DELIC HOLDINGS CORP.

Management's Discussion and Analysis

For the year ended December 31, 2021

This Management's Discussion and Analysis ("MD&A") of Delic Holdings Corp. (formerly Delic Holdings Inc.) (the "Company") should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2021, and the Company's annual audited consolidated financial statements for the year ended December 31, 2020. Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in US dollars unless otherwise indicated.

DATE

This MD&A is prepared as of May 30, 2022.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The information provided in this MD&A, including information incorporated by reference, may contain "forward-looking statements" about the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

(a) the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and

(b) other risks described in this MD&A and described from time to time in documents filed by the Company with Canadian securities regulatory authorities.

With respect to the forward-looking statements contained herein, although the Company believe that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the availability of sources of income to generate cash flow and revenue; the dependence on management and directors; risks relating to the receipt of the required licenses, risks relating to additional funding requirements; due diligence risks; exchange rate risks; potential transaction and legal risks; risks relating to regulations applicable to the production and sale of marijuana; and other factors beyond the Company's control.

Consequently, all forward-looking statements made in this MD&A and other documents of the Company, as applicable, are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on its behalf may issue. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

References to EBITDA in this MD&A refer to net earnings from continuing operations before interest, taxes and tax recoveries, amortization, deferred income tax recovery, unrealized foreign exchange losses, non-cash share-based expenses (Black-Scholes option pricing model) and write-off of assets. EBITDA is not an earnings measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. Management believes that EBITDA is an alternative measure in evaluating the Company's business performance. Readers are cautioned that EBITDA should not be construed as an alternative to net income as determined under IFRS; nor as an indicator of financial performance as determined by IFRS; nor a calculation of cash flow from operating activities as determined under IFRS; nor as a measure of liquidity and cash flow under IFRS. The Company's method of calculating EBITDA may differ from methods used by other Companies and, accordingly, the Company's EBITDA may not be comparable to similar measures used by any other Company.

OVERVIEW AND OUTLOOK

The Company was incorporated in British Columbia on November 17, 2005. It's operating subsidiary, Delic Corp., was incorporated on March 7, 2019 in Delaware. The Company's head office is located at 885 West Georgia, Suite 1400, Vancouver, BC V6C 3E8. The Company owns and operates a self-sustaining umbrella of businesses in the psychedelic ecosystem consisting of media, science, and health.

As at December 31, 2021, the business of the Company was the business of Delic Corp., Delic Labs Inc. (Delic Labs"), Ketamine Infusion Centers, LLC ("KIC"), and Ketamine Wellness Centers, LLC ("KWC").

KWC

KWC was founded by Dr. Mark Murphy MD (Board Certified Anesthesiologist), Ellen Diamond PhD (Psychologist), Kevin Nicholson BSN, MBA. and Julie Nicholson in May of 2015 in downtown Phoenix. KWC's focus was to treat patients with low dose ketamine infusion therapy suffering from treatment resistant depression, PTSD, anxiety, and OCD where traditional medications and therapies had proven to be ineffective. In late 2015, KWC added additional treatment protocols for patients who suffered from neuropathic pain conditions (CRPS, fibromyalgia, tri-geminal neuralgia) based on research and protocols developed at Drexel University and Dr. Robert Schwartzman.

In 2016, KWC outgrew its original location in Phoenix to a much larger facility in Mesa (Phoenix suburb). KWC, being one of very few facilities in the United States providing this boutique type of treatment, had patients traveling to the clinic from all over the United States, Canada, South America, and Europe. Ketamine can significantly reduce symptoms its patients struggled with however most patients require ongoing therapy. For patients from out of state or country the limited availability of facilities closer to home made it difficult to maintain the gains they had made at KWC. The other issue was if the patient did have a provider close to home many times the treatments were not the main business focus of the company and most times fell short in providing the care and treatment they had come to expect from KWC.

During 2017, KWC opened its first satellite clinic in Tucson, Arizona. This was the founder's first satellite office supported by the corporate team located in Mesa. Through this process KWC was able to learn how to manage, market, and support multiple offices without replicating all the administrative support staff. For the first time, KWC applied for Entrepreneur 360 "Best entrepreneurial companies in America" and ranked 329th. Now with multiple clinics, KWC treatment volumes increased to 878 infusions.

KWC expanded into Littleton, Colorado (Denver suburb), Federal Way, Washington (Seattle suburb), and Burnsville, Minnesota (Minneapolis/St. Paul suburb). Ketamine Wellness Centers became the largest privately owned provider of ketamine therapy in the United States. KWC again was successful in achieving Entrepreneurial 360 honors improving their ranking to 228th. With the continued expansion and maturity of the clinics the treatment volume increased over 275% from 2017 to 3.361 infusions.

