CENTR™

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MANAGEMENT DISCUSSION & ANALYSIS

This Management's Discussion & Analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements of CENTR Brands Corp. (the "Company") for the three months ended August 31, 2020 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements. All amounts in the financial statements and this MD&A are expressed in United States dollars, unless otherwise indicated.

Further information about the Company, its operations and other continuous disclosure is available through filings with the securities regulatory authorities in Canada under the Company's profile at www.sedar.com.

FORWARD LOOKING INFORMATION

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management of the Company as well as assumptions made by and information currently available to the Company. When used in this document, the words "*anticipate*", "*believe*", "*estimate*", "*expect*" and similar expressions, as they relate to the Company or management of the Company, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, and the estimated cost and availability of funding for the continued development of the Company's beverages. 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: the performance of the Company's business and operations; the intention to grow the business and operations of the Company; applicable laws, regulations and any amendments thereof; the competitive and business strategies of the Company; the general economic, financial market, regulatory and political conditions in which the Company operates; risks associated with economic conditions, dependence on management; and other risks described in this MD&A and described from time to time in documents filed by the Company with Canadian securities regulatory authorities. Many factors could cause the actual results, performance or the Company's achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including, but not limited to, expectations and assumptions concerning the success of the operations of the Company. Although the Company believes that the expectations and assumptions on which such 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 risks described above and other factors beyond the Company's control. Consequently, all forward-looking statements made in this MD&A 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 MD&A 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 by law.

Overview

The Company was formed under the British Columbia Business Corporations Act ("BCBCA") on September 26, 2012 upon completion of the Amalgamation pursuant to the Plan of Arrangement with Ravencrest Resources Inc. ("Ravencrest"), a CNSX listed company, under the terms of an Arrangement Agreement among Ravencrest, River Wild Exploration Inc. ("Former River Wild"), a private British Columbia company, and 0943173 B.C. Ltd. ("SubCo"), a wholly-owned subsidiary of Ravencrest, pursuant to which the parties agreed to complete a plan of arrangement under sections 288 to 299 of the BCBCA whereby Former River Wild and SubCo would amalgamate to form the Company (the "Amalgamation"). The Arrangement was approved by the Ravencrest shareholders on August 9, 2012 and final court approval from the Supreme Court of British Columbia to the Arrangement was obtained on August 14, 2012.

On April 1, 2019 the Company completed the acquisition of all of the share capital of CBD Lifestyle Corp. (the "Transaction"), which was incorporated under the laws of the Province of Ontario on September 17, 2018. Prior to the acquisition, CBD Lifestyle Corp. was an operational entity. In connection with the Transaction, the Company changed its name from River Wild Exploration Inc. to CENTR Brands Corp. Today, the Company is focused on the creation and launch of a range of non-alcoholic beverages, including a global brand for the cannabidiol (CBD) infused beverage industry.

The Company's first product, called "CENTR", is a sparkling, low-calorie, CBD beverage that the Company launched in the United States in the summer of 2019. The Company expects to launch further projects over the course of the next year. The Company is led by Chief Executive Officer and Director Joseph Meehan, with Arjan Chima as President & CFO and Director and Anton Drescher and David Young as fellow Directors.

Overall Performance

As of today's date, the Company continues its marketing of CENTR in the U.S. To support sales development and growth, the Company has built a team of six sales representatives based in California, Arizona, Oregon and Ohio. The Company expects to continue to drive national consumer demand and interest for CENTR in fiscal 2021, expanding its sales footprint nationally as profitable sales dictate.

Overall sales performance in the next year continues to be strongly correlated to clarification of a national regulatory structure for CBD-infused beverages in the U.S. As of today's date, the U.S. Food & Drug Administration (the "FDA") continues to evaluate the regulatory frameworks that apply to CBD-related products, including those that are intended for non-drug uses. The FDA has been clear in its public guidance that there is a need for further study and high quality, scientific information about the safety and potential uses of CBD.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and many related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

Management has closely monitored the impact of COVID-19, with a focus on the health and safety of our employees, business continuity and communities where we sell and produce CENTR. Senior management implemented various measures to reduce the spread of the virus, including requiring our non-sales employees to work from home, implementing social distancing measures whenever possible, and recommending employees to adhere to preventative measures recommended by the WHO. As our non-production workforce can effectively work remotely using various technology tools, we have been able to maintain our full production and sales program, as well as internal controls over financial reporting and disclosures.

