GABY Inc.

Management's Discussion & Analysis
June 30, 2021

FOREWORD

The following is Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of operations of GABY Inc. ("**the Corporation, "The Company**" or "**GABY**") for the three and six months ended June 30, 2021 and 2020. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Corporation and accompanying notes for the three and six months ended June 30, 2021 ("**Q1 2021**") and 2020 ("**Q1 2020**") (the "**Financial Statements**") and the audited consolidated financial statements of the Corporation and accompanying notes as at and for the years ended December 31, 2020 and 2019 (the "**Annual Financial Statements**"). The Financial Statements, Annual Financial Statements and the "SELECTED FINANCIAL INFORMATION" and "SELECTED QUARTERLY INFORMATION" sections of the MD&A have been prepared using International Financial Reporting Standards ("**IFRS**") and all amounts are reported in Canadian dollars ("**CAD**") unless otherwise noted, including United States dollars ("**USD")**. Additional information about the Corporation can be found on SEDAR at www.sedar.com and on GABYs corporate website at www.gabyinc.com. Readers should also read the section "CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS" contained at the end of this document. This MD&A is dated August 30, 2021.

NON-GAAP MEASURES: GABY refers to Adjusted EBITDA. These measures are not defined under IFRS and are considered non-GAAP measures. These measures do not have a standardized meaning and may not be comparable to similar measures presented by other issuers and should not be viewed as a substitute for measures reported under IFRS. These financial measures are reconciled to IFRS in the section titled "NON-GAAP DISCLOSURE" towards the end of this document.

CORPORATE PROFILE

As of the date of the MD&A, GABY is a holding company with USA subsidiaries, with the most significant being Miramar Professional Services (“**Miramar**” or “**MPS**”) (acquired in April 2021) and its subsidiary Wild Wild West Industries (“**Wild West**” or “**WWI**”) (collectively, “Mankind”) which operate in the cannabis industry and are both located in San Diego, CA. In addition, Miramar holds a retail storefront license and WWI holds distribution and manufacturing licenses, all issued by the California Bureau of Cannabis Control (“**CBCC**”). Mankind is one of only a few retailers in the San Diego County region with an operating distribution and manufacturing arm. With the foundation of the Mankind dispensary and the expertise of the management team, GABY plans to acquire additional dispensaries and continue to roll out its proprietary brands in Mankind and in other dispensaries it may acquire as well as to third party dispensaries within California. GABY also owns CBD brands and sells those brands in the mainstream market and on-line. GABY trades on the Canadian Securities Exchange (“**CSE**”) under the symbol GABY and on the OTCQB under the symbol GABLF. As of the date of the MD&A, GABY’s operations include:

GABY

A Multi Vertical California Cannabis Company

OUTLOOK - INTEGRATION AND CONSOLIDATION

Consistent with the Company's announcement in the fourth quarter of 2020 of its intent to acquire 100% of Miramar and to complete a capital raise coincident therewith, GABY closed a brokered private placement, together with a non-brokered private placement of units of the Corporation (the "**Q1 Financing**") for aggregate gross proceeds of $12.7 million on February 5th, 2021 and closed the Miramar acquisition (the "**Miramar Transaction**") effective April 1, 2021 pursuant to regulatory approval of the Miramar Transaction.

Miramar acquisition effective April 1, 2021

Miramar operates a retail cannabis business in San Diego, California operating under the name *Mankind* and owns Wild West Industries, Inc., a California licensed cannabis distributor and manufacturer, which launched its first in-house cannabis brand, "**Kind Republic**" in January of this year.

Mankind operates under Miramar's Type 10 cannabis retail license issued by the CBCC and is one of the highest-volume cannabis retailers in California. Mankind offers cannabis goods to medical and recreational consumers through its storefront, curbside pickup, and delivery. It is predominately a reseller of goods produced by other companies.

WWI operates its manufacturing business under a Type 6 non-volatile manufacturing license. As a result of the consolidation of the Company's manufacturing business in San Diego WWI now provides manufacturing services to its parent company, Miramar as well as to third party licensed cannabis companies for their own use or for resale. It also operates a Type 11 distribution license for the exclusive benefit of its parent company. WWI is operated as a stand-alone business from Miramar's retail operation and charges a market fee for its services.

Total consideration paid to the shareholders of Miramar in April 2021 included 157,894,737 common shares of GABY, USD $5.0 million cash (CAD 6.3 million), and a secured non-convertible promissory note for USD $25.5 million (the "**Notes**"). The purchase agreement also calls for working capital adjustments which are still being finalized with any resulting adjustment accommodated through a corresponding adjustment of the interest payments on the Notes.

Integration

Since closing the Miramar Transaction, GABY has been working on integrating and streamlining Mankind operations. Specifically, management has:

1. Implemented a spending freeze pending final approval of departmental budgets which integrate the synergies of the acquisition of Mankind. All new spends are subject to an expected return on investment.

2. Commenced mapping the decision making and deliverables in each department to identify redundancies, inefficiencies, risk, and improvements in communication and collaboration with other departments.

3. Reviewed and is revising the Standard Operating Procedures (SOPs) with the benefit of the mapping project so as to create an operation manual by which all dispensaries (current and future) will operate (much like a franchise model).

4. Recently announced that it is closing Santa Rosa based Sonoma Pacific Distribution Inc. ("Sonoma Pac" or "SPD") and moving distribution and manufacturing to WWI.

In addition, GABY has implemented a strategy whereby it leverages the retail relationships Mankind has with its suppliers for the benefit of its other three verticals, namely, manufacturing, distribution and procurement. Specifically:

a) GABY will encourage its suppliers to use the third-party manufacturing services of WWI to enable it to harvest additional margin from this vertical.

b) Further, GABY is in negotiations with cultivators who have launched, or are interested in launching their own proprietary brands, to exchange shelf space for better wholesale pricing of flower and biomass for its proprietary retail brands.