In 2019, KWC opened in Hurst, Texas (DFW suburb). KWC made great strides breaking into the top 100 Entrepreneurial 360 organizational ranking to a high of 66th. The ranking is based on over 50 data points broken into five pillars; revenue and customers, management efficiency, innovation, financial evaluation and business valuation. Ketamine Wellness Centers was one of very few medical providers on this technology filled list. Even though the clinic expansion slowed the treatment volume did not. KWC total treatment volume was 6,347 equaling another 88% increase over prior year.

Although the COVID pandemic affected many industries, KWC continued the expansion into Naperville, Illinois (Chicago suburb), and Houston, Texas throughout 2020. Entrepreneur 360 discontinued the best company ranking due to the pandemic. KWC established itself as an essential medical provider allowing us to continue to operate safely throughout the initial pandemic year as well as retain their clinical team members. KWC's treatment volumes stayed stable from 2019 – 2020 administering 6,245 treatments.

During the last fiscal year prior to acquisition, KWC opened in Jacksonville, Florida to offer coast-to-coast facilities. 2021 volumes came in at 9,762 treatments, a 1,000% growth in treatment volume in four years.

KWC leadership saw the opportunity with the growth and the expertise in ketamine therapy to expand into the commercial insurance market to recession proof the company as well as expand this treatment option to more people who could not previously afford it. In 2019, KWC was able to successfully become contracted with most major commercial insurance companies in the multiple locations. We specifically targeted our pain treatment population since the use of ketamine, as an anesthetic for neuropathic pain is not seen as off label use and thus more favorably reimbursed.

While ketamine for mental health treatments is still deemed experimental, some of the commercial insurance companies are willing to consider the IV therapy portion of the treatment as a covered option. KWC is working with these commercial payers to determine the viability of this additional reimbursement option. In 2021, Ketamine Wellness Centers was able to successfully contract with the Veterans Administration and Community Care Network (Veteran TPA) for both pain treatments and mental health treatments. KWC is currently contracted in Minnesota and Illinois and in the process of becoming contracted in all eight states currently located.

Over the next twelve months KWC plans to continue to expand its clinic footprint into at least seven more locations while actively evaluating other clinics and systems for possible acquisition. Now, with KWC having a solid internal insurance department, KWC will be adding additional insurance reimbursable programs to its clinics including but not limited to Spravato (Es-Ketamine) nasal treatment, NAD+ infusion therapy (Nicotinamide adenine dinucleotide), Sphenopalatine Blocks and Ketamine Assisted Therapy. These programs will drive additional revenue streams into the current and future clinics while ensuring consistent and reproducible care and treatments.

Delic Corp.

Founded in 2019, Delic Corp. was formed to address the growing interest in psychedelic science. The company was formed as the first psychedelic umbrella media platform and is currently a trusted media source for those interested in psychedelic science. Delic Corp. is an international media ecosystem and platform providing information about the psychedelics sector. Delic Corp. has developed an online media presence and has garnered interest in the topic of psychedelics from all over the world. Delic Corp. intends to capitalize on this interest by hosting an annual summit in Las Vegas.

Delic Corp. was formed to provide people with knowledge regarding the growing space of psychedelic wellness. Delic Corp. aims to inform and educate the public on the rapidly growing medical psychedelic market globally, where psychedelic therapies are used as possible treatments for PTSD, anxiety, depression and other mental health conditions.

According to a Data Bridge Market Research report published in January 2020, "the (US) psychedelic drugs market is expected to gain market growth in the forecast period of 2020-2027 with a CAGR of 16.3% and is expected to reach USD 6,859.95 million by 2027 from USD 2,077.90 million in 2019."[1] The report goes on to say that this growth is due to the "growing acceptance of psychedelic drugs for treating depression and increasing prevalence of depression and mental disorders are the factors for the market growth." With increased interest in the psychedelics industry, Delic Corp. anticipates growth in all segments of its platform.

Delic Corp.'s business consists of Reality Sandwich (online education platform), Meet Delic (annual event) and Delic Radio (podcast), each of which is dedicated to public education and de-stigmatizing the psychedelic conversation for a mainstream audience. Collectively, these forums provide Delic Corp. with the opportunity to sell products relating to the psychedelics space, market various events in the psychedelic space, provide leading experts with a medium to publish articles, speak on podcasts, and, more broadly, build a culture of mainstream understanding and appreciation of psychedelics.