At this time, we are unable to estimate the long-term impact of COVID-19 on our business, financial condition, results of operations, and/or cash flows. We expect COVID-19 to negatively affect our results of operations for the first quarter of fiscal 2021 and, if the effects of the COVID-19 outbreak continue, our results so long as the measures used to contain the outbreak remain in effect. We believe we have sufficient liquidity available from cash on hand our ability to raise cash from private placements as required to continue operations.

Discussion of Operations

The Company's initial beverage product, CENTR, commenced sales in fiscal Q1 2020. During this period, the Company both focused on and used the proceeds of the financings that it has completed to date for (i) the continued development of the CENTR brand, (ii) marketing of the CENTR brand, (iii) growth of its already-established sales and marketing team in the U.S., (iv) continued introduction of the CENTR brand concept and product to potential distribution and retail sales partners in the U.S., and (v) further production of CENTR.

Overall success and future sales of the CENTR-branded CBD beverage – both regionally and nationally in the U.S. – strongly depends on several factors, including (i) timely dissemination of a positive national regulatory framework for CBD beverages by the FDA (please see "Overall Performance" above), and (ii) continued development of a sizeable and effective distribution channel for CENTR, both currently and thereafter.

Summary of Quarterly Results *(expressed in US dollars)*

Description	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Inventory	$198,928	$266,003	$394,285	$482,701
Sales	209,591	197,893	177,756	121,204
Discounts	(59,020)	(17,221)	(22,425)	(7,836)
Net sales	150,571	180,672	155,331	113,368
Net and comprehensive loss for the period	(786,103)	(764,501)	(635,609)	(705,498)
Net loss and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)

Description	Q1 2020	Q4 2019	Q3 2019	Q2 Sep 17, 2018 to Nov 30, 2018
Inventory	$565,276	$ -	$ -	$ -
Sales	14,460	-	-	-
Discounts	(678)	-	-	-
Net Sales	13,782	-	-	-
Net and comprehensive loss for the period	(506,608)	(1,947,375)	(315,097)	(50,413)
Net loss and diluted loss per share	(0.01)	(0.07)	-	-

Sales of the Company's initial beverage product (CENTR) commenced in August 2019 and gross sales increased each quarter as the Company continued to build retail distribution opportunities.

Net and comprehensive loss in Q4 2019 was significantly higher as a result of the following:

1) The acquisition of CBD Lifestyle Corp. on April 1, 2019 resulted in listing expenses of $820,211.
2) Expenses related to the marketing launch of CENTR in the United States of $197,780.
3) Stock options issued to employees and directors resulted in the Company incurring a share-based compensation expense of $338,972.

Results of Operations *(expressed in US dollars)*

For the three-month period ended August 31, 2020 (Q1 2021)

The Company incurred a net loss and comprehensive loss in Q1 2021 of $786,103 (Q1 2020 - $506,608).

Revenue

Gross sales in Q1 2021 was $209,591 (Q1 2020 - $14,460) as the Company's initial beverage product, CENTR, continued to build distribution and retail sales opportunities on a state-by-state basis. Sales commenced in Q1 2020.

Discounts in Q1 2021 was $59,020 (Q1 2020 - $678) for various summer incentive programs offered to California distributors.

Expenses

General and administrative

General and administrative expenses for Q1 2021 was $687,230 (Q1 2020 - $478,379) and significant amounts included the following:

Salaries and benefits of $432,813 (Q1 2020 - $206,595) resulting from the hiring of one additional sales manager and continued employment of eleven employees. The Company had seven employees in Q1 2020.

Travel and other expenses of $105,182 (Q1 2020 - $51,259) resulting from increased travel and meals from additional sales employees and broker commissions. Q1 2020 included travel, meals and courier expenses.

Accounting and legal of $88,203 (Q1 2020 - $28,236) resulting from corporate tax fees and legal fees relating to general corporate matters.

Consulting of $40,793 (Q1 2020 - $167,721) decreased as Q1 2020 included fees relating to the private placements and the creation of the CENTR branded beverage.

Marketing and promotion

Marketing and promotion expenses for Q1 2021 was $75,847 (Q1 2020 - $31,607) resulting from the increased purchases of point of sale material and branded merchandise.

Share-based compensation

Share-based compensation recognized in Q4 2020 was $77,140 (Q4 2019 - $338,972) for restricted share units with a vesting term of 60 months.

Liquidity and Capital Resources

As of August 31, 2020, the Company had a cash position of $53,521.