Finally, GABY launched its proprietary brands onto Mankind shelves with a mandate to grow its proprietary products on shelf to between 20% and 30%, subject to category. On January 1, 2021, Mankind launched this same strategy of giving priority to its proprietary brands. Since then, proprietary brands of flower represented up to 20% of all flower sold in Mankind. The goal is for proprietary brands to represent 30% of all flower sales.

Consolidation

GABY's overarching strategy is to consolidate dispensaries in California, to replicate the synergies from its vertical platforms of manufacturing, distribution and dispensaries and to generate horizontal synergies of having multiple dispensaries replicating efficient operational procedures.

To that end, GABY bolstered its bench strength of merger and acquisition (**"M&A"**) advisors to three. Consequently, GABY has a number of potential acquisition targets at varying stages of discussion and negotiation.

SELECTED FINANCIAL INFORMATION AND OVERALL PERFORMANCE

	Quarter		YTD	
	2021	2020	**2021**	2020
Revenue	**$11,271,030**	$740,202	**$14,682,931**	$2,189,256
Direct inventory costs	**7,038,041**	571,794	**10,080,384**	2,039,523
Direct inventory costs as % of gross revenue	**62.4%**	77.2%	**68.7%**	93.2%
Variable gross profit (loss)	**4,232,989**	168,408	**4,602,547**	149,733
Variable gross profit (loss) as % of gross revenue	**37.6%**	22.8%	**31.3%**	6.8%
Gross profit (loss) after distribution and allocated indirect costs	**3,945,783**	21,794	**4,181,023**	(201,833)
Gross profit %	**35.0%**	2.9%	**28.5%**	-9.2%
Adjusted EBITDA from continuing operations[1]	**855,924**	(1,576,622)	**30,490**	(3,994,755)
Loss from continuing operations before other income (expense)	**89,144**	(1,596,006)	**(1,017,553)**	(4,372,129)
Net loss from continuing operations	**(1,576,265)**	(1,687,307)	**(4,096,095)**	(4,848,494)
Net loss from discontinued operations	**0**	(110,854)	**0**	(950,532)
Net loss	**(1,576,265)**	(1,798,161)	**(4,096,095)**	(5,799,026)
Total comprehensive loss	**(2,159,941)**	(2,092,749)	**(4,679,333)**	(5,085,260)
Total assets			**69,580,627**	5,036,633
Total non-current financial liabilities			**40,634,868**	776,353
Loss per share, basic and diluted	**($0.00)**	($0.01)	**($0.01)**	($0.03)
Weighted average number of common shares – basic and diluted	**526,413,019**	228,398,710	**407,695,339**	225,672,574

(1) See Non-GAAP Disclosure towards end of this document

OVERALL PERFORMANCE

The Miramar Transaction effective April 1, 2021, accounts for substantially all the improvements in financial performance for the quarter and six-months ended June 30, 2021 ("**YTD**") over the comparative periods last year. Revenue of $11.3 million and $14.7 million for the quarter and six months increased $10.5 million and $12.5 million, respectively, with the Miramar transaction and higher sales generated in the first quarter on greater access to capital. Variable gross profit margin improved to 37.6% from 22.8% and 31.3% from 6.8% for the quarter and YTD, respectively, largely due to sales of high margin retail products at Mankind versus lower margin wholesale product at SPD. Accordingly, gross margin improved to 35.0% from 2.9% and to 28.5% from negative 9.2% for the quarter and YTD, respectively, as well as due to retail operations of Mankind having minimal indirect costs compared to SPD manufacturing operations. The higher volume of revenue and higher gross margins resulted in the improvement of Adjusted EBITDA from operations to $0.9 million from negative $1.6 million for the quarter and to $0.0 million from negative $4.9 million on a YTD basis.

The net loss of $1.6 million for the quarter is $0.1 million lower than the same quarter last year, with the improvement in Adjusted EBITDA of $2.5 million being mostly offset by higher interest of $0.9 million mostly due to the Notes issued on the Miramar Transaction, higher income tax expense of $0.8 million and higher share-based compensation of $0.5 million. The net loss of $4.1 million on a YTD basis is $1.6 million lower than the same period last year with the improvements in Adjusted EBITDA of $4.0 million and the prior year including losses of from discontinued operations of $1.0 million being partially offset by transactions costs of $1.2 million on the Miramar Transaction, higher interest expense of $0.8 million, higher share-based compensation of $0.6 million and higher income tax expense of $0.9 million on taxable operations. Resulting loss per share for the quarter improved to $0.00 compared to negative $0.01 the same quarter, with a lower loss and 130% higher total weighted average common shares and for the YTD improved to negative $0.01 per share compared to negative $0.03 the same period last year with a lower loss and 81% higher total weighted average common shares.

While Miramar Transaction resulted in significant improvements over the comparative periods last year and over the first quarter of 2021, management anticipates greater synergies going forward as in August 2021, it will consolidate two distribution entities into a single hub in the company's new headquarters in San Diego. Gaby will continue to rationalize its asset base and expects to shed further costs thereby improving Adjusted EBITDA and net income in the future. In addition, management believes its consolidation and integration strategy will further enhance operational synergies of the Miramar Transaction.

SG&A expenses of $3.2 million in Q2 2021 increased $1.6 million compared to the same quarter last year and by $0.4 million to $4.3 million on a YTD basis. The increases were largely contributed from the Miramar Transaction. Share-based compensation and expenses was $0.4 million for the quarter compared to $0.1 million recovery Q2 2020, and $0.7 million YTD vs $0.0 million the same period last year due to subsequent issuances of share-based compensation, primarily being restricted share units ("**RSU**"s), as well as the fact that the prior year quarter was offset by significant adjustments for stock option forfeitures.

Depreciation of plant and equipment expense of approximately $0.2 million increased by $0.1 million over the prior year quarter due to acquisition of right of use assets and equipment related to the Miramar Transaction.

FINANCIAL CONDITION

Readers should refer to Note 1 of the Financial Statements regarding the going concern assumption in conjunction with the discussion below.