Delic Corp.'s inaugural Meet Delic event was successfully held on November 6th and 7th, 2021. Meet Delic was the world's premier psychedelic and wellness edutainment event catering to both curious newcomers, businesses and thought leaders. Held in AREA15, an immersive and experiential entertainment complex in the heart of Las Vegas, the exciting two-day event featured industry entrepreneurs, consumers, psychonauts and leading voices in research and science. Meet Delic is the largest and most comprehensive event to learn about the intersection of psychedelics, health and wellness and culture, how to start or grow your business, connect with likeminded visionaries, enjoy fun social activities, and experience the acceleration of this worldwide movement. Over 2,500 people attended the event. Meet Delic 2022 will take place on November 5th and 6th, 2022, in Las Vegas.

Delic Corp.'s two online platforms, Reality Sandwich and Delic Radio collectively reach over 100,000 people per month. The company's broad mission is to educate the public about new wellness options available to them and ultimately create space for a diverse demographic to feel empowered and live happier lives. As interest in the sector has grown in recent years, Delic Corp. has seen increases in viewers to the Reality Sandwich website and listeners of the Delic Radio podcast.

Delic Labs

Delic Labs was founded by award-winning chemist, Dr. Markus Roggen, and University of British Columbia Professor, Dr. Glenn Sammis, to support the psychedelic industry with high precision chemical analytics and metabolomic identification. Delic Labs is a licensed psychedelic and cannabis research laboratory focused on extraction, analytical testing, and chemical process development and serves as the engine for the Delic platform, conducting research and developing innovative product lines and intellectual property, including psilocybin vaporization technology for future distribution across the company's physical footprint. Current customers include biotech companies, alcohol and tobacco, instrument manufacturers, and cannabis producers.

Over the past twelve months, Delic Labs focused on growing its research operations. Delic Labs received its first 56 exemption to research psilocybin mushrooms in December of 2020 and has since added more 56 exemptions to its portfolio, as well as renewing its cannabis testing license.

The cannabis CRO business saw substantial revenue growth from the year prior, including large research contracts with international tobacco and agri-tech companies.

[1] "U.S. Psychedelic Drugs Market – Industry Trends and Forecast to 2027," Data Bridge Market Research, January 2020.

The laboratory space of Delic Labs has been developed and can now host the capabilities to analyse smoke and vape products during the consumption step. This is a new and important area of cannabis research as more jurisdictions are starting to legislate aerosol testing. Delic Labs is positioning itself as a trailblazer in this field.

The Health Canada exemptions for psilocybin research allowed Delic Labs to work with the first set of customers in the psychedelic space, and this part of Delic Labs' CRO operations is quickly becoming a meaningful revenue driver for Delic Labs.

Over the next twelve months:

i) Delic Labs intends to expand its CRO services for cannabis companies. Additionally, CRO services, including final product testing for psychedelic producers in Canada, will be established;
ii) Delic Labs expects that the current pending dealers license will be granted by Health Canada in Q2/Q3 of 2022. This will allow Delic Labs to develop new psychedelic compounds overcoming the limitations of natural compounds;
iii) In support of the CRO and compounds development, the licensed laboratory space will continue to grow and add capabilities. For example, in early 2022 a LC-qTOF will be added to dramatically expand in-house analytical capabilities;
iv) The first of Delic Labs' IP research projects will launch as licensing deals; and
v) Delic Labs intends to further its collaboration with the University of British Columbia ("UBC") by sponsoring additional PhD and Post Doctorates in UBC's chemistry department. Student research will be integral to Delic Labs cannabis and psychedelic IP projects.

<u>Significant events up to the date of this MD&A</u>

Acquisition of Delic Labs

On May 26, 2021, the Company acquired all of the issued and outstanding shares in the capital of Delic Labs Inc. - formerly Complex Biotech Discovery Ventures Ltd. ("Delic Labs"). The purchase price was satisfied through the issuance of 10,000,000 SVS in the capital of the Company (the "Consideration Shares"). As per the terms of the acquisition agreement (the "Agreement"), the Consideration Shares were issued at a price equal in value to CAD$7,000,000 (the "Purchase Price") issued at a price per share equal to the higher of: (a) the ten trading day volume weighted average trading price ("VWAP") of the Consideration Shares on the Canadian Securities Exchange (the "CSE") immediately prior to the date of the Agreement, and (b) the maximum discount under the policies of the CSE applicable to the closing price of the Consideration Shares on the CSE on the trading day immediately prior to the closing date. However, the market price of the Company's SVS on the date of issuance was CAD$0.30 per SVS. Accordingly, the Consideration Shares were valued at CAD$3,000,000. The Consideration Shares issued to the sellers of Delic Labs are subject to certain contractual hold periods. In addition, each of the sellers of Delic Labs has entered into voting support agreements with a two-year term, pursuant to which they agreed to vote their Consideration Shares as directed by the board of directors of the Company, subject to certain exceptions.

