

This short form prospectus has been filed under legislation in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories and possessions, any state of the United States or the District of Columbia (the “**United States**”), or to a “U.S. person” (as such term is defined in Regulation S under the U.S. Securities Act) (a “**U.S. Person**”) unless exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws are available. This short form base shelf prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States or to, or for the account or benefit of, any U.S. Person. See “Plan of Distribution”.*

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the issuer at Suite 100, 2318 Oak Street, Vancouver, BC, V6H 4J1, telephone (604) 733-1514, and are also available electronically at www.sedar.com.

SHORT FORM BASE SHELF PROSPECTUS

New Issue and/or Secondary Offering

January 26, 2022



CENTR BRANDS CORP.

\$40,000,000

Common Shares

Debt Securities

Warrants

Subscription Receipts

Units

This short form base shelf prospectus (the “**Prospectus**”) relates to the offering for sale by CENTR Brands Corp. (the “**Company**” or “**CENTR Brands**”) from time to time, during the 25-month period that this Prospectus, including any amendments thereto, remains valid, of up to \$40,000,000 (or the equivalent in other currencies based on the applicable exchange rate at the time of the offering) in the aggregate of: (i) common shares (“**Common Shares**”), (ii) debt securities (“**Debt Securities**”), (iii) warrants (“**Warrants**”) to acquire any of the other securities that are described in this Prospectus, (iv) subscription receipts (“**Subscription Receipts**”), and (v) units (“**Units**”) comprised of one or more of any of the other securities that are described in this Prospectus, or any combination of such securities (all of the foregoing collectively, the “**Securities**” and individually, a “**Security**”). The Securities may be offered in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in an accompanying prospectus supplement (each, a “**Prospectus Supplement**”). One or more securityholders of the Company may also offer and sell Securities under this Prospectus. See “*The Selling Securityholders*”.

In addition, the Securities may be offered and issued in consideration for the acquisition of other businesses, assets or securities by the Company or one of its subsidiaries. The consideration for any such acquisition may consist of the Securities separately, a combination of Securities or any combination of, among other things, Securities, cash and assumption of liabilities.

Prospective investors should be aware that the purchase of any Securities may have tax consequences that may not be fully described in this Prospectus or in any Prospectus Supplement, and should carefully review the tax discussion, if any, in the applicable Prospectus Supplement and in any event consult with a tax adviser.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus except in cases where an exemption from such delivery has been obtained. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

The specific terms of any Securities offered will be described in the applicable Prospectus Supplement including, where applicable: (i) in the case of Common Shares, the number of Common Shares offered, the offering price, whether the Common Shares are being offered for cash, and any other terms specific to the Common Shares offered; (ii) in the case of Warrants, the number of Warrants being offered, the offering price, the designation, number and terms of the other Securities purchasable upon exercise of the Warrants, and any procedures that will result in the adjustment of those numbers, the exercise price, the dates and periods of exercise, whether the Warrants are being offered for cash, and any other terms specific to the Warrants offered; (iii) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, the terms, conditions and procedures for the conversion of the Subscription Receipts into other Securities, the designation, number and terms of such other Securities, whether the Subscription Receipts are being offered for cash, and any other terms specific to the Subscription Receipts offered; and (iv) in the case of Units, the number of Units being offered, the offering price, the number and terms of the Securities comprising the Units, whether the Units are being offered for cash, and any other terms specific to the Units offered. Where required by statute, regulation or policy, and where the Securities are offered in currencies other than Canadian dollars, appropriate disclosure of foreign exchange rates applicable to the Securities will be included in the Prospectus Supplement describing the Securities. The Company does not intend on issuing “novel” securities pursuant to this Prospectus, as such term is defined under National Instrument 44-102 - *Shelf Distributions* (“NI 44-102”).

No underwriter or agent has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.

The Company or any selling securityholder may offer and sell the Securities to or through underwriters or dealers purchasing as principals, and may also sell directly to one or more purchasers or through agents or pursuant to applicable statutory exemptions. See “*Plan of Distribution*”. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, as the case may be, engaged by the Company or any selling securityholder in connection with the offering and sale of the Securities and the identity of any selling securityholder, and will set forth the terms of the offering of such Securities, including, to the extent applicable, any fees, discounts or any other compensation payable to underwriters, dealers or agents in connection with the offering, the method of distribution of the Securities, the initial issue price (in the event that the offering is a fixed price distribution), the proceeds that the Company or any selling securityholder will, or expects to receive and any other material terms of the plan of distribution.

The sale of Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, or at non-fixed prices, such as market prices prevailing at the time of sale or prices related to such prevailing market prices to be negotiated with purchasers, including sales in transactions that are deemed to be “at the-market distributions” as defined in NI 44-102, including sales made directly on the Canadian Securities Exchange (the “CSE”) or other existing trading markets for the Securities, and as set forth in a Prospectus Supplement for such purpose. This Prospectus may qualify as an “at-the-market distribution” (as defined under NI 44-102). See “*Plan of Distribution*”.

The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified security in a specified market or at prices to be negotiated with purchasers, in which case the compensation payable to an underwriter, dealer or agent in

connection with any such sale will be decreased by the amount, if any, by which the aggregate price paid for Securities by the purchasers is less than the gross proceeds paid by the underwriter, dealer or agent to the Company or any selling securityholder. The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution.

In connection with any offering of Securities, other than an “at-the-market distribution” (as defined in NI 44-102), unless otherwise specified in a Prospectus Supplement, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Securities at a level other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time. A purchaser who acquires Securities forming part of the underwriters’, dealers’ or agents’ over-allocation position acquires those securities under this Prospectus and the Prospectus Supplement relating to the particular offering of Securities, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases. See “*Plan of Distribution*”. No underwriter or dealer involved in an “at-the-market distribution”, no affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such underwriter or dealer, may, in connection with the distribution, enter into any transaction that is intended to stabilize or maintain the market price of the Securities or securities of the same class as the Securities distributed, including selling an aggregate number or principal amount of securities that would result in the underwriter or dealer creating an over-allocation position in the Securities distributed.

The issued and outstanding Common Shares are listed on the CSE under the symbol “CNTR”. On January 25, 2022, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the CSE was \$0.92. **Unless otherwise specified in the applicable Prospectus Supplement, each series or issue of Securities (other than Common Shares) will not be listed on any securities exchange. Accordingly, there is currently no market through which the Securities (other than Common Shares) may be sold and purchasers may not be able to resell such Securities purchased under this Prospectus. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation. See “*Risk Factors*”.**

David Young (Director and Chief Financial Officer) and Joseph Elmlinger (Director) reside outside of Canada and have each appointed DLA Piper (Canada) LLP, Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7, as agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada, even if the party has appointed an agent for service of process.

The Company has one class of issued and outstanding shares: the Common Shares. The Common Shares entitle the holders thereof to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company have the right to vote. Each Common Share is entitled to one vote per Common Share on all matters upon which the holders of shares are entitled to vote.

Investing in the Securities is speculative and involves significant risks. Readers should carefully review and evaluate the risk factors contained in this Prospectus, the applicable Prospectus Supplement and in the documents incorporated by reference herein before purchasing any Securities. See “*Forward-Looking Information*” and “*Risk Factors*”.

The Company is not making an offer of the Securities in any jurisdiction where such offer is not permitted.

Unless otherwise specified in a Prospectus Supplement relating to any Securities offered, certain legal matters in connection with the offering of Securities will be passed upon on behalf of CENTR Brands by DLA Piper (Canada) LLP.

The Company's head office is located at Suite 100, 2318 Oak Street, Vancouver, BC, V6H 4J1, telephone (604) 733-1514, and its registered office is located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7.

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CENTR Brands sells cannabidiol (“CBD”) infused products called CENTR in certain states in the United States. The Company does not produce or sell medicinal or recreational marijuana or products derived therefrom. While both Hemp, defined to mean any part of the cannabis plant having no more than 0.3% concentration of Tetrahydrocannabinol (“THC”) on a dry weight basis, and marijuana come from the same plant genus and species, *Cannabis sativa* L., Hemp and marijuana are legally distinct and are generally regulated in the United States, respectively, by separate overarching bodies of law, namely the Agricultural Improvement Act of 2018 (the “2018 Farm Bill”) for Hemp and the Controlled Substances Act of 1970 (United States of America) (the “CSA”) for marijuana. Pursuant to the 2018 Farm Bill, Hemp is defined as the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis. Hemp, by legal definition, contains insufficient levels of THC to create an intoxicating effect as compared to marijuana.

The 2018 Farm Bill removed Hemp, and the THC in Hemp, from the purview of the CSA. Hemp is now deemed a legal agricultural commodity in the United States, and is no longer classified as a controlled substance. Accordingly, the United States Drug Enforcement Administration (the “DEA”) no longer has any claim to interfere with the interstate commerce of Hemp products, so long as the delta-9 THC level is no more than 0.3% on a dry weight basis.

The 2018 Farm Bill also provides that state and Native American tribal governments may impose separate restrictions or requirements on Hemp growth. However, individual states cannot interfere with the interstate transportation or shipment of lawfully produced Hemp or Hemp products. The Company sells its products in the United States pursuant to section 7606 of the Agricultural Act of 2014 (the “2014 Farm Bill”) and currently applicable provisions of the 2018 Farm Bill, and in accordance with applicable state and local laws. All Hemp sourced by the Company for use in CENTR meets U.S. federal requirements for Hemp under the 2018 Farm Bill.

However, states take varying and inconsistent approaches to regulating the production and sale of Hemp and Hemp-derived CBD products. In some cases, states may remain silent on the issue. While some states explicitly authorize and regulate the production of Hemp and the sale of Hemp-derived CBD products, or otherwise provide legal protection for authorized individuals to engage in commercial Hemp activities, other states may have implemented state-specific laws, regulations, or policies prohibiting Hemp production and/or the sale of Hemp-derived CBD products, or otherwise maintain outdated laws that do not distinguish between marijuana and Hemp. In some states, the sale of CBD, notwithstanding its origin from Hemp or marijuana, is either restricted to state medical or adult-use marijuana program licensees or remains otherwise unlawful under state laws. Additionally, a number of states prohibit the sale of ingestible CBD products based on the position of the United States Food and Drug Administration (the “FDA”) that, pursuant to the Federal Food, Drug and Cosmetic Act (the “FDCA”), it is unlawful to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products as, or in, dietary supplements, regardless of whether the substances are Hemp-derived.

The FDA regulates consumable products and the 2018 Farm Bill explicitly preserved the FDA's authority over Hemp products. Based on FDA commentary and actions to date, the industry assumption is that consumable Hemp CBD products, such as CENTR, will similarly be regulated by the FDA to ensure that the products are not adulterated or misbranded. While the FDA has yet to implement a formal regulatory scheme for Hemp products, the FDA is actively working to implement a regulatory pathway for these products. Through its efforts, and as reiterated by FDA Commissioner Dr. Stephen M. Hahn as recently as March 5, 2020, the FDA is in the process of reviewing safety considerations, engaging with industry stakeholders, assessing appropriate enforcement discretion options and seeking public feedback in re-opening the public docket to obtain additional scientific data on CBD. These actions reinforce that the FDA is actively working to find a solution and place in the market for Hemp products, and likely considering Hemp CBD products in the category of dietary supplements for purposes of labeling and marketing. The solution may include notice and comment rulemaking and an interim risk-based enforcement policy while the FDA potentially engages in this process.

In the interim, as this process develops, certain U.S. government agencies (such as the FDA) and certain U.S. federal officials have challenged the scope of permissible commercial activity. FDA representatives, for example, have stated they believe that producers of CBD-based products produce and sell their products in violation of the FDCA at this time.

The FDA also continues to enforce against violations of the FDCA by issuing warning letters to companies marketing and selling Hemp-derived CBD products as unapproved drugs. Notably, on November 25, 2019 and December 22, 2020, the FDA issued warning letters to companies marketing and selling Hemp-derived CBD products deemed unapproved drugs. The letters reiterate the FDA's position that CBD cannot be added to food and dietary supplements. As indicated by the FDA's March 5, 2020 statement and Congressional report, the FDA continues to actively evaluate a risk-based enforcement policy and rulemaking to permit the use of CBD in dietary supplements. Important to note is that these warning letters have been issued, for the most part, to companies making aggressive disease and/or health claims about their CBD products and the ability for those products to prevent, treat, or cure diseases and conditions such as Alzheimer's, seizures, and depression. The Company's activities related to the marketing and sale of CENTR comply with the 2014 Farm Bill and/or 2018 Farm Bill, as currently applicable to its operations. While the Company disagrees with the position of the FDA, there is risk that the FDA could take enforcement or regulatory actions against the Company and others in the industry.

Legal barriers applicable to, and risks associated with, selling Hemp and Hemp-derived CBD products result from a number of evolving factors to include the activities and interpretations of the FDA and the patchwork of state laws. Stakeholders take different positions regarding the scope of legal activity in light of the interplay of U.S. federal and state law, and in light of recent developments, such as the removal of Hemp and its extracts, including CBD, from the CSA pursuant to the 2018 Farm Bill, the FDA's pending draft guidance on CBD products that may establish a new regulatory framework allowing for certain Hemp-derived ingredients in foods and supplements, and H.R. 8179 (which, if passed, would legalize the use of hemp, CBD, and other hemp derivatives as a dietary ingredient in dietary supplements), the September 30, 2017 decision of the World Anti-Doping Agency to drop CBD from its list of prohibited substances, and the World Health Organization Expert Committee on Drug Dependence preliminary report finding that CBD is safe, well-tolerated, and not associated with abuse potential.

The FDA has also taken the position that CBD cannot be marketed as a dietary supplement because it has been the subject of investigation as a new drug prior to being marketed as a conventional food or dietary supplement (such restrictions referred to as "Prior Drug Exclusion"). According to the FDA, the submission of the IND application for Epidiolex by Greenwich Biosciences, the U.S. subsidiary of London-based GW Pharmaceuticals, preceded the sales and marketing of CBD as a dietary supplement. Excluded from the DSHEA definition of a dietary supplement is: "an article authorized for investigation as a new drug, antibiotic, or biological for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public, which was not before such approval, certification, licensing, or authorization marketed as a dietary supplement or as a food unless the Secretary, in the Secretary's discretion, has issued a regulation, after notice and comment, finding that the article would be lawful under this Act". The FDA interprets the Prior Drug Exclusion applying as of the date in which FDA authorized the new drug for investigation.; however, the Company believes there are significant arguments against this position in that all conditions of the statute must be met before the Prior Drug Exclusion applies, including (1) authorization for investigation as a new drug; (2) substantial clinical investigations must be instituted; (3) such substantial investigations must be made public; and (4) all of the above must occur prior to the marketing of the article as a food or dietary supplement. As discussed below, the FDA takes the position that CBD was not marketed in a food or dietary supplement prior to the conditions under the Prior Drug Exclusion.

The FDCA provides that a substance added to food is unsafe unless the substance is generally recognized as safe ("GRAS"). The FDA has not recognized CBD as GRAS for human consumption, although certain Hemp seed derivatives may be considered GRAS. Further research is needed to determine if other cannabinoids would be considered GRAS or what steps would be necessary for them to be recognized as GRAS. Enforcement of this GRAS limitation as it relates to the use of CBD in food has been generally limited to products making

unlawful drug or disease claims, with the FDA also asserting its position that CBD is not a permissible food or dietary supplement ingredient.

The FDA continues to evaluate the Hemp CBD landscape and to update the public with its ongoing work. On December 20, 2018, the FDA released a statement from former Commissioner Scott Gottlieb, which restated FDA's current position, opining that products containing CBD ingredients may not be sold as food or dietary supplements. The statement also contained, for the first time, a clear path toward FDA's permanent and formal acceptance of hemp-derived CBD as a food or dietary supplement ingredient. Thus, the FDA has indicated that it is considering using its authority to issue a regulation that will specifically allow hemp-derived CBD in foods and supplements.

Subsequent statements from the FDA reiterate the FDA's position and its intent to find a regulatory pathway for Hemp CBD products. The FDA held a public hearing on May 31, 2019 to obtain scientific data and information about the safety, manufacturing, product quality, marketing, labeling, and sale of products containing cannabis or cannabis-derived compounds. The FDA CBD working group was expected to release a report on its progress in Fall 2019, which was delayed until March 2020.

On March 5, 2020, FDA Commissioner Dr. Stephen M. Hahn issued a statement on the FDA's work related to CBD products. The statement makes clear that the FDA will continue its work to educate the public on CBD's perceived safety risks and that the FDA is taking steps to solicit additional public feedback, data, and research on the science, safety, and quality of CBD products. These new steps include re-opening the public docket so that FDA can obtain additional scientific data on CBD, which will include a process by which confidential and proprietary information can be shared with the FDA and kept protected. Additionally, Commissioner Hahn's statement reiterates that the FDA will continue to monitor and police the CBD products marketplace and is evaluating the issuance of a risk-based enforcement policy that provides greater transparency and clarity regarding factors the FDA intends to consider in prioritizing enforcement decisions.

Much of Commissioner Hahn's statement was also included in the FDA's congressionally mandated report on CBD, which was also submitted on March 5, 2020. Importantly, the report confirms that the FDA is actively considering pathways to allow the marketing of CBD as a dietary supplement, which may include a notice-and-comment rulemaking and an interim risk-based enforcement policy while the FDA potentially engages in this process. The report signals the FDA's continued interest in certain questions about CBD, including effects from sustained use, effects from different methods of exposure, and effects on the developing brain and on the unborn child and breastfed newborn. The report acknowledges that the FDA is receiving inquiries about whether "full spectrum" and "broad spectrum" Hemp products can currently be marketed and sold, but the FDA has not yet answered the question conclusively. Largely, the report does little to address the current regulatory ambiguity for CBD and does not set a timeline for agency action, but it does signal the FDA's clear interest in a pathway for the use of CBD in dietary supplements. Further to this point, Commissioner Hahn has publicly stated that it would be a "fool's game" for the FDA to pull CBD products from the market entirely, as their use is already widespread.