The following chart highlights significant changes in the Consolidated Statements of Financial Position from December 31, 2020, to June 30, 2021. As most of the balances are in USD translated into CAD, the accounts are affected by foreign currency fluctuations. The foreign exchange rates of CAD to USD used to translate period end balances were 1.2752 and 1.2407 on December 31, 2020 and June 30, 2021; respectively, and 1.2575 at April 1, 2021 (Mankind acquisition date).

Line item	Increase (decrease) in $Millions	Primary factors explaining change in Q2 2021
Total assets	64.5	Increase in cash of $3.7 million and $58.2 million on long-term assets from the result of the Miramar Transaction (mostly attributed to goodwill and the value of the acquired cannabis licenses).
Total liabilities	49.4	Increase in liabilities largely due to the financing obligations and assumption of liabilities related to the Miramar Transaction.
Equity	15.1	Increase primarily reflects share issuances related to the Miramar Transaction and the Q1 Financing.

LIQUIDITY AND CAPITAL RESOURCES

For the three months ended June 30, 2021, the Corporation had a net loss of $1.6 million and negative cash flow from operations of $1.3 million. As at June 30, 2021, the company had negative $4.9 million in working capital. Management believes it will harvest further synergies from the acquisition of Miramar and WWI, implementation of its consolidation strategy and recent closure of its Santa Rosa facilities, reaping of additional margins on its proprietary brands through its multi-vertical infrastructure which spans from manufacturing to retail, and streamlining of shared overhead costs. Management believes these activities, in conjunction with prudent management of working capital, will enable GABY to support operations over the next year and beyond.

The Notes issued April 1, 2021, in respect of the Miramar Transaction have a term of seven years, an annual coupon rate of 10% with balloon payments every 24 months of USD $5.0 million and a final balloon payment of USD $10.5 million on maturity. Quarterly interest payments are limited to $500,000. Accrued and unpaid quarterly interest in excess of the limit is brought current every two years in conjunction with the principal payment schedule. GABY may prepay all or any portion of the promissory note without penalty. It is anticipated that GABY will need to raise capital to service future balloon payments of principal, to fund growth of its operations and future growth strategy, including future acquisitions as part of its retail consolidation strategy. While the Corporation has been successful in raising capital in the past, there can be no assurance that it will be able to do so in the future.

Analysis of Cash Flows

In $	Quarter ended June 30,		
Summary of Cash Flows from:	**2021**	**2020**	**Increase (decrease) in cash over comparative quarter**
Cash flow from operations before working capital changes	**(646,576)**	(1,666,481)	1,019,905
Working capital changes	**(701,022)**	1,578,126	(2,279,148)
Operating activities	**(1,347,598)**	(88,355)	(1,259,243)
Investing activities	**(2,109,078)**	65,972	(2,175,050)
Financing activities	**7,237,303**	(98,433)	7,335,736
Foreign currency translation adjustment	**(35,920)**	(339)	(35,581)
Increase (decrease) in cash	**3,744,707**	(121,155)	3,865,862
Cash, beginning of year	**146,739**	54,154	92,585
Cash, end of period	**$3,891,446**	$(67,001)	3,958,447
Restricted cash, end of period	**-**	83,760	**(83,760)**
Total cash and restricted cash, end of period	**$3,891,446**	186,568	3,704,878

The decrease in cash operating losses before working capital changes of $1.1 million is primarily due to the inclusion of cash flow generated from the Mankind operations. Working capital changes largely contributed from the increase in accounts receivables at WWI and an increase of inventory at Mankind. $7.2 Million of financing activities represent the release of restricted cash proceeds from the $12.5 Million raise which was completed in Q1-2021.

FINANCIAL INSTRUMENTS

The nature, extent, risk and use of the Corporations financial instruments prior to the Miramar Transaction are described in the Annual Financial Statements. In conjunction with the Miramar Transaction, the company incurred additional indebtedness for a $31.6 million note with 10% interest (paid quarterly) that matures in April 2028.

As it relates to the Miramar Transaction, there is no additional significant credit risk with customers as retail transactions are primarily cash. The company is evaluating credit card solutions for retail customers, but credit card transactions should not represent more than five percent of total transactional volume at this time.

Off-Balance Sheet Arrangements

The Corporation does not have any special purpose entities nor is it party to any material arrangement that would be excluded from the balance sheet.

RELATED PARTY TRANSACTIONS

All related party transactions are reviewed by the Audit Committee of the Corporation. Note 5 to the Financial Statements sets out the amounts of related party transactions, the nature of which are further outlined as below.

Amounts included in Selling, general and administrative expenses (Compensation of key management personnel)

Certain services of C-suite executives of GABY were provided through companies controlled by certain shareholders ("**Management Entities**"). The C-suite executives, along with the Board have the authority and responsibility for directing and controlling the activities of the Corporation. Compensation for consulting services is paid to these C-suite executives for the provision of their services. The directors do not receive cash compensation for services related to the Board, but along with C-suite executives, receive share-based compensation.

Other expenses

One of the Management Entities is reimbursed for expenses incurred by it in respect of GABY's business. GABY enters into this related party transaction as the Management Entity is responsible for a number of its investment companies and can often provision the services more economically and efficiently. The Management Entity does not charge a mark-up on these expenses.ma

Consulting fees

The Corporation receives general capital markets and merger and acquisitions advisory services from a company controlled by a close family member of a director and officer for $15,000 per month. The Corporation has the option to pay for the services in cash or common shares and has issued both in the past depending on its liquidity.

The Corporation receives marketing consulting services controlled by a close family member of a director and officer for $5,000 per month. These services will terminate in October 2021.

Amounts included in interest expense

From time to time, the Corporation is and has been financed by related parties, often to bridge cash flow needs until the Corporation is able to raise equity. This support is not unusual for companies like GABY which are in the initial growth stage of the business life cycle and in the cannabis industry, where often traditional sources of financing are unavailable.