Management of Delic Labs will be eligible to earn additional consideration upon reaching certain milestones.

Acquisition of KIC

On June 30, 2021, the Company acquired all of the issued and outstanding securities of Ketamine Infusion Centers LLC ("KIC") from its members for a purchase price of $2,684,610 (the "Purchase Price") paid as follows: (i) $2,089,354 in consideration shares issued on the closing date representing 89,130 MVS of the Company (the "Closing Date Payment"); and (ii) $800,000 in consideration shares to be issued on the date KIC's Bakersfield, California clinic achieves a net profit in three consecutive months in the twelve months following the closing date, while achieving minimum revenues of $125,000 in the same three month period (the "Bakersfield Milestone Payment") plus certain amounts, if any, to be earned by management, pursuant to reaching certain milestones. The Purchase Price was satisfied through the issuance of the number of consideration shares equal in value to the Closing Date Payment amount, issued at a price per share equal to the ten (10) trading day VWAP of such consideration shares on the CSE on the trading day immediately prior to the closing date (representing a price of CDN $0.3368 per share).

Management of KIC will be eligible to earn additional consideration upon reaching certain milestones. Subsequent to year end, management of KWC assumed responsibility for operational oversight and re-branded KIC under KWC's business model.

The Company acquired control of KIC during the year. At the time of the acquisition, KIC has an existing subsidiary in which it had a 50% interest, KIC 2, LLC ("KIC 2"). The Company determined that it had control over KIC 2 based on its powers, rights to the variable returns and the ability to use its power to affect the amount of returns and as a result included the accounts of KIC 2 in its consolidated financial statements. On December 31, 2021, KIC withdrew its membership from KIC 2 and as a result no longer controls KIC 2.

Acquisition of Ketamine Wellness Centers, LLC

On November 4, 2021, the Company acquired all of the issued and outstanding securities of Ketamine Wellness Centres LLC ("KWC") from its members for a purchase price of $10,000,000 (the "Purchase Price"). The Company will issue MVS in the capital of the Company ("Consideration Shares") to the members of KWC (the "Members"), having an aggregate value of $5,000,000, less a holdback equal to $1,000,000, at a price per Consideration Share of $0.1658 VWAP of the Consideration Shares on the CSE as of November 3, 2021. The Members have agreed that any Consideration Shares issued will be subject to a contractual hold period, with 10% of the share consideration to be released on the date that is six months and0020one day following closing, and 15% released every six months thereafter over a period of 36 months. The Company further satisfied the purchase price by paying to the Members, an amount equal to USD$5,000,000 in cash consideration with approximately $3,293,933 paid on the closing date, $296,541 to be paid on forgiveness of a loan to KWC from the Health Resources and Services Administration, $750,000 to be paid on the date that is 12 months following the closing date, and the final $750,000 to be paid on the date that is 24 months following the closing date. In addition, the Members are eligible to receive additional Consideration Shares upon each new clinic opened by KWC that posts three consecutive months of profitability and minimum revenue of $135,000, during those three months, such additional Consideration Shares to have an aggregate value of $100,000 per clinic opening, based on a price per share equal to the 10 trading day VWAP of the Consideration Shares on the Exchange immediately prior to the date such milestone is achieved. The milestones are subject to an aggregate cap of 30 new clinic milestones or $3,000,000 in additional Consideration Shares.

Management of KWC will be eligible to earn additional consideration upon reaching certain milestones.

The Members agreed that any Consideration Shares issued will be subject to a contractual hold period, with 10% of the share consideration to be released on the date that is six months and one day following closing, and 15% released every six months thereafter over a period of 36 months.

Homestead Brands

The Company executed a definitive asset purchase agreement (the "Agreement") to acquire the brand and intellectual property of Homestead ("Homestead"), a legacy counterculture distributor of psychedelic media and creator of one of the first self-contained mushroom grow kits (the "Transaction").

In consideration for acquisition of the Homestead assets, the Company issued Subordinated voting common shares having an aggregate value of $45,564. The Company also granted 108,887 incentive stock options to David Tatelman, the founder of Homestead, with an exercise price of $0.58, exercisable for a period of 3 years in accordance with the terms of the Company's Incentive Stock Option plan.

Financings

On May 26, 2021, the Company completed a non-brokered private placement (the "Offering") of 11,441,189 subscription receipts (the "Subscription Receipts") at a price of $0.30 per Subscription Receipt for gross proceeds of CAD$3,432,356. Upon completion of the Offering, each Subscription Receipt was converted into one SVS and one common share purchase warrant (each, a "Warrant"). Each Warrant is exercisable at CAD$0.30 for a period of 24 months from the date of issuance. The Company paid aggregate finders' fees of CAD$152,086 in cash and issued finders an aggregate of 706,951 share purchase warrants. The warrants were valued at CAD$82,063 using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 0.30%; volatility – 100%; expected dividend yield – 0.0%; expected warrant life in years – 2.