Despite the position taken by the FDA that there is no evidence of CBD being marketed as a food or dietary supplement prior to drug trials being commenced and made public, there is substantial uncertainty and different interpretations among U.S. state and federal regulatory agencies, legislators, academics and businesses as to whether cannabinoids (including CBD) were present in the food supply and marketed prior to October 15, 1994 or whether such inclusion of cannabinoids is otherwise permitted by the FDA as dietary ingredients, notwithstanding that cannabis and the cannabinoids contained therein have been therapeutically used and consumed as food by human beings for centuries even if not specifically marketed as CBD or other cannabinoids. As a result, the uncertainties regarding the distribution and sale of Hemp-derived CBD products cannot be resolved without further federal legislation, regulation, or a definitive judicial interpretation of existing legislation and rules. A determination that Hemp products containing CBD or other cannabinoids were not present in the food supply, marketed prior to October 15, 1994, are not otherwise permissible for use as a dietary ingredient, may have a materially adverse effect upon the Company and its business. Moreover, if the FDA were to enforce the Prior Drug Exclusion based on its interpretation of the legislation, this would have a materially adverse effect upon the Company and its business. See "Regulatory Overview" and *Risk Factors*".

On August 21, 2020, the DEA issued an Interim Final Rule ("DEA IFR") concerning implementation of the 2018 Farm Bill. Even though the 2018 Farm Bill removed Hemp and THC's in Hemp from scheduling under the CSA, the DEA IFR purports to clarify that material that exceeds 0.3% delta-9 THC remains controlled in Schedule I of the CSA. Additionally, the DEA IFR states that the 2018 Farm Bill does not impact the control status of synthetically derived THC's, for which the DEA claims that the amount of delta-9 THC is not a determining factor in whether the material is a controlled substance.

In January 2021, the FDA issued an update entitled "Better Data for a Better Understanding of the Use and Safety Profile of Cannabidiol (CBD) Products." In the statement, the FDA acknowledges the rapid increase and interest in the availability of CBD and other products derived from cannabis and calls for "real-world data" on the use and safety of CBD. The call acknowledges the FDA's current gaps in understanding of the safety profile of CBD, which may be addressed through obtaining real-world data and help build a robust evidentiary foundation to inform public health decisions regarding CBD. The FDA further noted that it is continuing to "evaluate the regulatory frameworks that apply to certain cannabis-derived products that are intended for non-drug uses, including whether any new FDA regulations may be warranted." However, it is unclear whether the new FDA Commissioner appointed under the Biden Administration will take the same stance on CBD as former Commissioners Hahn and Gottlieb.

Legal barriers applicable to, and risks associated with, selling CBD products result from a number of factors, including the fact that both Hemp and marijuana are derived from the Cannabis plant, the rapidly-changing patchwork of state laws governing Hemp-derived CBD, and the FDA's position that CBD cannot be added to food or marketed as a dietary supplement (the "IND Preclusion"). Any investment in the Securities is speculative due to a variety of factors, including the nature of the Company's business. An investment in the Securities should only be made by persons who can afford a total loss of their investment. Legislative and regulatory uncertainties, along with difficulties concerning potential enforcement activities by U.S. federal, state and local governments (or discretion exercised thereby), represent significant risks concerning the Company's business activities. If the Company's operations are found to be in violation of any of such laws or any other governmental regulations, the Company may be subject to penalties, including, without limitation, civil and criminal penalties, damages, fines, the curtailment or restructuring of the Company's operations or asset seizures, any of which would adversely affect the Company's business and financial results. If the FDA or the FTC takes action against the Company or the CBD industry, notwithstanding the regulatory regime surrounding the 2018 Farm Bill, this would have a material adverse effect on the Company's business, financial condition and results of operations including, potentially, the cessation of operations entirely. Failure to comply with FDA requirements may result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions. The Company's suppliers, service providers, and distributors may elect, at any time, to breach or otherwise cease to participate in supply, service or distribution agreements, or other relationships, on which the Company's operations rely. Loss of its suppliers, service providers, or distributors would have a material adverse effect on the Company's business and operational results.

Materially all of the Company's assets, liabilities, and operations are exposed to the risks associated with its CBD-related activities. See "Regulatory Overview". See also "Risk Factors" for more information about the risks concerning the Company's business and operations.

GENERAL MATTERS

Unless otherwise noted or the context indicates otherwise, the “**Company**”, “**CENTR Brands**”, “**we**”, “**us**” and “**our**” refer to CENTR Brands Corp. and its material subsidiaries, CENTR Brands USA LLC (“**CENTR USA**”) and CBD Lifestyle Corp. (“**CBDL**”).

Prospective investors should rely only on the information contained or incorporated by reference in this Prospectus and any applicable Prospectus Supplement in connection with an investment in the Securities. No person is authorized by the Company to provide any information or to make any representation other than as contained in this Prospectus or any Prospectus Supplement in connection with the issue and sale of the Securities offered hereunder. Prospective investors should assume that the information appearing in this Prospectus or any Prospectus Supplement is accurate only as of the date on the front of those documents and that information contained in any document incorporated by reference is accurate only as of the date of that document unless specified otherwise. The Company’s business, financial condition, results of operations and prospects may have changed since those dates.

The address of the Company’s website is www.findyourcentr.com. Information contained on the Company’s website does not form part of this Prospectus nor is it incorporated by reference herein or therein. Investors should rely only on information contained or incorporated by reference in this Prospectus Supplement and the Prospectus.

Market and Industry Data

Unless otherwise indicated, information contained or incorporated by reference in this Prospectus and any applicable Prospectus Supplement concerning the Company’s industry and the markets in which it operates or seeks to operate is based on information from third party sources, industry reports and publications, websites and other publicly available information, and management studies and estimates. Unless otherwise indicated, the Company’s estimates are derived from publicly available information released by third party sources as well as data from the Company’s own internal research, and include assumptions which the Company believes to be reasonable based on management’s knowledge of the Company’s industry and markets. The Company’s internal research and assumptions have not been verified by any independent source, and the Company has not independently verified any third party information. While the Company believes that such third party information to be generally reliable, such information and estimates are inherently imprecise. In addition, projections, assumptions and estimates of the Company’s future performance or the future performance of the industry and markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in this Prospectus, any applicable Prospectus Supplement and the documents incorporated by reference herein.

Trademarks and Trade Names

This Prospectus, any applicable Prospectus Supplement and the documents incorporated herein by reference include references to the Company’s trademarks including without limitation CENTR, which is protected under applicable intellectual property laws and are the Company’s property. The Company’s trademarks and trade names referred to in this Prospectus, any applicable Prospectus Supplement and the documents incorporated herein by reference may appear without the ® or ™ symbol, but references to the Company’s trademarks and trade names in the absence of such symbols are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, its rights to these trademarks and trade names. All other trademarks and trade names used in this Prospectus, any applicable Prospectus Supplement or in documents incorporated herein by reference are the property of their respective owners.

Presentation of Financial Information

The financial statements of CENTR Brands incorporated by reference in this Prospectus and any applicable Prospectus Supplement are reported in United States dollars and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Certain calculations included in tables and other figures in this Prospectus and any applicable Prospectus Supplement may have been rounded for clarity of presentation.

Currency Presentation and Exchange Rates

Unless the context otherwise requires, all references to “\$”, “C\$” and “dollars” mean references to the lawful money of Canada. All references to “US\$” refer to United States dollars.

On January 26, 2022, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US\$1.00 = \$1.2606.

FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated by reference herein contain certain “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian securities legislation (collectively, “**forward-looking statements**”) which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as “expect”, “likely”, “may”, “will”, “should”, “intend”, or “anticipate”, “potential”, “proposed”, “estimate” and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Any statements contained in this Prospectus that are not statements of historical facts may be deemed to be forward-looking statements. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Such forward-looking statements are made as of the date of this Prospectus, or in the case of documents incorporated by reference herein, as of the date of each such document. Forward-looking statements in this Prospectus, any Prospectus Supplement or the documents incorporated by reference herein and therein include, but are not limited to, statements with respect to:

- the performance of the Company's business and operations;
- the management of growth;
- the intention to grow the business and operations of the Company;
- the expected growth in the number of people using the Company's products;
- expectations of market size and growth in the United States;
- the competitive conditions and increasing competition of the CBD industry;
- applicable laws, regulations and any amendments thereof;
- limited research and data relating to CBD consumption;
- the competitive and business strategies of the Company;
- the Company's operations in the United States, the characterization and consequences of those operations under federal United States law, and the framework for the enforcement of CBD and CBD-related offenses in the United States;
- the general economic, financial market, the United States regulatory landscape and enforcement related to CBD products, including political risks, anti-money laundering laws and regulation;
- other governmental and environmental regulation;
- public opinion and perception of the CBD industry;
- the reliance on the expertise and judgment of senior management of the Company;
- proprietary intellectual property and potential infringement by third parties;
- risks associated to CBD products manufactured for human consumption, including potential product recalls;
- reliance on key inputs, suppliers and skilled labor;
- cybersecurity risks;
- ability and constraints on marketing products
- the availability of financing opportunities;
- risks related to future acquisitions or dispositions;
- sales by existing shareholders;
- risks associated with economic, political and social conditions; and
- risks related to contagious disease, particularly the coronavirus pandemic (“**COVID-19**”).

The forward-looking statements contained in this Prospectus are based on certain key expectations and assumptions, including, but not limited to, with respect to expectations and assumptions concerning the success of the operations of the Company, are based on estimates prepared by the Company using data from publicly available sources, as well as from market research and industry analysis, and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the current CBD industry involves risks and uncertainties and are subject to change based on various factors.

Readers are cautioned that the above list of cautionary statements is not exhaustive. A number of factors could cause actual events, performance or results to differ materially from what is projected in forward-looking statements. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this Prospectus, any Prospectus Supplement or in any document incorporated by reference herein or therein. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. CENTR Brands undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

The forward-looking statements contained in this Prospectus, any Prospectus Supplement and the documents incorporated by reference herein and therein are expressly qualified in their entirety by this cautionary statement. Holders of the Securities should read this entire Prospectus, and each applicable Prospectus Supplement, and consult their own professional advisors to ascertain and assess the income tax and legal risks and other aspects associated with holding Securities.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar regulatory authorities in Canada. The following documents, each of which has been filed with the securities regulatory authorities in each province and territory of Canada, are specifically incorporated by reference and form an integral part of this Prospectus:

- the annual information form of the Company for the year ended May 31, 2021 dated September 28, 2021 (the “**Annual Information Form**”);
- the Company’s audited financial statements as at and for the financial years ended May 31, 2021 and May 31, 2020, and related notes thereto, together with the independent auditor’s report thereon;
- the management’s discussion and analysis for the financial year ended May 31, 2021;
- the Company’s unaudited condensed amended and restated interim consolidated financial statements for the three month period ended August 31, 2021;
- the Company’s amended and restated management’s discussion and analysis for the three month period ended August 31, 2021;
- the management information circular of the Company dated November 3, 2021 prepared in connection with the annual meeting of shareholders of the Company held on December 9, 2021;
- the material change report dated July 26, 2021, regarding the closing of the first tranche of a private placement offering of units of the Company for gross proceeds of \$3,081,252; and

- the material change report dated September 15, 2021, regarding the closing of the second tranche and the third and final tranche of a private placement offering of units of the Company for gross proceeds of \$1,630,026 and \$1,192,002, respectively.

Any documents of the type required to be incorporated by reference herein pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, including any annual information form, all material change reports (excluding confidential reports, if any), all annual and interim financial statements and management's discussion and analysis relating thereto, or information circular or amendments thereto that the Company files with any securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to the expiry of this Prospectus will be deemed to be incorporated by reference in this Prospectus.

Upon a new annual information form and annual consolidated financial statements being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities in Canada during the period that this Prospectus is effective, the previous annual information form, the previous annual consolidated financial statements and all interim consolidated financial statements and in each case the accompanying management's discussion and analysis and material change reports, filed prior to the commencement of the financial year of the Company in which the new annual information form is filed shall be deemed to no longer be incorporated into this Prospectus for purpose of future offers and sales of Securities under this Prospectus. Upon interim consolidated financial statements and the accompanying management's discussion and analysis being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities during the period that this Prospectus is effective, all interim consolidated financial statements and the accompanying management's discussion and analysis filed prior to such new interim consolidated financial statements and management's discussion and analysis shall be deemed to no longer be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus. In addition, upon a new management information circular for an annual meeting of shareholders being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities during the period that this Prospectus is effective, the previous management information circular filed in respect of the prior annual meeting of shareholders shall no longer be deemed to be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus.

A Prospectus Supplement containing the specific terms of any offering of the Securities will be delivered to purchasers of the Securities together with this Prospectus and will be deemed to be incorporated by reference in this Prospectus as of the date of the Prospectus Supplement and only for the purposes of the offering of the Securities to which that Prospectus Supplement pertains.

In addition, certain marketing materials (as that term is defined in applicable Canadian securities legislation) may be used in connection with a distribution of Securities under this Prospectus and the applicable Prospectus Supplement(s). Any "template version" of "marketing materials" (as those terms are defined in applicable Canadian securities legislation) pertaining to a distribution of Securities, and filed by the Company after the date of the Prospectus Supplement for the distribution and before termination of the distribution of such Securities, will be deemed to be incorporated by reference in that Prospectus Supplement for the purposes of the distribution of Securities to which the Prospectus Supplement pertains.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, in any Prospectus Supplement hereto or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it is made.

The Company has not provided or otherwise authorized any other person to provide investors with information other than as contained or incorporated by reference in this Prospectus or any Prospectus Supplement. If an investor is provided with different or inconsistent information, such investor should not rely on it.

DESCRIPTION OF THE BUSINESS

Corporate Structure

The Company was formed under the *Business Corporations Act* (British Columbia) on September 26, 2012 upon completion of an arrangement, pursuant to which River Wild Exploration Inc. (a private British Columbia company) amalgamated with 0943173 B.C. Ltd., a wholly-owned subsidiary of RavenQuest Biomed Inc. (then known as Ravencrest Resources Inc.) (“**RavenQuest**”), a CSE-listed company, by way of plan of arrangement under sections 288 to 299 of the *Business Corporations Act* (British Columbia) (the “**Arrangement**”). The Arrangement was approved by RavenQuest shareholders on August 9, 2012 and final court approval of the Arrangement was obtained from the Supreme Court of British Columbia on August 14, 2012. The Arrangement was completed on September 26, 2012, following which the two companies continued as River Wild Exploration Inc. (“**River Wild**”). The common shares of River Wild were subsequently approved for listing on the CSE on February 26, 2013. On December 21, 2018, the shareholders of the Company (the “**Shareholders**”) adopted a new set of Articles in accordance with the *Business Corporations Act* (British Columbia) and as more fully described in the Company’s information circular dated November 26, 2018, which is filed under the Company’s SEDAR profile at www.sedar.com.

CBD Lifestyle Corp. (“**CBDL**”) was incorporated under the *Business Corporations Act* (Ontario) on September 17, 2018.

On April 1, 2019, the Company completed the acquisition of all of the issued and outstanding shares of CBDL, pursuant to the terms of a share purchase agreement (the “**Share Purchase Agreement**”) dated January 2, 2019 among the Company, CBDL and the shareholders of CBDL (the “**Acquisition**”). Prior to the Acquisition, CBDL was an operational entity. In consideration for the shares of CBDL acquired by the Company pursuant to the Acquisition, the Company issued an aggregate of 26,000,000 Common Shares to the then current shareholders of CBDL, and CBDL became a wholly-owned subsidiary of the Company. In connection with the Acquisition, the Company changed its name from River Wild Exploration Inc. to CENTR Brands Corp. and reconstituted its board of directors. Upon closing of the Acquisition, Joseph Meehan was appointed as Chief Executive Officer of the Company, and Arjan Chima was appointed as Chief Financial Officer and Corporate Secretary of the Company. On June 7, 2021, David Young was appointed Chief Financial Officer of the Company. The Acquisition is further described in the CSE Listing Statement of the Company dated April 1, 2019, filed under the Company’s profile on SEDAR at www.sedar.com.

The Acquisition was considered a “Fundamental Change” under the policies of the CSE, as it was considered a major acquisition that constituted 100% of the Company’s business on completion, and included a change of control. In accordance with the policies of the CSE, the Acquisition was approved by a majority of the shareholders of the Company by written consent.

Following completion of the Acquisition and receipt of the final approval of the CSE in respect of the continued listing of the Common Shares on the CSE, the Common Shares began trading on the CSE under the symbol “**CNTR**” on April 2, 2019.

The registered office of the Company is located at 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7. The head office is located at 100-2318 Oak Street, Vancouver, British Columbia, V6H 4J1.

Inter-Corporate Relationships

CENTR Brands has two material subsidiaries: CBDL and CENTR Brands USA LLC (“**CENTR US**”), each of which are wholly-owned by the Company.

The following chart illustrates, as of the date hereof, the material subsidiaries of the Company’s corporate structure including details of the jurisdiction of formation of each subsidiary as of today’s date:



Notes:

- (1) CBDL is a wholly-owned subsidiary of the Company. The directors of CBDL are Joseph Meehan and Arjan Chima. The Chief Executive Officer and Secretary of CBDL is Joseph Meehan.
- (2) CENTR US is a wholly-owned subsidiary of the Company. The managing member of CENTR US is the Company. The executive officers are Joseph Meehan and Arjan Chima.

Business of the Company

General

CENTR Brands is a company which develops and markets non-alcoholic beverages and related products for the global market. The Company’s first product, called “CENTR”, is a sparkling, low-calorie, CBD-infused beverage that the Company launched in the United States in the summer of 2019. CENTR is available in two 30mg CBD formats: CENTR and CENTR Sugar Free. CENTR is made with carbonated water, natural citrus flavor, lemon juice, and CBD. CENTR contains 8 grams of cane sugar and contains 40 calories, while CENTR Sugar Free has only 10 calories and is sweetener-free. On March 10, 2021, the Company announced the launch of CENTR Instant, a family of convenient, single serve, ready-mix CBD drink powders. CENTR Instant is available in three varieties, each with 20mg of broad spectrum Hemp extract. The Company expects to launch further projects over the course of the next year.

