IGNITE
INTERNATIONAL BRANDS, LTD.

CSE: BILZ, OTCQX: BILZF
WWW.IGNITE.CO

Management's Discussion and Analysis

For the three and six months ended June 30, 2022 and 2021

(This Management Discussion and Analysis, prepared by Management, has not been reviewed by the Company's external auditor)

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Except for statements of historical fact, information contained in this MD&A constitutes “forward-looking statements” within the meaning of Canadian securities legislation that involve inherent risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to Ignite's intended business focus and growth strategy; projected financial performance of the Company; the expected development of the Company’s business, projects and joint ventures; completion of the Company’s projects that are currently underway, in development or otherwise under consideration; and future liquidity, working capital and capital requirements. Forward-looking statements are necessarily based upon several estimates and assumptions that, while considered reasonable by management, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, operational, competitive, political and social uncertainties; the effects and impacts of the coronavirus disease (COVID-19) pandemic; ability of Ignite to give effect to its business plans and plans to proceed with the Go Private Transaction; reliance on the "IGNITE" brand which may not prove to be as successful as contemplated; the ability to, and risks associated with unlocking future licensing opportunities with the "IGNITE" brand and the ability of the Company to capture significant market share. Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive, and undue reliance should not be placed on forward-looking statements. There can be no assurance that any of the forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Ignite disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by law.

NON-GAAP/IFRS MEASURES CAUTIONARY STATEMENT

This MD&A makes reference to certain non-GAAP/IFRS financial measures. EBITDA, as defined by the Company, means earnings before interest, income taxes, depreciation, and amortization. Adjusted EBITDA, as defined by the Company, adjusts EBITDA for non-cash expenses such as share-based compensation, exchange gain/loss, bad debt and other items that are not in the normal course of business. These measures are not a recognized measure under GAAP or IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. IGNITE’s method of calculating these measures may differ from methods used by other entities and accordingly, these measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions. IGNITE uses these measures because it believes they provides useful information to both management and investors with respect to the operating and financial performance of the company. A reconciliation of Adjusted EBITDA to a GAAP/IFRS measure (net income) is provided in note 7 of this MD&A.

1. INTRODUCTION

This Management's Discussion and Analysis ("MD&A") prepared as at August 29, 2022, reviews the financial condition and results of operations of Ignite International Brands, Ltd. (the "Company" or "Ignite") for the three and six months ended June 30, 2022 ("2022-Q2" and "2022-YTD," respectively), with comparatives for the three and six months ended June 30, 2021 ("2021-Q2" and "2021-YTD") and 2020 ("2020-Q2" and "2020-YTD"). The Company's fiscal year end is December 31. Comparative figures are also provided for items on the Statement of Financial Position for the year ended December 31, 2021, and 2020 ("2021-YE" and "2020-YE"). All other material events up to the date of this report have been included. The following discussion should be read in conjunction with the interim consolidated financial statements of the Company for the three and six months ended June 30, 2022 ("Financial Statements"), along with interim consolidated financial statements for the three and six months ended June 30, 2021 and 2020 (collectively, the "Comparative Financial Statements"). The Company's Financial Statements and Comparative Financial Statements can be found under the Company's profile on SEDAR at www.sedar.com.

This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. The financial data included in the discussion provided in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC").

The Company's certifying officers are responsible for ensuring that the Financial Statements and MD&A do not contain any untrue statement of material fact or omit a material fact required to be stated or that is necessary to make a statement not misleading considering the circumstances under which it was made. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Ignite's Subordinate Voting Shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates the materiality in this regard referencing all relevant circumstances, including potential market sensitivity. The Company's directors certify that Financial Statements and MD&A present, in all material respects, the financial condition, results of operations and cash flows, of the Company as the date hereof.

Unless otherwise indicated, all financial information in this MD&A is reported in Canadian dollars. All references to the Company contained herein include references to its subsidiaries, as applicable, in the context.

2. OVERVIEW OF THE BUSINESS

Ignite International Brands, Ltd. ("Ignite Pubco", "Ignite" or the "Company") is a publicly traded company currently listed on the Canadian Securities Exchange ("CSE"), trading under the symbol "BILZ" and on the OTCQX trading under the symbol "BILZF". On August 24, 2022, the Company held its Annual General and Special Meeting (the "AGSM") whereby shareholders were asked to pass a resolution (the "Go Private Resolution") to approve the Company going private (the "Go Private Transaction"). The resolution was passed by the shareholders. See note 26 for more details on the Go Private Transaction. Ignite is a consumer-packaged goods company, leveraging the IGNITE brand via multiple product platforms in the synthetic and tobacco derived nicotine, e-liquid, spirits, apparel, beverage, and cannabidiol ("CBD") sectors. Effective October 13, 2021,

the Company exited cannabis related operations in Canada, its sole operating jurisdiction for cannabis related sales. The Company was originally incorporated in the Province of British Columbia on February 25, 1985, under the name "Info-Stop Communications Inc." by articles of incorporation pursuant to the provisions of the Ministry of Consumer and Corporate Affairs Company Act. The Company's head office is located at 675 Cochrane Drive, East Tower, Suite 639, Markham, Ontario L3R 0B8 and its registered and records office is located at 700 West Georgia Street, 25th Floor, Vancouver, British Columbia V7Y 1B3. The Company is a reporting issuer in British Columbia, Alberta, and Ontario.

The following table lists the Company's subsidiaries and percentage of holdings:

Subsidiaries		Jurisdiction	Ownership Interest at	Functional Currency	Status	Principle Activity
Ignite Armenia	"Ignite ARM"	Yerevan, Armenia	100%	AMD	Active	To facilitate sale of IGNITE branded spirits and nicotine products in Armenia
Ignite International Brands (Canada), Ltd.	"Ignite CAN"	Ontario, Canada	100%	CAD	Active	To facilitate sale of IGNITE branded spirits and nicotine products into the Canadian market
Ignite International Brands (Luxembourg) S.A.	"Ignite LUX"	Luxembourg City, Luxembourg	100%	EUR	Active	To facilitate sale of IGNITE branded CBD, spirits, and nicotine products into the EU market
Ignite International Brands (U.K.) Ltd.	"Ignite UK"	London, United Kingdom	100%	GBP	Active	To facilitate sale of IGNITE branded CBD, spirits, and nicotine products into the UK market
Ignite International Brands SDN. BHD.	"Ignite MYR"	Kuala Lumpur, Malaysia	100%	MYR	Active	To facilitate sale of IGNITE branded CBD, spirits, and nicotine products into the EMEA market
Ignite International, Ltd.	"Ignite US"	Wyoming, United States	100%	USD	Active	To facilitate sale of IGNITE branded CBD and nicotine products into the US market and to other international markets through distribution partners with global reach.
Ignite Spirits, Inc.	"Ignite Spirits"	Wyoming, United States	100%	USD	Active	To facilitate sale of IGNITE branded spirits into the US market
Ignite Distribution, Inc.	"Ignite Distro"	Delaware, United States	100%	USD	Inactive	-
Ignite Beverages, Inc.	"Ignite BEV"	Delaware, United States	100%	USD	Inactive	-
Ignite Internacional Marcas de Mexico, SA de CV	"Ignite MEX"	Guadalajara, Jalisco, Mexico	100%	MXN	Inactive	-
(1) Ignite Distribution Company, Inc.	"Ignite Distro Co."	Wyoming, United States	50.1%	USD	Dissolved	Dissolved on July 30, 2021
Ignite International Brands (Ireland), Limited	"Ignite IRL"	Dublin, Ireland	100%	EUR	Dissolved	Dissolved on June 30, 2021

(1) For fiscal year 2021, management has assessed the terms and conditions of the joint arrangement under IFRS 10 Consolidated Financial Statements and has established that control exists under the nature of the agreement and as such the Company has accounted for the investment in Ignite Distro Co., using the full consolidation method up to date of dissolution.

3. RECENT EVENTS

On July 19, 2022, the Board of Directors approved a proposal to convert the Company from a publicly traded company to a private operating company through a share consolidation (the "Go Private Transaction").

On August 4, 2022, the Company, at the acceptance of its option-holders, cancelled 910,000 of the issued and outstanding Subordinate Voting Share ("SVS") options (the "Cancelled Options").

On August 4, 2022, the Company, at the acceptance of the sole SVS warrant holder, Dan Bilzerian (CEO), cancelled 5,000,000 of the issued and outstanding SVS warrants (the "Cancelled SVS Warrants").

On August 23, 2022, the Company provided the Ontario Securities Commission (the "OSC") with notice that, at the Company's annual general and special meeting ("AGSM"), shareholders would be asked to pass a resolution (the "Consolidation Resolution") to approve the Go Private Transaction, which was proposed to be completed in the following manner:

a) the issued and outstanding subordinate voting shares will be consolidated by changing every 100,000 subordinate voting shares into one post-consolidation subordinate voting share,
b) the issued and outstanding proportionate voting shares will be consolidated by changing every 100,000 proportionate voting shares into one post-consolidation proportionate voting share, and
c) all fractional subordinate voting shares and all fractional proportionate voting shares that result from the consolidation will be redeemed by Ignite and cancelled, and shareholders of those shares will receive a cash payment of CAD $0.62 for each subordinate voting share and proportionate voting share held before the consolidation (collectively, the "Consolidation");

On August 24, 2022, at the AGSM, shareholders approved the Go Private Transaction via the Consolidation Resolution. The separate vote tabulations for the approval of the Consolidation Resolution at the AGSM were as follows:

Approval of Consolidation Resolution		
Subset of Approval:	**For:**	**Against:**
Votes cast by all shareholders voting in respect of the Consolidation Resolution	100,011,177 or 99%	1,013,843 or 1%
Votes cast by minority shareholders voting in respect of the Consolidation Resolution, excluding votes required to be excluded pursuant to Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("**MI 61-101**")	32,327,672 or 96.96%	1,013,843 or 3.04%
Votes cast by shareholders holding less than 100,000 subordinated voting shares or less than 100,000 proportionate voting shares who will cease to be a shareholder of the Company as a result of the Consolidation	2,057,760 or 74.54%	702,731 or 25.46%
Votes cast by shareholders holding more than 100,000 subordinated voting shares or more than 100,000 proportionate voting shares who will remain as shareholders of the Company, excluding votes required to be excluded pursuant to MI 61-101	30,516,721 or 99.01%	303,800 or 0.99%

As a result of the Consolidation, shareholders holding less than 100,000 subordinate voting shares or 100,000 proportionate voting shares cease to be a shareholder of Ignite and any shareholders holding more than 100,000 subordinate voting shares or 100,000 proportionate voting shares will remain as a shareholder following the Consolidation.

In order for former holders of subordinate voting shares to receive the cash amount to be paid to them for their fractional subordinate voting shares, the certificates representing the pre-consolidated subordinate voting shares must be delivered to Odyssey Trust Company together with a duly completed and signed Letter of Transmittal in the form delivered to holders of subordinate voting shares with the Notice of Meeting and accompanying Information Circular dated July 22, 2022 of the Company. There is no settlement date or distribution date on which funds are to be distributed.

4. GLOBAL OUTLOOK

United States: The sale of IGNITE branded products in the United States is executed by the Company's subsidiaries; Ignite International Ltd. ("Ignite US") and Ignite Spirits, Inc. ("Ignite Spirits"). Ignite US offers a wide range of premium IGNITE branded products, including synthetic and tobacco derived nicotine devices and e-liquids, energy drinks, CBD products, and IGNITE branded merchandise and apparel. Ignite Spirits specializes in alcoholic beverages including IGNITE branded premium vodka and tequila. With a high volume of nicotine product related sales throughout 2021-YE and continuing into 2022, the United States market accounted for 99.40% of the Company's 2022-Q2 revenues (2021-Q2; 91.80%, 2020-Q2; 91.54%). On a year-to-date basis, the United States market accounted for 95.29% of the Company's 2022-YTD revenues (2021-YTD; 92.80%, 2020-YTD; 92.81%). The United States market was the top performing market for Ignite throughout 2021 and has continued to outperform other markets in 2022. The Company intends on continuing its success in the United States market while using its business model to mirror such results in other global markets.

In the latter part of 2021, the Company executed its plans to eliminate inefficiencies in the United States supply chain and brought its wholesale distribution and fulfillment in-house. In November 2021, the Company executed a five (5) year lease for a commercial property located in Farmer's Branch, Texas to serve as the Company's warehousing, distribution, and fulfillment center for wholesale distribution, as well as its US based head office. The Company has recognized an increase in gross profit margin for wholesale sales due to cost reductions generated by in-house distribution and fulfillment. In 2022-Q2, the Company's realized efficiencies improving gross profit margin percentage in the United States market by 4.05% to 36.98% when compared to the 32.93% gross profit margin percentage for 2021-Q2. On a year-to-date basis, the Company achieved a similar increase with gross margin percentage, increasing by 4.21% to 36.00% for 2022-YTD when compared to the 31.79% gross margin percentage for 2021-YTD. The Company intends to continue distribution and fulfillment of e-commerce sales in the United States through its established 3PL partners.

United Kingdom: The Company's operations in the United Kingdom are fulfilled by its subsidiary, Ignite International Brands (UK), Ltd. ("Ignite UK"). Ignite UK offers a wide range of CBD products, including its IGNITE branded skincare line comprising of roll-ons, bath bombs, tattoo cream, moisturizers, creams, serums, and body oils. The Company also expanded its existing product line in the United Kingdom to include synthetic nicotine vape devices and spirits. With challenges imposed by Brexit at the onset of 2021, including economic factors related to supply chain and customs regulations, sales in the United Kingdom slowed during 2021 and in 2022 to date; however, management has assessed the most effective strategy for sales to the European Union (the "EU") and has set an updated strategic direction for Ignite UK. Ignite UK is included within Rest of World ("ROW") as its operations do not yet meet the requirements for a separate reportable segment.

Malaysia: Ignite International Brands SDN. BHD. ("Ignite MYR"), a subsidiary of the Company, was incorporated on January 1, 2021. Ignite MYR was established to aid in the expansion of IGNITE branded products to countries and markets such as China, Singapore, Hong Kong, and Japan. The Company continues to build relationships and prepare for commercial activations this area of the world. Sales in Ignite MYR is expected to commence in the second half of 2022 once appropriate trademark registrations and licenses of certain IGNITE products are finalized. Ignite MYR is included within Rest of World ("ROW") as its operations do not yet meet the requirements for a separate reportable segment.

Mexico: The Company incorporated Ignite Internacional Marcas de Mexico, SA de CV. ("Ignite MEX") on November 11, 2019, in anticipation of introducing IGNITE branded products in Mexico. The Company planned to secure sales of IGNITE branded products in convenience stores, specialty retail shops, pharmacies, and through online sales throughout the country. As Mexico requires in-person presence for document execution, the capacity which Ignite could enter into the Mexican market was limited due to the onset of COVID-19 due to the restrictions and safety concerns surrounding travel. As at the end of 2022-Q2, management continues to assess the opportunities in the Mexican market but is primarily focused on the expansion in other regions. Ignite MEX will remain inactive and will be reassessed for commercial activation in the second half of 2022. Business in this region is currently being developed through distribution partners primarily in the United States. There are currently no direct sales by an Ignite entity in this region.

Luxembourg: The Company has expanded its operations in Europe, the Middle East and Africa (the "EMEA") through its Luxembourg subsidiary, Ignite International Brands (Luxembourg) S.A ("Ignite LUX"). Mirroring the successful efforts in the United States, the Company offers its wide range of its IGNITE branded products through its wholesale channel, including IGNITE branded vodka, tequila, seltzers, energy drinks, nicotine and CBD products, and apparel. In 2022-Q2, the Company was a key exhibitor at the 2022 World Vape Show in Dubai where the Company showcased its IGNITE branded nicotine products including a disposable vape device marketed under the IGNITE trademark. The majority of its operations in the EMEA will focus on wholesale revenues, particularly in the nicotine and CBD sectors. Ignite LUX is included within Rest of World ("ROW") as its operations do not yet meet the requirements for a separate reportable segment.

Canada: The Company's operations in Canada are facilitated through its subsidiary, Ignite International Brands (Canada), Ltd. ("Ignite Canada"). In 2021-Q4, the Company made a strategic decision to discontinue its cannabis operations in Canada, terminating all agreements for IGNITE branded cannabis related products effective October 13, 2021. The decision to cease cannabis related operations allows the Company to focus on introducing the other existing IGNITE branded product lines into the Canadian market that management expects will be highly successful. These product lines include IGNITE branded vodka, tequila, seltzers, energy drinks, nicotine products, and apparel. In January of 2022, Ignite Canada executed a Beverage Alcohol Packaging Agreement with a reputable Canadian provider to commence sales of IGNITE branded vodka and tequila in the Canadian market. In 2022-Q2, the Company officially launched the sale of its IGNITE branded vodka in the provinces of Ontario, British Columbia and Newfoundland. Ignite Canada is included within Rest of World ("ROW") as its operations do not yet meet the requirements for a separate reportable segment.