On September 28, 2021, the Company issued 9,000,000 units of the Company (the "Units") at a price of CAD $0.285 per Unit and 15,561,404 pre-funded units of the Company (the "Pre-Funded Units") at a price of CAD $0.2849 for gross proceeds of CAD $7,000,000. Each Unit is comprised of one SVS and one subordinate voting share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional SVS (a "Warrant Share") at an exercise price of CAD $0.38 per Warrant Share. Each Pre- Funded Unit is comprised of one pre-funded subordinate voting share purchase warrant (a "Pre-Funded Warrant") and one Warrant. Each Pre-Funded Warrant entitles the holder thereof to purchase one SVS (a "Pre-Funded Warrant Share") at an exercise price of C$0.0001 per Pre-Funded Warrant Share and shall terminate upon exercise in full of the Pre-Funded Warrants. The Company paid a cash commission of $560,000.01 (equal to 8.0% of the gross proceeds of the Private Placement) and issued 1,964,912 compensation warrants (the "Agent Warrants"). Each Agent Warrant entitles the holder thereof to purchase one SVS at an exercise price of C$0.38 per SVS at any time on or prior to September 28, 2026. The Agent Warrants were valued at CAD$432,281, respectively, using the Black-Scholes option pricing model with the following weight average assumptions: risk-free interest rate – 0.30%; volatility – 100%; expected dividend yield – 0.0%; expected warrant life in years – 5.

Clinic Openings

On January 11, 2022, the Company expanded its operations into Utah with the opening of its Salt Lake City location. This is the first of the Company's clinics in Utah. With up to seven treatment rooms at the facility, this location will be one of the largest ketamine clinics in the U.S. and the largest ketamine infusion clinic in Utah. The launch of the Salt Lake City locations allows the Company to execute its strategy of opening ketamine treatment centers in growing cities with the goal of reaching the greatest number of patients and providing reasonably priced treatments.

On March 16, 2022, the Company expanded its operations into Nevada with the opening of its Reno location. The 2,200 square-foot treatment facility will not only serve local patients, but it will also open its doors to patients in larger California markets who do not have access to affordable in-state providers. Reno is the latest in a series of state-of-the-art clinics that the Company will open over the next 18 months. Through these openings, the Company will expand access to reasonably priced treatments for various mental health conditions. Reno is the second of the company's clinics to open in Nevada within the last 18 months, bringing the total number of clinics to 13 across nine states.

Licenses

On April 13, 2022, Delic Labs received a Health Canada 56 Research Exemption that will allow scientists to conduct research and perform tests on a number of compounds outside of psychedelic mushrooms, including MDMA, LSD, DMT, mescaline and 2C- B. Additionally, Delic Labs has received a Health Canada 56 exemption to acquire 60 grams of psilocybin mushrooms from Nectar Health Sciences Laboratory Division Inc., a wholly-owned subsidiary of Psilobrain Therapeutics Inc. Delic Labs' latest exemptions enable the Company to develop innovative analytical methods for psychedelic research.

New Therapies

On May 4, 2022, KWC launched NAD+ infusion therapy at six of its clinic locations with plans to expand nationwide. This therapy is administered intravenously or intramuscularly (IM) and has the potential to boost natural energy stores and immunity, brain and DNA function, and cell communication when a patient is successfully treated, along with enhancing the process of healing chronic conditions such as depression, PTSD and anxiety. Nicotinamide adenine dinucleotide (NAD+) is a critical molecule that not only helps convert food to energy, but also plays a crucial role in maintaining proper cell health. As a person ages, a decline in NAD+ levels may negatively impact the individual's health and susceptibility to age-related diseases. There is also evidence that NAD+ therapy supports the creation of new cells, neuropathways, and networks in the brains of adults which can support a patient's recovery from various mental health conditions. KWC's NAD+ treatments are only offered under rigorous clinical supervision in controlled settings. All programs undergo frequent quality assurance evaluations and comply with the highest standards of care and all recommended guidelines.