SELECTED QUARTERLY FINANCIAL INFORMATION

CHANGES IN PRESENTATION RELATED TO DISCONTINUED OPERATIONS

Note 1	2021		2020				2019	
In $	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	11,271,030	3,411,901	1,075,591	806,699	740,202	1,449,054	1,900,111	5,793,974
Net loss and loss per share from continuing operations:								
Net loss	(1,576,265)	(2,519,830)	(6,589,384)	(1,390,964)	(1,687,307)	(3,161,187)	(12,002,310)	(1,711,603)
Loss per share	(0.00)	(0.01)	(0.03)	(0.01)	(0.01)	(0.01)	(0.06)	(0.01)
Net loss and loss per share:								
Net loss	(1,576,265)	(2,519,830)	(6,655,508)	(1,536,080)	(1,798,161)	(4,000,865)	(13,088,848)	(2,347,919)
Loss per share	(0.00)	(0.01)	(0.03)	(0.01)	(0.01)	(0.02)	(0.07)	(0.01)

[1] The prior periods for 2019 have been restated to reflect reclassifications for the discontinued operations of GK which was shuttered in Q1 2020.

REVENUE

Q3 2019 and beyond reflects revenue from Sonoma Pac and Q1 of 2020 and beyond also reflect the revenue from the acquisition of Lulu's and 2Rise on December 31, 2019. The higher revenue in Q3 2019 reflects the ramping of SPD after its acquisition in Q2 2019. The Q4 2019 reflects the impact of the northern California wildfires which resulted in temporary closure of its facilities. The relatively lower revenue levels in Q2 to Q4 of 2020 compared to the same quarters of 2019 reflect a combination of the impact of COVID-19 on both operations and the price of raw materials, as well as a shortage of capital caused by low collection rates from its struggling customers and limited access to capital, as GABY pursued the acquisition of Miramar, which restricted inventory investment and revenue growth. Greater access to capital in Q1 2021 from excess funds from the Q1 Financing generated higher revenue in SPD as it was able to invest in greater quantities of inventory for sale. Q2 2021 increase in revenue reflects the acquisition of Mankind in the Miramar Transaction.

NET LOSS

The general successive increases in net losses from Q4 2019 to Q1 2020 mostly reflects increased costs required to obtain and maintain public listing and to support GABY's organic and acquisition growth. The increase in net loss in Q4 2019 over Q3 2019 of $10.7 million mainly reflects a $2.1 million gain on contingent consideration on the acquisition of SPD, $6.9 million of impairment losses and a $1.3 million write-down of inventory. The $9.1 million lower loss in Q1 2020 relative to 2019 is mainly due to the aforementioned impairment loss and inventory write-down and lower SG&A in 2020 as GABY started to shed costs. The lower net loss of $1.8 million in Q2 2020 compared to $4.0 million in Q1 2020 reflects cost saving initiatives discussed in overall performance and results from operations, which continued into the remainder of 2020. The increase of $5.1 million in the Q4 2020 net loss over Q3 2020 is primarily a result of impairment losses of $4.7 million recognized in Q4 as described previously, as well as an increase in share-based compensation and expenses of $0.3 million. The net loss in Q1 2021 of $2.5 million includes $1.1 million of transaction costs on the acquisition of Miramar. The lower net loss in Q2 2021 of $1.6 million mostly reflects increased operating income from the Miramar Transaction net of the increased interest on the Notes issued in respect of the Miramar Transaction, increased income tax expenses on taxable income and increased share-based compensation.

Promissory notes, convertible debentures and accounts payable and accrued liabilities owing to related parties

As is common for venture corporations in early stages of the business life cycle, the founder, family and directors often provide bridge financing and may also defer compensation and incur out-of-pocket expenses on behalf of the corporation to support operations.

These related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

These Financial Statements follow the same accounting policies and methods of application as the most recent Annual Financial Statements with the exception of the following policies adopted or adjusted in the current period due to applicability of additional items as a result of the Mankind acquisition:

Deferred revenue
The Corporation records deferred revenue for rewards points earned by customers at time of product sales and recognizes the amounts as revenue when those points are redeemed. Points outstanding for which the customer has not made a purchase for more than one year are recognized as revenue on the assumption that the points will not be redeemed. The Corporation also includes outstanding gift cards in deferred revenue.

Income taxes
Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rate and laws that have been enacted or substantively enacted at the statement of financial statement date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred income tax assets and liabilities are presented as non-current. As the Corporation operates in the cannabis industry, it is subject to the limits of IRC Section 280E under which the Corporation is only allowed to deduct expenses directly related to the cost of producing the products or cost of production. The Corporation applies IFRIC 23, Uncertainty over income tax treatments, which is reflected in the following accounting policy.

The Corporation recognizes uncertain income tax positions using a probability-weighted approach to determine the amount that is more-likely-than-not to be sustained upon examination by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Recognition or measurement is reflected in the period in which the likelihood changes. Any interest and penalties related to unrecognized tax liabilities are presented within income tax expense.

VOTING SECURITIES AND SECURITIES CONVERTIBLE INTO VOTING SECURITIES OUTSTANDING

As of the date of the MD&A, GABY had outstanding:

Designation of Securities	Number of instruments outstanding as of date of MD&A[1]	Number of Common Shares Issuable upon Conversion or Exercise
Common Shares	663,226,171	663,226,171
Warrants[2]	256,869,567	256,869,567
Options	4,875,000	4,875,000
Restricted Share Units	39,901,666	39,901,666
Broker Warrants – issued February 2021[2]	7,992,569	15,985,138
Total Fully Diluted Capital		980,857,542

(1) Reflects 4,630,415 common shares and 17,850,000 Restricted Share Units issued subsequent to June 30, 2021, as well as expiration of 550,000 Warrants
(2) Warrants and Brokers warrants are currently not in-the-money as of August 30, 2021.

RISK FACTORS

Readers should refer to Risk Factors in the Corporation's December 31, 2020 MD&A.