The Company’s only current market for sales of the Company’s products is the United States, predominantly in states where it has contracted for the sale of CENTR with a beverage distributor.

The Company contracts out the manufacturing of CENTR and CENTR Instant to third parties. Currently there is one non-exclusive manufacturer of CENTR, with production based out of a facility in Yakima, WA (the “**Yakima Facility**”). CENTR Instant is manufactured in Atlanta, GA. The Company does not, nor does it ever expect to have, a formal written agreement with the Yakima Facility. Rather, the Company utilizes the services of the Yakima Facility to contract package (“**co-pack**”) its products on a case-by-case basis for each production run, and contracts via purchase order for each such run. The Company uses the Yakima Facility to co-pack its beverages because it is a former Pepsi facility that now co-packs all types of canned beverages, predominantly carbonated sodas. Further, the Company’s initial sales markets were west coast U.S. States such as California, Oregon, Arizona, and Nevada, making the Yakima Facility location beneficial to the Company. The Company has no plans to build out and operate its own manufacturing facilities.

The Company’s products are produced in FDA-registered facilities, which requires compliance with the licensing or permitting requirements of the state or jurisdiction in which they are located. The Yakima Facility is certified by the United States Department of Agriculture (the “**USDA**”) as organic. The Company constantly assesses the performance of this co-manufacturer for quality, reliability, and cost efficiencies through an audit process with its internally-managed quality assurance team.

Pursuant to CENTR Brands’ arrangement with the co-manufacturer operating out of the Yakima Facility, the co-manufacturer has agreed to produce CENTR using the regulatory-compliant raw ingredients and materials provided by the Company. The co-manufacturer may cancel such arrangement immediately if ordered by regulatory authorities.

If there would be a loss of any of the Company's current manufacturer, the Company believes that it could source production with other readily available manufacturers to produce CENTR, as the business of co-packing beverages in the United States is highly commoditized and therefore exceptionally competitive.

The Company is currently looking at numerous co-packers that are similar in scope and scale to the Yakima Facility, but based closer to the Company's east coast and Midwest clients, so as to save on shipping costs. The Company's review to date indicates that, similar to the Yakima Facility, any such future engagements by the Company will be done via purchase order, rather than formal written agreement.

As of the date of this Prospectus, the Company sells its products in approximately 3,000 retail locations in 23 states of the United States. The Company's products are promoted by sales representatives hired by its regional distributors, as well as its own employee sales team, which includes several brokers. The Company's brokers are paid on a commission basis only, while its employee sales representatives are paid a combination of salary and bonus.

The Company has engaged a service provider to assist it with the development of the Company's website. Through its website, which was launched on January 25, 2022, the Company offers and sells its products, including CENTR and CENTR Instant, online. According to Brightfield Research,¹ online distribution channels are expected to comprise 39% of all sales over the long term. As such, market analysis has demonstrated significant anticipation for online sales by all entities operating in the CBD industry, including the Company.

Recent Developments

On September 3, 2020, the Company announced the closing of the first tranche of a private placement of units (the "**2020 Offering**") at an issue price of \$0.35 per unit for aggregate gross proceeds of \$687,050. Each unit consisted of one Common Share and one common share purchase warrant (each, a "**2020 Warrant**"). Each 2020 Warrant entitles the holder thereof to acquire one Common Share at the price of \$0.60 for a period of three years from the date of issuance, subject to adjustment in certain events.

On September 24, 2020, the Company announced the closing of the second tranche of the 2020 Offering for aggregate gross proceeds of \$396,375.

On December 1, 2020, the Company announced the closing of the third tranche of the 2020 Offering for aggregate gross proceeds of \$2,000,238.80.

On January 11, 2021, the Company announced the national launch of CENTR Sugar Free, the Company's sweetener-free, all natural CBD beverage.

On March 10, 2021, the Company announced the launch of CENTR Instant, convenient, single serve, highly portable ready-mix CBD drink powders. CENTR Instant is available in four varieties, each with 20mg of broad spectrum Hemp extract.

On April 23, 2021, the Company announced it had entered into a U.S. distribution agreement with Southern Glazer's Wine & Spirits ("**Southern Glazer's**"), a preeminent distributor of beverage alcohol. Under the agreement, Southern Glazer's agreed to distribute CENTR and CENTR Sugar Free in up to twenty-one U.S. states, with additional states to be added over the course of the agreement. Southern Glazer's has operations in 44 U.S. states, the District of Columbia, and Canada.

On May 10, 2021, the Company announced a distribution agreement with Lipman Brothers, LLC ("**Lipman Brothers**"). Under the agreement, Lipman Brothers agreed to distribute CENTR and CENTR Sugar Free in Tennessee.

¹ Brightfield Research: *U.S. CBD Market Industry Update*, October 2021. "In 2021, online sales will surpass \$1.8 billion, accounting for nearly 39% of the total market, as Americans continue to turn to online shopping during the pandemic."

On June 7, 2021, the Company announced the appointment of David Young as Chief Financial Officer of the Company. Mr. Young has brought more than 20 years of executive and financial leadership to CENTR, drawing on roles in both industry and private equity settings. Mr. Young joined CENTR's executive team from global investment firm The Carlyle Group, where he served as a Principal. The addition of Mr. Young to the executive team allowed then-current President and CFO Arjan Chima to prioritize his focus on commercial and marketing opportunities, including further scaling the Company's distribution and product offerings.

On July 19, 2021, the Company announced the closing of the first tranche of a private placement of units (the "**2021 Offering**") for aggregate gross proceeds of \$3,081,252. Each unit (each, a "**2021 Unit**") sold by the Company pursuant to the 2021 Offering was issued at a price of \$1.50 per 2021 Unit and consists of one Common Share and one common share purchase warrant (each, a "**2021 Warrant**"). Each 2021 Warrant entitles the holder thereof to acquire one Common Share at the price of \$1.75 for a period of three years from the date of issuance, subject to adjustment in certain events; provided that if the volume-weighted average trading price of the Common Shares on the CSE is at least \$3.00 per Common Share for a period of two consecutive trading days (the "**Triggering Event**"), the expiry date of the Warrants may be accelerated by the Company to a date that is not less than 30 days after the later of: (i) the date that notice of such acceleration is provided to the Warrant holders; and (ii) the date of issuance of a press release disclosing the occurrence of the Triggering Event.

On August 9, 2021, the Company announced the closing of the second tranche of the 2021 Offering for gross proceeds of \$1,630,026.

On September 13, 2021, the Company announced the closing of the third and final tranche of the 2021 Offering for gross proceeds of \$1,192,002. Under the 2021 Offering, the Company issued an aggregate of 3,395,520 2021 Units for gross proceeds of \$5,903,280.

On December 9, 2021, the Company announced that it has retained Hybrid Financial Ltd. ("**Hybrid**") to provide marketing services to the Company, to heighten market and brand awareness for the Company and to broaden the Company's reach within the investment community. Hybrid has been engaged by the Company for an initial period of twelve months commencing December 9, 2021 (the "**Initial Term**"), and will be paid a monthly fee of \$22,500, plus applicable taxes, during the Initial Term.

On December 9, 2021, the Company held its annual general meeting of shareholders of the Company, where the number of directors of the Company was increased from five to six, and Joseph P. Elmlinger was appointed as the Company's sixth director.

On January 10, 2022, the Company announced that director Campbell Becher was named Executive Chairman, and that the audit committee of the Company was reconstituted to be comprised of Anton Drescher, Campbell Becher and Joseph Elmlinger.

On January 25, 2022, the Company announced the launch of its online store, making CENTR and CENTR Instant available for online purchase and shipping direct to consumers.

More detailed information regarding the business of the Company as well as its operations and assets, can be found in the Annual Information form and other documents incorporated by reference herein, as supplemented by the disclosure herein. See "*Documents Incorporated by Reference*".

REGULATORY OVERVIEW

The industry in which the Company operates is subject to regulation and control resulting from legislation enacted by the various levels of government. All applicable legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments governments may enact in the future. Changes to government regulation could impact the Company's existing and planned operations or increase its operating expenses, which could have an adverse effect on the Company's financial condition, results of operations and cash flows.

United States Regulatory Matters

The Company sells a CBD-infused beverage. It does not produce or sell medicinal or recreational marijuana or products derived therefrom. While both Hemp, defined to mean any part of the cannabis plant having no more than 0.3% concentration of THC on a dry weight basis, and marijuana come from the same plant genus and species, *Cannabis sativa* L., Hemp and marijuana are legally distinct and are generally regulated in the United States, respectively, by separate overarching bodies of law, namely the 2018 Farm Bill for CBD and the CSA for marijuana. Pursuant to the 2018 Farm Bill, Hemp is defined as the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis. Thus Hemp, by legal definition, contains insufficient levels of THC to create an intoxicating effect as compared to marijuana.

The 2018 Farm Bill removed Hemp, and the THC in Hemp, from the purview of the CSA. Hemp is now deemed a legal agricultural commodity in the United States, and is no longer classified as a controlled substance. Accordingly, the DEA no longer has any claim to interfere with the interstate commerce of Hemp products, so long as the delta-9 THC level is no more than 0.3% on a dry weight basis.

The 2018 Farm Bill also provides that state and Native American tribal governments may impose separate restrictions or requirements on Hemp growth. However, individual states cannot interfere with the interstate transportation or shipment of lawfully produced Hemp or Hemp products. The Company sells its products in the United States pursuant to section 7606 of the 2014 Farm Bill and currently applicable provisions of the 2018 Farm Bill, and in accordance with applicable state and local laws. All Hemp sourced by the Company for use in CENTR and CENTR Instant meets U.S. federal requirements for Hemp under the 2018 Farm Bill. The Company legally sells its products in each state in which its products are currently sold.

However, states take varying and inconsistent approaches to regulating the production and sale of Hemp and Hemp-derived CBD products. In some cases, states may remain silent on the issue. While some states explicitly authorize and regulate the production of Hemp and the sale of Hemp-derived CBD products, or otherwise provide legal protection for authorized individuals to engage in commercial Hemp activities, other states may have implemented state-specific laws, regulations, or policies prohibiting Hemp production and/or the sale of Hemp-derived CBD products, or otherwise maintain outdated laws that do not distinguish between marijuana and Hemp. In some states, the sale of CBD, notwithstanding its origin from Hemp or marijuana, is either restricted to state medical or adult-use marijuana program licensees or remains otherwise unlawful under state laws. Additionally, a number of states prohibit the sale of ingestible CBD products based on the position of the FDA that, pursuant to the FDCA, it is unlawful to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products as, or in, dietary supplements, regardless of whether the substances are Hemp-derived.

The FDA regulates consumable products and the 2018 Farm Bill explicitly preserved the FDA's authority over Hemp products. Based on FDA commentary and actions to date, the industry assumption is that consumable Hemp CBD products, such as CENTR, will similarly be regulated by the FDA to ensure that the products are not adulterated or misbranded. While the FDA has yet to implement a formal regulatory scheme for Hemp products, the FDA is actively working to implement a regulatory pathway for these products. Through its efforts, and as reiterated by FDA Commissioner Dr. Stephen M. Hahn as recently as March 5, 2020, the FDA is in the process of reviewing safety considerations, engaging with industry stakeholders, assessing appropriate enforcement discretion options and seeking public feedback in re-opening the public docket to obtain additional scientific data on CBD. These actions reinforce that the FDA is actively working to find a solution and place on the market for Hemp products, and likely considering Hemp CBD products in the category of dietary supplements for purposes of labeling and marketing. The solution may include notice and comment rulemaking and an interim risk-based enforcement policy while the FDA potentially engages in this process.

In the interim, as this process develops, certain U.S. government agencies (such as the FDA) and certain U.S. federal officials have challenged the scope of permissible commercial activity. FDA representatives, for example, have stated they believe that producers of CBD-based products produce and sell their products in violation of the FDCA at this time.

The FDA also continues to enforce against violations of the FDCA by issuing warning letters to companies marketing and selling Hemp-derived CBD products as unapproved drugs. Notably, on November 25, 2019, the FDA issued warning letters to companies marketing and selling Hemp-derived CBD products deemed unapproved drugs. The letters reiterate the FDA's position that CBD cannot be added to food and dietary supplements. As indicated by the FDA's March 5, 2020 statement and Congressional report, the FDA continues to actively evaluate a risk-based enforcement policy and rulemaking to permit the use of CBD in dietary supplements. Important to note is that these warning letters have been issued, for the most part, to companies making aggressive disease and/or health claims about their CBD products and the ability for those products to prevent, treat, or cure diseases and conditions such as Alzheimer's, seizures, and depression. The Company's activities related to the marketing and sale of CENTR comply with the 2014 Farm Bill and/or 2018 Farm Bill, as currently applicable to its operations. While the Company disagrees with the position of the FDA, there is risk that the FDA could take enforcement or regulatory actions against the Company and others in the industry.

Legal barriers applicable to, and risks associated with, selling Hemp and Hemp-derived CBD products result from a number of evolving factors to include the activities and interpretations of the FDA and the patchwork of state laws. Stakeholders take different positions regarding the scope of legal activity in light of the interplay of U.S. federal and state law, and in light of recent developments, such as the removal of Hemp and its extracts, including CBD, from the CSA pursuant to the 2018 Farm Bill, the FDA's pending draft guidance on CBD products that may establish a new regulatory framework allowing for certain Hemp-derived ingredients in foods and supplements, and H.R. 8179 (which, if passed, would legalize the use of hemp, CBD, and other hemp derivatives as a dietary ingredient in dietary supplements), the September 30, 2017 decision of the World Anti-Doping Agency to drop CBD from its list of prohibited substances, and the World Health Organization Expert Committee on Drug Dependence preliminary report finding that CBD is safe, well-tolerated, and not associated with abuse potential.

United States Federal Regulation of Hemp

Development of Current Regulatory Framework Summary

In addition to customary regulations applicable to any commercial business, the Company's operations are subject to state and federal regulation in the United States with respect to the production, distribution and sale of Hemp products intended for human ingestion or topical application and, with respect to certain products, by animals.

Hemp is an agricultural commodity cultivated for use in the production of a wide range of products globally. Among others, hemp is used in the agriculture, textile, recycling, automotive, furniture, food and beverage, paper, construction materials and personal care industries.

Numerous unique chemical compounds are extractable from Hemp, including THC and CBD. Hemp, as defined in the 2018 Farm Bill, is distinguishable from marijuana, due to the absence of more than trace amounts (i.e., no more than 0.3%) of the intoxicating compound THC.

Hemp was widely grown in the U.S. as an agricultural commodity from the colonial period into the early 1900s and was commonly used in the manufacture of paper, fabrics, and other products. By 1970, however, the CSA explicitly prohibited the cultivation of any variety of Cannabis without a DEA permit.

Per the plain language of the CSA, only certain parts of the Cannabis plant (generally, what was historically considered to be the intoxicating portions of the plant) are controlled and defined as marijuana, while other parts of the Cannabis plant (now inclusive of Hemp) are exempted from CSA control. Consumer goods containing hemp seeds or "hemp hearts," for example, have long been lawfully imported into the U.S. and legally sold in commerce due to the fact that the sterilized seeds are clearly exempt from the definition of marijuana under the CSA and are not otherwise controlled substances. Nonetheless, from the enactment of the CSA until the passage of the 2014 Farm Bill, cultivating hemp for any purpose in the U.S. without a DEA registration was federally illegal. The 2014 Farm Bill loosened the federal prohibition on the domestic production of hemp, by allowing hemp to be cultivated within the context of an agricultural pilot program and where permitted by state law. On December 20, 2018, the 2018 Farm Bill became law. Unlike the 2014 Farm Bill, which did not amend the CSA but only pre-empted from CSA control certain specified activities, the

2018 Farm Bill explicitly amended the CSA to exclude all parts of the cannabis plant (including its cannabinoids, derivatives, and extracts) containing a THC concentration of not more than 0.3% on a dry weight basis from the definition of marijuana, and also created a specific exemption from the CSA for THC found in Hemp. As a result, Hemp is no longer classified as a controlled substance, as compared to marijuana. The 2018 Farm Bill also redefined hemp to include its “derivatives, extracts, and cannabinoids” from the plant *Cannabis sativa* L. Accordingly, the DEA no longer has any claim to interfere with the interstate commerce of Hemp products, so long as the THC level is no more than 0.3% on a dry weight basis. The 2018 Farm Bill also allows farmers to access crop insurance and fully participate in USDA programs for certification and competitive grants. State and tribal governments may impose separate restrictions or requirements on Hemp production, but they cannot interfere with the interstate transport of lawfully produced Hemp or Hemp products.

The 2014 Farm Bill

On February 7, 2014, the 2014 Farm Bill was signed into law. The 2014 Farm Bill authorizes institutions of higher education and state departments of agriculture to cultivate hemp, notwithstanding the CSA or any other federal law, provided that certain conditions are met. The scope of the 2014 Farm Bill is limited to cultivation that is: (a) for research purposes (inclusive of market research); (b) part of an “agricultural pilot program” or other agricultural or academic research; and (c) permitted by state law.

The various state Hemp programs have different requirements regarding the registration of cultivators and processors, the involvement of institutions of higher education, and permissible commercialization. The 2014 Farm Bill does not provide a federal regulatory framework or require states to adopt and implement hemp cultivation programs. As a result, participating states take differing approaches with respect to the activities permitted under their respective pilot programs.

Activities determined to be compliant with the 2014 Farm Bill are protected from federal interference by the Appropriations Rider. An appropriations rider (the “**Appropriations Rider**”) generally prohibits the United States Department of Justice (the “**DOJ**”) or DEA's use of funds in contravention of the 2014 Farm Bill. Activities determined to be outside the scope of the 2014 Farm Bill are not protected by the Appropriations Rider and may be subject to federal enforcement action. The Appropriations Rider has been renewed on several occasions.