Armenia: The Company incorporated Ignite Armenia ("Ignite ARM") on May 25, 2022. Ignite ARM was established to facilitate the sale of IGNITE branded products into the Armenian market. The Company anticipates sales within Ignite ARM in the second half of 2022.

5. HIGHLIGHTS FOR 2022-Q2

CORPORATE HIGHLIGHTS

In June 2022, the Company participated in the Dubai World Vape Show at Dubai's World Trade Centre, presenting as a gold standard and industry expert in CBD, nicotine, and spirits; supported with a premium apparel line for an active lifestyle. The World Vape Show was first launched in 2021 and was the first international vape expo and conference in the United Arab Emirates (the "UAE"). The show provides global manufacturers and suppliers a unique opportunity to showcase hundreds of products to thousands of international retailers, wholesalers, distributors, and consumers. Participation in the Dubai World Vape Show was a huge success for Ignite generating hundreds of leads and relationships with large distribution partners.

On June 30, 2022, the Company amended a $16MM convertible debt (the "II CAD$16MM Convertible Debt") to extend the maturity date for a period of six (6) months, moving the maturity date from June 30, 2022 to December 31, 2022. Per IFRS 9.B3.3.6, a substantive test identified the modification as substantial and as a result, the original debt was extinguished, and a new debt was established in accordance with debt modification accounting under IFRS 9. The debt extinguishment resulted in a $1,249,017 gain which has been recorded into the Company's consolidated statement of profit and loss and comprehensive profit and loss for the period ended June 30, 2022. The Company did not have any coupon interest outstanding on the II CAD$16MM Convertible Debt at the time of the amendment.

FINANCIAL HIGHLIGHTS

Significant 2022-Q2 Financial Items

- Revenue for 2022-Q2 was $32.97MM, exceeding the Company's 2021-Q2 revenues of $12.05MM by $20.92MM or 173.61%.
- Gross profit for 2022-Q2 was $12.24MM (37.11% of revenue), a $8.25MM or 207.23% increase compared to the $3.98MM (33.05% of revenues) for 2021-Q2.
- Operating expenses for 2022-Q2 were $5.98MM, a $2.20MM or 58.30% increase from $3.78MM for 2021-Q2.
- Income from operations was $6.25MM, a $6.05MM or 2,977.04% increase from a $0.20MM income from operations for 2021-Q2.
- Other income for 2022-Q2 was $1.28MM, a $1.21MM or 1,599.98% increase from $0.08MM for 2021-Q2.
- Other expenses for 2022-Q2 were $1.37MM, a $0.56MM or 70.03% increase from $0.80MM for 2021-Q2.
- Net income for 2022-Q2 was $6.04MM, a $6.57MM increase from a $0.52MM net loss in 2021-Q2.
- EBITDA of $7.48MM and Adjusted EBITDA of $6.82MM represented a significant improvement of $7.16MM and $6.28MM, respectively, compared to the $0.54MM EBITDA and Adjusted EBITDA of $0.08MM for 2021-Q2.

Significant 2022-YTD Financial Items

- Revenue for 2022-YTD was $52.01MM, exceeding the Company's 2021-YTD revenue of $15.70MM by $36.31MM or 231.26%.
- Gross profit for 2022-YTD was $18.42MM (35.41% of revenues), an increase of $13.43MM or 269.44% from $4.99MM (31.75% of revenues) for 2021-YTD.
- Operating expenses for 2022-YTD were $10.38MM, a $4.04MM or 63.70% increase from $6.34MM for 2021-YTD.
- Other income for 2022-YTD was $1.29MM, a $0.91M or 41.40% reduction from $2.21MM for 2021-YTD.
- Other expenses for 2022-YTD were $3.13MM, a $1.88MM or 149.47% increase from $1.25MM in 2021-YTD.
- Net income for 2022-YTD was $5.95MM, a $6.35MM or 1,564.48% increase from the net loss of 0.41MM for 2021-YTD.
- Working capital at 2022-YTD was $27.02MM, a $0.99MM increase when compared to $26.03MM at 2021-YE.
- Positive EBITDA of $9.44MM and positive Adjusted EBITDA of $8.96MM represented a significant improvement from the positive $0.95MM EBITDA and negative Adjusted EBITDA of $0.94MM at 2021-YTD.

6. FINANCIAL PERFORMANCE SUMMARY

Below are key performance indicators for the last three financial periods, quarter over quarter and year-over year. Changes over these periods is discussed in the sections to follow.

KEY FINANCIAL PERFORMANCE INDICATORS QUARTER OVER QUARTER

'MM	2022-Q2	2021-Q2	2020-Q2	2022-Q2 vs. 2021-Q2	2022-Q2 vs. 2021-Q2	2021-Q2 vs. 2020-Q2	2021-Q2 vs. 2020-Q2
	$	$	$	$	%	$	%
Revenue	32.97	12.05	3.17	20.92	173.61%	8.88	280.02%
Cost of goods sold	20.73	8.07	2.31	12.67	157.01%	5.76	249.90%
Gross profit	**12.24**	**3.98**	**0.86**	**8.25**	**207.23%**	**3.12**	**360.29%**
Gross profit percentage (%)	37.11%	33.05%	27.29%	4.06%	12.29%	5.76%	21.12%
Operating expenses (total)	5.98	3.78	7.81	2.20	58.30%	-4.03	-51.62%
Income (loss) from operations	**6.25**	**0.20**	**-6.95**	**6.05**	**2977.04%**	**7.15**	**102.93%**
Total other income	1.28	0.08	0.32	1.21	1599.98%	-0.24	-76.16%
Total other expenses	1.37	0.80	1.01	0.56	70.03%	-0.20	-20.09%
Net income (loss)	**6.04**	**-0.52**	**-7.64**	**6.57**	**1251.79%**	**7.11**	**93.13%**
Net income (loss) and comprehensive income (loss)	7.07	-0.90	-7.26	7.98	883.30%	6.36	87.57%
EBITDA	7.48	0.32	-5.77	7.16	2220.09%	6.09	105.59%
Adjusted EBITDA	6.82	0.54	-4.33	6.28	1173.99%	4.87	112.36%
Working Capital	27.02	26.03	13.48	0.98	3.77%	12.55	93.08%

KEY FINANCIAL PERFORMANCE INDICATORS YEAR OVER YEAR

'MM	2022-YTD	2021-YTD	2020-YTD	2022-YTD vs. 2021-YTD	2022-YTD vs. 2021-YTD	2021-YTD vs. 2020-YTD	2021-YTD vs. 2020-YTD
	$	$	$	$	%	$	%
Revenue	52.01	15.70	4.87	36.31	231.26%	10.84	222.70%
Cost of goods sold	33.59	10.71	3.37	22.88	213.50%	7.35	217.80%
Gross profit	**18.42**	**4.99**	**1.50**	**13.43**	**269.44%**	**3.49**	**233.76%**
Gross profit percentage (%)	35.41%	31.75%	30.70%	3.66%	11.52%	1.05%	3.43%
Operating Expenses (total)	10.38	6.34	16.64	4.04	63.70%	-10.29	-61.87%
Income (loss) from operations	**8.03**	**-1.36**	**-15.14**	**9.39**	**691.33%**	**13.79**	**91.03%**
Other income (total)	1.29	2.21	0.32	-0.91	-41.40%	1.89	593.02%
Other expenses (total)	3.13	1.25	1.87	1.88	149.47%	-0.62	-32.93%
Net income (loss)	5.95	-0.41	-16.70	6.35	1564.48%	16.30	97.57%
Net income (loss) and comprehensive income (loss)	**5.99**	**-1.17**	**-15.74**	**7.16**	**613.45%**	**14.57**	**92.59%**
EBITDA	9.44	0.95	-13.08	8.49	896.00%	14.03	107.24%
Adjusted EBITDA	8.96	-0.94	-10.61	9.90	1053.50%	9.67	91.14%
Working capital	27.02	26.03	13.48	0.98	3.77%	12.55	93.08%

NET INCOME (LOSS) AND NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

Net income and comprehensive income for 2022-Q2 totaled $7.07MM, an increase of $7.98MM or 883.30% compared to a loss of $0.90MM in 2021-Q2. Included in the quarter's net income and comprehensive net income is $1.03MM in cumulative translation gain (loss of $0.38MM; 2021-Q2). Net income for 2022-Q2 totaled $6.04MM, a $6.57MM or 1,251.79% increase from a $0.52MM net loss for 2021-Q2. The $6.57MM increase is a result of an increase of $8.25MM in gross profit and a $1.21MM increase in other income, offset by a $2.20MM increase in operating expenses as discussed in the sections to follow.

Net loss and comprehensive net loss for 2021-Q2 totaled $0.90MM, a decrease of $6.36MM or 87.57% compared to $7.26MM loss in 2020-Q2. Included in the quarter's net loss and comprehensive net loss is $0.38MM in cumulative translation losses (2020-Q2; $0.37MM gain). Net loss for 2021-Q2 totaled $0.52MM, a $7.11MM or 93.13% increase compared to a$7.64MM net loss for 2020-Q2. The $7.11MM increase is largely attributed to a $3.12MM increase in gross profit margin and a $4.03MM reduction in operating expenses.

Net income and comprehensive income for 2022-YTD totaled $5.99MM, an increase of $7.16MM or 613.45% compared to a loss of $1.17MM in 2021-YTD. Included in the year's net income and comprehensive income is $0.04MM in cumulative translation gains (2021-YTD; $1.17MM loss). The $7.16MM increase is attributed to an incremental $18.42MM in gross margin resulting from increased sales, off-set by a $4.04MM increase in operating expenses.

Net loss and comprehensive net loss for 2021-YTD totaled $1.17MM, a reduction of $14.57MM or 92.59% from the loss of $15.74MM for 2020-YTD. The reduction was largely the result of the Company's continued improvements throughout the year which reduced operating costs by $10.29MM or 61.87%.

REVENUE

The Company assesses its contracts in accordance with IFRS 15:9 which requires the following:

- the contract has been approved by the parties to the contract:
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and
- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

Areas of judgment for revenue recognition include (i) estimating returns on product sold and price concessions (ii) assessment of whether control has passed to the customer based on criteria established in IFRS 15 and (iii) estimating the period in which performance obligations are met.

Revenue from contracts with customers is recognized in accordance with IFRS 15.31 when the Company satisfies a performance obligation by transferring a promised good or service to a customer. Revenue is recognized by the Company at the point in time when control of the products sold transfers, and the Company's obligations have been fulfilled. This generally occurs when the product is shipped or delivered to the customer, depending upon the method of distribution and shipping terms set forth in the customer contract.

When (or as) a performance obligation is satisfied, the Company recognizes, as revenue, the amount of the transaction price that is allocated to that performance obligation. Revenue from sales of Ignite products have a single performance obligation and are sold for a fixed price. The Company recognizes revenue in an amount that reflects the consideration which the Company expects to receive from the customer for the sales of the goods, net of promotional discounts, sales taxes, or similar obligations. The Company does not recognize a liability for estimated sales refunds for goods expected to be returned as based on historical information; the amount is immaterial. The Company's return policy is seven (7) days upon receipt of the goods for wholesale orders, and 30 days for eCommerce orders.

For contracts involving multiple performance obligations, the transaction price is allocated based on relative standalone selling prices of the goods or services. If a standalone selling price is not directly observable, it is estimated using an adjusted-market-assessment approach, which, for the most part, involves referring to prices from competitors for similar goods and then making an adjustment to such prices to reflect the company's costs and margins. Contract assets arise when the company transfers goods or services in advance of receiving consideration from customers. Contract liabilities arise from the obligation to transfer goods or services to the customer when consideration has already been received.

The Company's revenue is comprised of three sales channels (i) Royalty Revenue, (ii) eCommerce Revenue, and (iii) Wholesale Revenue.

(i) **Royalty Revenue:** Revenue from Royalty contracts is recognized when control of Ignite branded goods, under contract, has transferred from the Royalty partners to the Royalty partners' customer.

(ii) **eCommerce Revenue:** Revenue from sales through the Company's e-commerce channel is generally recognized on the date the goods are shipped from the Company's warehouse or third-party distribution partner (FOB shipping point). Costs to ship orders to customers are included as an expense in cost of goods sold.

(iii) **Wholesale Revenue:** Revenue from sales to customers through the Company's wholesale channel are recognized when control of the goods has transferred to the customer. Where the Company arranges the shipping of goods, revenue is recognized on the date the goods are shipped from the Company's warehouse or third-party distribution partner (FOB shipping point). Where the customer arranges for the pickup of goods, revenue is recognized at the time the goods are transferred to the customer's carrier. Costs to ship orders to customers are included as an expense in cost of goods sold.

Sales of products are for cash or otherwise agreed-upon credit terms. The Company's payment terms vary by location and customer; however, the time between when revenue is recognized and when payment is due is typically not greater than 30 days. The Company does not offer a warranty on its products. Returns are only refundable if a product was received damaged and must be returned to the Company within seven days of receipt for wholesale customers, and thirty days of receipt for ecommerce customers. The Company exposure to returns for damaged goods is mitigated by filing claims with the responsible freight courier.

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REVENUE FOR THE QUARTER

The following tables presents net revenue by channel and geographic segment for 2022-Q2, 2021-Q2 and 2020-Q2:

2022-Q2	USA	ROW	CONSOL	Channel % of total revenue
Sales Channel	**$**	**$**	**$**	**%**
Ecommerce	519,842	16,069	535,911	1.63%
Wholesale	32,253,100	180,277	32,433,377	98.37%
Royalty	-	-	-	0.00%
Total Revenue $	**32,772,942**	**196,346**	**32,969,288**	**100.00%**
Total Revenue %	**99.40%**	**0.60%**	**100.00%**	
% of revenue channel				
Ecommerce	97.00%	3.00%	100.00%	
Wholesale	99.44%	0.56%	100.00%	
Royalty	0.00%	0.00%	0.00%	

2021-Q2	USA	ROW	CONSOL	Channel % of total revenue
Sales Channel	**$**	**$**	**$**	**%**
Ecommerce	429,356	47,235	476,591	3.96%
Wholesale	10,632,866	82,239	10,715,104	88.92%
Royalty	-	858,205	858,205	7.12%
Total Revenue $	**11,062,222**	**987,679**	**12,049,900**	**100.00%**
Total Revenue %	**91.80%**	**8.20%**	**100.0%**	
% of revenue channel				
Ecommerce	90.09%	9.91%	100.00%	
Wholesale	99.23%	0.77%	100.00%	
Royalty	0.00%	100.00%	100.00%	

2020-Q2	USA	ROW	CONSOL	Channel % of total revenue
Sales Channel	**$**	**$**	**$**	**%**
Ecommerce	1,366,237	121,531	1,487,767	46.92%
Wholesale	1,536,473	75,615	1,612,088	50.84%
Royalty	-	70,971	70,971	2.24%
Total Revenue $	**2,902,710**	**268,117**	**3,170,827**	**100.00%**
Total Revenue %	**91.54%**	**8.46%**	**100.00%**	
% of revenue channel				
Ecommerce	91.83%	8.17%	100.00%	
Wholesale	95.31%	4.69%	100.00%	
Royalty	0.00%	100.00%	100.00%	

2022-Q2 vs. 2021-Q2	USA	ROW	CONSOL	Change in Channel % of total revenue	% increase/decrease in revenue
Sales Channel	**$**	**$**	**$**	**%**	**%**
Ecommerce	90,486	(31,166)	59,320	-2.33%	12.45%
Wholesale	21,620,234	98,038	21,718,273	9.45%	202.69%
Royalty	-	(858,205)	(858,205)	-7.12%	-100.00%
Total Revenue Change $	**21,710,720**	**(791,333)**	**20,919,388**		**173.61%**
Total Revenue Change %	**103.78%**	**-3.78%**	**100.00%**		
Change in % of revenue per channel					
Ecommerce	6.91%	-6.91%	0.00%		
Wholesale	0.21%	-0.21%	0.00%		
Royalty	0.00%	-100.00%	-100.00%		

2021-Q2 vs. 2020-Q2	USA	ROW	CONSOL	Change in Channel % of total revenue	% increase/decrease in revenue
Sales Channel	**$**	**$**	**$**	**%**	**%**
Ecommerce	(936,881)	(74,296)	(1,011,176)	-42.97%	-67.97%
Wholesale	9,096,392	6,624	9,103,016	38.08%	564.67%
Royalty	-	787,234	787,234	4.88%	1109.23%
Total Revenue Change $	**8,159,512**	**719,562**	**8,879,073**		**280.02%**
Total Revenue Change %	**39.00%**	**3.44%**	**42.44%**		
Change in % of revenue per channel					
Ecommerce	-1.74%	1.74%	0.00%		
Wholesale	-3.18%	3.18%	0.00%		
Royalty	0.00%	0.00%	0.00%		

Total revenue for 2022-Q2 were $32.97MM, a $20.92MM or 173.61% increase from $12.05MM in 2021-Q2.

