund LP. If an unfavourable court ruling or proceeding is rendered against the Company, there may be a significant economic impact on the Company.
- Adverse publicity resulting from litigation may impact the reputation of the Company.
- Potentially significant costs resulting from litigation may affect the financial position of the Company.

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- The Company may become party to additional litigation or regulatory proceedings which could negatively affect the Company's business, financial condition and results of operations, or harm the Company's reputation. Such risks could arise regardless of the ultimate outcome of the litigation or regulatory proceedings.
- The Company has and may continue to invest in securities of private companies which may limit the Company's ability to sell or otherwise transfer those securities and realize value.
- The Company may hold minority interests in such companies, which may limit the Company's ability to sell or otherwise transfer those securities and/or direct management decisions of such companies.
- There is no assurance that an investment in the Company's securities will earn any positive return.
- Parties with whom the Company does business may perceive themselves as being exposed to reputational risk because of their relationship with the Company and may refuse to do business with the Company.
- Conflicts of interest may arise between the Company and the Company's directors and officers.
- The Company's investments in the United States may be subject to heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the United States.
- Up until the fiscal year ended March 31, 2019, the Company had incurred significant operating losses since inception. The Company may not be able to achieve or maintain profitability and may incur significant losses in the future.
- The Company must be able to service its outstanding debt.
- The requirements of being a public company may strain the Company's resources, result in more litigation and divert the attention of the Company's management.
- Any failure by the Company to maintain effective internal controls over financial reporting could have an adverse effect on the Company.
- The Company's success depends on the ability, expertise, judgment, discretion, reliance on and good faith of its senior management, and the loss of services of such individuals, or an inability of the Company to attract, retain and motivate sufficient numbers of qualified senior management or skilled personnel could adversely affect the Company's business, financial condition and results of operations.
- Prior to obtaining regulatory approval for the sale of product candidates, the Company or companies that the Company has invested in must conduct pre-clinical testing and clinical trials, the results of which are uncertain and may not be favourable and are subject to delay, suspension or termination by the Company, the companies that the Company has invested in or other regulatory authorities for a variety of reasons.
- Investee's ability to compete and grow will depend on having access at a reasonable cost and in a timely manner to skilled labour, equipment, parts and components and no assurance can be provided that such resources will be available on favourable terms or at all.
- The Company or companies that the Company has invested in may face intense competition from other companies, some of which may have longer operating histories, more financial resources and manufacturing and marketing experience.
- A decision to declare dividends in the future will be made at the discretion of the board of directors, and will depend on financial results, cash requirements, contractual restrictions and other factors that they may deem relevant. The Company currently has no dividends on record and may not pay any dividends in the foreseeable future. In addition, any dividends paid could be subject to tax and, potentially, withholdings.
- The Company or companies that the Company has invested in may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls and the inability to manage growth could adversely affect its business, financial condition and results of operations.
- The success of the companies in which the Company has invested in depends in part on their ability to protect their ideas and technology, and no assurance can be given that they will be able to adequately protect their intellectual property in all relevant jurisdictions or that they will be successful in defending their intellectual property against claims by third parties that such intellectual property is invalid or infringes upon the intellectual property of others.
- The Company's investments in the United States are subject to applicable anti-money laundering laws and regulations in the United States and Canada.
- The Company relies on the operators of the companies to which it invests to execute their respective business plans and operations. There is no assurance that these companies will be able to execute their business and strategic plans as contemplated or at all

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- Cannabis cultivation operations of certain companies to which the Company has invested are subject to risks inherent in an agricultural business, are vulnerable to rising energy costs and dependent upon key inputs.
- The cannabis industry is highly regulated and the Company or the companies in which it invests, as applicable, may not always succeed in complying fully with all applicable regulatory requirements in all jurisdictions where the Company or the companies in which it invests carries on business.
- Cannabis pricing and supply regulation may adversely affect the Company's business or that of the companies in which it invests.
- The sale of cannabis products is subject to stringent regulatory limitations on advertising and marketing activities.

CRITICAL ACCOUNTING ESTIMATES

Use of Judgement, Estimates and Assumptions

The preparation of the Company's financial statements requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. Judgments, estimates and assumptions affect the Company's reported amounts of assets, liabilities, and items in net income or loss, and related disclosure. Estimates are based on various assumptions that the Company believes are reasonable under the circumstances. These estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amounts of items in net earnings or loss that are not apparent from other sources. The Company evaluates its estimates on an ongoing basis. Actual results may differ from the Company's estimates. Certain areas of significant judgement include: the valuation of private company investments, the assessment of impairment of the Company's investments, the estimation of income taxes payable and deferred income tax payable, the values of warrants and options and judgement with respect to legal claims.

Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

FINANCIAL RISK MANAGEMENT

The Company is exposed to certain financial risks. The impact on the Company's financial statements are summarized below:

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favourable prices. The market risks to which the Company is exposed are equity price risk and interest rate risk.