Rather than distinguishing between “hemp” and “marijuana” based on the part of the plant from which a product is derived, the 2014 Farm Bill definition includes all parts of the cannabis plant, and distinguishes Hemp from marijuana on the basis of the concentration of THC. Any plants that exceed the 0.3% THC threshold are considered marijuana (a Schedule I controlled substance), and thus are not compliant with the 2014 Farm Bill. Notwithstanding the passage of the 2018 Farm Bill and the publication of the IFR, the Hemp cultivation and research provisions contained in the 2014 Farm Bill remain in effect for the immediate future. It is anticipated that many states will rely on their existing pilot program regimes in submitting a 2018 Farm Bill plan to assume primary regulatory authority over Hemp production. Because the 2018 Farm Bill permits states and Native American tribes to regulate the production of Hemp more restrictively than the 2018 Farm Bill, variances in these jurisdictions' laws and regulations on Hemp are likely to persist. Compliance with state law remains imperative under both the 2014 and 2018 Farm Bills.

FDA Approval of Epidiolex

On June 25, 2018, the FDA issued to GW Pharmaceuticals plc its approval for Epidiolex, the first cannabis-derived prescription medicine to be available in the United States. The active ingredient in Epidiolex is CBD isolate derived from marijuana-based plants.

The 2018 Farm Bill

The 2018 Farm Bill became law on December 20, 2018. Prior to this law, all non-exempt cannabis parts grown in the United States were scheduled as a controlled substance under the CSA, and as a result, the cultivation of Hemp for any purpose in the United States without a Schedule I registration with the DEA was, unless exempted by the 2014 Farm Bill, illegal. The passage of the 2018 Farm Bill materially changed U.S. federal laws governing Hemp by removing Hemp from the CSA and establishing a federal regulatory framework for Hemp production. Specifically,

the 2018 Farm Bill: (a) explicitly amended the CSA to exclude all parts of the cannabis plant (including its cannabinoids, derivatives, and extracts) containing a THC concentration of not more than 0.3% on a dry weight basis from the definition of marijuana; (b) allows the commercial production and sale of Hemp in interstate commerce; (c) establishes the USDA as the primary federal agency regulating the cultivation of Hemp in the United States, while allowing states to adopt their own plans to regulate Hemp cultivation; and (d) affords farmers the opportunity to obtain crop insurance and research grants.

The 2018 Farm Bill also creates a specific exemption from the CSA for THC found in Hemp. By defining Hemp to include its “cannabinoids, derivatives, and extracts,” popular Hemp products, such as Hemp-derived CBD, are no longer subject to DEA control. Accordingly, the DEA no longer has regulatory authority to interfere with the interstate commerce of Hemp products, so long as the THC level of such products is no more than 0.3%. Although the DEA no longer regulates Hemp, marijuana continues to be classified as a Schedule I controlled substance under the CSA. As a result, CBD and other cannabinoids, if derived from marijuana as defined by the CSA, also remain Schedule I controlled substances under U.S. federal law. Though chemically and genetically distinct, Hemp and marijuana appear similar to the naked eye. The active enforcement against illegal marijuana and marijuana-based products under current federal law may inadvertently result in enforcement actions taken against Hemp or Hemp-derived products.

The 2018 Farm Bill amends the *Agricultural Marketing Act of 1946* to categorize Hemp as an agricultural commodity under the regulatory purview of the USDA in coordination with state departments of agriculture. Although the USDA will be the primary federal regulatory agency overseeing Hemp production in the United States, states, U.S. territories, and Indian tribes desiring to obtain (or retain) primary regulatory authority over Hemp production activities within their borders are allowed to do so after submitting a plan for regulation to the USDA, and receiving approval from the USDA for the same. Pursuant to the 2018 Farm Bill, states, U.S. territories, and Tribal governments can adopt their own regulatory plans for hemp production, even if more restrictive than federal regulations, so long as the plans meet minimum federal standards and are approved by the USDA. Hemp production in states and tribal territories that choose not to submit their own plans (and that do not prohibit hemp production) will be governed by USDA regulation.

On October 31, 2019, the USDA released the Interim Final Rule for Hemp (the “IFR”), which governs the domestic production of Hemp under the 2018 Farm Bill. The IFR also specifies the provisions that a state or tribal Hemp plan must contain to be in compliance with the 2018 Farm Bill. Since the IFR became effective, the USDA has been reviewing Hemp production plans submitted by state and tribal governments. Once USDA formally receives a plan, the agency will have 60 days to review and approve or disapprove the plan.

As noted above, U.S. state and tribal governments may impose separate restrictions or requirements on Hemp cultivation and the sale of Hemp products; however, states may not interfere with the interstate transportation or shipment of lawfully produced Hemp or Hemp products. This was confirmed in a May 2019 memorandum released by the USDA's Office of General Counsel. That memorandum reiterates that, due to enactment of the 2018 Farm Bill, states and Native American tribes may not prohibit the interstate transportation or shipment of hemp lawfully produced under the 2014 or 2018 Farm Bills. Notwithstanding the passage of the 2018 Farm Bill and the publication of the IFR, the hemp cultivation and research provisions contained in the 2014 Farm Bill remain in effect for the immediate future and will be repealed on or about November 1, 2021. The IFR will be effective from October 31, 2019 through November 1, 2021, at which time the USDA will adopt permanent regulations.

Important to note is that the 2018 Farm Bill preserves the authority and jurisdiction of the FDA, under the FD&C Act, to regulate the manufacture, marketing, and sale of food, drugs, dietary supplements, and cosmetics, including products that contain Hemp extracts and derivatives, such as CBD. As a result, the FD&C Act will apply to Hemp-derived food, drugs, dietary supplements, and cosmetics introduced, or prepared for introduction, into interstate commerce. As a marketer of Hemp-derived products, CENTR must comply with the FDA regulations applicable to manufacturing and marketing of certain products, including food, dietary supplements, OTC drugs and cosmetics. See “FDA Regulation”, below.

On March 5, 2020, FDA Commissioner Dr. Stephen M. Hahn issued a statement on the FDA’s ongoing work related to CBD products. The statement makes clear that the FDA will continue its work to educate the public on CBD's perceived safety risks and that the FDA is taking steps to solicit additional public feedback, data, and research on the

science, safety, and quality of CBD products. These new steps include re-opening the public docket so that FDA can obtain additional scientific data on CBD, which will include a process by which confidential and proprietary information can be shared with the FDA and kept protected. Additionally, Commissioner Hahn's statement reiterates that the FDA will continue to monitor and police the CBD products marketplace and is evaluating the issuance of a risk-based enforcement policy that provides greater transparency and clarity regarding factors the FDA intends to consider in prioritizing enforcement decisions.

Much of Commissioner Hahn's statement was also included in the FDA's congressionally mandated report on CBD, which was also submitted on March 5, 2020. Importantly, the report confirms that the FDA is actively considering pathways to allow the marketing of CBD as a dietary supplement, which may include a notice and-comment rulemaking and an interim risk-based enforcement policy while the FDA potentially engages in this process. The report signals the FDA's continued interest in certain questions about CBD, including effects from sustained use, effects from different methods of exposure, and effects on the developing brain and on the unborn child and breastfed newborn. The report acknowledges that the FDA is receiving inquiries about whether "full spectrum" and "broad spectrum" Hemp products can currently be marketed and sold, but the FDA has not yet answered the question conclusively. Largely, the report does little to address the current regulatory ambiguity for CBD and does not set a timeline for agency action, but it does signal the FDA's clear interest in a pathway for the use of CBD in dietary supplements. Further to this point, Commissioner Hahn has publicly stated that it would be a "fool's game" for the FDA to pull CBD products from the market entirely, as their use is already widespread.

State Regulation of Hemp

At present, the Company sources Hemp only from proprietary operations and contract suppliers that are in compliance with U.S. state and federal regulations. However, the Company is aware of variations in certain states' definition of Hemp as compared with the definition of Hemp in the 2018 Farm Bill. All Hemp sourced by the Company for use in CENTR constitutes Hemp under the 2018 Farm Bill.

Under both the 2014 and the 2018 Farm Bills, states retain significant discretion and authority to adopt their own regulatory regimes governing hemp production. As a result, the 50 U.S. states have taken varied approaches to the regulation of hemp-derived CBD. A few states, including Idaho, have taken a restrictive approach to Hemp-derived CBD products generally, and states including California, Maryland, Massachusetts, North Carolina and Washington State have laws, regulations, or guidance that prohibits the sale of CBD food products. However, enforcement has been inconsistent, and legislation to overcome these restrictions is actively being considered in some of these states. A growing number of states including Alaska, Colorado, Florida, Indiana, Ohio, Oregon, Texas, Utah, Virginia and West Virginia, have passed laws that: 1) explicitly exempt Hemp extracts such as CBD from legal prohibitions normally incurred by controlled substances such as marijuana, and 2) establish frameworks to expressly permit the sale of Hemp-derived CBD products, including ingestible products. It is the Company's position that where state law is silent on the subject of hemp-derived CBD's legality, U.S. federal law provides protection, particularly in those states that have adopted legislation that explicitly exempt from control of those products and substances that are exempted by federal law.

The varying regulations with respect to the treatment of Hemp from state to state continue to evolve.

FDA Regulation

The FDCA governs, among other things, food and drugs in the United States. One purpose of the FDCA is to forbid the movement in interstate commerce of adulterated and misbranded food, drugs, medical devices and cosmetics. The FDA is charged with protecting the integrity of the U.S. food supply and its cosmetic products, as well as monitoring the safety and efficacy of drugs, biological products, and almost any compound intended for human or animal consumption, among other areas. To date, the FDA has approved one drug (Epidiolex) containing CBD as an active ingredient, and has taken the position that CBD cannot be marketed as a dietary supplement or added to food because a product containing CBD was approved as a drug and substantial clinical trials studying CBD as a new drug were made public prior to the marketing of any food or dietary supplements containing CBD, and therefore dietary supplements or food are precluded from containing this ingredient (the Prior Drug Exclusion). This creates additional barriers to lawfully selling certain CBD and CBD-based products in the United States.

Notably, the FDA does not impose the same restrictions on the use of CBD in cosmetic products. The FDA states on its website that “[c]ertain cosmetic ingredients are prohibited or restricted by regulation, but currently that is not the case for any cannabis or cannabis-derived ingredients.” However the FDA further notes that such cosmetic products must comply with all applicable legal requirements, including the adulteration and misbranding provisions of the *Federal Food, Drug and Cosmetic Act* (the “**FDCA**”) specific to cosmetic products.

The *United States Dietary Supplement Health and Education Act of 1994* (the “**DSHEA**”), an amendment to the FDCA established a framework governing the composition, safety, labeling, manufacturing and marketing of dietary supplements in the United States. Generally, under DSHEA, dietary ingredients marketed in the United States prior to October 15, 1994 may be used in dietary supplements without notifying the FDA. “New” dietary ingredients (i.e., dietary ingredients “not marketed in the United States before October 15, 1994”) must be the subject of a new dietary ingredient notification submitted to the FDA unless the ingredient has been “present in the food supply as an article used for food” and is not “chemically altered”. Any new dietary ingredient notification must provide the FDA with evidence of a “history of use or other evidence of safety” establishing that use of the dietary ingredient “will reasonably be expected to be safe”. To date, the FDA has taken the position that CBD was not marketed in the United States before October 15, 1994 and as such would be considered a new dietary ingredient subject to the notification requirement.

The FDA has also taken the position that CBD cannot be marketed as a dietary supplement because it has been the subject of investigation as a new drug prior to being marketed as a conventional food or dietary supplement (such restrictions referred to as “**Prior Drug Exclusion**”). According to the FDA, the submission of the IND application for Epidiolex by Greenwich Biosciences, the U.S. subsidiary of London-based GW Pharmaceuticals, preceded the sales and marketing of CBD as a dietary supplement. Excluded from the DSHEA definition of a dietary supplement is: “an article authorized for investigation as a new drug, antibiotic, or biological for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public, which was not before such approval, certification, licensing, or authorization marketed as a dietary supplement or as a food unless the Secretary, in the Secretary's discretion, has issued a regulation, after notice and comment, finding that the article would be lawful under this Act”. The FDA interprets the Prior Drug Exclusion applying as of the date in which FDA authorized the new drug for investigation.; however, the Company believes there are significant arguments against this position in that all conditions of the statute must be met before the Prior Drug Exclusion applies, including (1) authorization for investigation as a new drug; (2) substantial clinical investigations must be instituted; (3) such substantial investigations must be made public; and (4) all of the above must occur prior to the marketing of the article as a food or dietary supplement. As discussed below, the FDA takes the position that CBD was not marketed in a food or dietary supplement prior to the conditions under the Prior Drug Exclusion.

The FDCA provides that a substance added to food is unsafe unless the substance is generally recognized as safe (“**GRAS**”). The FDA has not recognized CBD as GRAS for human consumption, although certain Hemp seed derivatives may be considered GRAS. Further research is needed to determine if other cannabinoids would be considered GRAS or what steps would be necessary for them to be recognized as GRAS. Enforcement of this GRAS limitation as it relates to the use of CBD in food has been generally limited to products making unlawful drug or disease claims, with the FDA also asserting its position that CBD is not a permissible food or dietary supplement ingredient.

The FDA continues to evaluate the Hemp CBD landscape and to update the public with its ongoing work. On December 20, 2018, the FDA released a statement from former Commissioner Scott Gottlieb, which restated FDA’s current position, opining that products containing CBD ingredients may not be sold as food or dietary supplements. The statement also contained, for the first time, a clear path toward FDA’s permanent and formal acceptance of hemp-derived CBD as a food or dietary supplement ingredient. Thus, the FDA has indicated that it is considering using its authority to issue a regulation that will specifically allow hemp-derived CBD in foods and supplements.

Statements from the FDA since continue to reiterate FDA’s position and its intent to find a regulatory pathway for Hemp CBD products. Further statements issued in July 2019 made clear that the FDA is “[p]aving the way for regulatory clarity[.]” FDA “is committed to evaluating the regulatory frameworks for non-drug uses, including products marketed as foods and dietary supplements[.]” Importantly, FDA “recognize[s] that there is substantial

public interest in marketing and accessing CBD in food, including dietary supplements . . . [and that] [t]he statutory provisions that currently prohibit marketing CBD in these forms also allow the FDA to issue a regulation creating an exception, and some stakeholders have asked that the FDA consider issuing such a regulation to allow for the marketing of CBD in conventional foods or as a dietary supplement, or both.”

As it continues down this path, the FDA is “[l]istening to and learning from stakeholders[.]” The FDA held a public hearing on May 31, 2019 to obtain scientific data and information about the safety, manufacturing, product quality, marketing, labeling, and sale of products containing Cannabis or Cannabis-derived compounds. The FDA CBD working group was expected to release a report on its progress in Fall 2019, which was delayed until March 2020.

On July 16, 2019, the FDA issued a consumer update on its efforts to address “unanswered questions about the science, safety, and quality of products containing CBD” through the feedback from the May 31, 2019 hearing and information and data gathered through a public docket. Specifically, the FDA noted concerns regarding potential liver toxicity, questions about cumulative exposure to CBD over time, the effects of CBD on special populations (e.g., the elderly, children, adolescents, pregnant and lactating women), and the safety of CBD use in animals including pets. On October 16, 2019, the FDA issued another consumer update cautioning against the use of CBD, THC, and marijuana during pregnancy or while breastfeeding due to the current lack of comprehensive research studying the effects of CBD on the developing fetus, pregnant mother, or breastfed baby. On November 25, 2019, the FDA provided another consumer update stating there is limited available information about CBD, including about its effects on the body. Also in November 2019, the FDA also sent another round of warning letters to companies marketing CBD products with disease claims. In addition, the FDA reiterated its position that CBD cannot be added to food and dietary supplements and stated that it is ““not aware of any basis to conclude that CBD is GRAS among qualified experts for its use in human or animal food.”

On March 5, 2020, FDA Commissioner Dr. Stephen M. Hahn issued a statement on the FDA’s work related to CBD products. The statement makes clear that the FDA will continue its work to educate the public on CBD’s perceived safety risks and that the FDA is taking steps to solicit additional public feedback, data, and research on the science, safety, and quality of CBD products. These new steps include re-opening the public docket so that FDA can obtain additional scientific data on CBD, which will include a process by which confidential and proprietary information can be shared with the FDA and kept protected. Additionally, Commissioner Hahn’s statement reiterates that the FDA will continue to monitor and police the CBD products marketplace and is evaluating the issuance of a risk-based enforcement policy that provides greater transparency and clarity regarding factors the FDA intends to consider in prioritizing enforcement decisions.

Much of Commissioner Hahn’s statement was also included in the FDA’s congressionally mandated report on CBD, which was also submitted on March 5, 2020. Importantly, the report confirms that the FDA is actively considering pathways to allow the marketing of CBD as a dietary supplement, which may include a notice-and-comment rulemaking and an interim risk-based enforcement policy while the FDA potentially engages in this process. The report signals the FDA’s continued interest in certain questions about CBD, including effects from sustained use, effects from different methods of exposure, and effects on the developing brain and on the unborn child and breastfed newborn. The report acknowledges that the FDA is receiving inquiries about whether “full spectrum” and “broad spectrum” Hemp products can currently be marketed and sold, but the FDA has not yet answered the question conclusively. Largely, the report does little to address the current regulatory ambiguity for CBD and does not set a timeline for agency action, but it does signal the FDA’s clear interest in a pathway for the use of CBD in dietary supplements. Further to this point, Commissioner Hahn has publicly stated that it would be a “fool’s game” for the FDA to pull CBD products from the market entirely, as their use is already widespread.