Total revenue for 2021-Q2 were $12.05MM, a $8.88MM or 280.02% increase from $3.17MM in 2020-Q2.

These increases were the result of changes in the following revenue channels:

Ecommerce revenue for 2022-Q2 compared to 2021-Q2:

- For 2022-Q2, total Ecommerce sales were $0.54MM, an increase of $0.06MM or 12.45% from $0.48MM for 2021-Q2. The increase is attributed to the launch of "The Setup" in 2021-Q3, an autobiography written by the Company's CEO, Dan Bilzerian, along with increased sales of other IGNITE products during the period.
- For 2022-Q2, the Ecommerce channel accounted for 1.63% of the Company's $32.97MM total revenue compared to a 3.96% allocation to the $12.05MM in total revenues for 2021-Q2. This reduction in revenue distribution for Ecommerce sales is due to the Company's continued focus on its Wholesale channel.
- For 2022-Q2, the USA market accounted for $0.52MM or 97.00% of the Company's total Ecommerce sales, an increase of $0.09M or 6.91% from $0.43MM or 90.09% reported for 2021-Q2. This increase is attributed to the online sales of The Setup along with increased sales of other IGNITE products. The remaining $0.02MM or 3.00% of Ecommerce sales for 2022-Q2 were generated in the ROW, a decrease of $0.03MM or 6.91% from the $0.05MM or 9.91% reported for 2021-Q2.

Ecommerce revenue for 2021-Q2 compared to 2020-Q2:

- For 2021-Q2, total Ecommerce sales were $0.48MM, a decrease of $1.01MM or 67.97% from $1.49MM for 2020-Q2. This decline was an outcome of the deliberate reduction of paid media and influencer spend as the Company focused its efforts on wholesale expansion to better suit the Company's current product portfolio.
- For 2021-Q2, the Ecommerce channel accounted for 3.96% of the Company's $12.05MM in total revenues for the period compared to 46.92% allocation to the $3.17MM in total revenues for 2020-Q2. The decrease is attributed to the Company's focus moving to the wholesale channel.
- For 2021-Q2, the USA market accounted for $0.43MM or 90.09% of the Company's total Ecommerce sales, a decrease of $0.94MM or 1.74% compared to $1.37MM or 91.83% reported for 2020-Q2. This decrease is attributed to reduced spend on ecommerce-based marketing activities typically used to drive online sales. The remaining $0.05MM or 9.91% of Ecommerce sales for 2021-Q2 were generated in the ROW, a decrease of $0.07MM or 1.74% from the $0.12MM or 8.17% of income reported for 2020-Q2.

Wholesale revenue for 2022-Q2 compared to 2021-Q2:

- For 2022-Q2, total Wholesale revenues were $32.43MM, an increase of $21.72MM or 202.69% compared to $10.71MM for 2021-Q2. The increase is attributed to the 4.27MM IGNITE branded nicotine units sold in 2022-Q2, an increase of 4.12MM units or 35.59% from the 0.14MM units sold in 2021-Q2.
- For 2022-Q2, the Wholesale channel accounted for 98.37% of the Company's $32.97MM in total revenues for the period, an 9.45% increase in total channel revenue compared to 88.92% of the $10.71MM 2021-Q2 revenues. This 9.45% increase in channel revenue is due to a large increase in nicotine product sales.

- For 2022-Q2, the USA market accounted for $32.25MM or 99.44% of the Company's total Wholesale revenue, an increase of $21.62MM compared to $10.63MM or 99.23% reported for 2021-Q2. This increase in the USA market is attributed to the Company partnering with large US based distributors with world-wide reach which has resulted in a significant increase in the sales of IGNITE branded nicotine products. The remaining $0.18MM or 0.56% of Wholesale revenues for 2022-Q2 were generated in the ROW, an increase of $0.98MM in revenues, but a 0.21% decrease in revenue allocation for the Company when compared to $0.08MM or 0.77% reported for 2021-Q1. The overall increase in Wholesale revenue for ROW is the result of increased Wholesale activity in Luxembourg. The 21% reduction in overall percentage allocation is due to the Company's continue growth in the US markets.

Wholesale revenue for 2021-Q2 compared to 2020-Q2:

- For 2021-Q2, total Wholesale revenues were $10.71MM, an increase of $9.10MM or 564.67% compared to $1.61MM for 2020-Q2. The increase is attributed the Company's 2021 change in strategy to focus on the wholesale channel.
- For 2021-Q2, the Wholesale channel accounted for 88.92% of the Company's $12.05MM in total revenues for the period, a 38.08% increase in total channel revenue compared to 50.84% of the $3.17MM 2020-Q2 revenues. This increase in channel revenues were prompted by the change made by management to refocus delivery of its products through distributors and retailers.
- For 2021-Q2, the USA market accounted for $10.63MM or 99.23% of the Company's total Wholesale revenue, an increase of $9.09MM compared to a $1.54MM in wholesale sales in 2020-Q2.

Royalty revenue for 2022-Q2 compared to 2021-Q2:

- For 2022-Q2, the Company did not report any royalty income, a 100% decrease from $0.86MM in 2021-Q2. The lack of 2022-Q2 royalty income was the result of the Company exiting Canadian cannabis market in 2021-Q3 with no other royalty sales in any other markets.
- For 2022-Q2, the royalty channel did not generate revenues, compared to $0.86MM or 7.12% of the total $12.05MM in 2021-Q2.
- For 2022-Q2, none of the Company's reporting segments generated royalty revenues, whereas in 2021-Q2, $0.86MM or 100% of the Company's royalty revenues were generated by ROW.

Royalty revenue for 2021-Q2 compared to 2020-Q2:

- For 2021-Q2, total royalty revenue was $0.86MM, a $0.79MM or 4.88% increase from $0.07MM in 2020-Q2. This increase was the result of royalties' sales generated from the Canadian market.
- For 2021-Q2, the royalty channel accounted for 7.12% of the Company's $12.05MM in total revenue, an increase of 4.88% compared 2.24% of the $3.17MM total revenues in 2020-Q2.
- For 2021-Q2, 100% of the Company's royalty revenues were generated by ROW, with no change from the 100% generated by the ROW in 2020-Q2. The ROW was the only source of royalty revenues over each of the periods.

REVENUE FOR THE YEAR

The following tables presents net revenue by channel and geographic segment for the 2022-YTD, 2021-YTD and 2020-YTD:

Six months ended June 30, 2022	USA	ROW	CONSOL	Channel % of total revenue	
Sales Channel	**$**	**$**	**$**	**%**	
Ecommerce	1,141,009	65,415	1,206,424	2.32%	
Wholesale	48,421,003	2,384,050	50,805,053	97.68%	
Royalty	-	-	-	0.00%	
Total Revenue $	**49,562,012**	**2,449,465**	**52,011,477**	**100.00%**	
Total Revenue %	**95.29%**	**4.71%**	**100.00%**		
% of revenue channel					
Ecommerce	94.58%	5.42%	100.00%		
Wholesale	95.31%	4.69%	100.00%		
Royalty	0.00%	0.00%	0.00%		
Six months ended June 30, 2021	**USA**	**ROW**	**CONSOL**	**Channel % of total revenue**	
Sales Channel	**$**	**$**	**$**	**%**	
Ecommerce	782,297	133,896	916,193	5.84%	
Wholesale	13,787,955	126,041	13,913,996	88.62%	
Royalty	-	870,740	870,740	5.55%	
Total Revenue $	**14,570,252**	**1,130,677**	**15,700,929**	**100.00%**	
Total Revenue %	**92.80%**	**7.20%**	**100.00%**		
% of revenue channel					
Ecommerce	85.39%	14.61%	100.00%		
Wholesale	99.09%	0.91%	100.00%		
Royalty	0.00%	0.00%	0.00%		
Six months ended June 30, 2020	**USA**	**ROW**	**CONSOL**	**Channel % of total revenue**	
Sales Channel	**$**	**$**	**$**	**%**	
Ecommerce	2,176,361	188,166	2,364,527	48.60%	
Wholesale	2,339,515	61,360	2,400,875	49.35%	
Royalty	-	100,083	100,083	2.06%	
Total Revenue $	**4,515,876**	**349,609**	**4,865,485**	**100.00%**	
Total Revenue %	**92.81%**	**7.19%**	**100.00%**		
% of revenue channel					
Ecommerce	92.04%	7.96%	100.00%		
Wholesale	97.44%	2.56%	100.00%		
Royalty	0.00%	0.00%	0.00%		
2022-YTD vs. 2021-YTD	**USA**	**ROW**	**CONSOL**	**Change in Channel % of total revenue**	**% increase/decrease in revenue**
Sales Channel	**$**	**$**	**$**	**%**	**%**
Ecommerce	358,712	(68,481)	290,231	-3.52%	31.68%
Wholesale	34,633,048	2,258,009	36,891,057	9.06%	265.14%
Royalty	-	(870,740)	(870,740)	-5.55%	-100.00%
Total Revenue Change $	**34,991,760**	**1,318,788**	**36,310,548**		**173.61%**
Total Revenue Change %	**96.37%**	**3.63%**	**100.00%**		
Change in % of revenue per channel					
Ecommerce	9.19%	-9.19%	0.00%		
Wholesale	-3.79%	3.79%	0.00%		
Royalty	0.00%	0.00%	0.00%		
2021-YTD vs. 2020-YTD	**USA**	**ROW**	**CONSOL**	**Change in Channel % of total revenue**	**% increase/decrease in revenue**
Sales Channel	**$**	**$**	**$**	**%**	**%**
Ecommerce	(1,394,064)	(54,270)	(1,448,334)	-42.76%	-61.25%
Wholesale	11,448,440	64,681	11,513,121	39.27%	479.54%
Royalty	-	770,657	770,657	3.49%	770.02%
Total Revenue Change $	**10,054,376**	**781,068**	**10,835,444**		**222.70%**
Total Revenue Change %	**92.79%**	**7.21%**	**100.00%**		
Change in % of revenue per channel					
Ecommerce	-6.66%	6.66%	0.00%		
Wholesale	1.65%	-1.65%	0.00%		
Royalty	0.00%	0.00%	0.00%		

Total Sales for 2021-YTD were $52.01MM, a $36.31MM or 231.26% increase from $15.70MM total revenue for 2021-YTD.

Total revenues for 2021-YTD were $15.70MM, a $10.83MM or 222.70% increase from $4.87MM total revenue for 2020-YTD.

These increases were the result of changes in the following revenue channels:

Ecommerce Revenue for 2022-YTD compared to 2021-YTD:

- For 2022-YTD, total Ecommerce sales were $1.20MM, a decrease of $0.29MM or 31.68% from $0.91MM for 2021-YTD. The increase is mainly attributed to the launch of "The Setup" in 2021-Q3.
- For 2022-YTD, the Ecommerce channel accounted 2.32% of the Company's $52.01MM in total revenues for the year which is a 3.52% decrease in total revenue distribution from the 5.84% channel percentage reported on 2021-YTD $15.70MM total revenues. This reduction in channel percentage revenue is due to the large upswing in wholesale revenues described below.
- For 2022-YTD, the USA market accounted for $1.14MM or 94.58% of the Company's total Ecommerce sales, an increase $0.36MM or 9.19% of total ecommerce channel revenue as compared to the $0.78MM or 89.39% reported for 2021-YTD. The increase is mainly attributed to the launch of "The Setup" in 2021-Q3. The remaining $0.06MM or 5.42% of Ecommerce sales for 2022-YTD were generated in the ROW, a decrease of $0.07MM or 9.19% from the $0.13MM or 14.61% reported for 2021-YTD.

Ecommerce Revenue for 2021-YTD compared to 2020-YTD:

- For 2021-YTD, total Ecommerce sales were $0.92MM, a decrease of $1.44MM or 61.25% from $2.36MM for 2020-YTD. The decline for 2021-YTD was a result of the Company discontinuing THC sales in the US (California and Nevada) in 2019, increased product availability through the wholesale channel, reduced spend on ecommerce-based marketing activities typically used to drive sales, and an aging CBD product line up which was refreshed with a lower number of new SKU's aligning to consumers changing tastes.
- For 2021-YTD, the Ecommerce channel accounted 5.84% of the Company's $15.70MM in total revenues for the year which is a 42.76% decrease in total revenue distribution from the 48.60% channel percentage reported on 2020-YTD $4.86MM total revenues. This reduction in channel percentage is due the increase in sales through the wholesale channel.
- For 2021-YTD, the USA market accounted for $0.78MM or 85.39% of the Company's total Ecommerce sales, a decrease $1.39MM or 6.65% in total ecommerce channel revenue compared to the $2.17MM or 92.04% reported for 2020-YTD. The remaining $0.13MM or 14.61% of Ecommerce sales for 2021-YTD were generated in the ROW, a decrease of $0.05MM but an increase of 6.66% from the $0.18MM or 7.96% reported for 2020-YTD, mainly due to the company's shift towards the wholesale channel.

Wholesale Revenue for 2022-YTD compared to 2021-YTD:

- For 2022-YTD, total Wholesale revenues were $50.81MM, an increase of $36.90MM or 265.14% from $13.91MM for 2021-YTD. The increase is attributed the 51.30MM IGNITE branded nicotine units sold during 2022-YTD, an increase of 38.18MM or 291.05% from the 13.12MM units sold during 2021-YTD.

- For 2022-YTD, the Wholesale channel accounted 97.68% of the Company's $52.01MM in total revenues for the year; a 9.06% increase in total channel revenue compared to the $13.91MM or 88.62% channel percentage reported on the $15.70MM 2021-YTD total revenues. This 9.06% increase in revenue distribution is due to a large upswing in nicotine product sales for the year as described above.
- For 2022-YTD, the USA market accounted for $48.42MM or 95.31% of the Company's total Wholesale revenue, an increase of $34.63MM in revenues. However, there was a 3.79% decrease in allocation of the Company's revenue by channel when compared to $13.79MM or 99.09% for 2021-YTD. This increase in the USA market is attributed to the Company partnering with large US based distributors with world-wide reach, widely increasing the sale of IGNITE branded nicotine products. The remaining $2.38MM or 4.69% of Wholesale revenues for 2022-YTD were generated in the ROW, an increase of $2.26MM or 3.79% from $0.12MM or 0.91% reported for 2021-YTD.

Wholesale Revenue for 2021-YTD compared to 2020-YTD:

- For 2021-YTD, total Wholesale revenues were $13.91MM, an increase of $11.51MM or 479.54% from $2.40MM for 2020-YTD. The increase is mainly attributed from the continuous upswing in nicotine product sales.
- For 2021-YTD, the Wholesale channel accounted 88.62% of the Company's $15.70MM in total revenues for the year; a 39.27% increase in total channel revenue compared to the $2.40MM or 49.35% channel percentage reported on the $4.87MM 2020-YTD total revenues. This 49.35% increase in revenue distribution is due to a large upswing in nicotine product sales and the decrease in concentration on the Ecommerce channel.
- For 2021-YTD, the USA market accounted for $13.79MM or 99.09% of the Company's total Wholesale revenue, an increase of $11.45MM or 1.65% from $2.34MM or 97.44% as reported for 2010-YTD. This increase in the USA market is attributed to the Company activating the USA market at the onset of a wholesale channel to establish processes to set out in other regions. The remaining $0.13MM or 0.91% of Wholesale revenues for 2021-YTD were generated in the ROW, an increase of $0.07MM and decrease of 1.65% from $0.06MM or 2.56% reported for 2020-YTD.

Royalty Revenue for 2022-YTD compared to 2021-YTD:

- For 2022-YTD, the Company did not report any royalty income, a 100% decrease from $0.87MM in 2021-YTD. The lack of 2022-YTD royalty income was the result of the Company exiting Canadian cannabis market in 2021-Q3 with no other royalty sales in any other markets.

Royalty Revenue for 2021-YTD compared to 2020-YTD:

- For 2021-YTD, total Royalty revenues were $0.87MM, an increase of $0.77MM or 770.02% from $0.10MM for 2020-YTD. The increase is attributed an execution of a sales and distribution agreement at the tail end of 2020 to service the Canadian market.
- For 2021-YTD, the Royalty channel accounted for 5.55% of the Company's $15.70MM in total revenues for the year; a 4.91% increase in total revenue distribution from the 0.64% allocation reported on the $4.87MM in total revenues for 2020-YTD. This 4.61% increase in revenue distribution is due to changes with licensing agreements entered into and terminated by the Company which halted the generation of Royalty revenue.

