



SOL Global Investments Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**For the three and six-month period ended May 31, 2022
and
the three and six-month period ended May 31, 2021**

(Expressed in Canadian Dollars)

Dated as of July 29, 2022

SOL Global Investments Corp

Management's discussion and analysis for the three and six-month period ended May 31, 2022, and the three and six-month period ended May 31, 2021

(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 (the "Common Shares") are listed on the Canadian Securities Exchange (the "CSE") 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 July 29, 2022, and should be read in conjunction with the unaudited interim condensed financial statements of the Company for the three and six-month period ended May 31, 2022 and the three and six-month period ended May 31, 2021 (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'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 Company's six primary business segments include Retail (QSR & Hospitality), Agriculture (including Cannabis), Technology (with a focus on Clean-Tech and Electric Vehicles), Esports and Gaming, Cryptocurrency, 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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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-six 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 May 31, 2022, the fair value of the Company's investments in cannabis and related investments in the United States of America totaled \$36.9 million (November 30, 2021: \$98.1 million). The fair value of non-U.S. cannabis, cannabis related investments and non-cannabis investments totaled \$163.7 million (November 30, 2021: \$308.0 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 – Issuers with U.S. Marijuana Related Activities ("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 of directors (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 (the "Debenture").

The Company expected that the Debenture would be repaid in cash on its July 5, 2021, maturity date. As previously disclosed on February 8, 2021, a dispute arose between the Company and its lender regarding whether the lender could demand that the Debenture be repaid not in cash but by delivery of certain shares held by the Company. As of the date of this MD&A, the dispute between the Company and the lender regarding the Debenture has been settled. 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 agreement governing the Debenture (the "Debenture Certificate") provided that if an acquisition of Verano Holdings LLC ("Verano") by Harvest Health & Recreation Inc. ("Harvest") occurred, 1235 Fund LP ("1235 Fund LP") would have the right to demand repayment of the Debenture in the form of certain shares of Verano ("Verano Shares") or shares of Harvest ("Harvest Shares") instead of cash. An acquisition of Verano by Harvest did not occur and thus the Company's position was that 1235 Fund LP did not have the right to demand repayment by way of Verano Shares instead of cash.

Notwithstanding the Company's position regarding the repayment of the Debenture, the option of 1235 Fund LP to demand Verano Shares or Harvest Shares, and the right of the Company to settle the Debenture on maturity in Verano Shares in the event of certain conditions being met created a derivative liability or asset which was required to be accounted for. Accordingly, the Company determined the fair value liability of the put and call options, embedded in the Debenture Certificate, 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 accreted to its face value over the term of the Debenture on the effective interest rate method.

On March 26, 2020, both Verano and Harvest announced the mutual termination of their previously announced business combination agreement dated April 22, 2019, governing the terms of the proposed acquisition of Verano by Harvest (the "Harvest Transaction"). On November 11, 2020, Verano announced that it had entered an agreement to merge with Alternative Medical Enterprises, LLC ("AltMed") and its affiliated companies. On February 12, 2021, Verano announced that it had completed its merger with AltMed and affiliated companies, as well as a capital raise of US\$100 million. Concurrent with the merger, Verano also completed a reverse takeover of Majesta Minerals Inc. ("Majesta") and became publicly listed on the CSE under the ticker "CNSX:VRNO" (the "RTO"). Due to the termination of the Harvest Transaction, the Company's position was that 1235 Fund LP had lost any right to demand the repayment of the Debenture in Verano Shares, and the Debenture would be treated as a debt repayable only in cash. Accordingly, the Company derecognized the fair value of the derivative asset of \$651,071 related to the ability of 1235 Fund LP to demand either Harvest Shares or Verano Shares which was recorded in the audited statements of Income/(Loss) and Comprehensive Income/(Loss) for the year ended November 30, 2020. During the year-ended November 30, 2021, the Company incurred accretion expense of \$3,334,829 and interest expense of \$2,250,000 (year ended November 30, 2020, accretion expense of \$6,017,228 and interest expense of \$3,000,000) which was recorded in the statement of income (loss) and comprehensive income/(loss). As at November 30, 2021, accrued interest of \$nil (November 30, 2020: \$1,250,000) has been recorded as interest payable on long term debt on the statement of financial position.

Pursuant to the terms of the Debenture Certificate, the Company pledged its interest in SOL Verano Blocker 2 Inc. The Company had also entered into a general security agreement whereby it granted 1235 Fund LP a security interest in certain of its other assets. A director and executive officer of the Company and certain other shareholders of the Company each provided a personal guarantee under the Debenture. The Company did not compensate these parties for providing such guarantees or for assuming or otherwise becoming subject to any liabilities of the guarantors in connection with them having provided these guarantees.

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Legal claims related to the Debenture commenced by 1235 Fund LP against the Company and commenced by the Company against the 1235 Fund LP

On February 7, 2021, the Company initiated litigation in the State of New York against 1235 Fund LP, seeking declaratory relief that, among other things, it would not be entitled to be repaid in any property other than cash (the "US Claim"). The litigation commenced because 1235 Fund LP, on February 5, 2021, sent a formal notice of default pursuant to the Debenture Certificate, purportedly electing to receive, instead of cash, 1,730,794 Verano Shares that had been held by the Company prior to Verano becoming a public entity ("Old Verano Shares" plus additional Old Verano Shares equal to 25% of the initial 1,730,794 shares if the Old Verano Shares were not freely tradeable). On February 7, 2021, 1235 Fund LP took the formal position that the Company's participation in an exchange of Old Verano Shares for new Verano Shares ("New Verano Shares") that occurred automatically as a result of the RTO was a breach of the Company's obligations under the Debenture Certificate and related agreements. Pursuant to the RTO, each Old Verano Share previously held by the Company was exchanged for approximately 7.537 New Verano Shares.

As set out in the US Claim, the Company's position was that 1235 Fund LP's right to elect to receive shares instead of cash was dependent on the closing of a specific corporate transaction, which did not occur. In addition, the terms of the Debenture Certificate provided that in the case of an alleged breach of the Debenture claimed by 1235 Fund LP, its only remedy was the immediate repayment of the principal of the Debenture in cash. Finally, the US Claim asserted that if 1235 Fund LP had the right to be repaid in Verano Shares or Harvest Shares, which the Company denied, then such repayment would result in a breach of Section 347 of the Criminal Code of Canada, as the effective annual rate of interest would have exceeded the highest permitted rate of 60% by a significant multiple.

On February 25, 2021, 1235 Fund LP commenced litigation against the Company and others in the Ontario Superior Court of Justice seeking delivery of the equivalent in New Verano Shares or more Old Verano Shares than it previously demanded in its formal notice of default sent on February 5, 2021 or, in the alternative, more than \$550 million in damages (the "Ontario Claim").

Closing of Settlement with 1235 Fund LP

On August 7, 2021, the Company announced that it had agreed with 1235 Fund LP to settle both the US Claim and the Ontario Claim pursuant to minutes of settlement dated August 6, 2021, as amended by an amending agreement dated August 31, 2021 (the "Minutes of Settlement"). On September 3, 2021, the Company announced the closing of the settlement.

Pursuant to the Minutes of Settlement, a subsidiary of the Company acquired all of 1235 Fund LP's rights under the Debenture for \$120 million (being \$68.5 million above the Debenture's principal and accrued interest), which was paid to 1235 Fund LP on September 3, 2021 (the "Settlement Payment"). To partially fund the acquisition, the subsidiary received an equity investment from the Company that was financed through a secured loan from an arm's length private lender (the "Lender") in the principal amount of \$50,000,000 (the "Loan"). The Loan has a term of 12 months, bears interest at the rate of 9% per annum and is secured by a general security agreement. Pursuant to the settlement with 1235 Fund LP, the legal proceedings commenced by the Company against 1235 Fund LP and another entity were dismissed without costs. The Company recorded \$68.5 million in legal settlement expenses for the year-ended November 30, 2021.

Non-revolving loan term facility

On September 3, 2021, the Company entered into the Loan for the sole purpose of facilitating its subsidiary's acquisition of all of 1235's rights under the Debenture. To secure the Loan, the Company pledged shares in SOL Verano Blocker 1 LLC, Blue Sky Holdings USA Inc. and other wholly owned subsidiaries and limited partnerships of the Company. Pursuant to the Loan, the Lender is charging the Company a standby fee of 1.2% per annum until the drawdown date, 2% facility fee and 9% interest per annum calculated on an actual/360 basis. The Loan shall mature and be due and payable in full one year from the date of the advance of the Loan (the "Maturity Date"). As of May 31, 2022, the Company recorded \$2.5 million in facility fees and \$1.6 million in interest expense (November 30, 2021 - \$0.3 million in standby fees, Accrued Interest - \$nil and \$1.3 million referral fees). On September 3, 2021, the Company drew down the entire Loan in the amount of CDN\$50 million to fund the Settlement Payment. The Company paid a facility fee of \$1 million to the Lender

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and \$0.1 million in legal fees. Pursuant to the Loan, commencing sixty days from the advance date and continuing until the earlier of the demand and the Maturity Date, 10% of the outstanding balance of the amount of the Loan shall be paid on the 7th day of each month along with interest. As of May 31, 2022, the Company has made principal payments totaling \$28.6 million towards the Loan. (November 30, 2021 – Principal - \$2.5 million and Interest - \$1.1 million). The Company accrued \$2,507,480 in financing expense related to facility fees. As of May 31, 2022, the outstanding balance of the Loan including additional facility fees is \$25.5 million.

IFRS 10, DESIGNATION AS AN INVESTMENT COMPANY

The following criteria within IFRS 10, - Consolidated Financial Statements ("IFRS 10"), were assessed by the Company to determine whether it qualifies as an investment entity: (a) the Company obtains funds from one or more investors for the purpose of providing those investors with investment management services; (b) the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) the Company 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 /loss.

NORMAL COURSE ISSUER BID

On March 2, 2021, the Company announced its intention to commence a normal course issuer bid ("NCIB"), which was completed on September 3, 2021, and under which the Company purchased 2,737,805 Common Shares representing approximately 5% of its issued and outstanding Common Shares. All Common Shares purchased under the NCIB were purchased on the open market through the facilities of 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 were purchased for cancellation. During the year-ended November 30, 2021, a total of 2,737,805 Common Shares were re-purchased through the NCIB.

SUBSTANTIAL ISSUER BID

On September 23, 2021, the Company announced the launch and terms of its substantial issuer bid, pursuant to which the Company offered to purchase for cancellation up to \$30,000,000 of its outstanding Common Shares by way of a "Dutch auction" at a price of not less than \$4.05 and not more than \$4.25 per Common Share in increments of \$0.05 per Common Share (the "Substantial Issuer Bid"). The Company closed the Substantial Issuer Bid on December 8, 2021, with the cancellation of 7,407,404 Common Shares for an aggregate purchase price of \$30 million.

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Income Statement Analysis Comparison for the Three-Month period ended May 31, 2022, and Three-month period ended May 31, 2021

	Three-month period ended May 31, 2022 \$	Three-month period ended May 31, 2021 \$	Variance \$
Revenue			
Net change in fair value of investments	(97,912,198)	83,302,333	(181,214,531)
Interest and other income	1,195,760	2,578,969	(1,383,209)
Foreign exchange gain (loss)	524,142	(3,919,008)	4,443,150
Total revenue	(96,192,296)	81,962,294	(178,154,590)
Expenses			
Salaries and consulting fees	4,507,416	14,679,801	(10,172,385)
Severance expense	24,000,000	-	24,000,000
Share based compensation	32,336	209,690	(177,354)
General and administrative	845,127	353,211	491,916
Interest expense	440,762	1,844,569	(1,403,807)
Financing expense	1,389,272	1,345,262	44,010
Professional fees and transaction costs	666,619	2,876,454	(2,209,835)
Total expenses	31,881,532	21,308,987	10,572,545
Income (loss) from continuing operations before taxes	(128,073,828)	60,653,307	(188,727,135)

Comparison of Income Statement for the three-month period ended May 31, 2022, and the three-month period ended May 31, 2021

Net loss from continuing operations before income taxes totalled (\$128.1) million for the three-month period ended May 31, 2022, compared to an income of \$60.7 million for the three-month period ended May 31, 2021. This represents a decrease of \$188.7 million. Total revenue totalled (\$96.2) million for the three-month period ended May 31, 2022, compared to revenue of \$82.0 million for the three-month period ended May 31, 2021. This represents a decrease of \$178.2 million between periods. Total expenses were \$31.9 million for the three-month period ended May 31, 2022, compared to \$21.3 million for the three-month period ended May 31, 2021, which represents an increase of \$10.6 million.