On August 21, 2020, the DEA issued an Interim Final Rule (“**DEA IFR**”) concerning implementation of the 2018 Farm Bill. Even though the 2018 Farm Bill removed Hemp and THC’s in Hemp from scheduling under the CSA, the DEA IFR purports to clarify that material that exceeds 0.3% delta-9 THC remains controlled in Schedule I of the CSA. Additionally, the DEA IFR states that the 2018 Farm Bill does not impact the control status of synthetically derived THC’s, for which the DEA claims that the amount of delta-9 THC is not a determining factor in whether the material is a controlled substance.

In January 2021, the FDA issued an update entitled “Better Data for a Better Understanding of the Use and Safety Profile of Cannabidiol (CBD) Products.” In the statement, the FDA acknowledges the rapid increase and interest in the availability of CBD and other products derived from cannabis and calls for “real-world data” on the use and safety of CBD. The call acknowledges the FDA’s current gaps in understanding of the safety profile of CBD, which may be addressed through obtaining real-world data and help build a robust evidentiary foundation to inform public health decisions regarding CBD. The FDA further noted that it is continuing to “evaluate the regulatory frameworks that apply to certain cannabis-derived products that are intended for non-drug uses, including whether any new FDA regulations may be warranted.” However, it is unclear whether the new FDA Commissioner appointed under the Biden Administration will take the same stance on CBD as former Commissioners Hahn and Gottlieb.

On March 22, 2021, the FDA issued a news release announcing the issuance of warning letters to two companies for selling OTC products labeled as containing CBD, alleging that the products are illegally marketed unapproved drugs. The letters explain that, because CBD has known pharmacological effects on humans, with demonstrated risks, it cannot be legally marketed as an inactive ingredient in OTC drug products that are not reviewed and approved by the FDA.

Despite the position taken by the FDA that there is no evidence of CBD being marketed as a food or dietary supplement prior to drug trials being commenced and made public, there is substantial uncertainty and different interpretations among U.S. state and federal regulatory agencies, legislators, academics and businesses as to whether cannabinoids including CBD were present in the food supply and marketed prior to October 15, 1994 or whether such inclusion of cannabinoids is otherwise permitted by the FDA as dietary ingredients, notwithstanding that cannabis and the cannabinoids contained therein have been therapeutically used and consumed as food by human beings for centuries even if not specifically marketed as CBD or other cannabinoids. As a result, the uncertainties regarding the distribution and sale of Hemp-derived CBD products cannot be resolved without further federal legislation, regulation, or a definitive judicial interpretation of existing legislation and rules. A determination that Hemp products containing CBD or other cannabinoids were not present in the food supply, marketed prior to October 15, 1994, are not otherwise permissible for use as a dietary ingredient, may have a materially adverse effect upon the Company and its business. Moreover, if the FDA were to enforce the Prior Drug Exclusion based on its interpretation of the legislation, this would have a materially adverse effect upon the Company and its business. See “Risk Factors”.

Hemp-derived products may be legally sold and marketed in the United States where they contain Hemp lawfully imported from another country or cultivated domestically pursuant to a state agricultural program, provided the product complies with the FDCA and applicable state and federal law. Textiles, fibers, and certain food and cosmetic products containing Hemp seed and Hemp seed oils can be lawfully sold in compliance with federal law. Consumable Hemp-derived CBD products, however, may only be legal to the extent they are lawfully sourced, sold in a state where state law does not prohibit such sale and where they are compliant with the FDCA. Compliance with the FDCA may prove difficult for many consumable Hemp-derived CBD products, while other Hemp-based products such as Hemp or CBD topicals, Hemp seed, Hemp seed oils and certain non-consumable products may be able to achieve compliance with FDCA more easily.

Future Uncertainty of Legal Status

There remain a number of considerations and uncertainties regarding the cultivation, sourcing, production and distribution of Hemp and products containing Hemp derivatives. Applicable laws and regulations remain subject to change as there are different interpretations among federal, state and local regulatory agencies, legislators, academics and businesses with respect to the treatment of the importation of derivatives from exempted portions of the cannabis plant and the scope of operation of 2018 Farm Bill-compliant Hemp programs. These different U.S. federal, state and local agency interpretations, as discussed above, touch on the regulation of cannabinoids by the FDA and the extent to which imported derivatives, and/or 2018 Farm Bill-compliant cultivators and processors may engage in interstate commerce, whether under federal and/or state law. Additionally, the current regulatory landscape in the United States may be drastically impacted by federal legislation. On September 4, 2020, H.R. 8179, the Hemp and Hemp-Derived CBD Consumer Protection and Market Stabilization Act of 2020, was introduced and proposes to make hemp, CBD derived from hemp, and any other ingredient derived from Hemp lawful for use as a dietary ingredient in dietary supplements. The uncertainties likely cannot be resolved without further U.S. federal and state legislation, regulation or a definitive judicial interpretation of existing legislation and rules.

Materially all of the Company's assets, liabilities and operations are exposed to U.S. Hemp-related activities. See "Risk Factors".

The Company's Regulatory Compliance Activities

Under the oversight of its Chief Executive Officer, the Company regularly monitors the development of applicable U.S. laws. The Company engages U.S. legal counsel to ensure it is operating in compliance with all applicable laws, permits and guidelines. These compliance-related activities include efforts affecting the following objectives, when and as applicable:

- (i) ensuring all raw materials are sourced in compliance with the 2018 Farm Bill and applicable state and local laws;
- (ii) evaluating supply chain partners for quality standards; and
- (iii) setting and maintaining quality standards through raw material specifications.

Canadian Regulation

The Company has not sold its products in Canada. Although CENTR is not marijuana, it would be regulated as cannabis pursuant to the *Cannabis Act* (Canada) and the regulations thereunder. Therefore, any sale of CENTR in Canada would be governed by Health Canada. The Company does not currently produce any products in Canada.

Ability to Access Public and Private Capital

Given the current laws regarding cannabis at the federal level in the United States, traditional bank financing is typically not available to United States cannabis or CBD companies. Specifically, the federal illegality of marijuana in the United States means that financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under money laundering statutes, the unlicensed money transmitter statute and the *Bank Secrecy Act* (the "BSA"). As a result, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. Banks who do accept deposits from CBD-related businesses in the United States must do so in compliance with the Cole Financial Crime Memo and the FinCEN Memo, each dated February 14th, 2014. The Cole Financial Crime Memo states that prosecutors should apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of marijuana-related conduct. The FinCEN Memo provides guidelines to banks on how to accept deposits from cannabis-related businesses while remaining compliant with the BSA. The Financial Crime Enforcement Network has not rescinded the FinCEN Memo following the United States Department of Justice's January 4, 2018 announcement rescinding the Cole Memorandum.

The Company has been successful at raising capital privately and raised over \$13.6 million pursuant to the 2020 Offering and the 2021 Offering. The Company's business plan includes growth, both in the form of additional products and through increased marketing and sales expansion. Accordingly, the Company expects to raise additional capital. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. See *Risk Factors*.

THE SELLING SECURITYHOLDERS

Securities may be sold under this Prospectus by way of secondary offering by or for the account of certain of the Company's securityholders. The Prospectus Supplement that the Company will file in connection with any offering of Securities by selling securityholders will include the following information:

- the names of the selling securityholders;

- if the selling securityholder is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside Canada, the name and address of the person or company the selling securityholder has appointed as agent for service of process;
- if the selling securityholder is a company, partnership, trust or other unincorporated entity, to the extent known, the name of each individual who, through ownership of or control or direction over the securities of that company, trust or other unincorporated entity, or membership in the partnership, as the case may be, is a principal securityholder of that entity;
- to the extent any selling securityholder is resident outside Canada, that (i) the selling securityholders will file a non-issuer's submission to jurisdiction form with the corresponding Prospectus Supplement, and (ii) the "Selling Securityholders" section of the Prospectus Supplement will include a statement to that effect;
- the number or amount of Securities owned, controlled or directed of the class being distributed by each selling securityholder;
- the number or amount of Securities of the class being distributed for the account of each selling securityholder;
- the number or amount of Securities of any class to be owned, controlled or directed by the selling securityholders after the distribution and the percentage that number or amount represents of the total number of our outstanding Securities;
- whether the Securities are owned by the selling securityholders both of record and beneficially, of record only, or beneficially only; and
- all other information that is required to be included in the applicable Prospectus Supplement.

USE OF PROCEEDS

The net proceeds to the Company from any offering of Securities and the proposed use of those proceeds will be set forth in the applicable Prospectus Supplement relating to that offering of Securities. Among other potential uses, the Company may use the net proceeds from the sale of Securities for general corporate purposes, including funding ongoing operations and/or working capital requirements, to repay indebtedness outstanding from time to time, capital projects and potential future acquisitions. The Company will not receive any proceeds from any sale of any Securities by the selling securityholders.

Management of the Company will retain broad discretion in allocating the net proceeds of any offering of Securities by the Company under this Prospectus and the Company's actual use of the net proceeds will vary depending on the availability and suitability of investment opportunities and its operating and capital needs from time to time. All expenses relating to an offering of Securities and any compensation paid to underwriting dealers or agents as the case may be, will be paid out of the proceeds from the sale of Securities, unless otherwise stated in the applicable Prospectus Supplement. See "*Risk Factors - Discretion in the Use of Proceeds*".

During the most recent financial year ended May 31, 2021, the Company had negative cash flow from operating activities. In addition to other uses of net proceeds to be specified in a Prospectus Supplement, to the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of the net proceeds from the sale of Securities to fund such negative cash flow. There can be no assurance that additional capital or other types of financing will be available when needed or that these financings will be on terms at least as favourable to the Company as those previously obtained, or at all. See "*Risk Factors - Negative Cash Flow*".

The Company may, from time to time, issue securities (including Securities) other than pursuant to this Prospectus

DESCRIPTION OF THE SHARE CAPITAL OF THE COMPANY

The Company is authorized to issue an unlimited number of Common Shares. As of January 25, 2022, the Company has 86,574,911 Common Shares outstanding.

The Company is authorized to issue an unlimited number of Common Shares. Holders of Common Shares are entitled to receive notice of any meetings of the shareholders of the Company and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro-rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available therefor and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro-rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro-rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

CONSOLIDATED CAPITALIZATION

Since August 31, 2021, the date of the Company's most recently filed financial statements, there have been no material changes to the Company's share and loan capitalization on a consolidated basis, other than (i) the issuance of an aggregate of 397,334 Common Shares pursuant to the 2021 Offering, and (ii) the issuance of an aggregate of 397,334 2021 Warrants pursuant to the 2021 Offering.

The applicable Prospectus Supplement will describe any material change, and the effect of such material change, on the share and loan capitalization of the Company that will result from the issuance of Securities pursuant to such Prospectus Supplement.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

The following is a brief summary of certain general terms and provisions of the Securities as at the date of this Prospectus. The summary does not purport to be complete and is indicative only. The specific terms of any Securities to be offered under this Prospectus, and the extent to which the general terms described in this Prospectus apply to such Securities, will be set forth in the applicable Prospectus Supplement.

Common Shares

The following is a brief summary of the material attributes of the Common Shares. This summary does not purport to be complete. Common Shares may be sold separately or together with separately or together with other Securities, as the case may be.

The Company is authorized to issue an unlimited number of Common Shares. Holders of Common Shares are entitled to receive notice of any meetings of the shareholders of the Company and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro-rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available therefor and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro-rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro-rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Debt Securities

The following is a brief summary of certain general terms and provisions of the Debt Securities that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Debt Securities as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Debt Securities, and the extent to which the general terms and provisions described below may apply to such Debt Securities will be described in the applicable Prospectus Supplement.

The Debt Securities may be offered separately or together with other Securities, as the case may be. The Debt Securities will be issued in one or more series under an indenture (the “**Indenture**”) to be entered into between the Company and one or more trustees that will be named in a Prospectus Supplement for a series of Debt Securities. The applicable Prospectus Supplement will include details of the Indenture governing the Debt Securities being offered. A copy of the Indenture relating to an offering of Debt Securities will be filed by the Company with the relevant securities regulatory authorities in Canada after it has been entered into by the Company. The description of certain provisions of the Indenture in this section do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions of the Indenture. Terms used in this summary that are not otherwise defined herein have the meaning ascribed to them in the Indenture. The particular terms relating to Debt Securities offered by a Prospectus Supplement will be described in the related Prospectus Supplement. This description may include, but may not be limited to, any of the following, if applicable:

- the specific designation of the Debt Securities;
- the price or prices at which the Debt Securities will be issued;
- any limit on the aggregate principal amount of the Debt Securities;
- the date or dates, if any, on which the Debt Securities will mature and the portion (if less than all of the principal amount) of the Debt Securities to be payable upon declaration of acceleration of maturity;
- the rate or rates (whether fixed or variable) at which the Debt Securities will bear interest, if any, the date or dates from which any such interest will accrue and on which any such interest will be payable and the record dates for any interest payable on the Debt Securities that are in registered form;
- the terms and conditions under which we may be obligated to redeem, repay or purchase the Debt Securities pursuant to any sinking fund or analogous provisions or otherwise;
- the terms and conditions upon which we may redeem the Debt Securities, in whole or in part, at our option;
- the covenants and events of default applicable to the Debt Securities;
- the terms and conditions for any conversion or exchange of the Debt Securities for any other securities;
- whether the Debt Securities will be issuable in registered form or bearer form or both, and, if issuable in bearer form, the restrictions as to the offer, sale and delivery of the Debt Securities which are in bearer form and as to exchanges between registered form and bearer form;
- whether the Debt Securities will be issuable in the form of registered global securities (“**Global Securities**”), and, if so, the identity of the depository for such registered Global Securities;
- the denominations in which registered Debt Securities will be issuable;
- each office or agency where payments on the Debt Securities will be made and each office or agency where the Debt Securities may be presented for registration of transfer or exchange;
- the currency in which the Debt Securities are denominated or the currency in which CENTR Brands will make payments on the Debt Securities;
- any index, formula or other method used to determine the amount of payments of principal of (and premium, if any) or interest, if any, on the Debt Securities; and
- any other terms of the Debt Securities which apply solely to the Debt Securities.

Each series of Debt Securities may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

The terms on which a series of Debt Securities may be convertible into or exchangeable for Common Shares or other securities of the Company will be described in the applicable Prospectus Supplement. These terms may include provisions as to whether conversion or exchange is mandatory, at the option of the holder or at the option of the

Company, and may include provisions pursuant to which the number of Common Shares or other securities to be received by the holders of such series of Debt Securities would be subject to adjustment.

To the extent any Debt Securities are convertible into Common Shares or other securities of the Company, prior to such conversion the holders of such Debt Securities will not have any of the rights of holders of the securities into which the Debt Securities are convertible, including the right to receive payments of dividends or the right to vote such underlying securities.

Warrants

The following is a brief summary of certain general terms and provisions of the Warrants that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Warrants as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Warrants, and the extent to which the general terms and provisions described below may apply to such Warrants will be described in the applicable Prospectus Supplement.

Warrants may be offered separately or together with other Securities, as the case may be. Each series of Warrants may be issued under a separate warrant indenture or warrant agency agreement to be entered into between the Company and one or more banks or trust companies acting as Warrant agent or may be issued as stand-alone contracts. The applicable Prospectus Supplement will include details of the Warrant agreements, if any, governing the Warrants being offered. The Warrant agent, if any, will be expected to act solely as the agent of the Company and will not assume a relationship of agency with any holders of Warrant certificates or beneficial owners of Warrants. A copy of any warrant indenture or any warrant agency agreement relating to an offering of Warrants will be filed by the Company with the relevant securities regulatory authorities in Canada after it has been entered into by the Company.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Warrants being offered thereby, which may include, without limitation, the following (where applicable):

- the designation of the Warrants;
- the aggregate number of Warrants offered and the offering price;
- the designation, number and terms of the other Securities purchasable upon exercise of the Warrants, and procedures that will result in the adjustment of those numbers;
- the exercise price of the Warrants;
- the dates or periods during which the Warrants are exercisable including any “early termination” provisions;
- the designation, number and terms of any Securities with which the Warrants are issued;
- if the Warrants are issued as a unit with another Security, the date on and after which the Warrants and the other Security will be separately transferable;
- whether such Warrants are to be issued in registered form, “book-entry only” form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- any minimum or maximum amount of Warrants that may be exercised at any one time;
- whether such Warrants will be listed on any securities exchange;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the Warrants;
- certain material Canadian tax consequences of owning the Warrants; and
- any other material terms and conditions of the Warrants.

Subscription Receipts

The following is a brief summary of certain general terms and provisions of the Subscription Receipts that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Subscription Receipts as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Subscription Receipts, and the extent to which the general terms and provisions described below may apply to such Subscription Receipts will be described in the applicable Prospectus Supplement. Subscription Receipts may be offered separately or together with other Securities, as the case may be.

The Subscription Receipts may be issued under a subscription receipt agreement. The applicable Prospectus Supplement will include details of the subscription receipt agreement, if any, governing the Subscription Receipts being offered. The Company will file a copy of any subscription receipt agreement, if any, relating to an offering of Subscription Receipts with the relevant securities regulatory authorities in Canada after it has been entered into by the Company.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Subscription Receipts being offered thereby, which may include, without limitation, the following (where applicable):

- the number of Subscription Receipts;
- the price at which the Subscription Receipts will be offered;
- the terms, conditions and procedures for the conversion of the Subscription Receipts into other Securities;
- the dates or periods during which the Subscription Receipts are convertible into other Securities;
- the designation, number and terms of the other Securities that may be exchanged upon conversion of each Subscription Receipt;
- the designation, number and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- whether such Subscription Receipts are to be issued in registered form, “book-entry only” form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- terms applicable to the gross or net proceeds from the sale of the Subscription Receipts plus any interest earned thereon;
- certain material Canadian tax consequences of owning the Subscription Receipts; and
- any other material terms and conditions of the Subscription Receipts.