ISSUERS WITH UNITED STATES CANNABIS-RELATED ACTIVITIES

Canadian Securities Administrators Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana-Related Activities ("Staff Notice 51-352") provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the USA as permitted within a particular state's regulatory framework.

In accordance with Staff Notice 51-352, the Corporation 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. As a result of the Corporation's direct involvement in distribution of Cannabis edibles (as described herein), the Corporation is subject to Staff Notice 51-352 and accordingly provides the following disclosure.

Nature of involvement and exposure to USA cannabis-related activities

As of June 30, 2020, the Corporation had direct involvement in USA cannabis-related activities through its 100% owned subsidiary, Sonoma Pac, which holds a Type 11, cannabis distribution license~~,~~ Miramar which holds an annual provisional Type 10 retail license and WWI which holds an annual provisional Type 6 non-volatile manufacturing license for the State of California issued by the CBCC.

Regulatory Overview

Pursuant to the above-mentioned involvement in USA cannabis-related activities, the Corporation derives and will continue to derive a substantial portion of its revenues from the cannabis industry in the state of California, which industry is illegal under USA federal law. While some states in the USA have authorized the use and sale of cannabis, it remains illegal under federal law and the approach to enforcement of USA federal laws against cannabis is subject to change. Because the Corporation engages in cannabis-related activities in the USA, it assumes certain risks due to conflicting state and federal laws. The federal law relating to cannabis could be enforced at any time and this would put the Corporation at risk of being prosecuted and having its assets in the USA seized.

To GABY's knowledge, presently 36 states, four out of five permanently inhabited USA territories, as well as the District of Columbia, have legalized medical cannabis. Thirteen other states have laws that limit THC content, for the purpose of allowing access to products that are rich in CBD, a non-psychoactive component of cannabis. The recreational use of cannabis is legal in 19 states, the District of Columbia, the Northern Mariana Islands, and Guam. Notwithstanding the foregoing, marijuana remains illegal under USA federal law with marijuana listed as a Schedule 1 drug under the United States Controlled Substances Act of 1970, as amended (the "Controlled Substances Act").

The USA federal government regulates drugs through the Controlled Substances Act, which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under USA federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the USA, and a lack of accepted safety for the use of the drug under medical supervision. The U.S. Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.

In August 2013, the US administration attempted to address the inconsistencies between federal and state regulation of cannabis and issued the Cole Memorandum ("Cole Memorandum"), which outlined certain priorities for the Department of Justice ("DOJ") relating to the prosecution of cannabis offences. The Cole Memorandum instructed the DOJ to not prosecute violations of federal drugs laws related to cannabis activity in states where laws had been enacted legalizing cannabis in some form and where strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis had been implemented. The DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis, a non-exhaustive list of which was enumerated therein.

In January 2018, former Attorney General Sessions rescinded the aforementioned Cole Memorandum and directed all US Attorneys to enforce the laws enacted by Congress by following well-established principles when pursuing prosecutions related to cannabis activities (the "Sessions Memorandum"). There can be no assurance that the federal government will not enforce federal laws relating to cannabis in the future. As a result of the Sessions Memorandum, federal prosecutors are now free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No discretion was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and it is uncertain how active U.S. federal prosecutors will be in relation to such activities.

In 2014, following the Cole Memorandum, the Financial Crimes Enforcement Network under the U.S. Treasury Department notified banks that it would not seek enforcement of money laundering laws against banks that service cannabis companies operating under state law, provided strict due diligence and reporting standards are met. While most banks continue to decline to operate under such strict requirements, a number of local banks have undertaken to service the cannabis industry with basic financial services. Since 2014, the U.S. Congress has annually passed appropriations bills that include a provision, known as the Rohrabacher Farr Amendment, now known as the Leahy Amendment (the "Leahy Amendment"), which prohibits expenditure of federal budget resources on the enforcement of federal controlled substances laws that interfere with state medical cannabis programs.

While there is a risk that these US Attorneys and the current administration at large may seek to enforce federal drug laws against use that is now permitted under state law, as described below, the Leahy Amendment remains in force, preventing the expenditure of Department of Justice budgetary resources on such enforcement against medical cannabis companies. Additionally, Senators Gardner (R-CO) and Warren (D-MA) introduced legislation that would amend the federal Controlled Substances Act to exempt state-legal marijuana activity from its provisions. Public support in the USA for legalization of medical and adult-use cannabis continues to grow, with a majority of the public supporting legalization, which continues to spread under state law.

In July 2020, a House subcommittee introduced a base appropriations bill with the Leahy Amendment included. The Leahy Amendment was then renewed through a series of stopgap spending bills throughout 2020 and on December 27, 2020, it was renewed effective through September 30, 2021. The Cole Memorandum and the Leahy 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; however, should the Leahy Amendment not be renewed in subsequent spending bills, 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. Such potential proceedings could involve significant restrictions being imposed upon GABY or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on GABY's business, revenues, operating results and financial condition as well as GABY's reputation, even if such proceedings were concluded successfully in favor of GABY.

While the Sessions Memorandum has introduced some uncertainty regarding federal enforcement, the cannabis industry continues to experience growth in legal medical and adult- use markets across the USA. USA Attorney General Jeff Sessions resigned on November 7, 2018. As of his resignation, Matthew Whitaker was the acting USA Attorney General until William Barr was appointed as the USA Attorney General on February 14, 2019. In an April 10, 2019 Senate Appropriations Subcommittee meeting to discuss the Justice Department's budget 2020, in response to a question about his position on the proposed Strengthening the Tenth Amendment Through Entrusting States (STATES) Act, Attorney General Barr stated: "Personally, I would still favor one uniform federal rule against marijuana," "But if there is not sufficient consensus to obtain that then I think the way to go is to permit a more federal approach so states can, you know, make their own decisions within the framework of the federal law. So, we're not just ignoring the enforcement of federal law." The STATES Act, if it were to pass, would allow states to determine their own approaches to marijuana. Attorney General Barr said the legislation is still being reviewed by his office but that he would "much rather... the approach taken by the STATES Act than where we currently are."