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

- The net change in fair value of investments of \$181.2 million is primarily due to: As of May 31, 2022, the company held nil Verano Shares compared to May 31, 2021, where the company recorded \$43.9 million in unrealized gain and \$104.2 million in realized gain for the company's investment in Verano. On November 9, 2021, the Company announced it had completed the disposition of its electric vehicle and clean-technology investment portfolio (the "Assets", or collectively the "Portfolio") to House of Lithium Ltd. ("House of Lithium"), an electric mobility platform and climate tech focused spinoff company, preparing for an upcoming public listing. 38,758,776 Class B common shares were issued to the Company (and its direct subsidiary) in exchange for the Assets which were valued at \$77,517,553. The company recorded an unrealized loss of \$35.7 million for the quarter-ending May 31, 2022, compared to \$nil for quarter ending May 31, 2021. The remaining in losses suffered by Cannabis/Other public companies due to compressed valuations decline due to lack of institutional investment due to regulatory, legal and banking issues combined with the current gloomy economic outlook, the Company impaired the majority of its cannabis and public investments. In addition, interest and other income decreased by \$1.4 million between periods. Foreign Exchange decreased by \$4.4 million due to decreased spending in USD Investments which resulted in decreased legal, consulting, due diligence, and other professional fees along with fluctuations in USD-CDN FX Markets over the past twelve months.
- Severance expense increased by \$24.0 million, compared to May 31, 2021. This increase can be attributed to due to appointment of Kevin Taylor as Chief Executive Officer and Chairman, replacing Andrew DeFrancesco. The Company has recorded severance payable of \$24.0M payable to Mr. DeFrancesco over 6 years at \$1.0M per quarter. Andrew DeFrancesco will serve as consultant for period of six months without additional compensation to assist with the continuation of the business and to support the transition of the office of Chief Executive Officer.

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- Salaries and consulting fees decreased by \$10.2 million compared to the prior period and no bonuses were paid out in the current quarter compared to prior period.
- Interest Expense decreased by \$1.4 million, compared to May 31, 2021. This decrease can be attributed to full repayment of the \$50 million senior, secured non-convertible debenture to 1235 Fund LP.
- Professional fees and transaction costs decreased by \$2.2 million between periods. This is primarily due to decrease in M&A activities as the Company is very selective on new potential deals.
- General & administrative expenses increased by \$0.5 million between periods. In the prior period, the Company entered into a new lease agreement for a new office and commercial airplane. The Company recorded \$0.4 million in depreciation expense compared to \$0.1 million in previous period.

Income Statement Analysis Comparison for the Six-Month period ended May 31, 2022, and Six-Month period ended May 31, 2021

	Six -month period ended May 31, 2022 \$	Six-month period ended May 31, 2021 \$	Variance \$
Revenue			
Net change in fair value of investments	(179,503,841)	327,509,497	(507,013,338)
Interest and other income	1,721,127	7,375,361	(5,654,234)
Foreign exchange gain (loss)	480,430	(3,911,579)	4,392,009
Total revenue	(177,302,284)	330,973,279	(508,275,563)
Expenses			
Salaries and consulting fees	5,884,550	16,938,083	(11,053,533)
Severance expense	24,000,000	-	24,000,000
Share based compensation	41,449	340,710	(299,261)
General and administrative	1,692,238	850,793	841,445
Interest expense	1,795,839	4,049,507	(2,253,668)
Financing expense	2,507,480	1,345,262	1,162,218
Professional fees and transaction costs	1,537,820	4,304,314	(2,766,494)
Total expenses	37,459,376	27,828,669	9,630,707
Income (loss) from continuing operations before taxes	(214,761,660)	303,144,610	(517,906,270)

Comparison of Income Statement for the six-month period ended May 31, 2022, to the six-month period ended May 31, 2021

Net loss from continuing operations before income taxes totalled (\$214.8) million for the six-month period ended May 31, 2022, compared to an income of \$303.1 million for the six-month period ended May 31, 2021. This represents a decrease of \$517.9 million. Total revenue totalled (\$177.3) million for the six-month period ended May 31, 2022, compared to revenue of \$331.0 million for the six-month period ended May 31, 2021. This represents a decrease of \$508.3 million between periods. Total expenses were \$37.5 million for the six-month period ended May 31, 2022, compared to \$27.8 million for the six-month period ended May 31, 2021, which represents an increase of \$9.6 million.

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

- The net change in fair value of investments of \$507.0 million is primarily due to: As of May 31, 2022, the Company held nil Verano Shares compared to May 31, 2021 when the Company recorded \$260.6 million in unrealized gain and \$133.2 million in realized gain for the Company's investment in Verano. As of May 31, 2022, a limited partnership had nil Bluma Wellness Inc. ("Bluma") shares compared to May 31, 2021, the limited partnership had an unrealized gain of \$55.7 million and the limited partnerships owned 36% of Bluma shares on a partially-diluted basis.
- On November 9, 2021, the Company announced it had completed the disposition of its electric vehicle and clean-technology investment Portfolio to House of Lithium, an electric mobility platform and climate tech focused spinoff company, preparing for an upcoming public listing. 38,758,776 Class B common shares were issued to the Company (and its direct subsidiary) in exchange for the Assets which were valued at \$77,517,553. As of May 31, 2022, the

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Assets are valued at \$48.9 million, resulting in an unrealized loss of \$36.4 million. In September 2021, the Company, through a wholly-owned subsidiary, invested CDN\$14.7 million (USD\$11.5 million) in Marsico AXS CS, LLC, ("Marsico CS") an investment vehicle of Colorado-based Marsico Capital Management. Marsico CS was set up as an investment vehicle for the purpose of raising capital and investing in Core Scientific Holding Co. ("Core Scientific") and subsequently completed its investment in Core Scientific. Core Scientific is a large-scale net carbon-neutral blockchain infrastructure providers and miners of digital assets in North America. The investment as of May 31, 2022, is valued at \$6.6 million an unrealized loss of \$15.1 million.

- In July 2021, Livwrk SOL Wynwood LLC ("Livwrk Wynwood"), an indirect, majority-owned (68.875% ultimate ownership interest) subsidiary of the Company acquired commercial property in the Wynwood area of Miami, Florida for investment purposes. The property includes a retail storefront, and an office building with associated land ("the real estate asset"). SOL Global, being familiar with Miami, recognized the potential for the city to continue to develop into a hub for technology development, innovation, and entrepreneurship, and the impact that it would have on real estate in the city, and thus saw an investment in Miami real estate as a logical way to diversify its investment portfolio, and add real asset exposure while opening opportunities for value creation through synergies with other investments. The investment as of May 31, 2022, was \$30.8 million an unrealized gain of \$13.6 million. The remaining in losses suffered by cannabis/other public companies due to compressed valuations decline due to lack of institutional investment due to regulatory, legal and banking issues combined with the current economic outlook, the Company impaired the majority of its cannabis and public investments. In addition, interest and other income decreased by \$5.6 million between periods. Foreign exchange decreased by \$4.4 million due to decreased spending in USD Investments and resulted in decreased legal, consulting, due diligence and other professional fees along with fluctuations in USD-CDN FX Markets over the past twelve months.
- Severance expense increased by \$24.0 million, compared to May 31, 2021. This increase can be attributed to the appointment of Kevin Taylor as Chief Executive Officer and Chairman of the Company, replacing Andrew DeFrancesco, effective as of April 25, 2022. The Company has recorded severance payable of \$24.0M payable to Mr. DeFrancesco over 6 years at \$1.0M per quarter. Mr. DeFrancesco will continue to serve as a consultant for a period of six months without additional compensation to assist with the continuation of the business and to support the transition of the office of Chief Executive Officer.
- Salaries and consulting fees decreased by \$11.1 million compared to the prior period and no bonuses were paid out in the current year compared to prior year.
- Interest expense decreased by \$2.3 million, compared to May 31, 2021. This decrease can be attributed to full repayment of the \$50 million senior, secured non-convertible debenture to 1235 Fund LP.
- Financing expenses increased by \$1.1 million compared to May 31, 2021. During the prior year, the Company entered into a \$50 million single advance non-revolving term loan facility with the Lender for the sole purpose of acquiring all of 1235 Fund LP's rights under the Debenture. On September 3, 2021, the Company drew down the \$50 million line of credit to pay 1235 Fund LP as part of the legal settlement. The Company accrued \$2.5 million in facility fees to the private lender.
- Professional fees and transaction costs decreased by \$2.8 million between periods. This is primarily due to decrease in M&A activities as the Company is very selective on new potential deals.
- Non-cash share-based compensation decreased by \$0.3 million between periods. During the six-month period ended May 31, 2022, \$0.1 million in deferred share units were issued compared to May 31, 2021, \$0.4 million committed deferred share units but not yet issued.
- General & administrative expenses increased by \$0.8 million between periods. In the prior period, the Company entered into a new lease agreement for a new office and commercial airplane. The Company recorded \$0.8 million in depreciation expense compared to \$0.1 million in the previous comparative period.

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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 that are other than quoted prices included in Level 1 that are observable either directly or indirectly for the asset or liability. Level 2 investments are valued based on the prices of recent transactions among arm's length market participants and through incorporating observable market data and using standard market convention practices.
- Level 3 - inputs used to value financial assets and liabilities are not based on observable market data.

Investments consisted of the following at May 31, 2022:

Financial assets measured at fair value	Cost \$	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Common shares	261,928,659	24,990,243	39,164,438	103,183,174	167,337,855
Commercial Asset	14,123,142	-	860,370	30,816,948	31,677,318
Warrants	-	-	-	1,610,274	1,610,274
Investments Subtotal	276,051,801	24,990,243	40,024,808	135,610,396	200,625,447
Promissory notes receivable	8,335,706	-	-	9,150,239	9,150,239
Convertible debentures	8,931,402	-	-	4,906,282	4,906,282
Total	293,318,809	24,990,243	40,024,808	149,666,917	214,681,968

Investments consisted of the following at November 30, 2021:

Financial assets measured at fair value	Cost \$	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Common shares	285,932,211	120,296,557	151,200,479	105,215,792	376,712,828
Commercial Asset	12,115,154	-	18,461,855	-	18,461,855
Warrants	-	-	6,963,414	4,029,907	10,993,321
Investments Subtotal	298,047,365	120,296,557	176,625,748	109,245,699	406,168,004
Promissory notes receivable	6,603,216	-	-	7,103,411	7,103,411
Convertible debentures	13,755,643	-	-	20,349,413	20,349,413
Total	318,406,224	120,296,557	176,625,748	136,698,523	433,620,828

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Change in level 3 investments

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the three-month period ended May 31, 2022, and the year-ended November 30, 2021.

	Private Equities \$	Commercial Asset \$	Convertible debentures \$	Promissory notes \$	Warrants \$	Total Fair Value \$
Balance December 1, 2020	263,549,442	-	4,297,213	2,884,134	3,008,484	273,739,273
Purchases	46,842,461	-	10,735,169	7,242,599	-	64,820,229
Unrealized gains (losses)	66,531,262	-	6,215,933	135,000	1,021,423	73,903,618
Disposal	(40,959,763)	-	(1,133,015)	(3,460,747)	-	(45,553,525)
Interest on income promissory note	-	-	234,113	302,425	-	536,538
Reclass to Level 1 ⁽¹⁾	(230,747,611)	-	-	-	-	(230,747,611)
Balance, November 30, 2021	105,215,792	-	20,349,413	7,103,411	4,029,907	136,698,523
Purchases	5,699,258	1,003,994	-	2,414,272	-	9,117,524
Unrealized gains (losses)	(88,959,739)	13,583,753	(11,896,525)	(681,782)	(2,419,633)	(90,373,926)
Disposal	(4,219,527)	(1,372,284)	(3,754,400)	-	-	(9,346,211)
Transfer to Level 1 ⁽²⁾	(21,672,756)	-	-	-	-	(21,672,756)
Transfer from Level 2 to Level 3 ⁽³⁾	107,120,146	17,601,485	-	-	-	124,721,631
Interest on income promissory note	-	-	207,794	314,338	-	522,132
Balance, May 31, 2022	103,183,174	30,816,948	4,906,282	9,150,239	1,610,274	149,666,917

1. Verano went public via reverse takeover on February 17, 2021 and is listed on the CSE. Fair value of Verano was presented in Level 2 for the period ending November 30, 2020 and is shown as part of level 1 for free-trading shares for the year ending November 30, 2021.
2. Core Scientific, Inc via SPAC Merger on January 29, 2022, started trading on NASDAQ. Fair value of Core Scientific was presented in Level 3 for the period ending November 30, 2021 and is shown as part of level 1 for free-trading shares for the period ending May 31, 2022.
3. House of Lithium, Common C Holdings LP, and Miami commercial investments were previously included as part of level 2 cost/recent financings were used to value previously and for period ending May 31, 2022, they were valued using market comparable.