During the period ended June 30, 2022, the Company had two significant customers representing 39% and 19% (USA segment) of total revenues (2021-Q1; two customers; 45% and 10%, USA segment).

COST OF GOODS SOLD

Cost of goods sold, primarily consists of cost incurred to ready inventory for sale, including product costs, packaging and labeling, warehousing, fulfillment, distribution and freight and tariff costs. The Company also includes inventory provisions, shrinkage, and obsolescence within cost of goods sold.

Costs of goods sold for 2022-Q2 were $20.73MM, an increase of $12.67MM or 157.00% compared to $8.06MM for 2021-Q2. This increase is in direct relation to the Company's $20.92MM or 173.61% increase in revenues for 2022-Q2.

Costs of goods sold for 2021-Q2 were $8.06MM, an increase of $5.76MM or 249.90% compared to $2.30MM for 2020-Q2. This increase is in direct relation to an $8.88MM or 280.02% increase in revenues for 2021-Q2.

Costs of goods sold for 2022-YTD were $33.59MM, an increase of $22.88MM or 213.50% compared to $10.71MM for 2021-YTD. This increase is in direct relation to the Company's $36.31MM increase in revenues for 2022-YTD. As is the case for 2022-YTD, management also included $0.71MM (2021-YTD; $1.91MM) in inventory provisions for in 2022.

Costs of goods sold for 2021-YTD were $10.71MM, an increase of $7.34MM or 217.80% compared to $3.37MM for 2020-YTD. This increase is in direct relation to the Company's $10.83MM increase in revenues for 2021-YTD.

Costs of goods sold by reporting segment is listed below under gross profits.

GROSS PROFITS

Gross profit is revenue less cost of goods sold.

Gross profits for 2022-Q2 were $12.24MM, an increase of $8.26MM or 207.23% compared to $3.98MM for 2021-Q2. This increase is in direct relation to the Company's $20.92MM increase in revenues for 2022-Q2. The gross margin percentage for 2022-Q2 was 37.11%, an increase of 4.06% from 33.05% for 2021-Q2. This increase in profit margin percentage is due to tighter controls around inventory and improved management of the USA wholesale caused by the move to the Company's Texas facility.

Gross profits for 2021-Q2 were $3.98MM, an increase of $3.12MM or 360.29% compared to $0.86MM for 2020-Q2. The increase is attributed to a $8.88MM increase in revenues for 2021-Q2. The gross margin percentage for 2021-Q2 was 33.05%, an increase of 5.76% from 22.29% for 2020-Q2.

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The table below summarizes gross profits and pross profit percentage for each of 2022-Q2, 2021-Q2 and 2020-Q2.

2022-Q2	USA	ROW	CONSOL
Total revenue	32,772,942	196,346	32,969,288
Total cost of goods sold	20,652,843	80,636	20,733,479
Total Gross Profit	**12,120,099**	**115,710**	**12,235,809**
Total Gross Profit (%)	**36.98%**	**58.93%**	**37.11%**
2021-Q2	**USA**	**ROW**	**CONSOL**
Total revenue	11,062,222	987,679	12,049,900
Total cost of goods sold	7,419,137	648,182	8,067,319
Total Gross Profit	**3,643,085**	**339,496**	**3,982,581**
Total Gross Profit (%)	**32.93%**	**34.37%**	**33.05%**
2020-Q2	**USA**	**ROW**	**CONSOL**
Total revenue	2,902,710	268,117	3,170,827
Total cost of goods sold	2,093,336	212,255	2,305,591
Total Gross Profit	**809,374**	**55,862**	**865,236**
Total Gross Profit (%)	**27.88%**	**20.83%**	**27.29%**
2022-Q2 vs. 2021-Q2	**USA**	**ROW**	**CONSOL**
Change in revenue	21,710,720	(791,333)	20,919,388
Change in cost of goods sold	13,233,706	(567,546)	12,666,160
Change in gross profit	**8,477,014**	**(223,786)**	**8,253,228**
% increase/decrease in gross profits	**232.69%**	**-65.92%**	**207.23%**
change in gross profit margin (%)	**4.05%**	**24.56%**	**4.06%**
2021-Q2 vs. 2020-Q2	**USA**	**ROW**	**CONSOL**
Change in revenue	8,159,512	719,562	8,879,073
Change in cost of goods sold	5,325,801	435,928	5,761,729
Change in gross profit	**2,833,711**	**283,634**	**3,117,345**
% increase/decrease in gross profits	**350.11%**	**507.74%**	**360.29%**
change in gross profit margin (%)	**5.05%**	**13.54%**	**5.76%**

Gross profits for 2022-YTD were $18.42MM, an increase of $13.43MM or 269.44% compared to $4.99MM for 2021-YTD. This increase is in direct relation to the Company's $36.31MM increase in revenues for 2022-YTD. The gross margin percentage for 2022-YTD was 35.41%, an increase of 3.66% from 31.75% for 2021-YTD.

Gross profits for 2021-YTD were $4.99MM, an increase of $3.49MM or 233.76% compared to $1.50MM for 2020-YTD. This increase is in direct relation to the Company's $10.83MM increase in revenues for 2021-YTD. The gross margin percentage for 2021-YTD was 31.75%, an increase of 1.05% from 30.70% for 2020-YTD. The increase in gross profit percentage for the year is mainly a result of higher wholesale margins in the nicotine vaping products which made up approximately 84% of 2021-YTD revenue.

The table below summarizes gross profits and pross profit percentage for each of 2022-YTD, 2021-YTD and 2020-YTD.

2022-YTD	USA	ROW	CONSOL
Total revenue	49,562,012	2,449,465	52,011,477
Total cost of goods sold	31,722,046	1,871,801	33,593,847
Total Gross Profit	**17,839,966**	**577,664**	**18,417,630**
Total Gross Profit (%)	**36.00%**	**23.58%**	**35.41%**
2021-YTD	**USA**	**ROW**	**CONSOL**
Total revenue	14,570,252	1,130,677	15,700,929
Total cost of goods sold	9,939,049	776,559	10,715,608
Total Gross Profit	**4,631,203**	**354,118**	**4,985,321**
Total Gross Profit (%)	**31.79%**	**31.32%**	**31.75%**
2020-YTD	**USA**	**ROW**	**CONSOL**
Total revenue	4,515,876	349,609	4,865,485
Total cost of goods sold	3,121,472	250,310	3,371,782
Total Gross Profit	**1,394,404**	**99,299**	**1,493,703**
Total Gross Profit (%)	**30.88%**	**28.40%**	**30.70%**
2022-YTD vs. 2021-YTD	**USA**	**ROW**	**CONSOL**
Change in revenue	34,991,760	1,318,788	36,310,548
Change in cost of goods sold	21,782,997	1,095,242	22,878,239
Change in gross profit	**13,208,763**	**223,546**	**13,432,309**
% increase/decrease in gross profits	**285.21%**	**63.13%**	**269.44%**
change in gross profit margin (%)	**4.21%**	**-7.74%**	**3.66%**
2021-YTD vs. 2020-YTD	**USA**	**ROW**	**CONSOL**
Change in revenue	10,054,376	781,068	10,835,444
Change in cost of goods sold	6,817,577	526,249	7,343,826
Change in gross profit	**3,236,799**	**254,819**	**3,491,618**
% increase/decrease in gross profits	**232.13%**	**256.62%**	**233.76%**
change in gross profit margin (%)	**0.91%**	**2.92%**	**1.05%**

OPERATING EXPENSES

Operating expenses for the Company consist of general and administrative costs, share-based payments, marketing and promotions, depreciation and amortization, and bad debt expense.

Total operating expenses for 2022-Q2 were $5.98MM, an increase of $2.20MM or 58.30% compared to $3.78MM for 2021-Q2.

Total operating expenses for 2021-Q2 were $3.78MM, a decrease of $4.03MM or 51.62% compared to $7.81MM for 2020-Q2.

Differences over the quarters are attributed to the changes in each of the components of operating expense reflected below:

- ***General and administrative ("G&A") costs for 2022-Q2*** primarily include payroll costs, office and facility expenses, consulting fees, professional fees and travel and accommodation costs. For 2022-Q2, G&A costs totaled $3.48MM, an increase of $0.73MM or 26.53% compared to $2.75MM for 2021-Q2. The increase is a result of the changes within G&A as discussed below.

  For 2021-Q2, G&A costs were $2.75MM, a decrease of $1.75MM or 38.87% compared to $4.50MM for 2020-Q2. The decrease is a result of the changes within G&A as discussed below.

  The table below represents G&A costs incurred by the Company during 2022-Q2, 2021-Q2, and 2020-Q2, along with the variances in costs between the quarters:

'MM	2022-Q2	2021-Q2	2020-Q2	2022-Q2 vs 2021-Q2	2022-Q2 vs 2021-Q2	2021-Q2 vs 2020-Q2	2021-Q2 vs 2020-Q2
	$	$	$	$	%	$	%
Payroll and benefits	1,750,090	1,491,041	2,676,075	259,049	17.37%	(1,185,034)	-44.28%
Bank and Merchant Fees	54,243	27,454	61,932	26,789	97.58%	(34,478)	-55.67%
Office Expenses	374,863	462,242	445,034	(87,379)	-18.90%	17,208	3.87%
Facilities Expense	119,629	136,789	257,839	(17,160)	-12.54%	(121,050)	-46.95%
Consulting and advisory	100,373	186,519	227,987	(86,146)	-46.19%	(41,468)	-18.19%
Professional Fees	961,485	368,971	523,444	592,514	160.59%	(154,473)	-29.51%
Insurance	38,905	40,387	114,982	(1,482)	-3.67%	(74,595)	-64.88%
Travel and accommodation	77,486	34,571	187,731	42,915	124.14%	(153,160)	-81.58%
Total G&A	**3,477,074**	**2,747,974**	**4,495,024**	**729,100**	**26.53%**	**(1,747,050)**	**-38.87%**

  - ***Payroll and benefits:***

    - **For 2022-Q2,** the $0.26MM (17.37%) increase from 2021-Q2 was a result of an increased number of employees during the period. In 2022-Q2, the Company employed 52 direct and contracted employees. In 2021-Q2, the Company's headcount was 47. This increase in headcount was due to increased activity in the Company's Luxembourg subsidiary, along with the establishment of its Texas warehouse in 2021-Q4.

      For 2021-Q2, the $1.19M (44.28%) decrease from 2020-Q2 is a result of the Company undergoing staffing reductions over the previous 12 months. In 2021-Q1, the Company realized full cost savings resulting from the reduction efforts.

  - ***Bank and merchant fees:***

    - **For 2022-Q2,** the $0.03MM (97.58%) increase from 2021-Q2 is a result of increased merchant fees during the period associated with the sale of The Setup via Amazon, along with additional accounts initiated by the Company to facilitate global operations.

      For 2021-Q2, the $0.03MM (55.67%) decrease from 2020-Q2 is a result of streamlining of merchant accounts for the Company's online sales.

- ***Office expenses:***

  - **For 2022-Q2**, the $0.09MM (18.90%) decrease from 2021-Q2 is attributed to a decrease in office supplies required as employees continue to work remotely.

    For 2021-Q2, the $0.02MM (3.87%) increase from 2020-Q2 was the result of employees working from home during the onset of COVID-19.

- ***Facilities expense:***

  - **For 2022-Q2,** the $0.02MM (12.54%) is a minimal decrease from 2021-Q2.

    For 2021-Q2, the $0.12MM (46.59%) decrease from 2020-Q2 is due to termination of a lease the Company had in 2020-Q3.

- ***Consulting and advisory fees:***

  - **For 2022-Q2,** the $0.09MM (46.19%) decrease from 2021-Q2 is largely the result of a $0.05MM reduction in recruitment fees and $0.02MM reduction in customer service-related costs.

    For 2021-Q2, the $0.04MM (18.19%) decrease from 2020-Q2 is the result of the Company's efforts to reduce outsourced consultants in exchange for in-house employees.

- ***Professional Fees*:**

  - **For 2022-Q2**, the $0.59MM (160.59%) increase from 2021-Q2 is the result of increase in legal fees partially due to the Company's efforts to go private (see note 3 - *Recent Events section*).

    For 2021-Q2, the $0.15MM (29.51%) decrease from 2020-Q2 higher expenditure in 2020-Q2 was mainly to support legal, accounting, and advisory costs associated with the Company's expansion in the United States, the United Kingdom, and Mexico.

- ***Insurance*:**

  - **For 2022-Q2,** there was minimal change compared to 2021-Q2 and remained flat at $0.04MM.

    For 2021-Q2, the $0.07M (64.88%) decrease from 2020-Q2 is the result of small changes made to the Company's insurance policies.

- ***Travel and accommodation*:**

  - **For 2022-Q2,** the $0.04MM (124.14%) increase from 2021-Q2 is the result of costs associated with tradeshows and marketing events attended by sales and marketing personnel within the quarter of 2022-Q2.

    For 2021-Q2, the $0.15MM (81.58%) decrease from 2020-Q2 is primarily a result of continued global travel restrictions due to the COVID-19 pandemic, and the Company's commitment to the safety of their employees.

- ***Share based compensation for 2022-Q2*** was recall of $0.50MM, a decrease of $0.57MM or 801.64% from $0.07MM in expenses for 2021-Q2. The decrease is attributed the forfeiture of options held by certain employee's and board members who resigned from the Company.

  Share based compensation for 2021-Q2 was $0.07, a decrease of $0.67MM or 90.38% from $0.74MM in 2020-Q2. The decrease is due to a lower number of options issued, lower exercise price compared to prior year, and an increase in forfeitures associated with employee turnover.

- ***Marketing and promotion for 2022-Q2*** totaled $1.94MM, an increase of $1.19MM or 159.33% from $0.75M in 2021-Q2. The increase was a result of costs associated with three large tradeshows which the Company participated in 2022-Q2 to promote the IGNITE brand in addition to increased marketing initiatives to promote the IGNITE branded spirits product line.

  Marketing and promotion for 2021-Q2 totaled $0.75MM, a decrease of $0.53MM or 41.68% from $.28MM in 2020-Q2. Costs in 2021-Q2 were predominantly focused on supporting the wholesale channel expansion in the US through samples and point of sale materials. 2020-Q2 costs were a result of significant marketing, promotional, and brand awareness campaigns in concert with the launch of the Company's IGNITE branded products in the United States, Canada, Mexico, and the UK.

- ***Depreciation and amortization for 2022-Q2*** totaled $0.07MM, an increase of $0.02MM or 45.68% from $0.05MM in 2021-Q1. The increase is due to the execution of a warehouse lease in Texas which is classified as a right-of-use asset under IFRS 16.

  Depreciation and amortization for 2021-Q2 totaled $0.05MM, a decrease of $0.86MM or 94.61% from $0.91MM in 2020-Q2. The decrease is due to the disposal of two properties leased by the Company in 2020-Q3 and the related leasehold improvements that were classified as right-of-use assets under IFRS 16.

- ***Bad debt expense for 2022-Q2*** totaled $0.96MM, an increase of $0.82MM or 592.77% from $0.14MM in 2021-Q2. The increase is a result of higher sales subject to the Company's expected credit loss computation policy ("ECL").

  Bad debt expense for 2021-Q2 totaled $0.14MM, a decrease of $0.86MM or 94.61% from $0.91MM in 2020-Q2. The decrease resulted from tightened credit policies and increased reliance on distributors to fulfill sales into independent retailers.

Total operating expenses for 2022-YTD were $10.38MM, an increase of $4.04MM or 63.70% compared to $6.34MM for 2021-YTD. The increase is attributed to the changes in each of the components of operating expense described below.

Total operating expenses for 2021-YTD were $6.34MM, a reduction of $10.29MM or 61.87% compared to $16.64MM for 2020-YTD. The decrease is attributed to the changes in each of the components of operating expense described below.

The reductions year-over-year are attributed to the changes in each of the components of operating expense described below.

- ***General and administrative costs for 2021-YTD*** primarily include payroll costs, office and facility expenses, consulting fees, professional fees and travel and accommodation costs. For the year, G&A costs totaled $6.51MM, an increase of $1.38MM or 26.98% from $5.12MM in 2021-YTD. The increase is attributed to the changes in the components of G&A discussed below.

G&A for 2021-YTD costs totaled $5.12MM, a decrease of $4.17MM or 44.88% from $9.30MM for 2020-YTD. The decrease is attributed to the changes in the components of G&A discussed below.