On January 7, 2021, President Joe Biden announced Judge Merrick Garland as his nominee for the next U.S. Attorney General. On January 20, 2021, Robert M. Wilkinson replaced Jeffrey A. Rosen as the Acting Attorney General while Judge Garland seeks confirmation from the U.S. Senate. Neither interim Attorney General Jeffrey A. Rosen nor Robert M. Wilkinson have provided a clear policy directive for the United States as it pertains to state-legal marijuana-related activities. On March 11, 2021, Judge Garland was sworn in as Attorney General of the United States. It is not yet known whether the Department of Justice under President Biden and Attorney General Garland will re-adopt the Cole Memorandum or announce a substantive marijuana enforcement policy. It is unclear what impact this development will have on USA federal government enforcement policy. Despite the expanding market for legal cannabis, traditional sources of financing, including bank lending or private equity capital, is lacking which can be attributable to the fact that cannabis remains a Schedule I substance under the Controlled Substances Act. These traditional sources of financing are expected to remain scarce until the federal government legalizes cannabis cultivation and sales.

Compliance with State Licensing and Regulatory Frameworks

The Corporation will continue to obtain legal advice from its counsel regarding compliance with applicable state regulatory frameworks and potential exposure and implications arising from federal law of the USA.

Program for Monitoring Compliance and Disclosure of Material Non-Compliance

The following sections present an overview of market and regulatory conditions for the cannabis industry in USA states which the Corporation is directly involved, of which at the date of this document comprises the state of California. Although the Corporation's activities are compliant with applicable state and local law in the USA, strict compliance with such state and local laws with respect to cannabis may neither absolve the Corporation of liability under USA federal law, nor may it provide a defense to any federal proceeding which may be brought against the Corporation.

California Regulatory Landscape

In 1996, California voters approved Proposition 215 (the "Compassionate Use Act"), allowing physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain. The law established a not-for-profit patient/caregiver system, but there was no state licensing authority to oversee the businesses that emerged as a result of the system. In September of 2015, the California legislature passed three bills, collectively known as the "Medical Marijuana Regulation and Safety Act". In 2016, California voters passed "The Adult Use of Marijuana Act", which legalized adult-use cannabis for adults 21 years of age and older and created a licensing system for commercial cannabis businesses. On June 27, 2017, Governor Brown signed SB-94 into law. SB-94 combined California's medicinal and adult-use cannabis regulatory frameworks into one licensing structure under the Medicinal and Adult-Use of Cannabis Regulation and Safety Act ("MAUCRSA").

Pursuant to MAUCRSA, the three agencies that regulate cannabis at the state level are: (1) CalCannabis, a division of the California Department of Food and Agriculture, which issues licenses to cannabis cultivators; (2) the California Department of Public Health, via the Manufactured Cannabis Safety Branch, which issues licenses to cannabis manufacturers; and (3) the California Department of Consumer Affairs, via its agency the CBCC, which issues licenses to cannabis distributors, testing laboratories, retailers and micro-businesses. These agencies also oversee the various aspects of implementing and maintaining California's cannabis landscape, including the statewide track and trace system.

In May 2018, the California Department of Consumer Affairs, the California Department of Public Health and the California Department of Food and Agriculture proposed to re-adopt their emergency cannabis regulations. The three licensing authorities proposed changes to the regulatory provisions to provide greater clarity to licensees and to address issues that had arisen since the emergency regulations went into effect in December 2017. One of the included changes was that applicants may now complete one license application which allow for both medical and adult-use cannabis activity. These emergency cannabis regulations were officially readopted and came into effect in June 2018. In January 2019, California's three state cannabis licensing authorities announced that the Office of Administrative Law officially approved state regulations for cannabis businesses. The final cannabis regulations took effect immediately and superseded the previous emergency regulations.

To operate legally under state law, cannabis operators must obtain a state license and local approval. Local authorization is a prerequisite to obtaining state licensure from all three state licensing agencies, and local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. California has not set a limit on the number of state licenses an entity may hold, unlike other states that have restricted how many cannabis licenses an entity may hold in total or for various types of cannabis activity. Although vertical integration across multiple license types is allowed under MAUCRSA, testing laboratory licensees may not hold any other licenses aside from a laboratory license. There are also no residency requirements for ownership under MAUCRSA.

As of the reporting date of June 30, 2021, the Corporation was directly involved in the distribution of cannabis in California through Sonoma Pac. Sonoma Pac's business has been conducted in substantial compliance with the regulatory framework enacted by the State of California. Sonoma Pac has been subject to site visits by the CBCC during 2020 and all minor non-conformances noted have been rectified as of the date of this document.

As of April 1, 2021, the Corporation is further involved in the cannabis-related activities in the state of California through its acquisition of Miramar. Miramar is directly involved in operating a cannabis dispensary, through its Type 10 cannabis retail outlet operations, and through its subsidiary, Wild West, which holds a provisional annual license for Type 6 (non-volatile) manufacturing issued by the Department of Public Health of the State of California, and a provisional annual license for distribution of adult-use and medicinal cannabis issued by the CBCC. Miramar has represented to the Corporation as of the date of this document, that its business, including Wild West, was conducted in substantial compliance with the regulatory framework enacted by the State of California.

Below is an overview of some of the principal license types issued in California (each of which can be issued with a Medical (M-Class) or Adult-Use (A-Class) designation):

Type 7: authorized to manufacture cannabis products using volatile solvent extractions.

Type 6: authorized to manufacture cannabis products using mechanical or non-volatile solvent extractions.

Type N: authorized to manufacture cannabis products (other than extracts or concentrates) using infusion processes but does not conduct extractions.

Type P: authorized to only package or repackage cannabis products or relabel the cannabis product container.