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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 May 31, 2022 \$	Fair value as at November 30, 2021 \$	Range of Input	Valuation technique	Unobservable inputs
Private company common shares	103,183,174	105,215,792	Discount rates: 25% - 30%, Illiquidity discount: 20% Other Investment Specific Discounts: 10%-24%	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
Commercial Asset	30,816,948	Nil		Market approach - Comparable recent transactions and listings	Comparability weighting
Promissory notes	9,150,239	7,103,411	Discount rate 6% - 100%	Discounted cash flow methodology	Discount rate
Convertible debentures	4,906,282	20,349,413	44.2%- 186.4%, 15.9% Other Investment Specific Discount: 50%- 100%	Black-Scholes option pricing and Discounted cash flow methodology	Expected volatility, Discount rate, investment specific adjustments
Warrants	1,610,274	4,029,907	Volatility: 94.8% - 176.5% Illiquidity discount for Private Warrants: 20- 30%	Black-Scholes option pricing	Expected volatility, investment specific adjustments
Total	149,666,917	136,698,523			

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

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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.

	May 31, 2022	November 30, 2021
	\$	\$
Investments		
Common shares, in public and private companies	166,456,604	376,712,828
Commercial Assets	31,677,318	18,461,855
Common share purchase warrants, in public companies	2,491,525	10,993,320
Total Investments	200,625,447	406,168,003
Convertible debentures, in public companies	4,906,282	20,349,413
Promissory notes, in private companies	9,150,239	7,103,411

As at May 31, 2022, the fair value of the Company's investments in cannabis and related investments in the United States of America totaled \$36,939,017 (November 30, 2021: \$98,141,719). The fair value of non-United States of America cannabis, cannabis related investments and non-cannabis investments totaled \$163,686,430 (November 30, 2021: \$308,026,284).

Investments

The Company's investments totaling \$200,625,447 (November 30, 2021: \$406,168,003) include common shares in public and private companies, commercial assets, and common share purchase warrants of public companies. The Company values its common shares of public and private 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% was applied to value companies that are not publicly traded based on the trading multiples of publicly traded comparable companies. 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 arm's-length equity financing to be strong evidence of the fair market value of the investment at, or near, 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 due to the relatively early-stage of investee company operations and industry and market volatility and accordingly discount rates ranging from 25% - 30% are used in income-approach valuations.

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With the exception of one immaterial holding for which warrants are publicly traded, 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 using the Black-Scholes option pricing model:

	May 31, 2022	November 30, 2021
Expected volatility	94.8%-176.5%%	52%-241%
Risk-free interest rate	2.62%%	0.98%
Expected life (in years)	0.47-2.93	0.97-3.43
Expected dividend yield	0.0%	0.0%
Underlying share price	\$0.03-\$12.58	\$0.77-\$5.12

Convertible Debentures

As of May 31, 2022, the fair value of convertible debentures in public and private companies totalled \$4,906,282 (November 30, 2021: \$20,349,413). Convertible debentures represent an amount advanced bearing interest between 1% and 7% per annum and maturing before April 5, 2024. 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 May 31, 2022, accrued interest totaled \$207,794 (November 30, 2021: \$332,556). The fair value of the debt features of the convertible debentures were estimated using the present value of future cash flows, discounted at a market discount rate of 15.9% (November 30, 2021: 21.1%) 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. In addition, a 50% -100% cash flow impairment was conservatively considered for certain convertible debentures due to cash flow challenges in the underlying businesses. For certain convertible debentures investments made only weeks or months before year-end, the cost of the convertible debenture is assumed to represent its fair value, and the value of the debt portion is implied by reference to the cost less the value of the conversion feature estimated through the Black-Scholes option pricing model. The fair value of the conversion features were estimated using a Black-Scholes option pricing model with the following assumptions:

	May 31, 2022	November 30, 2021
Expected volatility	44.2-186.4%	49%-241%
Risk-free interest rate	2.62 %	0.17%-0.98%
Expected life (in years)	0.38-1.45	0.10-1.62
Expected dividend yield	0.0%	0.0%
Underlying share price	\$1.90-2.62-6.00	\$0.94-\$5.30

Promissory Notes

As of May 31, 2022, a total of \$9,150,239 with a cost of \$8,335,706 (November 30, 2021: \$7,103,411 with a cost of \$6,603,216) was held in promissory notes that were due from private companies. Interest accrued for the promissory notes as of May 31, 2022, was \$814,533 (November 30, 2021 - \$500,195).

Commercial Asset

On March 23, 2021, one of the Company's subsidiaries invested in a Florida real estate property valued at CDN\$860,370 (USD\$672,096). On July 23, 2021, one of the Company's subsidiaries entered into a joint venture agreement on a real estate development project, in which SOL currently owns 69% of the joint venture. The Company has advanced CDN\$13,130,599 (USD\$10,633,053) to the joint venture. As of May 31, 2022, the Miami commercial asset was valued at \$30,816,948 (November 30, 2021 - \$18,461,855)

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Investment Holdings

House of Lithium Ltd. ("House of Lithium")

On November 9, 2021, the Company announced it had completed the disposition of its electric vehicle and clean-technology investment Portfolio to House of Lithium, an electric mobility platform and climate tech focused spinoff company, preparing for an upcoming public listing. 38,758,776 Class B common shares were issued to the Company (and its direct subsidiary) in exchange for the Assets which were valued at \$77,517,553. The Portfolio included the following assets:

Damon Motors Inc. ("Damon"), based in Vancouver, British Columbia

Damon is an electric motorcycle manufacturer founded in 2017 and creator of the world's first all-electric multi-variant powertrain platform. With its HyperDrive™ proprietary electric powertrain, Damon has developed the world's safest, smartest, fully connected electric motorcycles employing sensor fusion, robotics and artificial intelligence. All of Damon's motorcycles come equipped with a variety of unique safety and rider comfort features, including CoPilot, a 360 advanced warning system utilizing a combination of cameras, radar, and non-visual sensors to inform the rider of impending obstacles, and Shift, which enables a rider to adjust handlebar and peg positions while their ride is underway. Damon is completing the build of a 110,000 square foot plant in Surrey, British Columbia. Once completed, production of Damon's flagship HyperSport electric motorcycle will commence at the plant, with initial deliveries expected in early 2023. Damon's investors include Round13 Capital, Techstars, Fontinalis Partners, Extreme Venture Partners, Benevolent Capital Partners and Pallasite Ventures. Visit <https://damon.com/>.

Reby Inc. ("Reby"), based in Barcelona, Spain

Reby produces and distributes electric vehicles for shared use within Europe and sells its e-scooters directly to consumers. Reby operates through 3 complementary business lines in the micro mobility, scooter rental and direct to consumer electric micro mobility markets. It has over 20,000 vehicles and operates in 18 cities within Europe. Reby contributes to the shared micro-mobility ecosystem in Europe by sharing its expertise in logistics and public administration with partners such as the Universitat Politècnica de Catalunya, the Universitat de Girona, and the Politecnico di Milano, to ultimately accelerate deregulation and mass adoption of mobility-as-a-service solutions. Visit <https://www.reby.co/>.

Tevva Motors Ltd. ("Tevva"), based in London, UK

Tevva is a leading developer of electrification systems for commercial vehicles with a strong management team and impressive track record of key milestone achievements. Its technology across the electric powertrain drives superior performance, is applicable to a broad range of vehicles and duty cycles, and provides a solution which prevents emissions in urban areas, whilst enabling a fully practical vehicle for operators. Tevva has a modular approach to its technology design, enabling cost-effective integration into OEM vehicle platforms resulting in numerous competitive benefits for end users, including a significant reduction in total cost of ownership compared to diesel vehicles. Tevva has developed and deployed directly with customers, and is now ready to scale production volumes. Tevva aspires to be a global manufacturer of medium to large-size zero-emission electric trucks by establishing localized production and selling trucks across the world progressing to continental Europe and North America soon. By 2025, Tevva aims to create at least three production facilities with total capacity above 9,000 units per year. Tevva is currently launching production of its first 7.5-tonne hydrogen-electric truck, which will have a range of up to 310 miles (499 kilometres). Tesla has raised \$140M from investors, including \$51M in Q2 2022. Visit <https://tevva.com/>.

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Revolution Brands International, LLC ("Revolution Brands"), based in Miami, Florida

Revolution Brands International, LLC is a leading global designer, manufacturer, marketer and distributor of recreational electric vehicles, lifestyle products and mobile connectivity accessories. Headquartered in Miami, the organization operates as the parent company for a diverse portfolio of well-recognized brands across its core segments that include Kimoa, SimplyEV, Simply by Clik, House of Lithium and Minimoto – providing consumers with a wide range of high-quality and future-forward products through customer service-focused ecommerce and an expanding network of retail locations. Revolution Brands also recently acquired a majority stake in lifestyle brand Kimoa International LLC ("Kimoa"). Simply EV will be the preferred retailer for Kimoa across the US.

Onet Global Inc. ("Navier"), based in San Francisco, California

Navier is building long-range, high-speed electric hydrofoiling boats that provide a smooth zero emission ride. Navier aims to enable clean, efficient, and affordable waterborne transportation for congested coastal cities around the world by reducing small marine vessel operational cost by 90%. Navier was founded by two MIT engineers: Sampriti Bhattacharyya who holds a PhD in mechanical engineering from MIT and has worked on flight control systems at NASA, and Reo Baird who previously worked at McKinsey and is an autonomous systems specialist. Navier has partnered with renowned Maine-based shipyard Lyman-Morse to build the Navier 27, its 27-foot, all-electric, hydrofoil-equipped boat. The zero-emission Navier 27 will be capable of a range exceeding 75nm, and is set to premiere at next year's Fort Lauderdale International Boat Show. Visit <https://www.navierboat.com/>.

Arevo Inc. ("Arevo"), based in Milpitas, California and Ho Chi Minh City, Vietnam

Arevo is a leading 3D printing company that works with product makers to develop and manufacture a wide variety of products from mopeds to drones, with ultra-strong lightweight continuous carbon fiber. Arevo enables more complex structural parts over traditional composites and additive manufacturing solutions to iterate products faster and explore mass customization. Customers include companies from consumer, industrial, automotive, heavy industries, construction and aerospace sectors. Arevo recently launched a partnership with Kimoa, the Revolution Brands-owned retail brand of racing legend Fernando Alonso, for a line of custom 3D-printed carbon fiber composite e-bicycles. The new custom bicycle brand will enable customers to order frames printed according to their unique measurements and aesthetic preferences. A kiosk-based, in-store Kimoa Lab Experience will let customers experience the customization process in SimplyEV stores across the U.S. Visit <https://arevo.com/>.

Switch Holdco Limited ("Switch Motorcycles"), based in Queenstown, New Zealand

Switch Motorcycles is a new wave production electric motorcycle company founded in 2017 which, in early 2020, launched its pre-production prototype - the globally acclaimed eSCRAMBLER™. The product was designed entirely in 3D by ex-Yamaha Japan Advanced Labs and former Flat Tracking champion Michel Riis Eriksen. The eSCRAMBLER™ was the winner of the Bike EXIF 2020 Bike of the Year award. Switch Motorcycles is taking pre-orders, for Q1 2023 delivery, for the eSCRAMBLER™, the world's first production electric scrambler, which powered by a 50 kW (~70 hp) air-cooled IPM electric motor sending power to the rear wheel via a gates carbon belt. The 13kWh LG 21700 li-ion battery pack provides over 150 kms of range (93 miles). Visit <https://switchmotorcycles.com/>.