Partnerships

KWC signed a new partnership with the Veterans Administration (VA) in Arizona. Veterans suffering from treatment-resistant depression, PTSD and anxiety will have access to ketamine therapy at the KWC Arizona clinics in Phoenix, Tucson and Mesa-Gilbert at no out-of-pocket cost with prior authorization from the VA. This new VA partnership is in addition to the one established with the KWC located in Burnsville, Minnesota. More than 20 million veterans live in the United States and the state of Arizona is home to upwards of 500,000 veterans. The Office of Disease Prevention and Health Promotion found that veterans of all ages in Arizona are three times more likely to die by suicide than nonveterans, and veterans over the age of 65 are at four times greater risk of dying by suicide than non-veterans. One-third of veterans know of a fellow former service member who is not currently receiving the necessary mental health care. The nation's largest ketamine therapy provider is one of the few ketamine providers in the U.S. authorized to partner with the VA and remains committed to offering exceptional, therapeutic services that meet the needs of each veteran seeking quality mental health care. In addition to the VA partnership, KWC also partnered with the Veterans Administration (VA) Community Care Network last year to offer ketamine treatments to veterans at no out-of-pocket cost at their locations in Burnsville and Naperville, Illinois. These partnerships are in addition to the Hero Discount offered at clinics nationwide to cover partial out-of-pocket expenses of the treatment for military veterans and first responders.

COVID-19

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2021	Year ended December 31, 2020	Initial Period Ended December 31, 2019
	$	$	$
Sales	1,566,245	-	-
Expenses including non-cash items	(7,447,567)	(1,288,974)	(213,560)
Net loss	(8,862,654)	(2,037,526)	(210,143)
Weighted average number of SVS common shares outstanding	54,749,972	9,111,924	99,308
Weighted average number of MVS common shares outstanding	25,339,035	2,292,703	-
Loss per share	(0.11)	(0.18)	(2.12)
Cash	2,437,702	2,082,206	691,298
Working capital	314,969	2,116,352	(210,046)
Total assets	14,835,446	2,189,710	691,301
Shareholders' equity (deficit)	10,683,493	2,116,355	(210,043)
Long-term financial liabilities	1,684,167	-	-
Dividends paid per share	-	-	-

RESULTS OF OPERATIONS

During the year ended December 31, 2021 ("2021"), the Company reported a loss of $8,862,654. During the year ended December 31, 2020 ("2020"), the Company reported a net loss of $2,037,526.

Sales

Sales increased to $1,522,416 in 2021 from $Nil in 2020. Sales consisted of the following:

	Media	Sciences	Health	Corporate	Total
	$	$	$	$	$
Sales					
U.S.	342,390	-	959,016	-	1,301,406
Canada	-	264,839	-	-	264,839
Total sales	342,390	264,839	959,016	-	1,566,245

Media revenue was generated through sponsorship and ticket sales for the Company's Meet Delic event. Sciences revenues were generated through project-based revenues in connection with research and development initiatives surrounding psilocybin and cannabis applications. Health revenues are earned through patient treatment services at the Company's ketamine clinics.

Media
Media revenues increased from $Nil in 2020 to $342,930 in 2021 as this was the first year the Company hosted its annual Meet Delic event in Las Vegas. Over 2,500 individuals attended the event which included exhibitors and sponsors.

Sciences
Sciences revenues increased from $Nil in 2020 to $264,839 in 2021. Sciences revenues come from the operations of Delic Labs which was acquired in 2021.

Health
Health revenues increased from $Nil in 2020 to $959,016 in 2021. The Company increased the number of clinics in 2021 through the acquisitions of KWC and KIC.

Expenses

Total operational expenses were $7,447,567 in 2021, compared to $1,288,974 in 2020. Key expense items consisted of the following:

Advertising and promotion
$1,936,627 (2020 - $296,632) incurred in connection with the Meet Delic brand for events and promotional work as well as investor awareness initiatives.

Contractors
Contractors increased from $Nil in 2020 to $295,118 in 2021. The Company contracted more contractors to assist with running the inaugural Meet Delic event in Las Vegas.

Depreciation
Depreciation increased from $Nil in 2020 to $108,479 in 2021. The increase is directly attributed to the acquisitions of Delic Labs, KIC, and KWC, all of which held fixed assets and right of use assets requiring deprecation.

Event Management
Event management increased from $Nil in 2020 to $366,188 in 2021. The balance increased from $Nil in 2020 because the Company hosted the inaugural Meet Delic event in 2021.

Management and consulting
Management and consulting fees increased from $75,985 in 2020 to $282,920 in 2021. The Company hired for a number of key positions to assist scaling operations.

Office
Office expenses increased from $132,864 in 2020 to $1,103,039 in 2021. The Company saw a substantial increase in office expenses with the ramp up of initial operations and the acquisitions of Delic Labs, KIC, and KWC.

Professional fees
Professional fees increased from $642,621 in 2020 to $787,348 in 2021. The Company incurred additional legal and audit costs associated with the acquisitions and other various corporate matters.