As of August 31, 2020, the Company had negative working capital of $345,240. Operating activities are expected to continue to generate revenue in the next quarter and beyond. The Company expects that continuing and expanding sales of its beverage will support capacity to meet planned growth however the current sales cash flow cycle has identified a mismatch in inventory builds with the collection of accounts receivables. Due largely to the costs of the development and launch of our initial beverage and related branding, the Company has limited capital resources and may have to also rely upon the sale of equity and/or debt securities for cash required for acquisitions and to fund the general and administration expenses of the Company. To ensure sufficient available capital to operate the business, the Company has to date raised money in the private placement market – most recently a private placement in September 2020 raised $837,225 in equity capital.

Transactions with Related Parties

The Company transacts with key individuals from management who have authority and responsibility to plan, direct, and control the activities of the Company. Key management personnel are defined as the executive officers of the Company and the Board, including the Chief Executive Officer, President and Chief Financial Officer.

The Company entered into certain transactions with key management personnel during the three months ended August 31, 2020 as follows:

	Three months ended August 31, 2020	Three months ended August 31, 2019
Salaries and benefits	$ 86,084	$ 85,685
Share-based payments	53,835	544
Consulting fees	28,106	15,263
	$ 168,025	$ 101,492

The Company incurred the following transactions with companies having a former director, directors and officers in common:

	Three months ended August 31, 2020	Three months ended August 31, 2019
Consulting fees paid to companies controlled by a director and a former director of the Company	$ 33,758	$ 151,210
Other fees paid to companies controlled by a former director of the Company	4,546	30,954
	$ 38,304	$ 182,164

As at August 31, 2020, $324,813 was included in due to related parties for creative services and other overhead costs and in the ordinary course of business. These amounts bear no interest and are due on demand.

Financial Instruments

Fair Value of Financial Instruments

The fair value of cash and accounts payable and accrued liabilities approximates their carrying value due to their immediate or short-term nature, unless otherwise noted.

Fair Value Hierarchy

Financial instruments recorded at fair value on the Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The fair value of cash is measured using a level 1 technique.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Company does not have financial instruments that results in material exposure.

Currency Risk

Currency risk is the risk to the Company's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of those rates. The Company believes it is exposed to significant currency risk, as to date the Company has raised money only in Canada and in Canadian dollars to fund operations and development, along with a significant proportion of the Company's general and administrative expenses incurred in Canadian dollars.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have financial instruments that results in material exposure.

Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulty in raising funds to meet its financial commitments or can only do so at excessive cost. The Company ensures there is sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash and its ability to draw on committed funds from its existing shareholders or to raise funds from external shareholders.

Directors and Officers

The Company's Board of Directors is as follows:

Joseph E. Meehan
Arjan J. Chima
Anton J. Drescher
David T. Young

The Company's officers are:

Joseph E. Meehan	*Chief Executive Officer*
Arjan J. Chima	*President, Chief Financial Officer and Secretary*

Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As of October 27, 2020, 66,319,101 common shares were issued and outstanding.

On February 20, 2020, the Company issued 2,512,401 common shares (subject to a four-month-and-one-day statutory hold period) of the Company in a private placement for gross proceeds of $954,229 for general working capital purposes. This included 1,050,000 common shares purchased by a company controlled by a former director of the Company and 30,000 common shares purchased by a director of the Company. Finders' fees totalling $40,321 were paid in connection with the financing.

On September 8, 2020, the Company issued 1,963,000 common shares (subject to a four-month-and-one-day statutory hold period) and 1,963,000 share purchase warrants of the Company in a private placement for gross proceeds of $520,848 for general working capital purposes. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of CAD $0.60 and expires in three years. Finders' fees totalling $15,920 in cash and 60,000 broker warrants were paid in connection with the financing. Each broker warrant entitles the agent to acquire one common share of the Company at an exercise price of CAD $0.60 and expires in one year.

On September 25, 2020, the Company issued 1,132,500 common shares (subject to a four-month-and-one-day statutory hold period) and 1,132,500 shares purchase warrants of the Company in a private placement for gross proceeds of $296,377. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of CAD $0.60 and expires in three years. Finder's fees totalling $11,486 in cash and 43,950 broker warrants were paid in connection with the financing. Each broker warrant entitles the agent to acquire one common share of the Company at an exercise price of CAD $0.60 and expires in one year.

As of October 27, 2020, 5,280,000 restricted share units were outstanding with expiry dates of February to March 2025.

As of October 27, 2020, there were 103,950 broker warrants outstanding at an exercise price of CAD $0.60.

Changes in Accounting Policies

New Accounting Standards Issued but Not Yet Adopted

In October 2018, the IASB issued "Definition of a Business (Amendments to IFRS 3)". The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. The amendments provide an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company is currently evaluating the potential impact of these amendments.