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Kiwi Campus Inc. ("Kiwibot"), based in Los Angeles, California and Medellin, Colombia

Kiwibot has built a leading robotics delivery technology platform that has been verified beyond proof of concept at the University of California, Berkeley. Founded in 2017 by Felipe Chávez Cortés and Gerard Casale, Kiwibot provides an end to end robotic infrastructure to restaurant chains and food delivery aggregators in cities including San Jose, Palo Alto, Miami and Detroit, using its largely autonomous robots called "Kiwibots," which boast proven operational technology with autonomous obstacle avoidance sensors and sidewalk and corner location detectors. Through partnerships with the San Jose Department of Transportation, Shopify, Olo, Ordermark, and others, Kiwibot is directly integrating with over 120 restaurants in San Jose, to create the first robotified city in the world. Kiwibot recently announced an expanded contract with Sodexo, a food services and facilities management company. This contract will enable the company to expand its robotic fleet, delivering more than 1,200 robots across 50 US college campuses, with SODEXO, by the end of 2022. Kiwibot also announced a partnership with Careem and Grubhub. Visit <https://www.kiwibot.com/>.

Trevor Motorcycles BV ("Trevor"), based in Antwerp, Belgium

Trevor was founded in 2020 by Philippe Stella and Jeroen-Vincent Nagels and has built a fully electric motorcycle with a "less-is-more" design, incorporating the very latest electric vehicle features and technologies in its lightweight and performance dirt bikes. Designed in California, Trevor's first model, the DTRe Stella, styled by ex-Alta designer John McInnis, is clean and modern, with a battery pack that is integrated into the trellis frame and manufactured by Workhorse Speed Shop. Trevor is preparing to ship the first batches of its DTRe Stella electric motorcycle later this year. Visit <https://www.trevormotorcycles.com/>.

Atmfizer Technologies Inc. ("Atmfizer"), based in Vancouver, British Columbia

Atmfizer is focused on providing clean air and water through its commercial products. It leverages groundbreaking intellectual property developed in Germany using ultrasonic waves to agglomerate and eliminate nano particles and is proven to reduce bacteria and viruses. Atmfizer is committed to testing, manufacturing, licensing and developing further intellectual property, with applications beyond the COVID-19 pandemic, to create a better tomorrow through cleaner air and water.

In conjunction with the portfolio disposition and launch of House of Lithium, on November 9, 2021, the Company purchased from House of Lithium 2,000,000 common shares at a price of \$2.00 per share for \$4,000,000. As additional consideration House of Lithium issued to the Company 5,000,000 warrants to purchase an additional common share at a price of \$2.00 for 24 months following the date of issuance, and 2,777,777 warrants to purchase an additional common share at a price of \$3.60 for 24 months following the date of issuance.

Lithium Ionic Corp. ("Lithium Ionic"), based in Toronto, Ontario

Lithium Ionic is a Canadian exploration company focused on developing commercial-grade lithium economically and safely. Lithium Ionic holds 100% interest in +1,300 hectares in the prolific Araçuaí Li-Province with areas immediately adjacent to the CBL lithium mine and Barreiro deposit of Sigma Lithium. Lithium Ionic completed a go-public transaction and became publicly traded on the TSX-Venture in May 2022.

As of May 31, 2022, House of Lithium held 546,500 free trading and 2,000,000 restricted shares of Lithium Ionic.

In March 2022, House of Lithium completed a private placement equity financing with numerous third-party investors, issuing 1,872,205 shares at \$3.60/share for gross proceeds of \$6,732,292.

As at May 31, 2022, the Company owned approximately 58.6% of the common shares of House of Lithium on a partially diluted basis.

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The fair market value of the Company's equity investment in House of Lithium as at May 31, 2022, was \$47,398,315 (\$1.16/share). Despite House of Lithium's recent arm's-length private placement, which provides a recent indication of market value of House of Lithium, due to the recent downturn in market conditions for electric-vehicle focused equities, the Company conservatively decided to estimate the fair value of its position in House of Lithium based on a net asset value approach. The Company estimated the value of House of Lithium's equity by summing the fair market value of its investment assets (determined through cost, market, and income approaches as appropriate) and adjusting for its net cash and debt positions as of the valuation date.

The fair market value of the Company's share purchase warrants of House of Lithium as of May 31, 2022, was \$1,547,444. A Black-Scholes option pricing model was used to value the House of Lithium warrants. During the six-month period ended May 31, 2022, the Company recorded an unrealized loss of \$2,318,360 (six-month period ended May 31, 2021, unrealized gain: \$nil) on its investment in House of Lithium.

House of Lithium continues to advance towards a public listing. Future drivers of change in the Company's investment include House of Lithium's ability to successfully achieve a public listing, the continued mass adoption of electric vehicles and micromobility alternatives, and integration and execution of House of Lithium's core retail, technology, and green transportation businesses.

Casters Holdings Inc.

In September 2019, the Company purchased convertible notes with a principal value of US\$400,000 in Casters Holdings Inc. ("Casters") which operates through its subsidiary Fyllo Inc ("Fyllo"). The Company subsequently converted the notes into 1,345,889 shares. In 2021, the Company invested an additional US\$200,000 in Fyllo's Series A2 funding round and approximately US\$4 million in its Series B funding round and US\$4 million in its subsequent approximately US \$40 million Series C funding round.

The fair value of the Company's investment at May 31, 2022 was \$17,552,409 (six-month period ended May 31, 2021: \$5,621,542). During the six-month period ended May 31, 2022, the Company recorded an unrealized loss of \$69,255 (six-month period ended May 31, 2021: unrealized loss of \$214,462). 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.

In January 2021, Fyllo purchased DataOwl, a software company that develops customer relationship management ("CRM") and business operating solutions for cannabis dispensaries. Following the 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.

Fyllo has continued to expand its capabilities to drive growth through strategic partnerships and acquisitions. In December 2021, Fyllo announced a partnership with Tremor Video, a leading programmatic video and connected TV platform, that will enable advertisers to target cannabis and CBD consumers across all video screens including programmatic video and Connected TV (CTV). In February 2022, Fyllo announced the launch of Jurisdiction Dashboard, a powerful new feature in the Fyllo Regulatory Database. The dashboard, which updates in real-time, provides a complete, strategic view of jurisdiction-level cannabis activity and history, helping users quickly compare and contrast jurisdictions, spot trends, and identify and move on data-driven growth opportunities faster. Further, in April 2021, subsequent to the Company's quarter-end, announced the signing of a Stock Purchase Agreement with Semasio, a pioneer in unified targeting for digital marketing. The acquisition will enhance Fyllo's Data Solutions, including its Data Marketplace, which offers the largest ecosystem of cannabis and CBD purchase data, with new targeting and distribution capabilities.

The acquisition not only enhances the companies' current solutions, but it will enable Fyllo to:

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- Provide more sophisticated brand insights
- Strengthen its data and engineering teams
- Expand its data solutions to clients globally

In the future, the platform may expand to additional regulated industries beyond cannabis.

Material drivers of fair value include growth in Fyllo's customer base and data sets, and increased demand for regulatory compliance software. Future fair value increases may be driven by penetration of Fyllo's tools into other verticals with complex regulatory needs. The Company's investment was measured at fair value based on the price of the most recent financing where unrelated third parties participated.

Captor Capital Corp.

Captor Capital Corp. ("Captor") is a vertically integrated cannabis investment company listed on the Canadian Securities Exchange, OTC USA and the Frankfurt Stock Exchange. Captor cultivates, manufactures and distributes recreational and medical marijuana-based products to consumers through its leading brands and dispensary retail stores. Captor Capital has a 51% controlling stake in a California joint venture portfolio which has two CHAI Cannabis Co. branded dispensaries, four One Plant branded dispensaries and 3 additional California cannabis retail licenses for stores under construction.

As at May 31, 2022, the fair market value of this position was \$3,692,461 (six-month period ended May 31, 2021: \$14,586,139). In April 2021, the Company invested \$3.9 million in units of Captor for \$0.95 per unit. Each unit was comprised of one share and one half of a share purchase warrant. A full warrant had a term of 2 years and a strike price of \$1.20. As at May 31, 2022, the Company held 9,343,963 shares and 2,052,632 warrants. SOL Global's position in Captor was measured at fair value based on the market price of Captor's shares. Warrants were valued using the Black-Scholes option pricing model. During the six-month period ended May 31, 2022, the Company recorded an unrealized loss of \$8,590,621 (six-month period ended May 31, 2021: unrealized gain of \$6,517,331). The material drivers of change in the fair market value include expansion of the retail footprint, potential acquisitions, and the recent downturn in cannabis sector capital markets.

Subsequent to May 31, 2022, Captor announced the commencement of a strategic review process to "to identify, examine and pursue strategic alternatives to Captor's current business". In July 2022, Captor announced the signing of a letter of intent for a reverse takeover transaction with Rimstock Holdings Limited ("Rimstock"). Rimstock a UK-based company, designs and manufactures high quality, lightweight, forged alloy wheels for some of the world's most prestigious automotive OEMs. Rimstock manufactures wheels at its facility in West Bromwich in the West Midlands and operates foreign sales and marketing subsidiaries in Germany and the USA.

In 2018, Rimstock successfully transitioned from the production of cast rims to forged aluminum, which are relied upon heavily by the electric and premium/performance vehicle markets as Rimstock technology has been specifically engineered to provide high performance standards while factoring in weight and torque. Following a management change in 2021, Rimstock secured mid-to-long term contracts with premium and super premium brands who use Rimstock as their wheel platform of choice.

Captor is directly engaged in the cultivation and/or distribution of cannabis in accordance with U.S. state licences, however the Company does not control Captor. Accordingly, the Company's investment in Captor may be considered to be "ancillary industry involvement" as described under 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, Captor is in compliance with all applicable federal and state guidelines.

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Simply Better Brands Corp

Simply Better Brands Corp. ("SBBC") leads an international omni-channel platform with diversified assets in the emerging plant-based and holistic wellness consumer product categories. Its mission is focused on leading innovation for the informed Millennial and Generation Z populations in the rapidly growing plant-based, natural, and clean ingredient space. SBBC continues to focus on expansion into high-growth consumer product categories including CBD products, plant-based food and beverage, and the global pet care and skin care industries. As at May 31, 2022, the Company held 2,789,248 shares with a fair market value of \$5,299,571. The Company also held 403,585 restricted shares with a fair market value of \$613,450, and convertible debt with a principal amount of US\$1,620,000, a 3.25% interest rate, February 17, 2023, maturity date and \$6.07 strike price. The Company also has indirect economic exposure through its investment in Heavenly Rx Ltd. ("Heavenly Rx") and its limited partnerships which hold free trading and restricted shares of SBBC. During the six-month period ended May 31, 2022, the Company recorded an unrealized loss of \$9,849,829 (six-month period ended May 31, 2021: unrealized gain of \$2,035,348).

SBBC was previously known as PureKana, LLC ("Purekana") and traded under the ticker TSXV:PKAN. On April 29, 2021, PureKana changed its name to Simply Better Brands Corp. The company now trades under the ticker TSXV:SBBC. Management recognized the opportunity to invest in the CBD and wellness space following its general downturn since 2019. SBBC's product portfolio includes PureKana, a leader in the CBD oils and tinctures space. It has shown impressive growth and margin defensibility since its founding in 2017. In May 2022, SBBC reported its Q1 results and discussed previously announced 2022 guidance: For 2022, SBBC's guidance released on April 11, 2022, was:

- Consolidated net sales to be between \$40 million and \$42 million
- Gross margin as a percentage of net sales to be between 58% and 60%
- Positive Adjusted EBITDA achieved in 2022

SBBC also reported that year to date April sales were \$18.2 million and year to date April gross margin of 65%. It announced on May 16, 2022, that it has achieved 50% of the higher end of sales guidance (\$21 million). PureKana and Tru brands both achieved positive adjusted EBITDA margin in the month of April.