The below table represents G&A costs incurred by the Company during 2022-YTD, 2021-YTD, and 2020-YTD and the variances in costs between the years:

'MM	2022-Q2	2021-Q2	2020-Q2	2022-Q2 vs 2021-Q2	2022-Q2 vs 2021-Q2	2021-Q2 vs 2020-Q2	2021-Q2 vs 2020-Q2
	$	$	$	$	%	$	%
Payroll and benefits	3,590,304	3,034,430	5,686,921	555,874	18.32%	(2,652,491)	-46.64%
Bank and Merchant Fees	121,792	53,142	125,125	68,650	129.18%	(71,983)	-57.53%
Office Expenses	671,042	824,613	994,421	(153,571)	-18.62%	(169,808)	-17.08%
Facilities Expense	219,733	181,018	520,986	38,715	21.39%	(339,968)	-65.25%
Consulting and advisory	316,637	307,793	345,276	8,844	2.87%	(37,483)	-10.86%
Professional Fees	1,406,799	596,499	912,204	810,300	135.84%	(315,705)	-34.61%
Insurance	53,220	77,540	185,298	(24,320)	-31.36%	(107,758)	-58.15%
Travel and accommodation	127,436	49,202	527,009	78,234	159.01%	(477,807)	-90.66%
Total G&A	**6,506,963**	**5,124,237**	**9,297,240**	**1,382,726**	**26.98%**	**(4,173,003)**	**-44.88%**

- ***Payroll and benefits:***
  - **For 2022-YTD,** there was a $0.59MM (18.32%) increase from 2021-YTD which was an s increase in headcount due to increased activity in the Company's Luxembourg subsidiary, along with the establishment of its Texas warehouse in 2021-Q4.

    For 2021-YTD, the $2.65MM (46.64%) decrease from 2020-YTD was due the Company undergoing three rounds of staffing reductions commencing in November of 2019 and ending in August 2020. This was achieved by streamlining many functions through centralization, the consolidation of roles where applicable, and the outsourcing of functions to achieve better labor force utilization.

- ***Bank and merchant fees:***
  - **For 2022-YTD,** the $0.67M (129.18%) increase from 2021-YTD is the result of the Company continuous growth in the Ecommerce revenue hence resulting in direct increase of merchant processing fees.

    For 2021-YTD, the $0.07MM (57.53%) decrease from 2020-YTD is the result of the Company establishing a new banking facility in 2021 which provided fee savings particularly for merchant processing fees.

- ***Office expenses:***
  - **For 2022-YTD**, the $0.15MM (18.62%) reduction from 2021-YTD is due to the Company's continued work from home policy and the reductions in staff.

    For 2021-YTD, the $0.17MM (17.08%) decrease from 2020-YTD is due to the continuous work from home policy.

- ***Facilities expense:***
  - **For 2022-YTD,** the $0.04MM (21.39%) increase from 2021-YTD relates to increase expenditures at the Texas Warehouse.

    For 2021-YTD, the $0.34MM (65.25%) decrease from 2020-YTD relates to terminated office leases in 2020-Q3.
- ***Consulting and advisory fees:***
  - **For 2022-YTD,** there was a minimal increase of $0.01MM (2.87%).

    For 2021-YTD**,** the decrease of $0.04 (10.86%) from 2020-YTD is the result of reducing spending related to recruiting and consultancy costs incurred as the Company filled strategic positions focused on expanding operations both domestically and globally in 2020.
- ***Professional fees:***
  - **For 2022-YTD,** the $0.81MM (135.84%) increase from 2021-YTD is largely due to an increase in legal fees.
  - For 2021-YTD, the $0.32MM (34.61%) decrease from 2020-YTD is due to a change in auditors for 2020-YE resulting in cost savings.
- ***Insurance:***
  - **For 2022-YTD,** the $0.02MM (31.36%) reduction from 2021-YTD is the result of management's continuous efforts to achieve costs savings through sourcing various insurance providers.

    For 2021-YTD, the $0.11MM (58.15%) reduction from 2019-YE is the result of management's efforts to achieve costs savings while obtaining the necessary coverages.
- ***Travel and accommodation:***
  - **For 2022-YTD,** the $0.08MM (159.01%) increase from 2021-YTD is a result of major tradeshows the company has participated in after the 2021 travel restrictions for COVID eased.

    For 2021-YTD, the $0.48M (90.66%) reduction from 2020-YTD is the effect of travel restrictions due to the COVID-19 pandemic. The decrease is primarily a result of global travel restrictions, while decreases were also realized from staff reductions and the establishment of UK and Asia operations.

- ***Share based recovery for 2022-YTD*** totaled $0.31MM, a decrease of $0.03MM or 9.62% from $0.28MM in 2021-YTD. The decrease is due to forfeitures from employees who have left the Company.

  Share based recovery for 2021-YTD totaled $0.28MM, a decrease of $2.06MM or 115.80% from a payment of $1.78MM for 2020-YTD. The decrease is due to a lower number of options issued, lower exercise price compared to prior year, and an increase in forfeitures associated with employee turnover.
- ***Marketing and promotion for 2022-YTD*** totaled $2.93MM, an increase of $1.82MM or 165.22% from $1.11MM for 2021-YTD. The increase was a result of increased marketing spending, particularly tradeshows and in-person events, which were previously restricted due to the COVID-19 pandemic and the Company's commitment to the health and safety.

Marketing and promotion for 2021-YTD totaled $1.11MM, a decrease of $2.27MM or 67.28% from $3.38MM for 2020-YTD. The decrease is attributed to significant travel restrictions due to COVID-19 pandemic which restricted tradeshows and in-person events.

- ***Depreciation and amortization for 2022-YTD*** totaled $0.13MM, an immaterial decrease of $0.03MM or 29.32% from $0.10MM for 2021-YTD.

  Depreciation and amortization for 2021-YTD totaled $0.10MM, a decrease of $1.70MM or 94.43% from $1.80MM for 2020-YTD. The decrease is due to the disposal of two properties leased by the Company in 2020 that were classified as right-of-use assets under IFRS 16 and the related leasehold improvements.

- ***Bad debt expense for 2022-YTD*** totaled $1.07MM, an increase of $0.82MM or 324.00% from $0.25MM for 2021-YTD. The increase is directly related to the $36.31MM increase in revenues for the period, increasing from $15.70MM in revenues in 2021-YTD to $52.01MM in 2022-YTD. For accounts receivable balances at the end of the year, the Company applies the simplified approach, as defined in IFRS 9, to measure expected credit losses. Changes in the carrying amount of the allowance account are recognized in bad debt expense.

  Bad debt expense for 2021-YTD totaled $0.25MM, decrease of $0.08MM or 25.16% from $0.34MM for 2020-YTD. The decrease is a result of collection activities throughout 2021-YTD, a shift to servicing accounts through wholesalers and distributors, and tighter credit terms.

OTHER INCOME

Other income is income derived from activities unrelated to the main focus of a business. Below are the amounts included within other income for 2022-Q2, 2021-Q2 and 2020-Q2.

	2022-Q2	2021-Q2	2020-Q2	2022-Q2 vs. 2021-Q2	2022-Q2 vs. 2021-Q2	2021-Q2 vs. 2020-Q2	2021-Q2 vs. 2020-Q2
	$	$	$	$	%	$	%
Debt Forgiveness	-	-	-	-	0.00%	-	0.00%
Gain on debt extinguishment	1,249,017	-	-	1,249,017	0.00%	-	0.00%
Gain on disposal of capital assets	-	-	-	-	0.00%	-	0.00%
Investment Gain	-	-	315,000	-	0.00%	(315,000)	-100.00%
Interest income	3,629	2,235	1,625	1,394	62.37%	610	37.54%
Other income	30,650	73,254	-	(42,604)	-58.16%	73,254	0.00%
Total other income	**1,283,296**	**75,489**	**316,625**	**1,207,807**	**1599.98%**	**(241,136)**	**-76.16%**

Other income for 2022-Q2 totaled $1.28MM, an increase of $1.21MM or 1,599.98% from $0.08MM in 2021-Q2. The increase is mainly attributed to a $1.25MM debt extinguishment gain on the modification of the II $16MM Convertible Debt (see note 5 – *Corporate Highlights*).

Other income for 2021-Q2 totaled $0.08MM, a decrease of $0.24MM from $0.32MM in 2020-Q2. The decrease is attributed to an investment gain in 2020-Q2 associated with equity investments the Company since sold.

Below are the amounts included within other income for 2022-YTD, 2021-YTD, and 2020-YTD.

	2022-YTD	2021-YTD	2020-YTD	2022-YTD vs. 2021-YTD	2022-YTD vs. 2021-YTD	2021-YTD vs. 2020-YTD	2021-YTD vs. 2020-YTD
	$	$	$	$	%	$	%
Debt Forgiveness	-	1,558,136	-	-	0.00%	1,558,136	0.00%
Gain on debt extinguishment	1,249,017	79,444	-	1,169,573	1472.20%	79,444	0.00%
Gain on disposal of capital assets	-	22,130	-	(22,130)	-100.00%	22,130	0.00%
Investment Gain	-	196,002	315,000	(196,002)	-100.00%	(118,998)	-37.78%
Interest income	6,836	3,635	3,469	3,201	88.06%	166	4.79%
Other income	37,405	347,720	-	(310,315)	-89.24%	347,720	0.00%
Total other income	**1,293,258**	**2,207,067**	**318,469**	**(913,809)**	**-41.40%**	**1,888,598**	**593.02%**

Other income for 2022-YTD was $1.29MM, a decrease of $0.91MM or 41.40% from $2.20MM for 2021-YTD. The decrease largely is attributed to a $1.54MM debt forgiveness, received in 2021-YTD related to Paycheck Protection Program and Small Business Administration loans received by the Company in 2020 on the onset of the COVID-19 pandemic. The decrease is also attributed to the sale of Numinus Wellness, Inc. shares in 2021-Q1. In 2021-Q1, the Company also incurred other income for recovery of payables which were previously expensed. The decrease is off-set by an increase of $1.25MM in debt extinguishment gain on the modification of the II $16MM Convertible Debt (see note 5 – *Corporate Highlights*).

Other income for 2021-YTD was $2.20MM, an increase of $1.89MM or 593.02% from $0.31MM for 2020-YTD. The increase is mainly due to the $1.54MM debt forgiveness related to Paycheck Protection Program and Small Business Administration loans and to the sale of Numinus Wellness, Inc. shares as mentioned above.

OTHER EXPENSES

Other expenses are those expenses that are non-operating and do not have any relation to the main business operations. Below are the costs included within other expenses for 2022-Q2, 2021-Q2 and 2020-Q2.

	2022-Q2	2021-Q2	2020-Q2	2022-Q2 vs. 2021-Q2	2022-Q2 vs. 2021-Q2	2021-Q2 vs. 2020-Q2	2021-Q2 vs. 2020-Q2
	$	$	$	$	%	$	%
Interest expense	82,044	23,794	99,958	58,250	244.81%	(76,164)	-76.20%
Interest accretion, leases	14,907	248	199,385	14,659	5910.89%	(199,137)	-99.88%
Interest accretion, convertible debt	1,146,521	776,264	654,637	370,257	47.70%	121,627	18.58%
Loss on disposal of capital assets	73,348	-	18,746	73,348	0.00%	(18,746)	-100.00%
Exchange gain/loss	49,374	3,181	32,761	46,193	1452.15%	(29,580)	-90.29%
Total other expenses	**1,366,194**	**803,487**	**1,005,487**	**562,707**	**70.03%**	**(202,000)**	**-20.09%**

Total other expenses for 2022-Q2 totaled $1.37MM, an increase of $0.56MM or 70.03% from $0.80MM for 2021-Q2. The main cause for the increase is due to changes within other expenses as detailed below.

Total other expenses for 2021-Q2 totaled $0.80M, a reduction of $0.20MM or 99.88% compared to $1.01MM for 2020-Q2. Causes for the reduction are due to changes within other expenses as detailed below.

- ***Interest expense for 2022-Q2*** was $0.08MM, an increase of $0.06MM or 244.81% from $0.08MM for 2021-Q2. This increase is due to the issuance of $5.07MM in promissory notes in 2021-Q4 and 2022-Q1, triggering the related interest thereon.

  Interest expense for 2021-Q2 was $0.02, a reduction of $0.06MM or 244.81% from $0.10 for 2020-Q2. The decrease is a result of lower debt levels compared to the prior year driving a reduction in interest related expenses.

- ***Interest accretion, leases for 2022-Q2*** was $0.01MM, an increase of $0.01MM or 5,910.89% from virtually $nil for 2021-Q2. The increase is due to the execution of a warehouse lease in Texas which is classified as a right-of-use asset under IFRS 16.

  Interest accretion, leases for 2021-Q2 was virtually $nil, a decrease of $0.20MM or 99.88% from $0.20MM for 2020-Q2. The decrease is largely attributed to the disposal of two leases in 2020-Q3 which were classified as right-of-use assets under IFRS 16.

- ***Interest accretion, convertible debentures for 2022-Q2*** was $1.15MM, an increase of $0.37MM or 47.70% from $0.78MM for 2021-Q2. This increase is due to changes in accreted interest amounts caused by the consolidation of convertible debt into a single $16.03MM convertible note on the last day of 2021-Q1, and due to the issuance of a new $5.51MM convertible note in 2021-Q4.

  Interest accretion, convertible debentures for 2021-Q2 was $0.78MM, an increase of $0.13MM or 18.58% from $0.65MM for 2020-Q2. This increase was caused by increased accreted interested triggered by the consolidation of debt into the II $16MM Convertible Debt.

- ***Loss on disposal of capital assets for 2022-Q2*** was $0.07, a 100% increase from $nil 2021-Q2. The increase was due to the loss on disposal of office furniture being sold by the Company in 2022-Q1.

  Loss on disposal of capital assets 2021-Q2 was $nil, a minimal decrease from $0.02MM 2020-Q2.

Below are the costs included within other expenses for 2022-YTD, 2021-YTD, and 2020-YTD.

	2022-YTD	2021-YTD	2020-YTD	2022-YTD vs. 2021-YTD	2022-YTD vs. 2021-YTD	2021-YTD vs. 2020-YTD	2021-YTD vs. 2020-YTD
	$	$	$	%	%	$	%
Interest expense	841,024	207,150	209,201	633,874	306.00%	(2,051)	-0.98%
Interest accretion, leases	29,089	699	409,001	28,390	4061.52%	(408,302)	-99.83%
Interest accretion, convertible debt	2,249,789	1,049,387	1,201,632	1,200,402	114.39%	(152,245)	-12.67%
Loss on disposal of capital assets	98,766	-	18,746	98,766	0.00%	(18,746)	-100.00%
Exchange gain/loss	(88,790)	(2,602)	32,046	(86,188)	3312.38%	(34,648)	-108.12%
Total other expenses	**3,129,878**	**1,254,634**	**1,870,626**	**1,875,244**	**149.47%**	**(615,992)**	**-32.93%**

Total other expenses for 2022-YTD totalled $3.13MM, an increase of $1.88MM or 149.47% from $1.25MM for 2021-YTD. The main cause for the reduction is due to changes within other expenses as detailed below.

Total other expenses for 2021-YTD totalled $1.25MM, a reduction of $0.62MM or 32.93% from $1.87MM for 2020-YTD. The main cause for the reduction is due to changes within other expenses as detailed below.

- ***Interest expense for 2022-YTD*** was $0.84MM, an increase of $0.63MM or 306.00% from $0.21MM for 2021-YTD. This increase is due to the issuance of $5.07MM in promissory notes issued by the Company in 2021-Q4 and 2022-Q1, triggering the related interest thereon.

  Interest expense for 2021-Q2 2021-YTD and 2020-YTD was $0.21MM, $nil change.

- ***Interest accretion, leases for 2022-YTD*** was $0.03MM, an increase of $0.03MM or 4,061.52% from virtually $nil for 2021-YTD. The increase is due to the execution of a warehouse lease in Texas which is classified as a right-of-use asset under IFRS 16.

  Interest accretion, leases for 2021-YTD was virtually $nil, a decrease of $0.41MM or 99.83% from $0.41MM for 2020-YTD. The decrease is largely attributed to the disposal of two leases in 2020-Q3 which were classified as right-of-use assets under IFRS 16.

- ***Interest accretion, convertible debentures for 2022-YTD*** was $2.25MM, an increase of $1.20MM or 114.39% from $1.05MM for 2021-YTD. This increase is due to changes in accreted interest amounts caused by the consolidation of convertible debt into a single $16.03MM convertible note on the last day of 2021-Q1, and due to the issuance of a new $5.51MM convertible note in 2021-Q4.

  Interest accretion, convertible debentures for 2021-YTD was $1.05MM, a decrease of $0.15MM or 12.67% from $1.20MM for 2020-YTD. This decrease was mainly caused by the extinguishment of $20.00MM in convertible debentures in 2020-Q3.

ASSETS

Total assets at *2022-YTD* were $53.87MM, a decrease of $1.88MM or 3.12%, compared to $60.25MM at 2021-YE. The decrease is largely attributed to reductions in accounts receivables and inventory, offset by an increase in cash as described below.