Units

The following is a brief summary of certain general terms and provisions of the Units that may be offered pursuant to this Prospectus. This summary does not purport to be complete. The particular terms and provisions of the Units as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Units, and the extent to which the general terms and provisions described below may apply to such Units will be described in the applicable Prospectus Supplement. Units may be offered separately or together with other Securities, as the case may be.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Units being offered thereby, which may include, without limitation, the following (where applicable):

- the number of Units;
- the price at which the Units will be offered;
- the designation, number and terms of the Securities comprising the Units;
- whether the Units will be issued with any other Securities and, if so, the amount and terms of these Securities;
- terms applicable to the gross or net proceeds from the sale of the Units plus any interest earned thereon;
- the date on and after which the Securities comprising the Units will be separately transferable;
- whether the Securities comprising the Units will be listed on any securities exchange;
- whether such Units or the Securities comprising the Units are to be issued in registered form, “book-entry only” form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- any terms, procedures and limitations relating to the transferability, exchange or exercise of the Units;
- certain material Canadian tax consequences of owning the Units; and
- any other material terms and conditions of the Units.

PLAN OF DISTRIBUTION

The Company may offer and sell Securities directly to one or more purchasers, through agents, or through underwriters or dealers designated by the Company from time to time. The Company may distribute the Securities from time to time in one or more transactions at fixed prices (which may be changed from time to time), at market prices prevailing at the times of sale, at varying prices determined at the time of sale, at prices related to prevailing market prices or at negotiated prices, including in transactions that are deemed to be “at-the-market distributions” as defined in NI 44-102, including sales made directly on the CSE or other existing trading markets for the Securities. A description of such pricing will be disclosed in the applicable Prospectus Supplement. The Company may offer Securities in the same offering, or may offer Securities in separate offerings.

This Prospectus may also, from time to time, relate to the offering of Securities by certain selling securityholders. The selling securityholders may sell all or a portion of the Securities beneficially owned by them and offered thereby from time to time directly or through one or more underwriters, broker-dealers or agents. The Securities may be sold by the selling securityholders in one or more transactions at fixed prices (which may be changed from time to time), at market prices prevailing at the time of the sale, at varying prices determined at the time of sale, at prices related to prevailing market prices or at negotiated prices.

A Prospectus Supplement will describe the terms of each specific offering of Securities, including: (i) the terms of the Securities to which the Prospectus Supplement relates, including the type of Security being offered; (ii) the name or names of any agents, underwriters or dealers involved in such offering of Securities; (iii) the name or names of any selling securityholders; (iv) the purchase price of the Securities offered thereby and the proceeds to, and the portion of expenses borne by, the Company from the sale of such Securities; (v) any agents’ commission, underwriting discounts and other items constituting compensation payable to agents, underwriters or dealers; and (vi) any discounts or concessions allowed or re-allowed or paid to agents, underwriters or dealers.

If underwriters are used in an offering, the Securities offered thereby will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase Securities will be subject to the conditions precedent agreed upon by the parties and the underwriters will be obligated to purchase all Securities under that offering if any are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid to agents, underwriters or dealers may be changed from time to time.

The Securities may also be sold: (i) directly by the Company or the selling securityholders at such prices and upon such terms as agreed to; or (ii) through agents designated by the Company or the selling securityholders from time to time. Any agent involved in the offering and sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Company and/or selling securityholder to such agent will be set forth, in the Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent is acting on a “best efforts” basis for the period of its appointment.

The Company and/or the selling securityholders may agree to pay the underwriters a commission for various services relating to the issue and sale of any Securities offered under any Prospectus Supplement. Agents, underwriters or dealers who participate in the distribution of the Securities may be entitled under agreements to be entered into with the Company and/or the selling securityholders to indemnification by the Company and/or the selling securityholders against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof.

Each class or series of Subscription Receipts, Debt Securities, Warrants and Units will be a new issue of Securities with no established trading market. Unless otherwise specified in the applicable Prospectus Supplement, the Debt Securities, Warrants, Subscription Receipts or Units will not be listed on any securities or stock exchange. Unless otherwise specified in the applicable Prospectus Supplement, there is no market through which the Debt Securities, Warrants, Subscription Receipts or Units may be sold and purchasers may not be able to sell the Debt Securities, Warrants, Subscription Receipts or Units purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of the Debt Securities, Warrants, Subscription Receipts or Units in the secondary market, the

transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. Subject to applicable laws, certain dealers may make a market in the Debt Securities, Warrants, Subscription Receipts or Units, as applicable, but will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that any dealer will make a market in the Debt Securities, Warrants, Subscription Receipts or Units or as to the liquidity of the trading market, if any, for the Debt Securities, Warrants, Subscription Receipts or Units.

In connection with any offering of Securities, other than an “at-the-market distribution”, unless otherwise specified in a Prospectus Supplement, underwriters or agents may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of Securities offered at levels other than those which might otherwise prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time. No underwriter or dealer involved in an “at-the-market distribution”, no affiliate of such an underwriter or dealer and no person or company acting jointly or in concert with such underwriter or dealer, may, in connection with the distribution, enter into any transaction that is intended to stabilize or maintain the market price of the Securities or securities of the same class as the Securities distributed, including selling an aggregate number or principal amount of securities that would result in the underwriter or dealer creating an over-allocation position in the Securities distributed.

The Securities have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and, subject to certain exceptions, may not be offered or sold or otherwise transferred or disposed of, directly or indirectly, in the United States or to or for the account or benefit of U.S. Persons absent registration under the U.S. Securities Act and all applicable state securities laws, or pursuant to applicable exemption therefrom. In addition, until 40 days after closing of an offering of Securities, an offer or sale of the Securities within the United States by any dealer (whether or not participating in such offering) may violate the registration requirement of the U.S. Securities Act if such offer or sale is made other than in accordance with an exemption under the U.S. Securities Act.

EXEMPTIONS

Pursuant to a decision of the Autorité des marchés financiers dated September 13, 2021, the Company was granted a permanent exemption from the requirement to translate into French this Prospectus as well as the documents incorporated by reference therein and any Prospectus Supplement to be filed in relation to an “at-the-market” distribution. This exemption is granted on the condition that this Prospectus and any Prospectus Supplement (other than in relation to an “at-the-market” distribution) be translated into French if the Company offers Securities to Québec purchasers in connection with an offering other than in relation to an “at-the-market” distribution.

PRIOR SALES

Information in respect of prior sales of the Common Shares or other Securities distributed under this Prospectus and for securities that are convertible or exchangeable into the Common Shares or such other Securities within the previous 12-month period will be provided, as required, in a Prospectus Supplement with respect to the issuance of the Common Shares or other Securities pursuant to such Prospectus Supplement.

TRADING PRICE AND VOLUME

The Common Shares are currently listed on the CSE under the trading symbol “CNTR”. The trading price and volume of the Common Shares will be provided, as required, in each Prospectus Supplement.

DIVIDENDS

CENTR Brands has never paid any dividends on its Common Shares. While the Company is not restricted from paying dividends other than pursuant to certain solvency tests prescribed under the *Business Corporations Act* (British Columbia), the Company does not intend to pay dividends on any of its Common Shares in the foreseeable future.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Owning any of the Securities may subject holders to tax consequences. The applicable Prospectus Supplement may describe certain Canadian federal income tax consequences to an investor of acquiring, owning and disposing of any of the Securities offered thereunder. Prospective investors should consult their own tax advisors prior to deciding to purchase any of the Securities.

RISK FACTORS

Before deciding to invest in any Securities, prospective investors of the Securities should consider carefully the risk factors and the other information contained and incorporated by reference in this Prospectus and the applicable Prospectus Supplement relating to a specific offering of Securities before purchasing the Securities, including those risks identified and discussed under the heading “*Risk Factors*” in the Annual Information Form, which is incorporated by reference herein. See “*Documents Incorporated by Reference*”.

Before making an investment decision, prospective purchasers of Securities should carefully consider the information described in this Prospectus and the documents incorporated by reference herein, including the applicable Prospectus Supplement. Additional risk factors relating to a specific offering of Securities may be described in the applicable Prospectus Supplement. Some of the risk factors described herein and in the documents incorporated by reference herein, including the applicable Prospectus Supplement are interrelated and, consequently, investors should treat such risk factors as a whole. If any event arising from these risks occurs, CENTR Brands’ business, prospects, financial condition, results of operations and cash flows, and the investor’s investment in the Securities could be materially adversely affected. Additional risks and uncertainties of which the Company is currently unaware or that are unknown or that the Company currently deems to be immaterial could have a material adverse effect on the business, financial condition and results of operation of the Company. CENTR Brands cannot assure an investor that the Company will successfully address any or all of these risks.

Prospective investors should carefully consider the risks below and in the Annual Information Form and the other information elsewhere in this Prospectus and the applicable Prospectus Supplement and consult with their professional advisors to assess any investment in the Company.

No Assurance Future Financing Will be Available

CENTR Brands may need to obtain additional financing in the future. The ability to obtain such additional financing will depend upon a number of factors, including prevailing market conditions and the operating performance of CENTR Brands. There can be no assurance that any such financing will be available to CENTR Brands on favourable terms or at all. If financing is available through the sale of debt, equity or capital properties, the terms of such financing may not be favourable to the Company. Failure to raise capital when required could have a material adverse effect on the Company’s business, financial condition and results of operations.

Return on Securities is not Guaranteed

There is no guarantee that the Securities will earn any positive return in the short term or long term. A holding of Securities is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. A holding of Securities is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

Discretion in the Use of Proceeds

Management of the Company will have broad discretion with respect to the application of net proceeds received by the Company from the sale of Securities under this Prospectus or a future Prospectus Supplement and may spend such proceeds in ways that do not improve the Company’s results of operations or enhance the value of the Common Shares or its other securities issued and outstanding from time to time. Any failure by management to apply these funds effectively could result in financial losses that could have a material adverse effect on the Company’s business or

cause the price of the securities of the Company issued and outstanding from time to time to decline. The Company will not receive any proceeds from any sale of any Securities by the selling securityholders.

Dilution

The Company may sell additional Common Shares or other Securities that are convertible or exchangeable into Common Shares in subsequent offerings or may issue additional Common Shares or other Securities to finance future acquisitions. The Company cannot predict the size or nature of future sales or issuances of securities or the effect, if any, that such future sales and issuances will have on the market price of the Common Shares. Sales or issuances of substantial numbers of Common Shares or other Securities that are convertible or exchangeable into Common Shares, or the perception that such sales or issuances could occur, may adversely affect prevailing market prices of the Common Shares.

As of January 25, 2022, the Company had an aggregate of 86,574,911 Common Shares outstanding. In addition, there are an aggregate of 4,398,712 2020 Warrants and 3,395,520 2021 Warrants outstanding as at the date hereof, each of which is exercisable to acquire one Common Share, subject to adjustment in certain events. With any additional sale or issuance of Common Shares or other Securities that are convertible or exchangeable into Common Shares, investors will suffer dilution to their voting power and economic interest in the Company. Furthermore, to the extent holders of the Company's stock options, RSUs or other convertible securities convert or exercise their securities and sell the Common Shares they receive, the trading price of the Common Shares on the CSE may decrease due to the additional amount of Common Shares available in the market.

Sales of Substantial Amounts of Common Shares

Sales of substantial amounts of Common Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Common Shares. A decline in the market prices of the Common Shares could impair the Company's ability to raise additional capital through the sale of securities.

Volatile Market Price of the Common Shares

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which will be beyond the Company's control, including, but not limited to, the following: (i) actual or anticipated fluctuations in the Company's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of companies in the CBD and/or non-alcoholic beverage industries; (iv) additions or departures of the Company's executive officers and other key personnel; (v) regulatory changes affecting the CBD industry generally and the business and operations of the Company; (vi) announcements by the Company or its competitors of developments and other material events; (vii) fluctuations in the costs of vital production materials and services; (viii) changes in global financial markets and global economies and general market conditions, such as interest rates and product price volatility; (ix) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; (x) operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; (xi) false or negative reports issued by individuals or companies who have taken aggressive short sale positions; and (xii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have experienced significant price and volume fluctuations that have affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of those companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed.

These factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the Common Shares could be materially adversely affected.

Liquidity

Shareholders of the Company may be unable to sell significant quantities of Common Shares into the public trading markets without a significant reduction in the price of their Common Shares, or at all. There can be no assurance that there will be sufficient liquidity of the Common Shares on the trading market, and that the Company will continue to meet the listing requirements of the CSE or achieve listing on any other public listing exchange.

There is currently no market through which the Securities, other than the Common Shares may be sold and, unless otherwise specified in the applicable Prospectus Supplement, none of the Debt Securities, Warrants, Subscription Receipts or Units will be listed on any securities or stock exchange or any automated dealer quotation system. As a consequence, purchasers may not be able to resell the Debt Securities, Warrants, Subscription Receipts or Units purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of the Securities, other than the Common Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these securities and the extent of issuer regulation. There can be no assurance that an active trading market for the Securities, other than the Common Shares, will develop or, if developed, that any such market, including for the Common Shares, will be sustained.

Forward-Looking Information May Prove to be Inaccurate

Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this Prospectus and in certain of the documents incorporated by reference herein under the heading “*Forward-Looking Information*”.

Settlement by Securityholders Resident in the United States

Given the heightened risk profile associated with cannabis and CBD in the United States, capital markets participants may be unwilling to assist with the settlement of trades for U.S. resident securityholders of companies with operations in the United States CBD industry which may prohibit or significantly impair the ability of securityholders in the United States to trade the Securities or any Common Shares issuable upon conversion or exercise thereof. In the event residents of the United States are unable to settle trades of the Securities or any Common Shares issuable upon conversion or exercise thereof, this may affect the pricing of the Securities (and the Common Shares) in the secondary market, the transparency and availability of trading prices and the liquidity of these securities.

Changes to State Laws Pertaining to Hemp

The 2018 Farm Bill provides that states and Native American tribes may assume primary regulatory authority over the production of Hemp in their jurisdictions through a Hemp plan approved by the USDA. As of the date hereof, the USDA has approved a few dozen state and tribal Hemp production plans submitted after the IFR became effective. If a state does not elect to devise a Hemp regulatory program, the USDA will develop a program under which Hemp cultivators in such states can apply for licenses. Approximately 15 states – including Kentucky, Colorado, and Oregon – have chosen not to submit plans to the USDA for the 2020 growing season, instead relying on their pilot program authorizations from the 2014 Farm Bill. Continued development of the Hemp industry will be dependent upon new legislative authorization of Hemp at the state level, and further amendment or supplementation of legislation at the federal level. Any number of events or occurrences could slow or halt progress all together in this space. While progress within the Hemp industry is currently encouraging, growth is not assured. While there appears to be ample public support for favorable legislative action at the state and federal levels, numerous factors may impact or negatively affect the legislative process(es) within the various states the Company has business interests in. Any one of these factors could slow or halt use of Hemp or CBD, which would negatively impact the Company’ business or growth, including possibly causing the Company to discontinue operations as a whole.

Changes to Federal Laws Pertaining to Hemp

Federal regulations under the 2018 Farm Bill were promulgated in the IFR on October 31, 2019. The IFR governs the domestic production of Hemp under the 2018 Farm Bill and also specifies the provisions that a state or tribal Hemp plan must contain to be in compliance with the 2018 Farm Bill. However, some states are continuing to operate under the 2014 Farm Bill through the 2020 growing season, and the IFR expires November 1, 2021, at which time the USDA will adopt permanent regulations. This means that the complete effects of the IFR (and potentially other federal regulations for Hemp) are yet unknown and will take time to unfold and be implemented. Should the IFR or other regulations result in stricter requirements on the Company than those of the 2014 or 2018 Farm Bills, such changes could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Associated with Numerous Laws and Regulations

The production, labeling and distribution of the Company's products are regulated by various federal, state and local agencies. These governmental authorities may commence regulatory or legal proceedings, which could restrict the permissible scope of the Company's product claims or the ability to sell its products in the future. The FDA regulates the Company's products to ensure that CENTR is not adulterated or misbranded.

The Company is subject to regulation by various agencies as a result of the sale of its CBD-infused products. The shifting compliance environment and the need to build and maintain robust systems to comply with different regulations in multiple jurisdictions increases the possibility that the Company may violate one or more of the requirements. If the Company's operations are found to be in violation of any of such laws or any other governmental regulations, or perceived to be in violation, the Company may be subject to penalties or other negative effects, including, without limitation, civil and criminal penalties, damages, fines, the curtailment or restructuring of the Company's operations or asset seizures and the denial of regulatory applications (including those regulatory regimes outside of the scope of FDA jurisdiction, but which may rely on the positions of the FDA in the application of its regulatory regime), any of which could adversely affect the Company's business and financial results.

Failure to comply with FDA requirements may result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions. The Company's advertising is subject to regulation by the Federal Trade Commission ("FTC") under the *Federal Trade Commission Act* as well as subject to regulation by the FDA under the DSHEA. In recent years, the FTC has initiated numerous investigations of dietary and nutritional supplement products and companies based on allegedly deceptive or misleading claims. At any point, enforcement strategies of a given agency can change as a result of other litigation in the space or changes in political landscapes, and could result in increased enforcement efforts, which would materially impact the Company's business. Additionally, some states also permit advertising and labeling laws to be enforced by state attorney generals, who may seek relief for consumers, class action certifications, class wide damages and product recalls of products sold by the Company. Private litigants may also seek relief for consumers, class action certifications, class wide damages and product recalls of products sold by the Company. Any actions against the Company by governmental authorities or private litigants could have a material adverse effect on the Company's business, financial condition and results of operations.

Incorrect Interpretation of the 2018 Farm Bill

The Company's position is that the 2018 Farm Bill permanently removed Hemp from the CSA and is now deemed an agricultural commodity, and accordingly the DEA no longer has any claim to interfere with the interstate commerce of Hemp products, so long as the THC level is at or below 0.3% on a dry weight basis. There is a risk that the Company's interpretation of the legislation is inaccurate or that it will be successfully challenged by federal or state authorities. A successful challenge to such position by a state or federal authority could have a material adverse effect on the Company, including civil and criminal penalties, damages, fines, the curtailment or restructuring of the Company's operations or asset seizures and the denial of regulatory applications.