Despite SBBC's strong growth and expansion of its product portfolio through strategic acquisitions and partnerships, the fair value of the Company's investment in SBBC has declined due to challenging market conditions for small-cap consumer discretionary equities. Material drivers of future fair value changes include market conditions, SBBC's ability to make and integrate acquisitions, topline growth through market penetration of its core brands, PureKana, TruBar, and No B.S. Skincare, market and product development, and potential margin improvements through efficiencies.

After the Company's quarter-end, in July 2022, SBBC announced an increase to its previously announced 2022 outlook:

- *Including an increase in the expected consolidated net sales to \$50-55 million from \$40-\$42 million.*
- *And an increase in the expected gross margin as a percentage of net sales to 63%-65% from 58-60%.*

Common C Holdings LP

On August 24, 2021, the Company made an investment of US\$20,000,000 in Common C Holdings LP ("Common Citizen"). Common Citizen focuses on cannabis production, cultivation, processing, retail and wholesale distribution for both the medical and adult market in Michigan and across the United States. Launched in Detroit in 2018, the Common Citizen brand takes a deliberate, people-first approach to its business strategy — from production to retail. The Michigan cannabis market has shown significant growth and strength in recent months becoming one of the most attractive cannabis markets in the United States: In July 2021, Michigan's cannabis revenues were greater than US\$170 million. As at May 31, 2022, the fair value of the Company's investment in Common Citizen was \$29,363,712. During the six-month period ended May 31, 2022, the Company recorded an unrealized gain of \$3,761,024 (six-month period ended May 31, 2021: unrealized gain of \$nil) on its investment in Common Citizen. The Company valued its investment in Common Citizen using the comparable public company multiples method with a liquidity discount applied to reflect the reduced

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liquidity of private investments compared public peers. The increase in value of the Company's investment in Common Citizen has been driven by the successful acquisition and integration of retail cannabis outlets, vertical integration, and margin expansion related to efficiency initiatives.

The total Michigan cannabis market in 2021 is expected to be greater than \$1.5 billion and is expected to grow to \$4 billion in the next 3-5 years. Common Citizen takes a deliberate, people-first approach to its business strategy. With the completion of this financing, Common Citizen, in concert with its licensed partners, is well-positioned to capture a significant portion of the Michigan cannabis market.

Common Citizen recently announced a cultivation partnership with boxing legend Mike Tyson's premium cannabis line, California-based Tyson 2.0. Common Citizen will grow Tyson's cannabis at its state-of-the-art hybrid greenhouse in Marshall and will first yield "Knockout OG" and "Pound for Pound Cake"— both favorite strains of Tyson's. The cannabis will be sold at Common Citizen retail partners in prepackaged eighths (3.5 grams) and 1-gram pre-rolls.

KWESST Micro Systems Inc.

KWESST Micro Systems Inc. (TSXV:KWE) ("Kwesst") develops and markets intelligent tactical systems and proprietary technology for applications in the military and homeland security market. The company offers products, such as TASCs Sniper equips sniper weapons and spotters' stations with sensor packages that allow them to be accurately located on the battlefield; TASCs IFM equips existing weapons systems with a sensor pack; Shot Counter, a small device that fits inside the pistol grip of various weapons; KWESST LWS miniaturized laser-warning system that provides an alert to the user when a laser is detected; KWESST LD, a lightweight tripod or light vehicle mounted system that provides either a 180-degree or 360-degree scanning detection of laser activity; and GhostStep Technology, an electromagnetic transmitter capable of mimicking the electromagnetic footprint of a small tactical military unit. Kwesst is headquartered in Ottawa, Canada.

The Company acquired shares in Kwesst through market purchases and acquired units including shares and share purchase warrants through participating in a private placement financing. From time to time the Company has sold shares of Kwesst when market conditions provided a return in line with the Company's strategy. The resulting funds were allocated to new and exciting investments in both the public and private markets.

As at May 31, 2022, the Company held 4,174,000 common shares of Kwesst, as well as 370,000 common share purchase warrants expiring April 23, 2023, with a \$1.75 strike price. The fair market value of the Company's position in Kwesst as at May 31, 2022 was \$1,344,930. The fair market value was determined based on the trading price of Kwesst shares as of close of trading on May 31, 2022, and the use of the Black-Scholes option pricing model to value the warrants. As at May 31 2022, the Company owned approximately 8.39% of Kwesst's outstanding shares on a partially diluted basis.

During the six-month period ended May 31, 2022, the Company recorded an unrealized loss of \$6,525,596 (six-month period ended May 31 2022: unrealized loss of \$1,038,320) on its investment in Kwesst. The decrease in fair value of the Company's investment in Kwesst was driven by a downturn in the market valuation of early growth-stage technology companies amidst a challenging macro environment.

Jones Soda Co.

Jones Soda Co. (OTCQB:JSDA), ("Jones Soda") together with its subsidiaries, develops, produces, markets, and distributes beverages primarily in the United States, Canada, and internationally. The Company provides Jones Soda, an iconic premium carbonated soft drink; Lemoncocco, a premium non-carbonated beverage; and co-brand and private label products. It also offers fountain products, including cane sugar cola and sugar free cola, as well as cane sugar sweetened ginger ale, orange and cream, root beer, and lemon lime. It also sells various products online, including soda with customized labels, wearables, candy, and other items, as well as licenses its trademarks for use on products sold by other manufacturers. Jones Soda sells and distributes its products through a network of independent distributors, and national and regional retail accounts, as well as through grocery stores, convenience and gas stores, restaurants, delicatessens, and sandwich shops. It operates 210 Meijer stores in six Midwest states. Jones Soda Co. was founded in 1986 and is

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headquartered in Seattle, Washington. The Company acquired shares and convertible debt in Jones Soda through private financings as well as purchases in the open market.

As at May 31, 2022, the Company held 16,296,380 common shares of Jones Soda and 8,855,035 common share purchase warrants. The warrants have a US\$0.625 strike price, and are exercisable until February 14, 2024. The fair market value of the Company's position in Jones Soda as at May 31, 2022, was \$5,145,210. The fair market value was determined based on the trading price of Jones Soda shares as of close of trading on May 31, 2022, and the use of the Black-Scholes option pricing model to value the warrants. As at May 31, 2022, the Company owned approximately 24.9% of Jones Soda on a partially diluted basis. During the quarter ended May 31, 2022, the Company recorded an unrealized loss of \$9,601,225 (six-month period ended May 31, 2021: unrealized loss - \$nil) on its investment in Jones Soda. The Company also has indirect economic exposure through its investment in Heavenly Rx, to additional shares of Jones Soda.

Jones Soda has achieved revenue growth in seven consecutive quarters; however its margins have been challenged by inflationary pressures and difficult market conditions for consumer discretionary small-capitalization equities have resulted in a decline in the fair value of the Company's investment in Jones Soda.

Future changes in fair value may be driven by market conditions, Jones Soda's ability to mitigate inflationary and supply chain pressures, market penetration and development of Jones Soda's core products, and the commercial success of Jones Soda's new cannabis beverage line, Mary Jones.

In June 2021, Jones Soda announced plans to launch a cannabis-infused beverage line, which was later launched as 'Mary Jones Cannabis Soda' in early 2022. As such, Jones Soda is now directly engaged in the cultivation and/or distribution of cannabis in accordance with U.S. state licences, however the Company does not control Jones Soda. Accordingly, the Company's investment in Jones Soda may be considered to be "ancillary industry involvement" as described under 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, Jones Soda is in compliance with all applicable federal and state guidelines.

Livwrk SOL Wynwood LLC

In July 2021, Livwrk Wynwood, an indirect, majority-owned (68.875% ultimate ownership interest) subsidiary of the Company acquired commercial property in the Wynwood area of Miami, Florida for investment purposes. The property includes a retail storefront, and an office building with associated land. SOL Global, being familiar with Miami, recognized the potential for the city to continue to develop into a hub for technology development, innovation, and entrepreneurship, and the impact that it would have on real estate in the city, and thus saw an investment in Miami real estate as a logical way to diversify its investment portfolio, and add real asset exposure while opening opportunities for value creation through synergies with other investments.

The fair market value of SOL Global's investment in Livwrk Wynwood as of May 31, 2022, was \$30,816,948. During the six-month period ended May 31, 2022, the Company recorded an unrealized gain of \$13,583,752 (six-month period ended May 31, 2021: unrealized loss - \$nil) on its investment in the asset.

The Company determined the fair market value of its investment in Miami real estate, based on its share of the estimated net equity in the Miami real estate holding company, Livwrk Wynwood. The estimated net equity was determined by estimating the value of the real estate asset and subtracting the net mortgage debt. The value of the real estate asset was estimated using the market approach, through observation of and comparison to recent sales and listings of pre-development stage real estate in the Wynwood area.

In early 2022 Livwrk Wynwood submitted plans to the Miami Urban Development Review Board for a mixed-used development. The review board approved of the submitted proposal. The proposed development comprises two buildings on separate parcels of land rising 8 to 12 stories each. One parcel would consist of 420 multifamily residential units and 59,461 square feet of office space above 29,057 square feet of ground floor commercial space. The other parcel would be developed as an apartment/hotel with 122 units, atop 8,996 square feet of ground floor commercial space. In total, both buildings would collectively yield 922,466 square feet including 611,855 square feet of residential and amenity space,

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100,220 square feet of office and commercial space, and a 210,361-square-foot parking structure for 564 vehicles and 50 racks for nearly 800 bicycles.

Both structures feature distinguished designs containing a variety of materials, textures and colors that compliments the surrounding context of the developing neighborhood while reminiscing the roots of earlier buildings in Wynwood.

The increase in the fair value of the Company's investment in Livwrk Wynwood has been driven by the continued appreciation of Miami real estate and emergence of Wynwood as a development hub. Future changes in fair value may be driven by Livwrk Wynwood's ability to advance development, and the continued growth of Miami and Wynwood specifically.

Marsico AXS CS LLC

In September 2021, the Company, through a wholly-owned subsidiary, invested US\$11.5 million in Marsico CS, an investment vehicle of Colorado-based Marsico Capital Management. Marsico CS was set up as an investment vehicle for the purpose of raising capital and investing in Core Scientific, and subsequently completed its investment in Core Scientific.

Core Scientific is a large-scale net carbon-neutral blockchain infrastructure provider and miner of digital assets in North America. Core Scientific has operated blockchain infrastructure in North America since 2017, using its facilities and intellectual property portfolio of more than 70 patents or applications for digital asset hosted mining and self-mining. Core Scientific operates data centers in Georgia, Kentucky, North Carolina and North Dakota. Core Scientific's proprietary Minder® fleet management software combines hosting expertise with data analytics to deliver maximum uptime, alerting, monitoring and management of all ASICs and GPUs in Core Scientific's network. To learn more, visit <http://www.corescientific.com>.

As of September 30, 2021, over 50% of the power used in Core Scientific's operation was generated from non-carbon emitting sources by local power providers pursuant to long-term power contracts. Core Scientific determines whether power is generated from non-emitting energy sources from dispatch reports or grid generation mix reports provided by Core Scientific power providers. Based on these reports Core Scientific purchased Green-e certified renewable energy credits ("RECs") to offset 100% of the carbon produced as a result of its contracted power. Core Scientific expects to maintain its 100% net carbon neutrality by increasing its overall use of renewable power and by purchasing RECs when necessary. An intended de-Special Purpose Acquisition Company ("SPAC") transaction between Core Scientific and Power and Digital Infrastructure Acquisition Corp. ("XPDI"), a listed SPAC, was announced in July 2021. The de-SPAC transaction between Core Scientific and XPDI closed in January 2022. The resulting company, named Core Scientific Inc., began trading on the NASDAQ exchange on January 20, 2022. Core Scientific recently released its fiscal year 2021 results and its revenue, adjusted EBITDA, and hashrate (measure of cryptocurrency mining speed) exceeded its guidance.

The fair market value of the Company's position in Core Scientific as at May 31, 2022 was determined based on the market value, observed from the May 31, 2022 closing stock price of the Core Scientific shares the Company beneficially owns through its interest in Marsico CS .