- ***Cash at 2022-YTD*** was $17.55MM, an increase of $13.15MM or 298.64% compared to $4.40MM at 2021-YE. The increase in cash is a result of a 31.56% reduction in accounts receivable as described below. This increase is offset by a 47.84% reduction in accounts payable and accrued liabilities. During 2022-YTD or 2021-YTD, the Company did not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements. The Company does not use hedges or other financial derivatives.

  Cash at 2021-YE was $4.40MM, a decrease of $1.06MM or 19.42% compared to$5.46MM at 2020-YE. The decrease in cash is a result of increased inventory purchases to ensure the Company meets expected market demands. During 2021-YTD or 2020-YTD, the Company did not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements. The Company does not use hedges or other financial derivatives.

- ***Receivables at 2022-YTD*** were $11.92MM, a decrease of $5.50MM or 31.56% compared to $17.42MM at 2021-YE. The decrease is attributed the collection of outstanding receivables in which approximately $10.4MM were invoiced in December 2021, falling due in 2022-Q1. The Company extends credit to certain customers to a maximum credit term of net 30 days and has included, in the receivables balance, provisions for expected credit losses totaling $1.30MM (2021-YE; $1.21MM).

Receivables at 2021-YE were $17.42MM, an increase of $15.83MM compared to $1.59MM at 2020-YE. The increase is attributed to higher sales as well as the timing of those sales which were heavily weighted toward the last month of the year as customers engaged the Company for larger purchases to stock up for their subsequent year. The Company extends credit to certain customers to a maximum credit term of net 30 days and has included, in the receivables balance, provisions for expected credit losses totaling $1.21MM (2020-YE; $0.15MM).

- ***Short-term receivables at 2022-YTD*** were $3.22MM, a $0.10MM or 3.19% increase from $3.12MM for 2021-YE. The short-term receivable was created from an arm's length settlement agreement executed in 2020-YE, for a property previously leased by the Company in which the Company initially had the option to purchase the property (the "Settlement Agreement"). The minimum potential receivable, earned upon sale of the property is USD$2.50MM. The increase is attributed to amortization at a discounted rate of 3.5% which is recorded by the Company to amortize the contingent receivable to its realizable value at maturity. Management reviews the Settlement Agreement on a quarterly basis for indicators of impairment in accordance with IFRS 9. Should future economic benefit no longer be expected, the asset would be derecognized. At the date of this MD&A, the Company expects to see future economic benefit; thus, it has not recorded any additional impairment losses relating to the Settlement Agreement and has continued to amortize the receivable.

  Short-term receivables at 2021-YE were $3.12MM, a 100% increase from that of 2020-YE. This balance represents a reclassification of the Settlement Agreement, from long-term to short term due to the maturation period becoming less than twelve months. When comparing to the long-term receivable, the $3.12MM is an increase of $0.11M or 3.52% from the $3.02MM booked to *long-term* receivables at 2020-YE. The increase is attributed to amortization at a discounted rate of 3.5% which is recorded by the Company to amortize the contingent receivable to its realizable value at maturity. Management reviewed the Settlement Agreement at 20221-YE for indicators of impairment in accordance with IFRS 9 and expected to see future economic benefit; thus, it did not record any impairment losses relating to the Settlement Agreement.

- ***Inventory at 2022-YTD*** was $18.87MM, a decrease of $8.71MM or 31.58%, from $27.57MM at 2021-YE. The decrease is a result of the sale of the inventory purchases made at end of 2021-YE as discussed below.

  Inventory at 2021-YE was $27.57MM, an increase of $15.07MM or 120.58%, from $12.50MM at 2020-YE. The increase is a result of large inventory purchases made by the Company to prevent stock shortages and to prepare for the forecasted sales for 2022. Revenues earned through the Company's wholesale channel in 2021-YE were 480.47% higher than those in 2020-YE. The Company anticipates continued success through their wholesale channel where orders are typically of higher quantities resulting in the necessity to carry higher levels of inventory. A reduction in an inventory provision accounts for a portion of this increase. A $2.13MM or 62.64% in inventory provisions reductions were recorded by the Company in 2021-YE, reducing the provision to $1.71MM for 2021-YE compared to $3.40MM for 2020-YE.

- ***Deposits at 2022-YTD*** were $3.50MM, a decrease of $1.50MM or 29.99%, from $5.00MM at 2021-YE. The decrease is a result of reduction on deposits placed for nicotine inventory purchases.

  Deposits at 2021-YE were $5.00MM, an increase of $4.63MM or 1,250.21%, from $0.37MM at 2020-YE. The increase is a result of a large purchase order placed in December for the purchase of inventory.

- ***Prepaid expenses at 2022-YTD*** were $1.96MM, an increase of $0.66MM from $1.30MM at 2021-YE. The increase is attributed to prepaid expenses relating to Canada and Dubai tradeshows occurring in 2022-Q2 along with prepayments for product listing fees.

  Prepaid expenses at 2021-YE were $1.30MM, a decrease of $0.79MM or 37.80% from $2.09MM at 2020-YE. The decrease is largely due to management's assessment of renewals of certain operational services and the decision to terminate those that no longer aligned to the Company's needs or deemed to have a low cost-benefit relationship when assessing the Company's strategic direction.

LIABILITIES

Total liabilities at *2022-YTD* were $30.46MM, a decrease of $7.56MM or 19.89% compared to $38.03MM at 2021-YE. The decrease is mainly due to reductions in accounts payable and accrued liabilities as discussed below.

Total liabilities at 2021-YE were $38.03MM, an increase of $23.40MM or 159.89% compared to $14.63MM at 2020-YE. The increase is attributed to an increase in debt related instruments and accounts payable and accrued liabilities as discussed below.

- ***Accounts payable and accrued liabilities at 2022-YTD*** totaled $6.67MM, a decrease of $6.11MM or 47.84% from $12.78MM at 2021-YE. The decrease is due to settlement of invoices related to large inventory purchases made at the end of 2021-YE.

  Accounts payable and accrued liabilities at 2021-YE totaled $12.78MM, an increase of $9.52MM or 292.08% from $3.26MM at 2020-YE. The increase is largely due to higher inventory purchases triggering larger invoice amounts to meet the Company's wholesale channel demands.

- ***Short-term loans at 2022-YTD*** totaled $3.35MM, a decrease of $0.52MM or 13.48%. The decrease is due to the execution of an agreement with International Investments, Ltd ("II") to sell and transfer all rights, title, and interest in and to USD$3,137,094 in receivables owed to the Company at a discounted rate of 15%, netting USD$2.67MM (the "II AR Assignment Agreement"). Consideration for the II AR Assignment Agreement was settled by II through the application of the USD$2.67MM due against the outstanding interest and principal on the II USD$3.0MM Note. This decrease was offset by the issuance of a short-term promissory note to II for USD$2.07MM (the "II USD$2.0MM Note).

  Short-term loans at 2021-YE totaled $3.88MM, an increase of 100% due to the Company having no short-term loans at 2020-YE. This increase is due to the Company issuing a short-term USD$3.00MM promissory note in December 2021 to finance a large inventory purchase (the "II USD$3.0MM Note"). Included in the $3.88MM balance, the Company also had a $0.04MM Canadian Emergency Business Account ("CEBA") loan, which was issued to Ignite

Pubco, which due to maturation within the next twelve months, has been reallocated from long-term to short-term. The Company also issued four additional short-term promissory notes throughout 2021. The Company issued a USD$1.50MM note to fund a sponsorship of an online pay per view event the Company participated (the "II USD$1.5MM Note), which was settled by the Company, along with related interest in 2021-Q3. In addition, to meet the demands of inventory requirements, the Company issued a CAD$1.00MM note (the "II CAD$1.0MM Note"), a USD$1.74MM Note (the "II USD$1.7MM Note), and a USD$1.89MM Note (the "II USD$1.8MM Note). In December 2021, to provide the Company with an alternative option for settlement through capital issuance in lieu of cash, the Company elected to consolidate the II CAD$1.0MM Note, the II USD$1.7MM Note, and the II USD$1.8MM Note into one long-term convertible debenture (the "II CAD$5.5M Convertible Debt"). Outside of the CEBA loan, the issuances of the short-term notes were to II, a related party by virtue of a common member of the board of directors.

- ***Short-term convertible debt liability at 2022-YTD*** totaled $19.82MM, an increase of $4.27MM or 27.44% from $15.56MM for 2021-YE. The increase is due to the reallocation of the II CAD$5.5MM Convertible Debt from long-term to short-term to account for obligations due within a twelve-month span.

  Short-term convertible debt liability at 2021-YE totaled $15.56MM, an increase of $10.33MM or 197.55% from $5.23MM for 2020-YE. This increase is the result of the Company issuing a $3.21MM convertible debenture (the "II CAD$3.2MM Convertible Debt") to finance its investment in Ignite Distro Co., and a $1.00MM short-term convertible debenture (the "II CAD$1.0MM Convertible Debt") in the first quarter of 2021 to assist with short-term cash flow requirements. The increase is also attributed to the issuance of a single $16.00MM convertible debenture issued to II, which in addition to cash proceeds of $1.00MM, consolidated a $5.00MM convertible debt (the "II CAD$5.0M Convertible Debt") which was considered long-term at 2020-YE, along with the II CAD$3.2MM Convertible Debt and the II CAD$1.0MM Convertible Debt.

- ***Due to related parties at 2022-YTD*** totaled $0.05MM, a decrease of $0.45MM or 89.35% from $0.50MM at 2021-YE. The decrease is due repayment of amounts due. The full $0.05MM outstanding to related parties was settled in August 2022.

  Due to related parties at 2021-YE totaled $0.50MM, an increase of $0.48MM or 1,998.89% from $0.02MM at 2020-YE. This increase is largely due to expenses relating to the publication of 'The Setup', an autobiography written by the Company's CEO, Dan Bilzerian which were paid on behalf of the Company by Blitz NV, LLC, a Company owned by the CEO of Ignite. The Setup is included in the Company's merchandise revenues and is sold on the Company's website, Ignite.co, and on Amazon.

- ***Short-term lease obligations at 2022-YTD*** were $0.10MM, an increase of $0.03MM or 34.22% from $0.08MM at 2021-YE. The increase is due to the reallocation of long-term lease obligations to short-term to account for obligations due within a twelve-month span.

  Short-term lease obligations at 2021-YE were $0.08MM, an increase of $0.06MM or 216.02% from $0.02MM at 2020-YE. This increase is the result of management's aim to increase efficiencies in its product distribution and fulfillment, and to design heavier controls around its inventories. To achieve this, the Company executed a five-year lease to establish its warehouse operations in Farmers' Branch, Texas. The new facility allows the Company to cease certain 3PL relationships and engage in its own distribution and fulfillment of wholesale orders.

- ***Long-term loans at 2022-YTD*** and 2021-YE were $nil.

  Long-term loans at 2021-YE were $nil, a 100% reduction from the $1.62MM at 2020-YE. This reduction was the result of two forgiven loans; $1.37MM for an SBA loan granted to Ignite US and $0.20MM for a PPP loan granted to Ignite Distro to assist with operations caused by uncertainties brought on by the COVID-19 pandemic. The Company also had a $0.04MM Canadian Emergency Business Account loan which was issued to Ignite Pubco, which is due to mature within the next twelve months, and as such has been reallocated to short-term loans.

- ***Long-term convertible debt liability at 2022-YTD*** were $nil, a 100% reduction from the totaled $4.76MM at 2021-YE. The decrease is due to the reallocation of the II CAD$5.5M Convertible Debt from long-term to short-term to account for obligations due within a twelve-month span.

  Long-term convertible debt liability at 2021-YE totaled $4.76MM, a $0.28MM or 6.35% increase from $4.48MM at 2020-YE. This increase is attributed to the consolidation of three promissory notes; the II CAD$1.0MM Note, the II USD$1.7MM Note, and the II USD$1.8MM Note into one single long-term convertible debenture (the "II CAD$5.5M Convertible Debt") (*see short-term loans for further discussion)*. Offsetting this increase, is the consolidation of the II CAD$5.0MM Convertible Debt into the II CAD$16MM Convertible Debt (*see short-term convertible debt for further discussion*).

- ***Long-term lease obligations at 2022-YTD*** were $0.46MM, a $0.02MM reduction from $0.48MM at 2021-YE. The reduction is due to the reallocation of long-term lease obligations to short-term to account for obligations due within a twelve-month span.

  Long-term lease obligations at 2021-YE were $0.48MM, a 100% increase from $nil at 2020-YE. This increase is the result the execution of a five-year lease to establish its warehouse operations in Farmers' Branch, Texas (*see short-term lease obligations for further discussion*).

SHAREHOLDERS EQUITY

Shareholder's equity at 2022-YTD totaled $27.91MM, an increase of $5.69MM or 25.59% from $22.22MM at 2021-YE. The increase is largely attributed to the $5.99MM net income for the period, offset by a $0.31MM reduction in option reserve and related to expired stock options.

Shareholder's equity at 2021-YE totaled $22.22MM, an increase of $10.42MM or 88.31% from $11.80MM at 2020-YE. $4.72MM of the increase is due to the equivalent increase in net income earned in 2021. Contributing to the increase is an issuance of two million of the Company's Subordinate Voting Shares by way of private placement for proceeds of $2.9MM which increased the Company's share capital. The increase is also attributed to the equity portion calculations caused by the issuance of the II CAD$16MM Convertible Debt and the II CAD$5.5MM Convertible Debt which were partially offset by the extinguishment of all previously issued convertible debts as described above in short-term and long-term convertible debenture liability.

7. NON-GAAP/IFRS FINANCIAL MEASURES

Management uses net loss and comprehensive loss as presented in the consolidated statements of net loss and comprehensive loss as well as "EBITDA" and "Adjusted EBITDA" as a measure to assess performance of the Company. EBITDA is another financial measure and is reconciled to net loss and comprehensive loss below under "Results of Operations" as a supplemental financial measure to further assist readers in assessing the Company's ability to generate income from operations before considering the Company's financing decisions, depreciation of property, plant and equipment and amortization of right of use assets and intangible assets. EBITDA comprises net income or loss for the period adding back, interest and taxes, depreciation, and amortization. Adjusted EBITDA comprises net income or loss for the period adjusted for interest and taxes, depreciation, and amortization, as well as non-cash expenses such as share-based compensation, exchange gain/loss, bad debt and other items that are not in the normal course of the business.

EBITDA and Adjusted EBITDA does not represent the actual cash provided by the operating activities nor are these supplements a recognized measure of financial performance under IFRS. Readers are cautioned that these measures should not be considered as a replacement for those as per the consolidated financial statements prepared under IFRS. The Company's definitions of this non IFRS financial measure may differ from those used by other companies. As there are no standardized methods of calculating non-IFRS measures, the Company's approaches may differ from those used by other companies in the industry and may not be comparable as a result. Accordingly, these non-IFRS measures are intended to provide additional information and should not be considered independently or in substitution for measures prepared in accordance with IFRS.

The Company has calculated EBITDA and Adjusted EBITDA for 2022-Q2, 2021-Q2 and 2020-Q2 and 2022-YTD, 2021-YTD, and 2020-YTD as follows:

	2022-Q2	2021-Q2	2020-Q2	2022-YTD	2021-YTD	2020-YTD
	$	$	$	$	$	$
Net Income (Loss) for the Period	**6,044,325**	**(524,777)**	**(7,636,004)**	**5,945,671**	**(405,993)**	**(16,702,995)**
Less:						
Interest income	(3,629)	(2,235)	(1,625)	(6,836)	(3,635)	(3,469)
Add Back:						
Interest expense	82,044	23,794	99,958	841,024	207,150	209,201
Interest accretion	1,161,428	776,512	854,022	2,278,878	1,050,086	1,610,633
Depreciation and Amortization	71,650	49,184	913,085	129,390	100,051	1,797,333
Income tax expense	-	-	-	-	-	-
EBITDA	**7,481,783**	**322,478**	**(5,770,564)**	**9,438,682**	**947,659**	**(13,083,346)**
Less:						
Exchange gain/loss	49,374	3,181	32,761	(88,790)	(2,602)	32,046
Investment Gain	-	-	315,000	-	(196,002)	315,000
Bad debt recovery	-	-	-	-	-	-
Debt Forgiveness	-	-	-	-	(1,558,136)	-
Gain on debt extinguishment	(1,249,017)	-	-	(1,249,017)	(79,444)	-
Gain on disposal of capital assets	-	-	-	-	(22,130)	-
Add Back:						
Loss on disposal of capital assets	73,348	-	18,746	98,766	-	18,746
Share based payments	(497,629)	70,924	737,234	(307,467)	(280,495)	1,775,381
Bad debt expense	960,027	138,578	336,168	1,066,678	251,574	336,168
Adjusted EBITDA	**6,817,886**	**535,161**	**(4,330,655)**	**8,958,852**	**(939,576)**	**(10,606,005)**

8. SUMMARY OF QUARTERLY RESULTS

The following table summarizes information derived from the Company's financial statements for each of the nine most recently completed quarters:

Quarter Ended	Revenues	Cost of goods sold	Gross profit	Net income (loss)	Net income (loss) per share [1]
	$	$	$	$	$
30-Jun-2022	32,969,288	20,733,479	12,235,809	6,044,325	0.02
31-Mar-2022	19,042,189	12,860,368	6,181,821	(98,654)	0.00
31-Dec-2021	48,713,193	33,193,319	15,519,874	7,731,781	0.02
30-Sep-2021	14,364,133	11,396,724	2,967,409	(1,640,741)	(0.01)
30-Jun-2021	12,049,900	8,067,319	3,982,581	(524,777)	0.00
31-Mar-2021	3,651,029	2,648,288	1,002,741	118,786	0.00
31-Dec-2020	10,078,631	5,736,460	4,342,171	3,011,790	0.01
30-Sep-2020	1,729,843	1,238,578	491,265	(5,842,118)	(0.02)
30-Jun-2020	3,170,827	2,305,591	865,236	(7,636,004)	(0.03)

[1] Fully diluted loss per share amounts are equal or are not shown as they would be anti-dilutive.