Each of the above manufacturing license types is inclusive of the types in the list below it. For example, a Type 7 licensee would be able to perform Type 6, N or P tasks. A Type 6 license could perform Type N or P tasks. A Type N licensee would be able to perform Type P tasks. In addition to these four licenses, MCSB is developing a fifth license type, Type S, for shared-use manufacturing facilities. This license type will be for businesses and facility owners that alternate use of a manufacturing premises.

Type 8: authorized to test the chemical composition of cannabis and cannabis products.

Type 9: authorized to conduct retail cannabis sales exclusively by delivery.

Type 10: authorized to sell cannabis goods to customers.

Type 11: authorized to transport and store cannabis goods purchased from other licensed entities and sell them to licensed retailers, and responsible for laboratory testing and quality assurance to ensure packaging and labeling compliance.

Type 13: authorized to transport cannabis goods between licensed cultivators, manufacturers, and distributors.

Local Licensure, Zoning and Land Use Requirements

To obtain a state license, cannabis operators must first obtain local authorization, which is a prerequisite to obtaining state licensure. All three state regulatory agencies require confirmation from the applicable locality that an applicant is in compliance with local requirements and has either been granted authorization to, upon state licensure, continue previous cannabis activities or commence cannabis operations. One of the basic aspects of obtaining local authorization is compliance with all local zoning and land use requirements. Local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. Some localities have limited the number of authorizations an entity may hold in total or for various types of cannabis activity. Others have tiered the authorization process, granting the initial rounds of local authorization to applicants that previously conducted cannabis activity pursuant to the Compassionate Use Act or those that meet the locality's definition of social equity. Sonoma Pac was granted full zoning and use permits by Sonoma County on March 14, 2019. Miramar and Wild West have represented to the Corporation that they each hold full zoning and use permits from the City of San Diego.

Record-Keeping and Continuous Reporting Requirements

California's state license application process additionally requires comprehensive criminal history, regulatory history and personal disclosures for all owners. Any criminal convictions or civil penalties or judgments occurring after licensure must promptly be reported to the regulatory agency from which the licensee holds a license. State licenses must be renewed annually. Disclosure requirements for local authorization may vary, but generally tend to mirror the State of California's requirements. Licensees must also keep detailed records pertaining to various aspects of the business for up to seven years. Such records must be easily accessible by the regulatory agency from which the licensee holds a license. Additionally, licensees must record all business transactions, which must be uploaded to METRC, the state-wide traceability system selected by California to track commercial cannabis activity.

Operating Procedure Requirements

Applicants must submit standard operating procedures ("T&T System") describing how the operator will, among other requirements, secure the facility, manage inventory, comply with California's seed-to-sale tracking requirements, dispense cannabis, and handle waste, as applicable to the license sought. Once the standard operating procedures are determined compliant and approved by the applicable state regulatory agency, the licensee is required to abide by the processes described and seek regulatory agency approval before any changes to such procedures may be made. Licensees are additionally required to train their employees on compliant operations and are only permitted to transact with other legal and licensed businesses. Each licensee is required to assign an account manager to oversee the T&T System. The account manager must be fully trained on the system and is accountable to record all commercial cannabis activities accurately and completely. The licensee should correct any data that is entered into the T&T System in error within three business days of discovery of the error.

Site Visits & Inspections

As a condition of obtaining a state license, operators must consent to random and unannounced inspections of the commercial cannabis facility, as well as the facility's books and records to monitor and enforce compliance with state law. Many localities have also enacted similar standards for inspections, and the state has already commenced site-visits and compliance inspections for operators who have received state temporary or annual licenses.

Sonoma Pac has been subject to site visits by the CBCC during 2020 and all minor non-conformances noted have been rectified as of the date of this document. Miramar and Wild West each receive annual site visits from the CBCC.

NON-GAAP DISCLOSURE

Adjusted EBITDA is used by management and investors to analyze the Company's profitability based on the Company's principal business activities regardless of how: these activities are financed; assets are depreciated and amortized and results are taxed in various jurisdictions or subject to entity specific tax planning. It therefore excludes interest expense, taxes, depreciation, and items which management considers are not related to operational performance of its core businesses. In addition, Adjusted EBITDA provides an indication of the Company's ongoing ability to service its debt, income taxes and capital expenditures and therefore excludes non-cash expenses.

Below is a reconciliation of the non-GAAP measure Adjusted EBITDA:

Adjusted EBITDA from continuing operations reconciliation:	Quarter		YTD	
	2021	2020	2021	2020
Net loss from continuing operations:	(1,576,265)	(1,687,307)	(4,096,095)	(4,848,494)
Add (subtract):				
Income tax expense (recovery)	805,967	(35,790)	798,659	(93,898)
Depreciation of plant equipment (COGS and operating)	322,670	119,706	383,861	342,982
Share-based compensation and expenses (recoveries)	444,110	(100,322)	644,182	34,392
Other (income) expense	859,442	127,091	2,279,883	570,263
Adjusted EBITDA from continuing operations	**855,924**	**(1,576,622)**	**30,490**	**(3,994,755)**

Adjusted EBITDA is compared to net loss, the closet comparable IFRS measure. To arrive at Adjusted EBITDA the following items are excluded from net loss as follows:

1) Income tax recovery is added back as it is reflective of taxation jurisdiction or entity specific tax planning not related to core operational performance.
2) Depreciation and amortization as they are non-cash charges and not indicative of operational performance.
3) Interest expense, as this expense is related to financing decisions.
4) Share-based compensation which is a non-cash expense.
5) Other income (expenses) as follows:
    a. Items related to financing decisions, including timing of payments and application for government assistance:
        Gain on conversion of debt
        Gain on lease termination
        Interest expense
        Penalties and interest on past-due taxes
    b. Items that are not related to core operations and are not indicative of operational performance:
        Foreign exchange loss
        Interest income
        Recovery of impairment amount
        Transaction costs

Retail Compliance

California requires that certain warnings, images, and content information to be printed on all marijuana packaging. CBCC regulations also include certain requirements about tamper-evident and child-resistant packaging. Both distributors and retailers are responsible for confirming that products are properly labeled and packaged before they are sold to a customer.