The fair market value of the Company's position in Core Scientific as of May 31, 2022, was \$6,598,170. During the six-month period ended May 31, 2022, the Company recorded an unrealized loss of \$15,074,586 (six-month period ended May 31, 2021: unrealized gain - \$nil) on its investment in Core Scientific. The change in value was driven by the market price of XPDI increasing through late 2021, as the De-SPAC transaction advanced towards closing with tailwinds in the cryptocurrency market, followed by a decline in market value in early 2022 subsequent to the de-SPAC transaction closing corresponding to weakness in cryptocurrency prices. Future changes in fair value will be driven by the cryptocurrency market and popularity of Bitcoins, and Core Scientific's ability to mine for digital assets profitably and efficiently and to attract customers for hosting services, while managing its costs and mitigating inflationary pressures on energy costs.

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After the Company's quarter-end, in June 2022, Core Scientific released a monthly update in which it announced that it disposed of USD\$167M worth of Bitcoin in June, and continued to add data center capacity, grow our self-mining assets and deploy additional collocated ASIC servers for customers.

Kings Entertainment Group

Kings Entertainment Group (CNSX: JKPT) ("Kings Entertainment") is the parent company of global lottery brands LottoKings and WinTrillions. As an international online service providers of lottery, casino, and sportsbook gambling, these brands leverage their ability to acquire pre-qualified players through renowned lottery offerings, then convert players into highly-qualified casino and sportsbook players. LottoKings and WinTrillions have attracted and retained millions of player sign-ups.

Recognizing that Kings Entertainment was not only established in its core online lottery business but poised for significant growth in the profitable and emerging online casino vertical, the Company purchased shares of Kings Entertainment both in a private transaction and on the open market in Q1 2022.

As of May 31, 2022, the Company held 2,181,500 free trading common shares and 1,785,600 restricted common shares of Kings Entertainment. The fair market value of the Company's position in Kings Entertainment as of May 31, 2022, was \$667,846. For the six-month period ending May 31, 2022, the Company recorded an unrealized loss of \$1,072,389 (six-month period ended May 31, 2021: unrealized loss - \$nil) on its investment in Kings Entertainment. The Company valued its investment based on the market price of Kings Entertainment shares as of market close on May 31, 2022 and applied a discount to the restricted shares reflecting the reduced liquidity of the securities until the restriction elapses.

The decline in fair value of the Company's position in Kings Entertainment Group was driven by a decline in valuation of growth-stage and gambling-related companies in early 2022. Future fair value changes may be driven by increasing popularity of online casino activities and King Entertainment's ability to capture market share in this emerging vertical.

Andretti Acquisition Corp.

Andretti Acquisition Corp. (NYSE: WNNR) ("Andretti") is a SPAC formed for the purpose of effecting a business combination with one or more businesses or entities. While Andretti may pursue a business combination in any industry, Andretti is primarily focused primarily on the broadly-defined automotive industry. This industry includes, but is not limited to, advanced mobility and related next-generation technologies, premium and performance vehicles, and replacement automotive parts. Two key members of the management team are racing legends Mario and Michael Andretti, and Andretti seeks to focus on opportunities that can benefit from the iconic Andretti brand name.

Management's experience in the auto-racing and automotive space, paired with the Company's varied investments in electric mobility presented a unique opportunity to participate in the SPAC side of the EV market with a top-tier team. The Company co-sponsored the SPAC's initial public offering (IPO) and received 1,490,923 Class B founders shares that convert to Class A common shares upon closing of a qualifying acquisition. The Company also purchased 3,450,000 warrants that give the right to purchase Class A common shares of Andretti at a US\$11.50 strike price.

The fair value of the Company's investment in Andretti as of May 31, 2022, was \$13,426,686. The Company recorded an unrealized gain of \$9,071,797 (six-month period ended May 31, 2021: unrealized gain - \$nil) on its investment in Andretti during the six-month period ended May 31, 2022. The fair value of the Company's investment in Andretti as of May 31, 2022, was determined based on the sum of the closing trading price of the Company's Andretti shares and warrants, which are both publicly traded. The fair value of the shares was discounted to account for illiquidity of the Class B founders shares held by the Company not converting into the tradeable Class A common shares until a qualifying transaction is completed.

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The increase in fair value of the Company's investment in Andretti was driven by the successful IPO of the Andretti SPAC and future increases in the fair value will be driven by market conditions for SPACs and Andretti successfully executing a qualifying acquisition.

Build A Rocket Boy Ltd.

Build a Rocket Boy Ltd. ("BARB") is an independent video game company based in Edinburgh, Scotland, founded by Leslie Benzies in 2016 focused on the future of cutting-edge AAA games. Benzies is the highest grossing video game designer, director, and producer of the last two decades, whose games have accumulated \$15bn in aggregate global revenue. Grand Theft Auto (GTA) and Red Dead Redemption are the two most notable franchises he's credited with overseeing.

BARB is currently in production of its inaugural video game, EVERYWHERE, an open world social massively multi-player online game (MMO) set to launch in late-4Q22. BARB believes the future of entertainment lies at the intersection of video games, user generated content (UGC) and virtual worlds, where a captive venue allows the consumer to shop (e-commerce), watch, listen and socialize within the forum. BARB is pursuing a community-first approach that will be the key driver underlying the success of its accompanying metaverse and igniting the embedded crypto cloud-based economy. Both the AAA game and the metaverse are powered by proprietary tools, technology stack and architecture.

Since inception, BARB has attracted a crop of award-winning seasoned game developers, who now total ~450 across four studios in Edinburgh, Budapest, Los Angeles, and Guangzhou.

The fair value of the Company's investment in BARB as of May 31, 2022, was \$4,474,780. The Company recorded an unrealized gain of \$1,909,276 during the six-month period ended May 31, 2022 (six-month period ended May 31, 2021: unrealized gain - \$nil). The Company determined the fair value of its investment in BARB using the cost approach (adjusted for FX) due to the recency of the investment as of the valuation date.

Future drivers of fair value changes include the release and degree of commercial success of BARB's inaugural game, "Everywhere".

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

	31-May-22	28-Feb-22	30-Nov-21	31-Aug-21	31-May-21	28-Feb-21	30-Nov-20	31-Aug-20	31-May-20	29-Feb-20	30-Nov-19	30-Sep-19
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	(96,193)	(81,110)	(37,412)	12,513	334,885	249,003	46,833	61,098	25,530	3,663	(23,384)	(57,245)
Net (loss) income	(86,668)	(86,688)	(76,607)	(62,367)	64,653	208,128	34,095	43,695	1,314	2,935	(17,527)	(51,292)
(Loss) income per share, basic	(1.90)	(1.94)	(1.47)	(1.17)	1.21	3.80	0.87	0.81	0.02	0.05	(0.32)	(0.94)
Loss (income) per share, fully diluted	(1.90)	(1.94)	(1.32)	(1.10)	1.14	3.58	0.83	0.78	0.02	0.05	(0.32)	(0.91)
Total assets	263,641	358,564	480,491	594,937	599,409	549,380	298,234	252,337	199,372	179,151	178,484	201,578
Working capital surplus	173,039	247,103	361,311	410,669	477,577	419,579	211,368	216,488	178,712	158,336	153,922	122,721

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

- Made significant investments in numerous companies including House of Lithium, Verano Holdings, Common Citizen, Marsico CS, Livwrk Wynwood, MedMen Enterprises Inc., Consortium Inc., CannCure Investments Inc. ("CannCure"), Heavenly Rx, Engine Media, DNA Genetics and numerous others.
- Completed a \$50 million private placement financing by way of the issue and sale of a senior secured non-convertible debenture. The Debenture would bear an interest rate of 6.0% per annum and mature on June 30,

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2021. For further information, please refer to the heading "Legal claims related to the Debenture commenced by the 1235 Fund LP against the Company and commenced by the Company against the lender" above and subsequently settled with the 1235 Fund LP for \$68.5 million and \$50 million back in principal.

- Entered into a \$50 million single advance non-revolving loan term facility with a private company for the sole purpose of acquiring all of 1235 Fund LP's rights under the Debenture. On September 3, 2021, the Company drew down the \$50 million line of credit to pay 1235 Fund LP as part of the legal settlement.
- 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 CSE on June 15, 2020.
- Verano completed its merger with AltMed and its affiliated companies and concurrently completed a reverse takeover of Majesta and became publicly-listed on the CSE under the ticker CNSX:VRNO. Verano commenced trading on February 17, 2021.

LIQUIDITY AND CAPITAL RESOURCES

As of May 31, 2022, the Company had cash and cash equivalents of \$0.6 million (November 30, 2021: \$15.4 million) and positive working capital of \$177.7 million (excluding right of asset, leasehold improvements and lease liability) (November 30, 2021: \$361.3 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 six-month period ended May 31, 2022, the Company recorded a net loss of \$161,071,245 (Year-end November 30, 2021: income of \$159,219,716), 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, November 30, 2020, and November 30, 2021. 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.

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 49,653,129 Common Shares issued and outstanding. As of July 29, 2022, the Company's issued and outstanding shares, stock options and deferred share units were as follows:

	Amount
Common Shares	49,653,129
Stock options	149,000
Deferred share units	638,000
Total fully diluted	50,440,129

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

COMMITMENTS AND CONTINGENCIES

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

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30, 2020, the Company was no longer using the Toronto premises and accordingly wrote of the right of use asset amounting to \$582,522. As of November 30, 2021, the Company impaired the liability and recorded gain on termination of old lease for \$479,798.

On May 30, 2020, the Company commenced a new office lease for office space in Miami, Florida, which expires on May 30, 2025, and recorded a lease liability and a corresponding right of use asset in the amounting to \$1,276,775. 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 \$63,839 for the six-month period ended May 31, 2022 (November 30, 2021: \$127,678).

On August 1, 2021, the Company commenced a new office lease for office space in Toronto, Ontario which expires on September 30, 2024, and recorded a lease liability of \$1,367,377 and a corresponding right of use asset adjusted for prepaid rent in the amount of \$1,559,485. 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 4.99% per annum for similar assets. The right of use asset was initially recorded at the present value of the lease obligation with adjustment for prepaid rent and the Company recorded depreciation of \$211,958 for the six-month period ended May 31, 2022 (November 30, 2021: \$140,458).

On March 1, 2021, the Company entered into a dry lease agreement with third party whereby the Company will use a third party's commercial airplane for M&A and business activities (the "Airplane Lease"). The lease expires on December 31, 2022. Pursuant to a dry lease, an aircraft owner/lessor leases an aircraft to a lessee/operator without a crew. The Company is fully responsible for finding its own crew and has the first-right to use the plane. The Company is responsible for making a monthly minimum lease payment under the Airplane Lease. The Company recorded a lease liability of \$2,016,608 and a corresponding right of use asset in the amount of \$2,016,608. The Airplane 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 4.99% per annum. The right of use asset was initially recorded at the present value of the lease obligation and the company recorded depreciation of \$550,951 for the six-month period ended May 31, 2022. (November 30, 2021: \$815,237).

Set out below are the carrying amounts of right of use assets and lease liabilities recognized and the movements during the year:

	Right-of-use asset	Lease Liabilities
	\$	\$
As at December 1, 2020	1,193,368	1,713,282
Additions	3,383,985	3,383,985
Prepayments	192,108	-
Termination	-	(479,798)
Depreciation	(1,083,372)	-
Accretion	-	(957,009)
Payments	1,193,368	1,713,282
As at November 30, 2021	3,686,089	3,802,419
Depreciation	(826,748)	-
Accretion	-	70,753
Payments	-	(424,731)
As at May 31, 2022	2,859,341	3,448,441

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

	\$
2022	912,117
2023	904,616
2024	634,342
2025	195,515
2026	201,381
2027	207,422
2028	213,645
2029	220,054
2030	111,653
Total	3,600,745

LEASEHOLD IMPROVEMENTS

As of May 31, 2022, the Company has incurred costs relating to leasehold improvements of \$652,229 for the Miami office. (November 30, 2021: \$671,797).

Airplane Improvements

On March 1, 2021, the Company entered into an agreement with third party whereby the Company will use third party's commercial airplane for M&A and business activities. The Company will be making monthly payments to third party and the Company chose to upgrade the airplane at the Company's own expense. The Company does not have exclusive right to the asset it is shared with other companies. As of May 31, 2022, the Company has spent \$2,861,264 in upgrading the commercial airplane. (November 30, 2021 - \$2,485,308)

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 no more outstanding actions relating to its disposal of LATAM Holdings Inc. No amounts have been accrued in these financial statements.