The Company has incurred significant operating costs relating to the start-up of its operations and preparations for global operations in the initial two years of operations (2019-Q2 through to 2021-Q3). These costs include expenses related to commercial activations, brand development and brand awareness initiatives, along with costs related to ensuring IGNITE product lines are compliant with the regulations of jurisdictions to which the Company operates or is planning to operate.

During 2022-Q2, the Company continued to generate revenues from sales of various IGNITE branded products and through licensing the use of the Ignite trademark with focus on its wholesale channel. During 2022-Q2, the Company improved revenues by $20.92MM moving from $12.05MM generated during 2021-Q2 to $32.97MM generated during 2022-Q2. On a year-to date basis, the Company improved revenues by $36.31MM moving from $15.70MM generated during 2021-YTD to $52.01MM generated during 2022-YTD.

During 2021-Q2, the Company improved revenues by $8.88MM moving from $3.17MM generated during 2020-Q2 to $12.05MM generated during 2021-Q2. On a year-to date basis, the Company improved revenues by $10.84MM moving from $4.87MM generated during 2020-YTD to $15.70MM generated during 2021-YTD.

9. RELATED PARTY TRANSACTIONS

KEY MANAGEMENT PERSONNEL:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of certain executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	2022-Q2	2021-Q2	2022-YTD	2021-YTD
	$	$	$	$
Management salaries, bonuses, and other benefits	189,510	272,653	465,212	561,702
Share-based payment – management	(569,708)	82,570	(479,083)	164,231
Share-based payments – directors	(29,182)	29,162	465,212	561,702
Total	**(409,380)**	**384,385**	**(3,911)**	**769,714**

AMOUNTS DUE TO/FROM RELATED PARTIES

As at 2022-YTD, the Company had the following amounts due to related parties.

- $52,890 due to Blitz NV, LLC, ("Blitz") a company controlled by the CEO, for operational expenditures paid on behalf of the Company.
- The Company is indebted to II for convertible debt issuances. II is related to the Company by virtue of a common Gregory Gilpin-Payne, and the balances owed are as follows:
  - $16,034,717 in principal and $nil in related interest on the II CAD$16MM Convertible Debt;
  - $5,513,644 in principal and $158,611 in related interest on the II CAD$5.5MM Convertible Debt;
- The Company is indebted to II for short-term promissory notes as follows:
  - $531,449 in principal and $nil in related interest on the II USD$3.0MM Note;
  - $2,648,261 in principal and $58,331 in related interest on the II USD$2.0MM Note.

As at 2021-YE, the Company had the following amounts due to related parties:

- $496,912 due to Blitz NV, LLC, a company controlled by the CEO, for operational expenditures paid on behalf of the Company.
- The Company is indebted to II, for convertible debt issuances as follows:
  - $16,034,717 in principal and $404,163 in related interest on the II CAD$16MM Convertible Debt (2020; $nil);
  - $5,513,644 in principal and $22,659 in related interest on the II CAD$5.5MM Convertible Debt (2020; $nil);
- The Company is indebted to II for a short-term loan amount to $3,815,583 in principal and $21,968 in related interest for the II USD$3.0MM Note.

RELATED PARTY TRANSACTIONS

During 2022-YTD, the Company entered the following transactions with related parties.

- The Company issued a short-term promissory note to II for USD$2.07MM (the "II USD$2.0MM Note) whereby the proceeds were sent directly to its supplier to fund a large inventory purchase.
- The Company settled $1.5MM in coupon interest payments due to II on convertible debts issued to II by the Company.
- The Company entered into an agreement with II to sell and transfer all rights, title, and interest in and to USD$3.14MM in receivables owed to the Company at a discounted rate of 15%, netting USD$2.67MM (the "II AR Assignment Agreement"). Consideration for the II AR Assignment Agreement was settled by II through the application of the USD$2.67MM (CAD$3.34MM) due against the outstanding interest and principal on the II USD$3.0MM Note.
- The Company amended the maturity date on the II CAD$16M Convertible Debt, extending the term from June 30, 2022 to December 31, 2022.
- Blitz paid $0.91MM in operating expenses on behalf of the Company, and the Company reimbursed $0.42MM in amounts due to Blitz.
- The President and Chief Operating officer resigned from the Company.
- Two directors resigned from the Board of Directors (the "Board") of the Company, collectively forfeiting 166,667 stock options, and two new directors were appointed.

During the 2021-YE, the Company entered the following transactions with related parties.

- Two members of the Board resigned. Each member held 100,000 of stock options of the Company which vesting was accelerated on resignation.
- The Company appointed two new members to the Board. On appointment each Board member was granted 100,000 stock options of the Company. The Company also granted two existing Board 100,000 stock options each.
- The Chief Executive Officer ("CEO") purchased 82,600 Subordinate Voting Shares of the Company in the public market.
- The Chief Financial Officer ("CFO") resigned, forfeiting 400,000 stock options, and an Interim CFO was appointed.
- The Company renewed a trademark and copyright agreement between Ignite and Blitz NV, LLC, a company controlled by the CEO. The renewal was USD$0.05MM.
- Various operating expenditures totaling $0.43MM were paid by Blitz NV, LLC on behalf of the Company.
- The Company issued four (4) convertible debentures to II at an aggregate of $25.75MM. The issuance included a $16.03MM convertible debenture (the "II CAD$16MM Convertible Note") which consolidated all convertible debt owing to II prior to March 31, 2021. The Company issued the II $16MM Note for the ease of administration of an all-in-one note, and in order to allow for a single debt repayment date for forecasting purposes. Also included is the issuance of a $5.51MM convertible debenture (the "II CAD$5.5MM Convertible Note"), which consolidated all promissory notes and related interest owing to II as at December 15, 2021. The Company issued the II CAD$5.5M Convertible Note to provide the Company with an alternative for settlement of debt through the issuance of capital. The extinguishment of the original financial liabilities and the recognition of the new financial liability for the II CAD$16MM Convertible Note was assessed and executed under IFRS9 - IAS 32.
- The Company settled $0.80MM in coupon interest owing on convertible debt issued to II.
- The Company issued five (5) short-term promissory notes to II at an aggregate of $11.17MM. On December 16, 2021, $5.51MM of these issuances were consolidated into the II CAD$5.5M Convertible Debt as noted above.
- The Company settled $2.12MM in principal and $0.08MM in interest owing on promissory notes issued to II.

10. SECURITIES OUTSTANDING

As at 2022-YTD, 2021-YE, 2020-YE the Company had the following shares issued and outstanding:

	Shares	Subordinate Voting Shares	Proportionate Voting Shares	As converted
		#	#	#
Balance outstanding, 2020-YE		**107,967,933**	**998,625**	**307,692,933**
Issuance, private placement		2,000,000	-	2,000,000
Balance outstanding, 2021-YE		**109,967,933**	**998,625**	**309,692,933**
Stock option exercises		8,332	-	8,332
Balance outstanding, 2022-YTD		**109,976,265**	**-**	**309,701,265**

At 2022-YTD, 2021-YE and 2020-YE, the Company had the following securities outstanding:

	Options Outstanding	Warrants Outstanding	Total Securities Outstanding
	#	#	#
Balance, 2020-YE	4,870,000	5,000,000	9,870,000
Balance, 2021-YE	5,416,665	5,000,000	10,416,665
Balance, 2022-YTD	3,790,002	5,000,000	8,790,002

The number of securities eligible for exercise for Subordinate Voting Shares at 2022-YTD, 2021-YE and 2020-YE is as follows:

	Options Exercisable	Warrants Exercisable	Total Securities Exercisable
	#	#	#
Balance, 2020-YE	55,781	5,000,000	5,055,781
Balance, 2021-YE	1,263,333	5,000,000	6,263,333
Balance, 2022-YTD	1,126,668	5,000,000	6,126,668

11. CONTINGENCIES AND COMMITMENTS

NOTICE OF CLAIM

On December 2, 2021, the Company's subsidiary, Ignite International Brands (Canada) Ltd. ("IGNITE Canada") filed a statement of claim against NOYA CANNABIS INC., formerly RADICLE MEDICAL MARIJUANA INC. a.k.a RADICAL MEDICAL MARIJUANA INC. ("Radicle") in Ontario Superior Court of Justice for breach of contract. IGNITE Canada asserts that Radicle has breached the terms of their agreement with respect to amounts owing to IGNITE Canada. IGNITE Canada is also claiming the return of the balance of an advanced payment that was made by IGNITE Canada to Radicle upon the execution of their agreement ("Advanced Payment"). Radicle filed a defense and counterclaim on February 28, 2022 claiming breach of contract and seeking a declaration from the court that they are entitled to retain the balance of the Advanced Payment.

On December 21, 2021, the Company's subsidiary, Ignite International, Ltd. ('IGNITE USA") commenced a civil action in United States District Court, District of Arizona against Higher Connection LLC and its principals ("HC") claiming breach of contract and theft/conversion of IGNITE USA's products. IGNITE USA asserts that HC, who provided fulfillment services under contract with IGNITE USA, removed IGNITE USA products from inventory and sold the products without IGNITE USA's knowledge or consent. HC retained the majority of the proceeds of sales despite IGNITE USA's repeated requests for reimbursement.

LEGAL

The Company may be contingently liable with respect to claims incidental to the ordinary course of its operations. In the opinion of management, and based on management's consultation with legal counsel, the ultimate outcome of such matters will not have a material adverse effect on the Company. Accordingly, no provision has been made in these consolidated financial statements for losses, if any, which might result from the ultimate disposition of these matters should they arise.

12. REGULATORY OVERVIEW

Below is a summary of the material regulatory frameworks to which the Company abides in the operation of its business in the applicable jurisdictions.

Ignite International Brands, Ltd. ("Ignite Pubco" or the "Company") *(Parent)*	Reports to the CSE and OTCQX under IFRS standards. Ignite Pubco incurs legal and other professional fees and is responsible for allocation of funding to the various subsidiaries. Certain of the Company's subsidiaries operate within sectors that are overseen by various regulatory bodies (CBD, nicotine, alcohol, beverage) in a number of jurisdictions. These subsidiaries implement certain appropriate standard operating procedures, often in conjunction with strategic partners engaged by the subsidiaries to white label manufacture and, in some instances, distribute the relevant products, in order to achieve regulatory compliance with relevant legislation. Regulations in these sectors continue to develop, and the Company and its subsidiaries remain exposed to any detrimental changes to – or implementation of - regulations that cannot be foreseen. The Company and its subsidiaries employ specialized counsel to advise on ongoing and potential regulatory issues and often rely on counsel maintained by certain strategic partners in this regard.

Ignite International, Ltd. ("Ignite US") *(Wholly owned subsidiary)*	Originally incorporated as a private company under the name Vulcan Enterprises US, Ltd., by the State of Wyoming on December 28, 2017. On October 30, 2018, the component's name was changed to Ignite International, Ltd. ("Ignite US"). On May 30, 2019, the component was acquired by Ignite International Brands, Ltd., and become the acquirer in a reverse takeover. Ignite US engages in the development and distribution of IGNITE branded nicotine and beverage, and apparel products for sale across the United States, in accordance with regulatory standards through direct to consumer and wholesale channels of trade. Ignite US is not required to maintain a license to operate in the THC product sector as it does not participate in the cannabis space. Currently, a license is not required to sell CBD (hemp) based products. The Company sells these products within wholesale and direct to consumer channels across the United States. The sale of IGNITE nicotine products is primarily regulated at the state level. Ignite US holds valid state tobacco licenses as required to sell in certain states in the United States. Ignite US abides by the licensing requirements for sale of its nicotine products throughout the country and is PACT (Prevent All Cigarette Trafficking) Act registered and compliant both federally and in each state that requires PACT Act compliance. The PACT Act regulates the mailing and taxation of smokeless tobacco products. Ignite US is also registered and holds all required resale certificates/permits to conduct business in the various states it conducts commerce in.
Ignite International Brands (U.K.) Ltd. ("Ignite UK") *(Wholly owned subsidiary)*	Incorporated on May 2, 2019 under the Companies Act 2006 by the Companies House England and Wales, United Kingdom. Ignite UK is engaged in wholesale and ecommerce sales focused on cannabidiol ("CBD") and CBD related consumer goods for sale and distribution in the United Kingdom and European Union. CBD products in *the United Kingdom are regulated by the Misuse of Drugs Act 1971* and vape products are regulated by the *Tobacco and Related Products Regulations 2016.* Ignite UK tests all of its products using independent third-party testing providers to ensure compliance with the substance limits. Further regulations existing in the United Kingdom for labelling under the *Consumer Products and Unfair Trading Regulations 2008* and the *Human Medicines Regulations 2012.* To ensure compliance, Ignite UK has its internal legal team review all marketing and advertising materials prior to usage to ensure no medicinal claims are made about its products and the products are not directed to youth.
Ignite International Brands (Canada), Ltd. ("Ignite Canada") *(Wholly owned subsidiary)*	Originally incorporated on April 16, 2019 under the name 1205431 B.C. Ltd. and changed its name to Ignite International Brands (Canada) Ltd. ("Ignite Canada"), under the Business Corporations Act with the Register of Companies in the Province of British Columbia, on May 21, 2019. Ignite Canada facilitates the distribution partnerships of IGNITE branded products in Canada, including nicotine and spirits. Ignite Canada ceased licensing branded products to licensed cannabis companies in the fall of 2022 and no longer participates in that industry. Vaping products manufactured, labelled, advertised, imported or sold in Canada are subject to Tobacco and Vaping Products Act, Canada Consumer Product Safety Act, Food and Drugs Act Non-smokers' Health Act. Ignite Canada is compliant with all laws and regulations referred to herein. Testing is conducted on its products by third party industry experts and the company has specific policies to ensure its products and related marketing are not directed to youth and are only visible in age gated environments. Alcohol products are subject to both federal and provincial laws including: (i) The Importation of Intoxicating Spirits Act; (ii) Regulations Respecting the Information to be Displayed on Alcohol Containers and their Packaging; (iii) Food and Drug Regulations; and (iv) provincial liquor laws with respect to marketing, sale,

	distribution and taxation. Ignite Canada products are manufactured by licensed manufacturers, who ensure compliance with applicable manufacturing and packaging laws and sold into provincial liquor boards and other channels by licensed sales agents. The company has specific policies to ensure its products and related marketing are not directed to youth and comply with provincial marketing/promotion regulations.
Ignite Internacional Marcas de Mexico, SA de CV. ("Ignite Mexico") *(Wholly owned subsidiary)*	Incorporated in Mexico City, Mexico on October 15, 2019. Ignite Mexico was established to facilitate marketing, creation, manufacture, importation, exportation of CBD (derived from cannabis or other materials) and nicotine and all related respective products. Ignite Mexico is currently inactive.
Ignite International Brands (Luxembourg) S.A. ("Ignite LUX") *(Wholly owned subsidiary)*	Incorporated on December 21, 2017 under the name E.B S.A. On acquisition on May 29, 2020 the company changed the name to Ignite International Brands (Luxembourg) S.A. ("Ignite LUX"). The Company acquired Ignite LUX to facilitate distribution of certain IGNITE branded products in non-North American regions. Ignite LUX will offer IGNITE branded nicotine, CBD, apparel and spirits to the EMEA. LUX is in good standing corporately and only sells into regions where its products are legal and only sold to licensed distributors (if required). LUX does not currently require any specific licenses at this time as the sales it facilitates are to licensed distributors in regions that do not require further licensing by LUX.
Ignite Spirits, Inc. ("Ignite Spirits") *(Wholly owned subsidiary)*	Incorporated on July 29, 2020 in the state of Wyoming, United States. Ignite Spirits engages in the distribution of IGNITE branded alcohol-based beverages throughout the United States. The 21st Amendment to the US Constitution sets the primary regulatory framework with respect to alcohol, which allows each state to regulate the sale, importation, distribution and possession of the alcohol. The Alcohol Tobacco Tax and Trade Bureau ("TTB") regulates and collects taxes on the sale of alcohol at the federal level. Advertising, Labeling, and Formulation Division ("ALFD") of the TTB regulates certain packaging and promotional aspects of alcohol. Ignites formulations and packaging are compliant with TTB regulations and Ignite only sells products to distributors who are licensed to sell alcohol in the applicable state and ensures evidence of licensing and compliance as part of the contracting process with Ignite distributors.
Ignite International Brands SDN. BHD ("Ignite MYR") *(Wholly owned subsidiary)*	To facilitate distribution of certain IGNITE CBD branded products in Asia. Ignite MYR licenses (under license from Ignite US) the IGNITE brand to a licensed manufacturer and distributor of CBD products in the region. Other than set out herein, Ignite MYR does not require special licensing or authorizations to license the IGNITE brand.