Corporation's Compliance Procedures

Since its inception, Sonoma Pac has retained industry experts in California cannabis law as local outside counsel to oversee and monitor compliance with USA state law on an ongoing basis. These experts in the field keep Sonoma Pac fully informed of regulatory changes and recommend standard operating procedures to facilitate the implementation and maintenance of compliant operations, required tracking and license reporting. The Corporation will continue to work closely with the advisors to develop and improve its internal compliance program and will defer to their legal opinions and risk mitigation guidance regarding California's complex regulatory framework.

The internal compliance program, including the update of operational procedures and use of checklists, requires continued monitoring by managers and executives of the Corporation to ensure all operations conform with legally compliant standard operating procedures. In anticipation of future growth, the Corporation is investigating a number of software solutions developed specifically for the cannabis industry to allow for automation of both internal as well as third-party compliance auditing, covering all state and municipal, facility and operational requirements to maintain licensing criteria. Sonoma Pac is required to report and disclose to the Corporation all instances of non-compliance, regulatory, administrative, or legal proceedings that may be initiated against them. Sonoma Pac has been in compliance with the regulatory requirements as they have unfolded throughout 2018, 2019 and 2020. Miramar and Wild West have represented to the Corporation that they are in compliance with regulatory requirements.

Service Providers

As a result of any adverse change to the approach in enforcement of USA cannabis laws, adverse regulatory or political change, additional scrutiny by regulatory authorities, adverse change in public perception in respect of the consumption of marijuana or otherwise, third party service providers to the Corporation could suspend or withdraw their services, which may have a material adverse effect on the Corporation's business, revenues, operating results, financial condition or prospects.

Ability to Access Capital

The Corporation requires equity and/or debt financing to support ongoing operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Corporation when needed or on terms which are acceptable. The Corporation's inability to raise financing through traditional banking to fund ongoing operations, capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon the Corporation's business, results of operations, financial condition or prospects.

If additional funds are raised through further issuances of equity or convertible debt securities, existing Corporation shareholders could suffer some level of dilution.

Restricted Access to Banking

In February 2014, the Financial Crimes Enforcement Network ("FinCEN") bureau of the USA Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis businesses, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the Department of Justice, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the USA do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the federal government. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Corporation may have limited or no access to banking or other financial services in the USA. The inability or limitation in the Corporation's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Corporation to operate and conduct its business as planned or to operate efficiently.

Anti-Money-Laundering Laws and Regulations

The Corporation is subject to a variety of laws and regulations domestically and in the USA that involve money laundering, financial recordkeeping and proceeds of crime, including the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), Sections 1956 and 1957 of U.S.C. Title 18 (the Money Laundering Control Act), the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended and the rules and regulations thereunder, the Criminal Code (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the USA and Canada.

In the event that any of the Corporation's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the USA were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Corporation to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while there are no current intentions to declare or pay dividends on the Corporation's common shares in the foreseeable future, in the event that a determination was made that the Corporation's proceeds from operations (or any future operations or investments in the USA) could reasonably be shown to constitute proceeds of crime, the Corporation may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Heightened Scrutiny by Regulatory Authorities

For the reasons set forth above, the Corporation's existing operations in the USA, and any future operations or investments of the Corporation, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Corporation may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Corporation's ability to operate or invest in the USA or any other jurisdiction, in addition to those described herein.

Balance sheet and operating statement exposure to USA cannabis-related activities

As at June 30, 2021, most of GABY's financial statement line items are highly related to USA cannabis related activities and as of April 1, 2021, with the acquisition of Miramar, almost all of its activities and applicable financial statement line items will be USA cannabis related.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws ("**forward-looking statements**"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Corporation. In addition, the Corporation may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Corporation that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Corporation that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of any transactions; expectations for the potential benefits of any transactions; statements relating to the business and future activities of, and developments related to, the Corporation after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Corporation's business, operations and plans; expectations that planned acquisitions will be completed, including but not limited to other potential acquisition(s); expectations that licenses applied for will be obtained; potential future legalization of adult-use and/or medical cannabis under USA federal law; expectations of market size and growth in the USA, California and such other states in which the Corporation has expressed desire to operate in; expectations for other economic, business, regulatory and/or competitive factors related to the Corporation or the cannabis industry generally; and other events or conditions that may occur in the future. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as of and at the date they are made and are based on information currently available and on the then current expectations. Holders of securities of the Corporation are cautioned that forward-looking statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Corporation at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: the available funds of the Corporation and the anticipated use of such funds; the availability of financing opportunities; legal and regulatory risks inherent in the cannabis industry; risks associated with economic conditions, dependence on management; risks relating to USA regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to contracts with third-party service providers; risks related to the enforceability of contracts; reliance on the expertise and judgment of senior management of the Corporation, and ability to retain such senior management; risks related to proprietary intellectual property and potential infringement by third parties; risks relating to the management of growth; increasing competition in the industry; risks associated to cannabis products manufactured for human consumption including potential product recalls; reliance on key inputs, suppliers and skilled labor; cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risks related to the economy generally; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effecting service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; limited research and data relating to cannabis; as well as those risk factors discussed under "Risk Factors" described in the Annual Financial Statements.

The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. But without limiting the foregoing, disclosure in this MD&A as well as statements regarding the Corporation's objectives, plans and goals, including future operating results and economic performance may make reference to or involve forward-looking statements. Although the Corporation believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Certain of the forward-looking statements and other information contained herein concerning the cannabis industry, its medical, adult-use and hemp-based CBD markets, and the general expectations of the Corporation concerning the industry and the Corporation's business and operations are based on estimates prepared by the Corporation using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Corporation is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors.

A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. You should not place undue reliance on forward-looking statements contained in this MD&A. Such forward-looking statements are made as of the date of this MD&A. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The Corporation's forward-looking statements are expressly qualified in their entirety by this cautionary statement.