Please refer to the "Legal claims related to the Debenture commenced by 1235 Fund LP against the Company and commenced by the Company against 1235 Fund LP" above for an in-depth description of the Company's litigation with 1235 Fund LP.

PROMISSORY NOTE PAYABLE

As of May 31, 2022, a total of \$2,366,369 with a cost of \$2,153,336 (November 30, 2021: \$1,208,039 with a cost of \$1,150,000) was held in promissory notes. Interest accrued as of May 31, 2022, was \$213,033 (November 30, 2021 - \$158,039).

SEVERANCE PAYABLE

On April 25, 2022, the Company announced the appointment of Kevin Taylor as Chief Executive Officer and Chairman, replacing Andrew DeFrancesco. The Company has recorded severance payable of \$24,000,000 payable to Mr. DeFrancesco over 6 years at \$1,000,000 per quarter, pursuant to an agreement dated April 24, 2022, between Mr. DeFrancesco and the Company (the "Severance Agreement"). Mr. DeFrancesco will serve as consultant for the Company for a period of six months without additional compensation to assist with the continuation of the Company's business activities and to support Mr. Taylor with the transition into the office of Chief Executive Officer. In the event SOL Global defaults under the Severance Agreement, all of the payments to Mr. DeFrancesco are accelerated and become immediately payable, and the obligations of SOL Global shall become immediately secured by all of the assets of Blue Sky Holdings USA Inc., a wholly-owned Florida subsidiary of SOL Global which indirectly holds an approximate 68% interest in SOL Global's real property investment in North Miami. The Company has also agreed: (i) not to incur any new debt except in respect of trade payables in the ordinary course and any indebtedness (up to a maximum of \$10 million); and (ii) to

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provide Mr. DeFrancesco participation rights in future offerings of the Company in order to maintain his respective proportionate ownership in the Company.

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 three and six-month period ended May 31, 2022, the Company incurred payroll related costs of \$1,707,184 and \$2,204,835 (three and six-month period ended May 31, 2021: \$11,369,354 and \$13,032,328) with directors and senior officers as key management. As of May 31, 2022, \$nil (May 31, 2021: \$nil) 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.

	For the three- months ended		For the six-months ended	
	May 31, 2022	May 31, 2021	May 31, 2022	May 31, 2021
Salaries & Consulting fees	1,683,962	11,759,854	2,181,613	12,822,828
Share-based compensation	23,222	209,500	23,222	209,500
Total	1,707,184	11,969,354	2,204,835	13,032,328

- The Company may at times invest in shares in investees of which directors and officers of the Company are also directors and officers of the investee. In these circumstances the director and officer of the Company who is a director and officer 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.

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 establishes minimum disclosure requirements for 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 "Investment Holdings".

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Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Disclosure or Cross-Reference
	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 the heading " <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> ".
	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 the heading " <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> ".
	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.
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 " <i>Investment Holdings</i> " See the discussion under the heading " <i>Regulatory Developments</i> ". See the description of risks under the heading " <i>Risk Factors</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.

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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.

In accordance with Staff Notice 51-352, the Company will evaluate, monitor and reassess the disclosure contained herein, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation.

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 44 U.S. states, the District of Columbia, and the territories of Puerto Rico, the U.S. Virgin Islands, Guam, and the Northern Mariana Islands have legalized some form of cannabis for medical use, while 19 states and the District of Columbia have legalized the adult-use of cannabis for recreational purposes. As more and more states legalized medical and/or adult-use cannabis, the federal government attempted to provide clarity on the incongruity between federal prohibition under the Controlled Substances Act of 1970 (the "CSA") and these state-legal regulatory frameworks. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis (other than hemp) continues to be illegal under U.S. federal law, with cannabis categorized as a Schedule I controlled substance under the CSA. 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.

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

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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 active 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

Attorney General of the United States. While Attorney General Garland indicated in his confirmation hearing that he did not feel that enforcement of the federal cannabis prohibition against state-licensed business would not be a priority target of the Department of Justice resources, no formal enforcement policy has been issued to date. There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. 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.

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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, 2020 and 2021 Consolidated Appropriations Acts (currently referred to as the "Rohrabacher/Blumenauer Amendment", and sometimes referred to as the "Rohrabacher/Farr" or "Joyce/Leahy" 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. In 2021, President Biden became the first President to propose a budget with the Rohrabacher/Blumenauer Amendment included. On February 18, 2022, the amendment was renewed through the signing of a stopgap spending bill, effective March 11, 2022.

Nevertheless, for the time being, cannabis remains a Schedule I controlled substance at the federal level. The Federal government of the U.S. has always reserved the right to enforce federal law regarding the sale and disbursement of medical or adult-use cannabis, even if state law sanctions such sale and disbursement. 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. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company's business, results of operations, financial condition and prospectus could be materially adversely affected.

There is a growing consensus among cannabis businesses and numerous members of Congress that prosecutorial discretion is not law and temporary legislative riders, such as the Rohrabacher/Blumenauer Amendment, are an inappropriate way to protect lawful medical cannabis businesses. Numerous bills have been introduced in Congress in recent years to decriminalize aspects of state-legal cannabis trades. The Company has observed that each year more congressmen and congresswomen sign on and cosponsor cannabis legalization bills. In light of all this, it is anticipated that the federal government will eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco.

The most comprehensive proposal for reform of federal legislation on cannabis was introduced on July 14, 2021, by Senate Majority Leader Chuck Schumer (D-NY) along with Cory Booker (D-NJ), and Ron Wyden (D-OR) when they released draft legislation titled the Cannabis Administration and Opportunity Act (the "CAOA"). The CAOA removes cannabis from Schedule I of the CSA which would permit its decriminalization and allow the expungement of federal non-violent cannabis crimes. The CAOA would impose a federal tax on cannabis of 10% in its first year of enactment, eventually increasing to 25% in 5% increments. The taxes raised would be used to petition fund programs to benefit communities disproportionately impacted by the "War on Drugs".

The CAOA enshrines the current State cannabis licensing regimes but introduces additional federal permitting of cannabis wholesalers. Regulatory responsibility for cannabis control would be transferred from the U.S. Drug Enforcement Agency ("DEA") to the Alcohol and Tobacco Tax and Trade Bureau ("TTB"), the Bureau of Alcohol Tobacco Firearms and Explosives ("ATF").

The publication of the CAOA by Democratic congressional leaders represents a significant milestone in the move toward federal legalization of cannabis. While the CAOA indicates that legalization may come with significant federal tax burden, federal legalization will also bring long-awaited benefits to the industry of the removal of the Section 280e tax burden, clarity as to the status of state-licensed cannabis businesses, broad access to the banking and card payment system, increased availability, and reduced cost, of capital.

At the time of the CAOA announcement, Senator Schumer indicated such a bill currently does not have sufficient support in the Congress to pass. Although he originally targeted Spring 2022 for passage of legislation based on the CAOA draft, he is now targeting formal introduction of a revised draft of the CAOA in the Senate for April 2022, and the contents of such revised draft have not yet been disclosed. Therefore, it is unclear whether provisions in the CAOA that are favorable to the cannabis industry, such as preserving the current state regulatory system, will remain in any final legislation. In addition, the CAOA lacks clarity regarding the transition of cannabis control from the DEA to TTB and the FDA, which

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presents the risk that existing operators may face a period of regulatory uncertainty if legislation similar to the CAO is enacted. Such uncertainty may impede growth of, and investment in, incumbent cannabis businesses, while exposing them to increased competition from the illicit market.

On December 4, 2020, the House of Representatives passed the Marijuana Opportunity Reinvestment and Expungement Act of 2020 (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. On May 28, 2021, the MORE Act was reintroduced in the House of Representatives. 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.

There can be no assurance that the CAO, the MORE Act or similar comprehensive legislation that would de-schedule cannabis and de-criminalize will be passed in the near future or at all. If such legislation is passed, there is no guarantee that it will include provisions that preserve the current state-based cannabis programs under which the Company's subsidiaries operate or that such legislation will otherwise be favorable to the Company and its business.

Reform of Federal Legislation on Industrial Hemp

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 women 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.

To date, three different hemp seed-derived ingredients have received Generally Recognized As Safe ("GRAS") notices from the FDA: hulled hemp seed, hemp seed protein powder, and hemp seed oil. The hemp seed-derived ingredients that are the subject of these GRAS notices contain only trace amounts of THC and CBD, which the seeds may pick up during harvesting and processing when they are in contact with other parts of the plant. Aside from these three hemp seed ingredients, no other cannabis or cannabis-derived ingredients, including ingredients sourced from hemp, have been the subject of a food additive petition, an evaluated GRAS notification, or have otherwise been approved for use in food by the FDA. The FDA's current stated position is that it is a prohibited act under the Federal Food, Drug, and Cosmetic Act to introduce into interstate commerce a food to which CBD or THC has been added, or to market a product containing these ingredients as a dietary supplement.

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

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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 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 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.

The States In Which We Invest, Their Legal Framework and How It Affects Our Business

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 required physician approval and determination that no other satisfactory alternative treatment options exist for that patient. The CMCA also authorized 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 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 November 30, 2021, 26% 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

Cresco Labs, Inc., operating under the Sunnyside brand, 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. Cresco'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

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delivery of medical cannabis and medical cannabis products and related approved activities. On April 14, 2021, Cresco acquired One Plant Florida's MMTC license and associated assets, including cultivation facilities in Ruskin and Indiantown and 8 dispensing facilities. As of November 26, 2021, Cresco operated 12 dispensing facility in Florida.

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 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 November 26, 2021, there were 644,173 qualified patients with an approved medical ID card, 22 approved MMTCs and 384 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 381.986.

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, Cresco Labs, Inc. 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, 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.

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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 (the prior MMTC license holder) timely submitted its biennial renewal on February 28, 2020, and the OMMU approved the renewal on June 2, 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 US\$5 million, which may be reduced to US\$2 million by meeting certain criteria such as a minimum patient count of 1,000 patients.

Several of Cresco Labs, Inc 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 Cresco Labs, Inc (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 Cresco Labs, Inc (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.

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.

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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 recipient of the 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 Cresco'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.

To the knowledge of management of the Company, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Florida.

Regulatory Developments in the State of California

Cannabis is legal in California for both medical and adult (recreational) use. Medical cannabis first became legal in 1996 when voters passed the Compassionate Use Act. Cannabis became legal for adult use (over 21 years of age) in 2016 when voters passed the Adult Use of Marijuana Act. Cannabis was previously regulated at the state level by three different agencies: the Department of Food and Agriculture regulated cultivation; the Department of Public Health regulated manufacturing; and the Bureau of Cannabis Control, within the Department of Consumer Affairs, regulated distribution, testing, and the retail sale of cannabis. As of July 12, 2021, all regulatory powers and duties relating to cannabis were transferred from the aforementioned agencies to the newly created Department of Cannabis Control (DCC). DCC has combined the regulations from the three agencies into a single consolidate set of regulations.

Cities and counties are authorized to pass ordinances that regulate the time, place, and manner in which a cannabis business may operate within the city or county. The ordinances may be more specific than, but may not contradict, state law. In addition, nine local jurisdictions have adopted "equity ordinances" that help certain qualified applicants in various

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ways, such as faster application processes, help operating the business, and direct financial support. An applicant must have obtained local approval prior to applying for a license from DCC.

The Medical and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) is the state-level regulatory framework that governs all aspects of cannabis business operations. The MAUCRSA governs the issuance of licenses; the tracking and tracing of cannabis; the cultivation, manufacturing, distribution, transportation, testing, delivery, and retail sale of cannabis; packaging and labeling of products; and advertising, among other things. The MAUCRSA, also includes enforcement provisions and creates the Cannabis Control Appeals Panel to allow any person aggrieved by a DCC decision to seek review of the decision.

DCC is authorized to issue over 20 different types of cannabis licenses that address cultivation, manufacturing, testing, distributing, retailing, and the operation of a cannabis microbusinesses. Licenses are designated as either adult use or medical licenses. The MAUCRSA allows adults over 21 to cultivate up to six plants for personal use, subject to local approval.