13. RISKS AND UNCERTAINTIES

CREDIT RISK

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. At 2022-YTD, the Company's cash includes cash in bank. The Company held $17.55MM in cash (2021-YE; $4.40MM). The Company also had deposits with vendors amounting to $3.50MM (2021; $5.00MM). Management believes the risk of loss on cash and deposits is minimal.

The Company's e-commerce operations do not give rise to accounts receivable amounts and associated risks are inconsequential.

At 2022-YTD, the Company's financial assets subject to risk include receivables of $11.92MM (2021-YE; $17.42MM) arising from wholesale distribution. Other receivables are considered low risk and primarily consist of sales tax receivable from government agencies amounting to $0.34MM (2021-YE; $0.21). The Company also has a short-term receivable relating to a Settlement Agreement, also considered to be low risk by management, amounting to $3.22MM (2021-YE; $3.12MM).

The Company limits the total exposure to individual customer counterparties by maintaining a credit policy, which sets forth prepayment on all e-commerce orders and short credit term requirements for trade customers in order to mitigate losses from non-collection of trade receivables.

The carrying amount of deposits, prepaid expenses, and accounts and other receivables represent the maximum exposure to credit risk. 2022-YTD, these amounted to $20.60MM (2021-YE; $26.85MM). An expected credit loss of $2.25MM (2021-YE; $1.21MM) related to trade accounts receivable was recorded as at 2022-Q2 to account for any related losses due to possible non-collection.

Concentration of credit risk associated with trade receivable is limited by the credit quality of the Company's significant customers which is also monitored by the Company on an ongoing basis. The Company also provides for potential credit losses each reporting period to account for potential losses. Receivables that are neither past due nor impaired are considered by management to have no significant collection risk. The liquidity of customers and their ability to pay receivables are considered in the impairment of such assets. The Company recognizes potential losses using 12-months of expected credit losses.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to review, on an ongoing basis, capital requirements to ensure that it will have enough liquidity to meet liabilities when due.

The main sources of liquidity are the Company's working capital, cash from operations, and debt issuances. As at 2022-YTD, the Company had no off-balance sheet arrangements (2021-YE; $nil).

Working Capital

As 2022-YTD, the Company had cash of $17.55MM to settle current liabilities of $30.00MM including short term lease obligations of $0.10MM and short-term convertible debentures of $19.82MM. The Company's non-current financial liabilities is from long-term lease obligations of $0.46MM (2021-YE; $0.48MM).

Working capital of the Company for 2022-YTD (defined as current assets less current liabilities) was $27.02MM, an increase of $0.98MM or 3.77%, compared to $26.03MM at 2021-YE. The trivial increase is a result in of a decrease in accounts receivable, inventory and prepaid expenses which is offset by larger decrease in accounts payable and accrued liabilities.

A schedule of the Company's working capital for 2022-YTD, 2021-YE and 2020-YE is follows:

	2022-YTD	2021-YE	2020-YE	2022-Q2 vs. 2021-YE	2022-Q2 vs. 2021-YE	2021-YE vs. 2020-YE	2021-YE vs. 2020-YE
	$	$	$	$	%	$	%
Cash and equivalents	17,546,930	4,401,697	5,462,783	13,145,233	298.64%	(1,061,086)	-19.42%
Receivables	11,924,631	17,422,233	1,594,306	(5,497,602)	-31.56%	15,827,927	992.78%
Short-term receivable	3,223,821	3,124,258	-	99,563	3.19%	3,124,258	0.00%
Inventory	18,865,996	27,572,256	12,499,793	(8,706,260)	-31.58%	15,072,463	120.58%
Deposits	3,500,108	4,999,206	370,254	(1,499,098)	-29.99%	4,628,952	1250.21%
Prepaid expenses	1,955,445	1,301,078	2,091,655	654,367	50.29%	(790,577)	-37.80%
Total current assets	**57,016,931**	**58,820,728**	**22,018,791**	**(1,803,797)**	**-3.07%**	**36,801,937**	**167.14%**
Accounts payable and accrued liabilities	6,665,967	12,780,612	3,259,668	(6,114,645)	-47.84%	9,520,944	292.08%
Short-term Loans	3,354,891	3,877,551	-	(522,660)	-13.48%	3,877,551	0.00%
Short-term Convertible Debt	19,823,511	15,555,014	5,227,698	4,268,497	27.44%	10,327,316	197.55%
Due to related parties	52,900	496,912	23,675	(444,012)	-89.35%	473,237	1998.89%
Short-term lease obligations	104,295	77,707	24,589	26,588	34.22%	53,118	216.02%
Total current liabilities	**30,001,564**	**32,787,796**	**8,535,630**	**(2,786,232)**	**-8.50%**	**24,252,166**	**284.13%**
Working capital	**27,015,367**	**26,032,932**	**13,483,161**	**982,435**	**3.77%**	**12,549,771**	**93.08%**

Cashflow

The objective when managing the Company's liquidity and capital structure is to maintain sufficient cash to fund working capital needs. The following represents the cash flow from operating, investing, and financing activities by the Company for 2022-YTD, 2021-YTD and 2020-YTD is as follows:

	2022-YTD	2021-YTD	2020-YTD	2022-YTD vs 2021-YTD	2022-YTD vs 2021-YTD	2021-YTD vs 2020-YTD	2021-YTD vs 2020-YTD
	$	$	$	$	%	$	%
Operating activities	15,137,863	(5,657,980)	(13,804,384)	20,795,843	367.55%	8,146,404	59.01%
Investing activities	-	(552,708)	(153,676)	552,708	100.00%	(399,032)	259.66%
Financing activities	(1,514,409)	4,209,109	4,458,818	(5,723,518)	-135.98%	(249,709)	-5.60%

Net cash provided by operating activities for 2022-YTD was $15.14MM, a $20.79MM or 367.55% increase from the $5.65MM in net cash used in operating activities in 2021-YTD. The increase was largely the result of a $6.35MM increase in net income for the period, along with an increase of $5.94MM in cash collections for receivables, a $7.84MM reduction in inventory expenditures and a $4.40MM reduction in cash used for deposits.

Net cash used in operating activities for 2021-YTD was $5.65MM, a $8.15MM or 59.01% decrease from $13.80MM used in 2020-YTD. The decrease was largely due to the $16.30MM reduction in net loss as the Company went from a net loss of $16.70MM in 2020-YTD to net loss of $0.40MM in 2021-YTD.

Net cash provided by investing activities for 2022-YTD was $nil, a $0.55MM or 100.00% increase from the $0.55MM in net cash used in for investing activities in 2021-YTD. The increase was due to the Company not acquiring any intangible assets in 2022-YTD, whereas the Company invested in $1.24MM in 2021-YTD. This increase was offset by proceeds received by the Company on the sale of the remainder of its Numinus Wellness, Inc. shares in 2021-YTD.

Net cash provided used for investing activities for 2021-YTD was $0.55MM, a $0.40MM or 259.66% increase from the $0.15MM in net cash used by investing activities in 2020-YTD. The increase in cash used for investing activities was the result of a $1.24MM acquisition of intangible assets in 2021-YTD.

Net cash used in financing activities for 2022-YTD was $1.51MM, a $5.72MM or 135.98% increase from the $4.21MM in net cash provided by financing activities for 2021-YTD. The increase relates to a $1.10MM increase in interest payments for short-term convertible debt, and due the lack of debt issuances in 2022-YTD, whereas $4.62MM in cash was received for debt related issuances in 2021-YTD.

*Net cash provided by financing activities for 2021-YTD*was $4.21MM, a $0.25MM or 5.60% a decrease from the $4.46MM in net cash provided for financing activities for 2020-YTD. The decrease in cash provided was due to the payment of interest on short-term convertible debt of $0.40MM in 2021-Q1 compared to $nil in 2020-Q2.

Debt

The Company relies on the issuances of debt as a source of liquidity. Below are the terms of promissory notes and convertible debt issued by the Company for the 2022-YTD and 2021-YE (see *Related Party Transactions*, note 9):

Date of Issue	II USD$1.5MM Note	II CAD$1.0MM Note	II USD$1.7MM Note	II USD $1.8MM Note	II USD $3.0MM Note	II USD $2.0MM Note
Date of Issue	2021-05-24	2021-06-10	2021-10-01	2021-10-14	2021-12-10	2022-01-06
Lender*	International Investments, Ltd.	International Investments, Ltd.	International Investments, Ltd.	International Investments, Ltd.	International Investments, Ltd.	International Investments, Ltd.
Note value	USD 1,500,000	CAD 1,000,000	USD 1,738,400	USD 1,886,349	USD 3,000,000	USD 2,068,388
Interest rate	10%	10%	10%	10%	10%	10%
Maturity date	2021-09-30	2021-12-15	On Demand	2021-12-31	On Demand	On Demand
Purpose of issuance	Funding for KSI Sponsorship	Short-term cashflow	Finance large inventory purchase	Finance large inventory purchase	Finance large inventory purchase	Finance large inventory purchase
Security:	Unsecured	Unsecured	Unsecured	Unsecured	Unsecured	Unsecured
Collateral	None	None	None	None	None	None

**International Investments, Ltd. is a related party by virtue of a common member of each board of directors.*

The II USD$2.0MM Note and $0.13MM in related interest remains outstanding at 2022-YTD. $0.39MM on the II USD$3.0MM Note and $0.13MM in related interest also remains outstanding at 2022-YTD. At 2021-YE, the II USD$3.0MM Note, in its entirety, remained outstanding.

During 2022-YTD the Company did not issue any new convertible debt. During 2021-YE, the Company issued the following convertible debentures (see *Related Party Transactions,* note 9):

	II CAD$3.2MM Convertible Debt	II CAD$1.0MM Convertible Debt	II CAD$16MM Convertible Debt	II CAD$5.5MM Convertible Debt
Date of Issue	2021-01-27	2021-02-04	2021-03-31	2021-12-16
Lender*	International Investments, Ltd.	International Investments, Ltd.	International Investments, Ltd.	International Investments, Ltd.
Note value	CAD$3,204,250	CAD$1,000,000	CAD$16,034,717	CAD$5,513,644
Coupon Interest rate	10.00%	10.00%	10%	10%
Default interest rate	20.00%	20.00%	18%	18%
Coupon interest payments due:	On Demand	On Maturity	Quarterly	Quarterly
Maturity date	On Demand	2021-06-30	2023-03-31	2023-03-31
Exercise price	105% of prior day close	105% of prior day close	CAD$1.25	CAD$1.40
Security	Unsecured	Unsecured	Unsecured	Unsecured
Collateral	None	None	None	None
Purpose of issuance:	Capital Investment Ignite Distro Co.	Excess cashflow for operations	Debt consolidation/ admin purposes	Debt consolidation/ settlement alternative

**International Investments, Ltd. is a related party by virtue of a common member of each board of directors.*

The II CAD$16MM Convertible Debt and the II $5.5MM Convertible Debt were issued by the Company to consolidate previously issued debt (see short-term and long-term convertible debentures under Financial Performance) and are the only convertible debentures outstanding at 2022-YTD and 2021-YE.

INTEREST RATE RISK

The Company has cash which is not at a significant risk to fluctuating interest rates. As at 2022-YTD, and throughout the periods presented, the Company did not have any financial instrument liabilities which were subject to variable rates of interest.

FOREIGN CURRENCY RISK

The Company is exposed to currency risk by having balances and transactions in currencies that are different from its functional currency. The Company operates in foreign jurisdictions, which use the Armenian Dram (֏), the Pound Sterling (£), the United States Dollar ($), the European Euro (€), and the Malaysian Ringgit (RM). The Company does not currently use derivative instruments to reduce upward, and downward risk associated with foreign currency fluctuations.

At 2022-Q2 and 2021-YE, the Company was exposed to the following currency risk:

	2022-YTD	2021-YE
	$	$
Financial assets denominated in foreign currencies	36,287,455	56,718,900
Financial liabilities denominated in foreign currencies	(77,490,360)	(94,630,921)
Net exposure	**(41,202,905)**	**(37,912,020)**

For 2022-YTD, a three (3) percent increase in the US dollar exchange rate relative to the Canadian dollar would lower the Company's net exposure by $1.0MM. Net income for 2022-Q2 and 2022-YTD would increase by $235,487 and $290,128, respectively. The exposure to currency risk for the Armenian Dram (֏), the Pound Sterling (£), the European Euro (€), and the Malaysian Ringgit (RM) are not significant to either period presented.

CAPITAL RISK MANAGEMENT

The Company adapts its capital structure based on the funds available to the Company in order to support the development of its business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent upon external financings to fund activities. To search for new business opportunities and pay for operating and administrative costs, the Company will raise additional capital as needed. The Company will continue to assess new business opportunities and seek to acquire new business assets if it determines there are sufficient business opportunities or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the 2022-Q2. The Company is not subject to externally imposed capital requirements. Managed capital includes shareholders' equity and changes in capital are described in the statement of changes in shareholders' equity.

GOING CONCERN

In assessing the Company's ability to continue as a going concern, management evaluates whether its plans mitigate adverse conditions and events that may raise substantial doubt about an entity's ability to continue as a going concern, when implemented, will alleviate substantial doubt. In assessing going concern, management determines the probability that the strategic plans will be effectively implemented within one year after the date that the annual audited financial statements are issued.

Determining probability requires analysis of key indicators, including but not limited to:

- Actual financial results providing historical information and trends for the Company
- Annual budget and forecasts for the subsequent year, and years thereafter
- Forecast of future cash flows
- Existing executed contracts and anticipated contracts in the pipeline
- Strategic plans and market activations including expected timelines
- Economic conditions, market demands, production quality and capital expenditures
- Potential challenges that may alter estimated timelines and revenue projections
- All debt related instruments including the maturity dates and contract terms, along with the ability to obtain new funding should it be required.

When probable that management's plans will mitigate the relevant conditions or events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements were issued, it is determined that the Company is able to continue as a going concern.

Management has reviewed 2022-Q2 and 2022-YTD results along with the results for 2021-YE, and the forecast for the next twelve months. Management concluded that the Company is operating and expects the Company to continue to operate at a profit. Within the assessment, management noted the positive EBITDA and positive adjusted EBITDA achieved in 2022-Q2 of $7.48MM and $6.82MM, respectively (2021-Q2; $0.32MM and $0.54MM, respectively, 2020-Q2; negative $5.77MM and negative $4.33MM, respectively). The $27.02MM in working capital at 2022-YTD (2021-YE; $26.03) also provides indication

that the Company will be able to settle liabilities as they become due. Management has also conducted a thorough review of existing and anticipated revenue generating contracts along with reviewing the forecasted sales for the next twelve months. The result of this review provided indicators that the Company will continue to operate as a going concern. In addition to the positive outlook, the Company has options available for debt issuances should the need arise within the next twelve months.

OTHER RISKS

In addition to the risks identified by management, a number of factors that could cause actual results to vary significantly from the results discussed herein are noted in the Company's most recent Listing Statement. The occurrence of any of such risks, or other risks not presently known to the Company or that the Company currently believes are immaterial, could materially and adversely affect the Company's investments, prospects, cash flows, results of operations or financial condition. An investment in the Company should be considered highly speculative.

The corporation is subject to a number of risks and uncertainties as it conducts operations globally. Please refer to the section entitled "Risk Management" in the Company's annual MD&A for the periods ended 2021-YE, 2020-YE and 2019-YE, which can be found under the Company's profile on SEDAR at www.sedar.com.