Salaries and wages
Salaries and wages increased from $Nil in 2020 to $1,089,557 in 2021. In previous years, the Company worked with consultants and contractors. With the acquisition of Delic Labs, KIC, and KWC, the Company brought on employees that were already employed by those entities.

Share-based payments
Share-based payments increased from $61,514 in 2020 to $1,034,564 in 2021. Share-based payments increased year over year as the Company granted substantially more employee stock options during 2021.

Other items

Impairment of intangible assets and goodwill
During the year ended December 31, 2021, there were indicators of impairment identified on the Company's investments in Delic Labs and KIC. As a result, the Company compared the carrying amounts to the recoverable amounts for certain intangible assets and CGUs.

As at December 31, 2021, the recoverable amounts for Delic Labs and KIC were less than the carrying amounts as follows:

	Carrying amount	Recoverable amount	Impairment loss
	$	$	$
Delic Labs	3,040,497	655,683	2,384,814
KIC	2,422,719	725,085	1,697,634
	5,463,781	**1,380,768**	**4,082,448**

EBITDA

EBITDA for 2021 and 2020 has been calculated as follows:

	Year ended December 31, 2021	**Year ended December 31, 2020**
	$	**$**
Net loss	(8,862,654)	(2,037,526)
Depreciation	108,479	-
Share-based payments	1,034,564	61,514
Adjustment to contingent consideration	(394,729)	-
Foreign exchange loss	20,665	-
Gain on lease termination	(11,753)	-
Gain on debt conversion	-	(309,006)
Listing expense	-	1,108,514
Impairment of intangible assets and goodwill	4,082,448	-
EBITDA (Loss)	(4,022,980)	(1,176,504)

Clinic Operational Metrics

During 2021, the Company saw its patient visits increase in conjunction with the acquisition of KIC and KWC.

	Year ended December 31, 2021	Year ended December 31, 2020
		-
New patients	147	-
Recurring appointments	867	-
New appointments	949	-
Total appointments	1,816	-
Open clinics	12	-
Pending clinics	1	-

SUMMARY OF QUARTERLY RESULTS

	Three months ended December 31, 2021	Three months ended September 30, 2021	Three months ended June 30, 2021	Three months ended March 31, 2021
Sales	$ 1,233,778	$ 183,177	$ 149,290	$ -
Expenses including non-cash items	$ (3,326,763)	$ (2,030,061)	$ (1,040,235)	$ (1,050,508)
Loss for the quarter	$ (4,449,851)	$ (2,268,167)	$ (1,017,836)	$ (1,126,800)
Loss per share	$ (0.04)	$ (0.03)	$ (0.02)	$ (0.02)
Common shares outstanding	75,477,623	68,865,526	59,865,526	55,502,637
Total assets	$ 14,835,446	$ 14,447,944	$ 11,691,538	$ 1,635,052
Total long-term liabilities	$ 1,684,167	$ 4,206,929	$ 1,568,058	$ -

	Three months ended December 31, 2020	Three months ended September 30, 2020	Three months ended June 30, 2020	Three months ended March 31, 2020
Sales	$ -	$ -	$ -	$ -
Expenses including non-cash items	$ (934,920)	$ (136,476)	$ (80,730)	$ (136,848)
Income (loss) for the quarter	$ (2,067,470)	$ 173,118	$ (78,742)	$ (64,432)
Income (loss) per share	$ (0.18)	$ 0.02	$ (0.01)	$ (0.01)
Common shares outstanding	55,193,750	10,000,000	10,000,000	10,000,000
Total assets	$ 2,189,710	$ 272,886	$ 515,112	$ 750,543
Total long-term liabilities	$ -	$ -	$ -	$ -

Sales during the quarter ended December 31, 2021, saw substantial growth with the acquistion of KWC.

The Company's expenses and net loss during the quarter ended December 31, 2021 increased from prior quarters due to the impairment charges incurred on intangible assets and goodwill.

The Company's expenses and net loss during the quarter ended December 31, 2020 increased significantly from prior quarters due to a listing expense of $1,108,514 being recognized upon completion of the RTO as well as an increase in costs associated with the development of the Company's overall operations.

Assets as at June 30, 2021 increased significantly from previous quarters due to the recognition of assets acquired as part of the Delic Labs and KIC acquisitions. The Company saw its asset base increase again during the quarter ended December 31, 2021 with the acquisition of KWC.

LIQUIDITY & CAPITAL RESOURCES

As at December 31, 2021, the Company's capital is composed of shareholders' equity. The Company's primary objectives, when managing its capital, are to maintain adequate levels of funding to support operations of the Company and to maintain corporate and administrative functions.

The Company defines capital as cash and equity, consisting of the issued common stock. The capital structure of the Company is managed to provide sufficient funding operating activities. Funds are primarily secured through sales, or a combination of equity capital raised by way of private placements and short-term debt.