The CBD Industry is Relatively New

The Company is operating in a relatively new industry and market. In addition to being subject to general business risks, the Company must continue to build brand awareness in this industry and market share through significant

investments in the Company's strategy, production capacity, quality assurance and compliance with regulations. Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids, such as CBD and THC, remains in relatively early stages. Few clinical trials on the benefits of cannabis or isolated cannabinoids have been conducted. Future research and clinical trials may draw opposing conclusions to statements contained in the articles, reports and studies currently favored, or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to medical cannabis, which could adversely affect social acceptance of cannabis and the demand for CENTR.

Accordingly, there is no assurance that the CBD industry and the market for CBD-infused beverages will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the CBD industry, such as the imposition of further restrictions on sales and marketing or further restrictions on sales in certain areas and markets could have a material adverse effect on the business, financial condition and results of operations of the Company.

Expectations regarding Net Losses

The Company is in a stage during which it is developing its products and obtaining greater distribution. The Company has limited revenues and has experienced net operating losses and negative cash flow since inception. It will continue to experience net losses for the foreseeable future until it has sufficiently developed its sales and distribution channels to profitably operate its business. The Company's losses will increase if revenues from existing and expanded operations do not sufficiently offset additional costs and expenses related to brand development, operations, marketing, promotional activities, expansion, and infrastructure development. To date, product development and operations have been funded from founders' contributions and the sale of securities. Additional revenues need to be generated to achieve and maintain profitability. There is no assurance that the Company's operations will be profitable. If the Company does achieve profitability, there is no guarantee that its business can be sustained, or its profits increased in the future.

Negative Cash Flow

The Company had negative operating cash flow for the year ended May 31, 2021. To the extent that the Company has negative operating cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company. The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

Early Stage Company

CBDL, the Company's operating subsidiary, was formed and commenced operations in 2018. Accordingly, investors must consider the Company's prospects in light of the risks, expenses, and difficulties frequently encountered by early stage companies in a beverage business. Demand and market acceptance for recently introduced products, including CBD-infused beverages, are subject to a high level of uncertainty and risk. Further, it is difficult to predict the market's future growth rate. The market for CBD products in particular is large, fragmented and comprised of many vendors. The non-alcoholic beverages industry is likewise highly complex, with many participants. The Company is attempting to create a niche for CENTR in the United States but the Company may not achieve or sustain market acceptance. To address these risks, the Company must, among other things, maintain and expand its customer base; implement and successfully execute its business and marketing strategy; create clear brand differentiation; respond to competitive developments; and attract, retain, and motivate qualified personnel. The Company cannot assure investors that it will successfully address these risks, and failure to do so could have a negative impact on the Company's business, operating results and financial condition.

Dividends

The Company's current policy is to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in the Company. Therefore, the Company does not anticipate paying cash dividends on the Company's shares in the foreseeable future. The Company's dividend policy will be reviewed from time to time by the Company's board in the context of its earnings, financial condition and other relevant factors. Until the time that the Company pays dividends, which the Company might never do, shareholders of the Company will not be able to receive a return on their Common Shares unless they sell them.

Regulatory Environment

The production, marketing and sale of CBD products, including contents, labels and packaging, are subject to the rules and regulations of various federal, state and local health agencies. If a regulatory authority finds that a current or future product or service is not in compliance with any of these regulations, the Company may be fined, or production may be stopped, thus adversely affecting the Company's financial conditions and operations. Similarly, any adverse publicity associated with any noncompliance may damage the Company's reputation and the Company's ability to successfully market the Company's products. Furthermore, the rules and regulations are subject to change from time to time and while the Company closely monitors developments in this area. The Company has no way of anticipating whether changes in these rules and regulations will impact the Company's business adversely. Additional or revised regulatory requirements, whether labeling, environmental, tax or otherwise, could have a material adverse effect on the Company's financial condition and results of operations.

Federal, State, and Local Regulation

The CBD-infused consumable products industry is subject to state and local government regulation relating to health and safety. Operating costs are affected by government actions that are beyond the Company's control, including increases in the minimum hourly wage requirements, worker's compensation insurance rates and other unemployment insurance, and taxes. Additionally, the Company may be required to obtain a number of approvals, licenses, and permits to operate the Company's business. There is no assurance that the various federal, state, and local agencies responsible for granting such licenses, approvals, and permits will do so or that, once granted, they will not be revoked. The absence of such licenses, approvals, and permits could delay commencement of or prohibit proposed business operations. Also, state taxation and regulation of the Internet and Internet commerce is relatively unsettled, and there are uncertain and undefined risks with respect to state and local regulation of content and taxes.

Numerous Laws and Regulations

The production, labeling and distribution of CENTR are regulated by various federal, state and local agencies. These governmental authorities may commence regulatory or legal proceedings, which could restrict the permissible scope of the Company's product claims or the ability to sell its products in the future. In the United States, the FDA regulates the Company's products to ensure that the products are not adulterated or misbranded.

The Company is subject to regulation by various agencies as a result of the manufacture, distribution and sale of its CBD-infused, non-alcoholic beverage product. The shifting compliance environment and the need to build and maintain robust systems to comply with different regulations in multiple jurisdictions increases the possibility that the Company may violate one or more of the requirements. If the Company's operations are found to be in violation of any of such laws or any other governmental regulations, or perceived to be in violation, the Company may be subject to penalties or other negative effects, including, without limitation, civil and criminal penalties, damages, fines, the curtailment or restructuring of the Company's operations or asset seizures and the denial of regulatory applications (including those regulatory regimes outside of the scope of FDA jurisdiction, but which may rely on the positions of the FDA in the application of its regulatory regime), any of which could adversely affect the Company's business and financial results. In addition, the FDA is expected to make determinations as to how certain CBD products will be regulated and is expected to, in the long term, consider modernization in its regulation of dietary supplements generally.

Failure to comply with FDA, state health and food industry program requirements in the United States may result in, among other things, injunctions, product withdrawals, recalls, product seizures, fines and criminal prosecutions. The Company's advertising is subject to regulation by the FTC under the Federal Trade Commission Act as well as subject to regulation by the FDA under the DSHEA, and regulations by state, county and city health departments. In recent years, the FTC has initiated numerous investigations of dietary and nutritional supplement products and companies based on allegedly deceptive or misleading claims. At any point, enforcement strategies of a given agency can change as a result of other litigation in the space or changes in political landscapes, and could result in increased enforcement efforts, which would materially impact the Company's business. Additionally, some states also permit advertising and labeling laws to be enforced by state attorney generals, who may seek relief for consumers, class action certifications, class wide damages and product recalls of products sold by the Company. Private litigants may also seek relief for consumers, class action certifications, class wide damages and product recalls of products sold by the Company. Any actions against the Company by governmental authorities or private litigants could have a material adverse effect on the Company's business, financial condition and results of operations.

Holding Company Structure

The Company is a holding company and substantially all of its assets consist of shares of its wholly-owned subsidiaries, CBDL and CENTR USA. As a result, investors are subject to the risks attributable to CBDL and any and all future affiliates. The Company does not have any significant assets and conducts substantially all of its business through its subsidiaries, which generate all or substantially all of the Company's revenues. The ability of the Company's subsidiaries to distribute funds to the Company will depend on their operating results, tax considerations (both domestic and cross-border) and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by these subsidiaries and contractual restrictions contained in the instruments governing their debt, existing or if incurred. In the event of a bankruptcy, liquidation or reorganization of one or more of the Company's subsidiaries or any other future subsidiary, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Company.

Consistent and Cost-Effective Supply of Raw Materials

Prices of the raw materials for the Company's products, including Hemp, as well as cans and packaging materials, can fluctuate dramatically. Currently, the Company arranges for the purchase of raw ingredients from a variety of suppliers and brokers in small quantities. Increases in prices for any of the Company's raw materials could have a material adverse impact on the Company's profitability and financial position. The Company's inability to continue to find adequate suppliers for the Company's raw materials on economic terms acceptable to the Company will adversely affect the Company's results of operations.

No Control of Distributors and Brokers

The Company sells principally through and relies on distributors and brokers which it does not control, and it is dependent on their performance, which could affect the ability of the Company to efficiently and profitably distribute and market its products, to maintain its existing markets and to expand its business into other geographic markets.

The Company's ability to establish a market for its brands and products in new geographic distribution areas, as well as maintain and expand the Company's existing markets, is dependent on its ability to establish and maintain successful relationships with reliable independent distributors and brokers strategically positioned to serve those areas. Many of its larger distributors may sell and distribute competing products, including other CBD-infused beverages, and the Company's products may represent a small portion of their business. To the extent that the Company's distributors and brokers are distracted from selling and supporting the Company's products or do not employ sufficient efforts in managing and selling the Company's products, including re-stocking the retail shelves with its products, the Company's sales and profitability will be adversely affected. The Company's ability to maintain its distribution network and attract additional distributors will depend on a number of factors, many of which are outside the Company's control. Some of these factors include:

- the level of demand for the Company's brands and products in a particular distribution area,

- the Company's ability to price its products at levels competitive with those offered by competing products, and
- the Company's ability to deliver products in the quantity and at the time ordered by distributors.

The Company may not be able to meet all or any of these factors in any of the Company's current or prospective geographic areas of distribution. The Company's inability to achieve any of these factors in a geographic distribution area will have a material adverse effect on its relationships with its distributors in that particular geographic area, thus limiting the Company's ability to expand its market, which will likely adversely affect its revenues and financial results.

Management of Inventory Levels

The Company's independent distributors are not required to place minimum monthly or annual orders for the Company's products. In order to reduce inventory costs, independent distributors endeavor to limit the inventories of the Company's products which they hold at their warehouses and distribution centers. Accordingly, there is no assurance as to the timing or quantity of purchases by any of the Company's independent distributors or that any of the Company's distributors will continue to purchase products from the Company in the same frequencies and volumes as they may have done in the past. The Company cannot accurately predict the sales volumes of its distributors.

The Company's business plan and future growth is dependent in part on its distribution arrangements with regional and national retail accounts. There are risks associated with this distribution strategy. The loss of any of the Company's major direct retail accounts could adversely affect the Company.

The Company is currently seeking distribution arrangements with retail accounts to distribute the Company's products directly through retail stores. The Company does not have long-term agreements in place with any of these accounts. If obtained, the loss of any high-profile national accounts could negatively impact the Company's revenues and its reputation. In addition, the Company may not be able to establish additional distribution arrangements with national, regional or local retailers, web sites or other distribution outlets. Additionally, as the Company becomes more dependent on national retail chains, these retailers may assert pressure on the Company to reduce the Company's pricing to them or seek significant product discounts. Any increase in the Company's costs for their carrying the Company's product, reduction in price, or demand for product discounts could have a material adverse effect on the Company's profit margin.

Intellectual Property Risks

The Company relies on a combination of trademark and trade secrecy laws, confidentiality procedures and contractual provisions to protect the Company's intellectual property rights in the Company's current brand, and any additional intellectual property it may develop. The Company holds a registered trademark for the name and mark CENTR® in the European Union and the United Kingdom, is in the process of obtaining a registered trademark for the name and mark CENTR® in Canada, the United States and China, and is seeking additional registered trademark protection for the Company's brands. Failure to protect the Company's intellectual property could harm the Company's brand and the Company's reputation, and adversely affect the Company's ability to compete effectively. Further, enforcing or defending the Company's intellectual property rights, including the Company's trademarks, patents, potential patents, copyrights and trade secrets, could result in the expenditure of significant financial and managerial resources. Although the Company is pursuing the registration of the Company's trademarks in the United States and other countries, and may pursue additional registration in Canada and other international territories, there can be no assurance that the steps taken by it to protect these proprietary rights will be adequate or that third parties will not infringe or misappropriate the Company's trademarks, trade secrets (including the Company's blends and preparations) or similar proprietary rights. In addition, there can be no assurance that other parties will not assert infringement claims against the Company, and it may have to pursue litigation against other parties to assert the Company's rights. Any such claim or litigation could be costly. In addition, any event that would jeopardize the Company's proprietary rights or any claims of infringement by third parties could have a material adverse effect on the Company's ability to market or sell the Company's brands, profitably exploit the Company's unique products or recoup the Company's associated research and development costs.

Reliance on Third-Party Contract Manufacturers and Packers

The Company depends on third-parties and contract manufacturers and co-packers to produce CENTR. As a small company, the Company is at a competitive disadvantage in negotiation as to pricing and terms with larger contract providers. Competition for contract manufacturing and packers' business is tight, and this could make it more difficult for the Company to obtain new or replacement packers, or to locate back-up contract manufacturers or packers, in the Company's various distribution areas, and could also affect the economic terms of the Company's agreements with the Company's contracting parties. The failure to establish and maintain effective relationships with contract manufacturers and co-packers for a distribution area could increase the Company's manufacturing costs and thereby materially reduce profits realized from the sale of the Company's products in that area. In addition, poor relations with any of the Company's contract manufacturers or co-packers could adversely affect the amount and timing of product delivered to the Company's distributors for resale, which would in turn adversely affect the Company's revenues and financial condition. As is customary in the contract packing industry for comparably sized companies, the Company is expected to arrange for the Company's contract packing needs sufficiently in advance of anticipated requirements. To the extent demand for the Company's products exceeds available inventory and the capacities produced by contract packing arrangements, or orders are not submitted on a timely basis, the Company will be unable to fulfill distributor orders on demand. Conversely, the Company may produce more product than warranted by the actual demand for it, resulting in higher storage costs and the potential risk of inventory spoilage. The Company's failure to accurately predict and manage the Company's contract packaging requirements may impair relationships with the Company's independent distributors and key accounts, which, in turn, would likely have a material adverse effect on the Company's ability to maintain profitable relationships with those distributors and key accounts. The Company additionally relies on inventory reporting from such third parties and contract manufacturers to manage and report accurately financial results related to inventory owned by the Company. While the Company undertakes on a continual basis to monitor the activity with respect to its inventories and has employed what the Company believes to be robust practices with respect to tracking its inventories, the Company cannot entirely assure that there are no inaccuracies in the reporting provided to the Company by such third parties and contract manufacturers in what is an immature industry. The Company works diligently with its auditors with respect to the count of inventory at all locations as further provided for in the scopes of audit and review services implemented with the Company's auditors.

Competition

The industry segments in which the Company operates are highly competitive. Though the Company is attempting to create a niche, it broadly competes with a variety of foods and beverages. In the Company's niche, it competes with specialty suppliers as well as CBD, supplement and food and beverage companies. The Company will compete not only for consumer acceptance but also for shelf space in retail outlets and for marketing focus by the Company's distributors, all of which also distribute other brands. The Company's products generally compete with all non-alcoholic beverages, most of which are marketed by companies with greater financial resources than what the Company has. The Company also competes with regional specialty producers and "private label" suppliers. If, due to such pressure or other competitive threats, the Company is unable to sufficiently maintain or develop the Company's distribution channels, the Company may be unable to achieve the Company's current revenue and financial targets. As a means of maintaining and expanding the Company's distribution network, the Company intends to introduce product extensions and additional brands. There can be no assurance that the Company will be able to do so or that other companies will not be more successful in this regard over the long term. Competition, particularly from companies with greater financial and marketing resources than the Company have, could have a material adverse effect on the Company's existing markets, as well as the Company's ability to expand the market for the Company's products.

Access to Capital and Banking Services

The Company currently holds bank accounts with one Canadian bank and two U.S. banks. The Company has historically, and continues to have, access to equity financing from the prospectus exempt (private placement) markets in Canada and the United States. The Company's executive team and Board also have relationships with sources of private capital which the Company could investigate. The Company has not attempted to obtain bank financing in the U.S. and has not attempted to access the public capital markets to date. The Company anticipates that funding sources may be available pursuant to private and public offerings of equity and/or debt and bank lending. However, if equity

and/or debt financing was not available in the public capital markets in Canada or the United States, then the Company expects that it would have access to raise equity and/or debt financing privately. Commercial banks, private equity firms and venture capital firms have approached the CBD industry cautiously to date. There have been an increasing number of meaningful investments from both the private and the public capital markets in companies and projects similar to the Company's business. Although there has been an increase in the amount of financing available to companies in the CBD industry over the last several years, there is neither a broad nor deep pool of institutional capital that is available to CBD industry participants. There can be no assurance that additional financing, if raised privately or publicly, will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

Product Development

The Company intends to develop new products under its CENTR brand for the marketplace, including products that may not contain CBD. The development and launch new products depends upon a variety of factors, including product testing, obtaining raw materials and market acceptance. There can be no assurance that the Company will be successful in the development of new products or the launch of such products could be delayed.

Ability to Attract and Retain Key Employees

The Company is dependent on the continued performance of senior management. The loss of senior management could seriously harm the Company's business. The Company also depends on the Company's ability to identify, attract, hire, train, retain and motivate personnel, made more challenging by the Company's decision to be remote with respect to the Company's head office. Competition for qualified personnel is intense, and the Company may be unable to successfully attract, assimilate or retain sufficiently qualified personnel. The failure to retain and attract necessary technical, managerial, merchandising, marketing, sales and customer service personnel could negatively impact the Company's business, operating results, and financial condition.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because some of its officers and directors (and consequently, some of the officers and directors of CBDL and CENTR USA) may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Brand Name Acceptance

The Company's ability to sell the Company's products and services depends on the ready acceptance by the consuming public of a trade/brand name and logo and names and logos of the Company's products. Competitors have developed well-known trade/brand names and logos that have, and may continue to have, superior recognition in the relevant

marketplace. There can be no assurance that the Company's services and products will be well received by the consuming public and relevant markets.

Cost and Supply Control

It is critical to the Company's success that the Company develop a rapid and reliable supply of raw materials, packaging and products in order to achieve the product cost expectations and financial results management of the Company is striving to achieve. Although the Company believes that it can source all its product needs from a variety of suppliers and brokers, there can be no assurance, at this time, that production costs the Company has assumed will allow the margins to fall within the Company's forecasted range.