- Equity price risk - Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market or the cannabis sub-market. The Company's investments are subject to fluctuations in fair value arising from changes in the equity market. As of November 30, 2020, a 30% change in closing trade price of the Company's equity investment portfolio would impact net gain by \$83,855,567 (November 30, 2019: \$41,467,749, March 31, 2019: \$54,726,606).
- Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents, promissory notes and convertible debts held. The change in fair value of the Company's cash and cash equivalents, promissory notes and convertible debts held, due to changes of interest rates, is considered low.

Currency Risk

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Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency risk. The Company holds financial instruments that are denominated in a currency other than the Canadian dollar. A significant portion of the Company's cash outflows are in United States Dollars. In addition, numerous of the Company's investments are denominated in foreign currencies. A 10% change in foreign currencies held would have resulted in a change in income/(loss) by \$5,772 (November 30, 2019: \$238,574, March 31, 2019: \$719,647). During the year-ended November 30, 2020, the Company recognized a foreign currency exchange loss of \$173,898 (November 30, 2019: loss of \$206,242, March 31, 2019: \$745,988).

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its obligations as they become due. A company's ability to continue as a going concern is dependent on receiving continued financial support from its stakeholders and, ultimately, on the ability to generate continued and sustainable profitable operations. The Company generates cash flow from the disposal of investments, financing activities, fees and dividend and interest income. The Company primarily invests in equity and debt instruments of various public and private companies. Due to a lack of an active market, the return on the disposal of investments in non-publicly traded companies may differ significantly from the carrying value of these investments. As of November 30, 2020, the Company's contractual cash flows, which were payable under financial liabilities consists of accounts payables and accrued liabilities as well as income tax payable with payments due in less than one year. The Company's financial assets are classified as being convertible into cash in less than one year. Management is of the opinion that sufficient working capital is available from its financings, its operations and its divestitures to meet the Company's liabilities and commitments as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Given the relatively small size of the Company's staff, senior management and the Board are actively involved in the review, planning and approval of significant expenditures and commitments. The Company's liabilities are due within the next 12 months.

Concentration risk

Concentration risk is the risk that any single investment or group of investments will have the potential to materially affect the Company's operating results. As at November 30, 2020, the Company has invested in common shares, convertible debentures, and warrants of public and private companies in the cannabis and non-cannabis sectors. The allocation between public and private companies is as follows:

	Cost	Fair value	Fair Value Percentage
	\$	\$	%
Private company common shares	203,410,970	263,549,442	94%
Public company common shares	25,478,634	12,960,631	5%
Warrants held in public companies	-	3,008,484	1%
	228,889,605	279,518,557	100%

As at November 30, 2020 91% (November 30, 2019: 90%, March 31, 2019 : 77%) of the total fair value of the Company's investments were United States based companies while 8% (November 30, 2019: 4%, March 31, 2019: 16%) and 1% (November 30, 2019: 6%), March 31, 2019 – 7% of the total fair value of the Company's investments were in Canada and Europe, respectively.

The primary goals of the Company's risk management programs are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance. The Company's investment strategy requires a level of risk in exchange for an above average return on investment. The Company plans to maintain an appropriate risk and reward balance while protecting the Company's financial operations from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk tolerance with the Company's business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventative controls and transferring risk to third parties. The Company considers its shareholders' equity as its capital. The Company has no externally imposed capital requirements.

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Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has two types of financial assets that are subject to the expected credit loss model: (a) other receivables from government agency and third parties; and (b) promissory notes. While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified credit risk and impairment loss is immaterial, as these funds are held with reputable financial institutions. The Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all promissory notes and other receivables while ECL calculation based on stage assessment has been performed for promissory notes.

CHANGES TO MANAGEMENT AND THE BOARD OF DIRECTORS

The following changes to management and Board have occurred since November 30, 2019:

- On January 3, 2020, Robert Reid resigned from the Board.
- On May 19, 2020, Peter Liabotis resigned as Chief Financial Officer of the Company.
- On May 19, 2020, Paul Kania was appointed as Chief Financial Officer of the Company to replace Peter Liabotis.
- On May 20, 2020, Arena J. Prado-Acosta was appointed to the Board and as the chairman of the audit committee.
- On June 1, 2020, Brady Cobb resigned as Chief Executive Officer of the Company and from the Board to transition to his role of Chief Executive Officer of Bluma.
- On June 1, 2020, Andrew DeFrancesco was appointed as Interim Chief Executive Officer to replace Brady Cobb.
- On August 1, 2020, Roger Rai resigned from the Board.
- On August 1, 2020, Olivier Centner was appointed to the Board to replace Roger Rai.

LISTING OF KEY COMPANY PERSONNEL AS OF THE DATE OF THIS MD&A

- **Board of Directors:** Olivier Centner (independent), Arena J. Prado-Acosta (independent) and Andy DeFrancesco (Chairman).
- **Senior Officers:** Andy DeFrancesco, (Chief Investment Officer/Interim Chief Executive Officer), Paul Kania, (Chief Financial Officer).