During the 2021 legislative session, the MAUCRSA was modified to include additional criteria to renew provisional licenses (formerly called temporary licenses) and to phase out provisional licenses. Under the new law, no provisional licenses will be in effect after January 1, 2026.

California License Types

Once an operator obtains local approval, the operator must obtain state licenses before conducting any commercial marijuana activity. There are 12 different license types that cover all commercial activity. License types 1-3 authorize the cultivation of medical and/or adult-use marijuana plants. Type 4 licenses are for nurseries that cultivate and sell clones and "teens" (immature marijuana plants that have established roots but require further vegetation prior to being sent into the flowering period). Type 6 and 7 licenses authorize manufacturers to process marijuana biomass into certain value-added products such as shatter or marijuana distillate oil with the use of volatile or non-volatile solvents, depending on the license type. Type 8 licenses are held by testing facilities who test samples of marijuana products and generate "certificates of analysis," which include important information regarding the potency of products and whether products have passed or failed certain threshold tests for pesticide and microbiological contamination. Type 9 licenses are issued to "non-storefront" retailers, commonly called delivery services, who bring marijuana products directly to customers and patients at their residences or other chosen delivery location. Type 10 licenses are issued to storefront retailers, or dispensaries, which are open to the public and sell marijuana products onsite. Type 11 licenses are known as "Transport-Only" distribution licenses, and they allow the distributor to transport marijuana and marijuana products between licensees, but not to retailers. Type 12 licenses are issued to distributors who move marijuana and marijuana products to all license types, including retailers.

In September 2018, the Governor of California approved the Senate Bill 1459 ("SB-1459"). SB-1459 created a new scheme of provisional licenses for cannabis operators. This provisional licensing scheme was essentially intended to replace the temporary licensing scheme. SB-1459 was necessary because the three main state cannabis licensing agencies - the Bureau of Cannabis Control ("BCC"), California Department of Public Health, and California Department of Food and Agriculture - and localities which issue permits to cannabis operators, were all backlogged with numerous applications and couldn't process all of the applications in time for applicants to get operational in 2018. The steps, per SB-1459 to obtain a provisional license are as follows: (1) an applicant must hold or previously have held a temporary license for the same commercial cannabis activity for which it seeks a provisional, and (2) the applicant must submit a completed annual license application and proof that California Environmental Quality Act compliance is underway. Provisional licenses last for 12 months and can be issued through the end of 2019.

Retail Compliance in California

California requires that certain warnings, images, and content information be printed on all marijuana packaging. BCC regulations also include certain requirements about tamper-evident and child-resistant packaging. Distributors and retailers are responsible for confirming that products are properly labeled and packaged before they are sold to a customer. Consumers aged 21 and up may purchase marijuana in California from a dispensary with an "adult-use" license. Some localities still only allow medicinal dispensaries.

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Consumers aged 18 and up with a valid physician's recommendation may purchase marijuana from a medicinal-only dispensary or an adult-use dispensary. Consumers without valid physician's recommendations may not purchase marijuana from a medicinal-only dispensary. All marijuana businesses are prohibited from hiring employees under the age of 21.

California Record-keeping/Reporting

Licensees are required to maintain records for at least seven years from the date a record is created. These records include: (a) a cultivation plan, (b) all supporting documentation for data or information input into the T&T system, (c) all unique identifiers ("UID") assigned to product in inventory and all unassigned UIDs, (d) financial records related to the licensed commercial cannabis activity, including bank statements, tax records, sales invoices and receipts, and records of transport and transfer to other licensed facilities, (e) records related to employee training for the T&T system, and (f) permits, licenses, and other local authorizations to conduct the licensee's commercial cannabis activity.

California Inventory/Storage

Each licensee is required to assign an account manager to oversee the T&T system. The account manager is fully trained on the system and is accountable to record all commercial cannabis activities accurately and completely. The licensee is expected to correct any data that is entered into the T&T system in error within three business days of discovery of the error.

The licensee is required to report information in the T&T system for each transfer of cannabis or non-manufactured cannabis products to, or cannabis or non-manufactured cannabis products received from, other licensed operators. Licensees must use the T&T system for all inventory tracking activities at a licensed premise, including, but not limited to, reconciling all on-premise and in-transit cannabis or non-manufactured cannabis product inventories at least once every 14 business days. The licensee must store cannabis and cannabis products in a secure place with locked doors.

California Security

A licensee is required to maintain an alarm system capable of detecting and signaling the presence of a threat requiring urgent attention and to which law enforcement are expected to respond. A licensee must also ensure a professionally qualified alarm company operator or one of its registered alarm agents installs, maintains, monitors, and responds to the alarm system.

The manufacturing and cultivation of cannabis must use a digital video surveillance system which runs 24 hours a day, seven days a week and effectively and clearly records images of the area under surveillance. Each camera must be placed in a location that clearly records activity occurring within 20 feet of all points of entry and exit on the licensed premises. The areas that will be recorded on the video surveillance system should include the following: (a) areas where cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the premises, (b) limited-access areas, (c) security rooms, and (d) areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area. Surveillance recordings must be kept for a minimum of 90 days.

California Transportation

Transporting cannabis goods between licensees and a licensed facility may only be performed by persons holding a distributor license. The vehicle or trailer used must not contain any markings or features on the exterior which may indicate or identify the contents or purpose. All cannabis products must be locked in a box, container, or cage that is secured to the inside of the vehicle or trailer. When left unattended, vehicles must be locked and secured. At a minimum, the vehicle must be equipped with an alarm system, motion detectors, pressure switches, duress, panic, and hold-up alarm.

California Inspections

All licensees are subject to annual and random inspections of their premises. Cultivators may be inspected by the California Department of Fish and Wildlife, the California Regional Water Quality Control Boards, and the California Department of Food and Agriculture. Manufacturers are subject to inspection by the California Department of Public

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Health, and Retailers, Distributors, Testing Laboratories, and Delivery services are subject to inspection by the Bureau of Cannabis Control. Inspections can result in notices to correct, or notices of violation, fines, or other disciplinary action by the inspecting agency.

Marijuana Taxes in California

Several types of taxes are imposed in California for adult use sale. As of January 1, 2020, the California Department of Tax and Fee Administration raised the tax rate on wholesale cannabis from 60% to 80%. Cultivators have the choice of being taxed at \$9.65, per dry-weight ounce of cannabis flowers or \$1.35 per ounce of wet-weight plants. Further, cultivators are required to pay \$2.87 per ounce for cannabis leaves. California also imposes an excise tax of 15%. Cities and counties apply their sales tax along with the state's excise and many cities and counties have also authorized the imposition of special cannabis business taxes which can range from 2% to 10% of gross receipts of the business.

To the knowledge of management of the Company, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in California.

Regulatory Developments in the State of Illinois

Cannabis is legal in Illinois for both medical and recreational use. Medical cannabis first became legal on January 1, 2014, following the passage of Compassionate Use of Medical Cannabis Pilot Program Act. Cannabis became legal for recreational use (21 years of age and older) on January 1, 2020, following the passage of the Cannabis Regulation and Tax Act. Multiple state agencies have regulatory oversight of the state's cannabis program. The Department of Agriculture regulates cultivation centers, craft growers, infusers, and transporting organizations. The Department of Financial and Professional Regulation regulates dispensing organizations. The Department of Public Health administers the registry of patients. The Department of Revenue is responsible for enforcing and collecting taxes associated with the sale of cannabis.

No local government unit may enact ordinances conflict with state cannabis laws; except that local government units may enact ordinances governing the time, place, manner, and number of cannabis business establishment operations, including prohibiting, or significantly limiting a cannabis business establishment location.

Illinois' comprehensive regulatory framework includes a licensing process for recreational use and medical cannabis businesses, operational requirements and standards for licensees, packaging and labeling requirements, advertising restrictions, and enforcement provisions. Illinois law authorizes the following classes of licenses: cannabis cultivation centers, craft growers, infusers, transporters, and dispensing organizations. Cannabis testing facilities are issued registrations. There is a cap on the number of licenses (other than transporters) that the state may issue. A person or entity may have an interest in up to three cultivation licenses, three craft grower licenses, three infuser licenses, and ten dispensing licenses. Registered qualifying patients may cultivate cannabis for personal use subject to certain restrictions, including limitations on the number and size of plants.

Regulatory Developments in the State of Michigan

Cannabis is legal in Michigan for both medical and adult (recreational) use. Medical cannabis was initially legalized in 2008 following the passage of the Michigan Compassionate Care Initiative. After an extensive legal battle, the Michigan Supreme Court determined in 2013 that the Michigan Compassionate Care Initiative did not allow for the operation of medical cannabis dispensaries. In 2016, the legislature passed a series of laws that legalized medical cannabis dispensaries and regulated growing and processing facilities. In 2018, voters passed the Michigan Regulation and Taxation of Marijuana Act ("MRTMA"). The MRTMA abolished the Bureau of Marijuana Regulation, which previously regulated cannabis in Michigan, and transferred all regulatory authority to the newly created Marijuana Regulatory Agency ("MRA").

The MRA regulates both medical and adult use of cannabis. The Medical Marijuana Facilities Licensing Act ("MMFLA") governs the medical use of cannabis in Michigan. The MRTMA governs the adult use of cannabis in Michigan. The Marijuana Tracking Act establishes a statewide seed-to-sale monitoring system. The MMFLA authorizes Class A, B, and C grower licenses, processor licenses, provisioning center licenses, secure transporter licenses, and safety compliance

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facility licenses. The MRTMA authorizes retailer licenses, safety compliance facility licenses, secure transporter licenses, processor licenses, microbusiness licenses, and Class A, B, and C grower licenses. The MRMTA allows individuals 21 years or older to possess up to 12 cannabis plants for personal use.

No cannabis license will be issued to an applicant unless the city, township, or village in which the proposed facility will be operated has adopted an ordinance authorizing that type of facility. Cities, townships, and villages may adopt ordinances that limit the number of facilities and adopt other ordinances relating to cannabis, except that no ordinance may regulate the purity or pricing of cannabis.

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.

- 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.

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- 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 in which the Company's 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.
- 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.
- The Company may become party to 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.

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- 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
- 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 in accordance with IFRS 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:

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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 at May 31, 2022, a 30% change in closing trade price of the Company's equity investment portfolio would impact net loss by \$60,187,634. (November 30, 2021: \$121,850,401).
- 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

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. During the six-month period ended May 31, 2022, a 10% change in foreign currencies held would have resulted in a change in loss by \$24,837 (November 30, 2021: \$135,340). During the six-month period ended May 31, 2022, the Company recognized a foreign currency exchange gain of \$480,430 (November 30, 2021: loss of \$2,994,258).

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 February 28, 2022, 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 financial liabilities are due within the next 12 months. A payment schedule of the Company's lease obligations is disclosed in note 14.

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 of May 31, 2022, 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:

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	Cost	Fair value	Fair Value Percentage
	\$	\$	%
Public company common shares	92,381,509	117,814,282	57%
Private company common shares	169,547,150	48,642,322	26%
Warrants held in public companies	-	2,491,525	1%
Commercial Asset	14,123,142	31,677,318	15%
	276,051,801	200,625,447	100%

As of May 31, 2022, 57% (November 30, 2021: 45%) of the total fair value of the Company's investments were United States based companies while 42% (November 30, 2021: 54%) and 2% (November 30, 2021: 1%) of the total fair value of the Company's investments were in Canada and UK, 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

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. Below is a summary of credit ratings of debt instruments including convertible debentures and promissory notes held by the Company as part of its investment portfolio.

Credit Ratings	Percentage of Total Convertible Debentures and Promissory Notes(%)	Percentage of Total Investments (%)
Unrated (Private Convertible Debt/Promissory Notes)	100.0%	6.35%
	100.0%	6.35%

CHANGES TO MANAGEMENT AND THE BOARD OF DIRECTORS

The following changes to management and Board have occurred since November 30, 2020:

- On August 9, 2021, Alex Spiro & Kevin Taylor were appointed to the Board
- On February 8, 2022, Alex Spiro resigned from the Board.
- On April 25, 2022, Kevin Taylor was appointed as Chief Executive Officer and Chairman replacing Andrew DeFrancesco.

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 Kevin Taylor (Chairman)
- **Senior Officers:** Kevin Taylor (Chief Executive Officer) and Paul Kania (Chief Financial Officer).