The Company had cash of $2,402,993 as at December 31, 2021 and $2,082,206 as at December 31, 2020. As at December 31, 2021, the Company had working capital of $314,969 (2020 – $2,116,352)

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured through revenues or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company is not subject to any externally imposed capital requirements.

If additional funds are required, the Company plans to raise additional capital primarily through the private placement of its equity securities. Under such circumstances, there is no assurance that the Company will be able to obtain further funds required for the Company's continued working capital requirements.

There were no changes to the Company's approach to capital management during the year ended December 31, 2021.

FOURTH QUARTER ANALYSIS

There were substantial changes quarter over quarter between December 31, 2021 and December 31, 2020. The Company's assets increased substantially due to the special warrant financing, and the acquisitions of Delic Labs, KIC, and KWC. The Company saw increases in sales and expenses in conjunction with the acquisitions.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Key management personnel include the members of the Board of Directors and officers of the Company who have the authority and responsibility for planning, directing and controlling the activities of the Company. Amount paid and accrued to directors, officers, and former officers are as follows:

	December 31, 2021	December 31, 2020
	$	$
Management and director compensation		
Matt Stang, CEO and Director	75,000	-
Jackee Stang, CCO, former CEO and Director	80,000	20,000
Mathew Lee, CFO	47,361	23,089
Sashko Despotovski, Director	5,000	-
Martin Tobias, Director	4,000	-
Paul Rosen, Director	4,000	-
Kraig Fox, Director	4,000	-
Sub-total	219,361	43,089
Share-based payments		
Matt Stang, CEO and Director	46,492	7,265
Jackee Stang, CCO, former CEO and Director	94,562	14,529
Mathew Lee, CFO	18,913	2,906
Sashko Despotovski, Director	18,913	2,906
Martin Tobias, Director	18,913	2,906
Paul Rosen, Director	18,913	2,906
Kraig Fox, Director	18,913	2,906
Sub-total	235,617	36,324
Total	454,978	79,413

PROPOSED TRANSACTIONS AND SUBSEQUENT EVENTS

In April 2022, the Company issued 11,300,000 subordinate voting shares for the exercise of Pre-Funded Warrants for nominal proceeds.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consisted of cash, accounts receivable, accounts payable and accrued liabilities, lease liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments. Refer to Note 13 of the Company's consolidated financial statements for further information on the Company's financial instruments.

CRITICAL ACCOUNTING ESTIMATES

Refer to Note 3 of the Company's consolidated financial statements for further information on the Company's accounting estimates.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There was no change in accounting policies for the period ended December 31, 2021.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares with no par value. As of the date of this MD&A, the Company had issued and outstanding 86,777,623 subordinate voting shares, 501,172 multiple voting shares, 5,127,220 stock options, and 23,186,053 warrants.

RISK FACTORS

The Company's business, operating results and financial condition could be adversely affected by any of the risks outlined below. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

An investment in the Company's Shares is speculative and will be subject to material risks; and investors should not invest in securities of the Company unless they can afford to lose their entire investment.

Additional Funding Requirements

Further expansion of the Company's business, in Canada and internationally, will require additional capital; and the ongoing costs of operations may not generate positive cash flow for the near or long term. Although the Company has adequate funds to operate for the next 12 months, there is no assurance that it will be successful in obtaining the required financing for these or other purposes, including for general working capital. The Company's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuance of additional shares from treasury, control may change, and shareholders may suffer dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its current business plan or cease operating.

Market Risk for Securities

There can be no assurance that an active trading market for the Company's Shares will be sustained. The market price for the Company's Shares may be subject to wide fluctuations. Factors such as government regulation, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company's securities. The stock market has from time-to-time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Limited Operating History

The Company is in the early stage of development and has limited history of operations. The Company will be subject to many risks common to start-up enterprises and its viability must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of development in new and rapidly evolving markets. This includes under-capitalization, cash shortages, limitations with respect to personnel, lack of revenues and financial and other resources. There is no assurance that the Company will develop its business profitably, and the likelihood of success of the Company must be considered in light of the Company's early stage of operations. There is no assurance that the Company will be successful in achieving a return on shareholders' investment.

Uninsured or Uninsurable Risks

The Company intends to insure its operations in accordance with industry practice. However, given the novelty of the proposed business, such insurance may not be available, uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance cover. The Company may become subject to liability for hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or for other reasons. The payment of any such liabilities would reduce or eliminate the funds available for operations. Payments of liabilities for which the Company does not carry insurance may have a material adverse effect on its financial position.

BOARD APPROVAL

Tshe board of directors of the Company has approved this MD&A.