Limited Shelf Life

The Company holds goods in inventory and CENTR has a limited shelf life. The Company's inventory may reach its expiration date and not be sold. Although the Company manages its inventory, it may be required to write-down the value of any inventory that has reached its expiration date, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

General Economic Downturns, Labor Issues, Shortages of Products and Materials

The Company's operations are subject to the general economic conditions existing in the industry, as well as the local and federal United States economy. These risks include potential wage and price freezes; mandated health benefits; requirements and restrictions imposed by governmental authorities; changes in federal, state, or local tax laws affecting or applicable to the Company; limits on availability of skilled labor; availability of capital for future needs; consumer purchasing habits; and trends, etc. The Company may not have sufficient capitalization to survive extended work stoppages, strikes, lack of market acceptance and economic exigencies in general. Shortages of supplies necessary for products and increases in the cost of the same, as well as increased taxes, energy costs, and labour expenses, could adversely affect the Company's financial performance, unless such increases can be passed on to consumers. There is no assurance that prices of products can be adjusted to offset such increases in expenses.

NDI Objection by FDA

There is substantial uncertainty and different interpretations among U.S. state and federal regulatory agencies, legislators, academics and businesses as to whether cannabinoids were present in the food supply and marketed prior to October 15, 1994, or whether such inclusion of cannabinoids is otherwise approved by the FDA as dietary ingredients. In addition, there is substantial uncertainty and different interpretations as to whether cannabinoids are by definition an impermissible adulterant due to marijuana being a controlled substance under the CSA. The uncertainties cannot be resolved without further federal legislation, regulation or a definitive judicial interpretation of existing legislation and rules. A determination that Hemp products containing cannabinoids were not present in the food supply, marketed prior to October 15, 1994, are not otherwise permissible for use as a dietary ingredient or are adulterants would have a materially adverse effect upon the Company and its business. The Company could be required to submit an NDI notification to the FDA with respect to hemp extracts. If the FDA objects to the Company's NDI notification, this would have a material adverse effect upon the Company and its business.

FDA Interpretation of IND Preclusion

The FDA has taken the position that CBD cannot be added to food or marketed as a dietary supplement because it has been the subject of investigation as a new drug (such restrictions referred to as "**IND Preclusion**"). According to the FDA, the submission of the IND application for Epidiolex by Greenwich Biosciences, the U.S. subsidiary of London-based GW Pharmaceuticals, preceded the sales and marketing of CBD as a dietary supplement. It is the FDA's interpretation of the IND Preclusion that the preclusion date is the date in which it authorized the drug for investigation. The Company has not had direct communications with the FDA with respect to the FDA's IND Preclusion position. If the FDA were to enforce the IND Preclusion based on its interpretation of the legislation, this would materially and adversely impact the Company's business and financial condition.

FDA Enforcement Letters

The FDA continues to enforce against violations of the FD&C Act by issuing warning letters to companies marketing and selling CBD products. Notably, on both November 25, 2019 and December 22, 2020, the FDA issued warning letters to companies marketing and selling unapproved CBD products. The letters reiterate the FDA's position that CBD cannot be added to food and dietary supplements and targeted companies whose products violated the FD&C Act's prohibition against: (i) marketing CBD as or in a dietary supplement, human and animal food, or food additives; (ii) marketing a dietary supplement, human and animal food, or cosmetic with disease or drug claims (i.e., claims suggesting that a product is intended to treat, cure, or prevent disease); (iii) including a substance in human or animal food when that substance is not GRAS; and (iv) selling products that are misbranded due to their failure to include "adequate directions for use by a layperson". The FDA also issued a consumer update reaffirming its position that CBD cannot lawfully be added to a food or marketed as a dietary supplement due to existing provisions of the FD&C Act, and outlines the data and potential safety issues it is considering as part of its ongoing evaluation of potential regulatory frameworks for CBD. Notably, the FDA states that it could not conclude based on available data that CBD is "generally recognized as safe" for use in human or animal food. While this is broad and may not be applicable in all instances, it nevertheless could materially and adversely impact the Company's business and financial condition. Further, the FDA has recently stated that it will continue to police the market and enforce against CBD products. The FDA's enforcement against the unlawful sale and marketing of CBD products has to date been limited to the issuance of warning letters, but the FDA has a number of other enforcement means available to it, including civil and criminal penalties. The FDA's current prohibition on certain hemp-derived products and the associated risks of potential future regulations governing hemp-derived CBD products create a material risk for the Company's business.

Anti-Money Laundering Laws and Regulations

The Company is subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the *U.S. Currency and Foreign Transactions Reporting Act of 1970* (commonly known as the Bank Secrecy Act), as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001* (USA Patriot Act), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Criminal Code* (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In February 2014, the Financial Crimes Enforcement Network ("FCEN") of the U.S. Department of the Treasury issued a memorandum providing instructions to banks seeking to provide services to marijuana related businesses (the "FCEN Memo"). The FCEN Memo states that in some circumstances, it may not be appropriate to prosecute banks that provide services to marijuana-related businesses for violations of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on Cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FCEN Memo. Under U.S. federal law, banks or other financial institutions that provide a Cannabis-related business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

On December 3, 2019, the Federal Reserve Board, Federal Deposit Insurance Corporation, FCEN, and Office of the Comptroller of the Currency in consultation with the Conference of State Bank Supervisors, issued a statement to provide clarity regarding the legal status of commercial growth and production of hemp and relevant requirements for banks under the Bank Secrecy Act. The statement emphasized that banks were no longer required to file suspicious activity reports for customers solely because they are engaged in the growth or cultivation of hemp in accordance with applicable laws and regulations. Regulatory uncertainty in respect of the laws, rules, regulations and directives facing banks which provide services to CBD and cannabis industry participants, if revised or resolved unfavorably to the Company's interest, may materially and adversely affect the business of the Company.

If any of the Company's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States or Canada were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the

Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada or other countries. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Banking

Since the production and possession of cannabis is currently illegal under U.S. federal law and the Company relies on exemptions promulgated pursuant to the 2014 and the 2018 Farm Bill, it is possible that banks may refuse to open bank accounts for the deposit of funds from businesses involved with the cannabis industry. The inability to open and/or maintain bank accounts with certain institutions could materially and adversely affect the business of the Company. On December 3, 2019, the Federal Reserve Board, Federal Deposit Insurance Corporation, FCEN, and the Office of the Comptroller of the Currency in consultation with the Conference of State Bank Supervisors, issued a statement to provide clarity regarding the legal status of commercial growth and production of hemp and relevant requirements for banks under the Bank Secrecy Act. The statement emphasized that banks were no longer required to file suspicious activity reports for customers solely because they are engaged in the growth or cultivation of hemp in accordance with applicable laws and regulations. Regulatory uncertainty in respect of the laws, rules, regulations and directives facing banks which provide services to CBD and Cannabis industry participants, if revised or resolved unfavorably to the Company's interest, may materially and adversely affect the business of the Company.

Litigation

The Company may from time to time become party to litigation in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company is, or becomes, involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Common Shares and could use significant resources. Even if the Company is involved in litigation and wins, such litigation could redirect significant Company resources. Litigation may also create a negative perception of the Company's brand.

Product Liability Claims

Although the Company has product liability insurance in amounts the Company believes are adequate, the Company's coverage may prove to be insufficient to cover any or all product liability claims. To the extent the Company's product liability coverage is insufficient; a product liability claim would likely have a material adverse affect upon the Company's financial condition. In addition, any product liability claim successfully brought against the Company may materially damage the reputation of the Company's products, thus adversely affecting the Company's ability to continue to market and sell CENTR.

Product Recalls

The Company sources ingredients from a variety of suppliers, and although the Company has procedures to maintain quality assurance, defective or contaminated ingredients in the Company's products or defects in the Company's product packaging may require it to institute a costly and potentially damaging product recall. The Company's general liability insurance does not cover the costs of product recalls.

Adverse Publicity or Claims

Recent incidents involving other product and service providers have indicated that the risks due to adverse publicity (as in the case of tainted products) or claims for improper packaging or labeling may impact the ability to maintain the Company's community and shareholder profile and image. Any illness or injury or rumor of illness or injury related to the Company's products or employees may cause negative publicity that may have a material adverse effect on the Company and the value of the Company's securities. Claims arising from injury could require significant attention and resources and divert management from efforts to operate and expand the business of the Company. Moreover, although currently unpredictable, negative publicity concerning other activities or incidents in connection

with the Company's operations or employees could have a material adverse impact on the Company and the value of the Company's securities.

Personal and Confidential Information

The Company collects, processes, maintains and uses data, including sensitive information on individuals, available to the Company through online activities and other customer interactions with its business. The Company's current and future marketing programs may depend on its ability to collect, maintain and use this information, and its ability to do so is subject to evolving international, U.S. and Canadian laws and enforcement trends. The Company strives to comply with all applicable laws and other legal obligations relating to privacy, data protection and customer protection, including those relating to the use of data for marketing purposes. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another, conflict with other rules, conflict with the Company's practices or fail to be observed by its employees or business partners. If so, the Company may suffer damage to its reputation and be subject to proceedings or actions against it by governmental entities or others. Any such proceeding or action could hurt the Company's reputation, force it to spend significant amounts to defend its practices, distract its management or otherwise have an adverse effect on its business.

Certain of the Company's marketing practices rely upon e-mail, social media and other means of digital communication to communicate with consumers on its behalf. The Company may face risk if its use of e-mail, social media or other means of digital communication is found to violate applicable laws. The Company posts its privacy policy and practices concerning the use and disclosure of user data on its websites. Any failure by the Company to comply with its posted privacy policy or other privacy-related laws and regulations could result in proceedings which could potentially harm its business. In addition, as data privacy and marketing laws change, the Company may incur additional costs to ensure it remains in compliance. If applicable data privacy and marketing laws become more restrictive at the international, federal, provincial or state levels, the Company's compliance costs may increase, its ability to effectively engage customers via personalized marketing may decrease, its investment in its e-commerce platform may not be fully realized, its opportunities for growth may be curtailed by its compliance burden and its potential reputational harm or liability for security breaches may increase.

Information Technology Systems and Data Security

The Company's operations depend, in part, on how well it and its third party service providers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Recently, data security breaches suffered by well-known companies and institutions have attracted a substantial amount of media attention, prompting new foreign, federal, provincial and state laws and legislative proposals addressing data privacy and security. As a result, the Company may become subject to more extensive requirements to protect the customer information that it processes in connection with the purchase of its products, resulting in increased compliance costs.

The Company's online activities also may be subject to denial of service or other forms of cyber-attacks. While the Company has taken measures to protect against those types of attacks, those measures may not adequately protect its online activities from such attacks. If a denial of service attack or other cyber event were to affect its e-commerce sites or other information technology systems, its business could be disrupted, it may lose sales or valuable data, and its reputation may be adversely affected. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the

Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Currency Fluctuations

The Company's revenues and expenses are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the Company's business, financial condition and operating results. The Company may, in the future, establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, there can be no assurance that it will effectively mitigate currency risks.

COVID-19 Outbreak

The Company faces various risks related to health epidemics, pandemics and similar outbreaks, which may have material adverse effects on its business, financial position, results of operations and/or cash flows. In December 2019, COVID-19 surfaced in Wuhan, China. The World Health Organization declared a global emergency on January 30, 2020 with respect to the outbreak then characterized it as a pandemic on March 11, 2020. The outbreak spread throughout Europe, the Middle East, South America, Canada and the United States, causing companies and various international jurisdictions to impose restrictions, such as quarantines, closures, cancellations and travel restrictions. The COVID-19 pandemic continues to present a source of economic uncertainty to the Company. These uncertain economic conditions may adversely impact operations and the financial performance of the Company and its customers, negatively impact demand for the Company's products or the equity markets, which could adversely affect the Company's financial performance. Operationally, CENTR Brands has implemented technology and procedures that enable the majority of its employees to work remotely with minimal disruption to the Company's operations. The Company has good relations with its suppliers and is in regular contact with them and to date, has not experienced any meaningful disruptions in its supply chain that have negatively impacted the Company's ability to meet its demand and fulfill its distributors orders.

The impacts of the outbreak remain unknown and rapidly evolving. The duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate the extent of this outbreak or the financial impact it may have. At this point, the extent to which the coronavirus may impact the Company's results remains uncertain, however, it is possible that the Company's financial results may be negatively impacted by this event.

The Company cautions that it is impossible to fully anticipate or quantify the effect and ultimate impact of the COVID-19 pandemic as the situation is rapidly evolving. The extent to which COVID-19 impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of COVID-19 and the actions taken by governments to contain it or treat its impact. These may include shelter in place directives, which, if extended, may impact the economies in which the Company now, or may in the future, operate, key markets into which the Company sells and markets through which the Company's key suppliers source their products.

Heightened Scrutiny of Cannabis and CBD Companies

The Company's existing operations in the United States, and any future operations, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in the United States and Canada. Given the heightened risk profile associated with cannabis and CBD in the United States, CDS may implement procedures or protocols that would prohibit or significantly impair the ability of CDS to settle trades for companies that have cannabis businesses or assets in the United States.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("TMX MOU")

with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The TMX MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The TMX MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no assurances given that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of the Common Shares to settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange.

Forecasting Difficulties

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the CBD industry. A failure in the demand for the Company's products to materialize as a result of competition or other factors could have a material adverse effect on the business, results of operations, financial condition or prospects of the Company. Reliable data on CBD industry is not available. As a result of recent and ongoing regulatory and policy changes in the CBD industry, the market data available is limited and unreliable. United States federal and state laws prevent widespread participation and hinder market research. Therefore, market research and projections by the Company of estimated total retail sales, demographics, demand, and similar consumer research, are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of the Company's management team as of the date of this AIF.

Future Acquisitions or Dispositions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) the Company may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increased scope and complexity of the Company's operations; and (vi) loss or reduction of control over certain of the Company's assets. Additionally, the Company may issue additional Common Shares in connection with such transactions, which would dilute a shareholder's holdings in the Company. The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Company. A strategic transaction may result in a significant change in the nature of the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

Intellectual Property Risks

As long as cannabis remains illegal under United States federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a US business, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the CBD industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

Restricted Share Unit / Stock Options Plans

The Company has approved both a Restricted Stock Unit (RSU) and Stock Option Plan for the incentivization of employees, directors, contractors, and third parties. The terms of both plans allow for a combined maximum pool of 10% of the then-issued and outstanding Common Shares of the Company. To date, the Board of Directors of the Company have made achieving a \$4 share price the share issuance trigger for over 80% of such RSUs.

Increased Costs as a Result of Being a Public Company

As a public issuer, the Company is subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Company's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Company's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business, financial condition, and results of operations.

INTERESTS OF EXPERTS

The following persons or companies are named as having prepared or certified a report, valuation, statement or opinion in this Prospectus, either directly or in a document incorporated herein by reference, and whose profession or business gives authority to the report, valuation, statement or opinion made by the expert.

KPMG LLP is the auditor of the Company and has confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Common Shares is TSX Trust Company at its office in Toronto, Ontario.

MATERIAL CONTRACTS

Except for certain contracts entered into in the ordinary course business of the Company, there are no contracts entered into by the Company on or after January 1, 2020 (or prior to January 1, 2020 if still in effect) that are material to the Company.

Copies of any material contracts are available on the Company's SEDAR profile at www.sedar.com.

PROMOTERS

Joseph Meehan and Paul Meehan may each be considered a "promoter" of the Company within the meaning of applicable Canadian securities laws (each, a "**Promoter**"). Joseph Meehan currently owns, or exercises control or direction over, 6,841,445 Common Shares. Paul Meehan currently owns, or exercises control or direction over, 10,796,383 Common Shares. In addition, Joseph Meehan receives compensation from the Company for his services as Chief Executive Officer of the Company and has been granted RSUs pursuant to the RSU Plan of the Company. The statement as to the number of Common Shares beneficially owned, or over which a Promoter exercises control or direction, directly or indirectly, not being within the knowledge of the Company, has been obtained from the System for Electronic Disclosure by Insiders (SEDI).

No Promoter of the Company is, as at the date of this Prospectus, or has been within 10 years prior to the date of this Prospectus, a director, chief executive officer, or chief financial officer of any person or company, that:

- (a) was subject to an order that was issued while the Promoter was acting in such capacity; or
- (b) was subject to an order that was issued after the Promoter ceased to act in such capacity and which resulted from an event that occurred while the Promoter was acting in such capacity.

No Promoter of the Company is, as at the date of this Prospectus, or has been within the 10 years prior to the date of this Prospectus, a director or executive officer of any person or company that, while the Promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No Promoter of the Company has, within the 10 years prior to the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Promoter.

LEGAL MATTERS

Unless otherwise specified in a Prospectus Supplement relating to any Securities offered, certain legal matters in connection with the offering of Securities will be passed upon on behalf of CENTR Brands by DLA Piper (Canada) LLP. In addition, certain legal matters in connection with any offering of Securities will be passed upon for any underwriters, dealers or agents by counsel to be designated at the time of the offering by such underwriters, dealers or agents, as the case may be.

AGENT FOR SERVICE OF PROCESS

David Young, the Chief Financial Officer of the Company, resides outside of Canada and has appointed DLA Piper (Canada) LLP, Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7, as agent for service of process.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may only be exercised within two business days after receipt or deemed receipt of a prospectus or a prospectus supplement relating to the securities purchased by a purchaser and any amendments thereto. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus or a prospectus supplement relating to the securities purchased by a purchaser and any amendments thereto contain a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. However, purchasers of Securities distributed under an at-the-market distribution by the Company do not have the right to withdraw from an agreement to purchase the Securities and do not have remedies of rescission or, in some jurisdictions, revisions of the price, or damages for non-delivery of the Prospectus, Prospectus Supplement, and any amendment relating to the Securities purchased by such purchaser because the Prospectus, Prospectus Supplement, and any amendment relating to the Securities purchased by such purchaser will not be sent or delivered, as permitted under Part 9 of NI 44-102. A purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

In addition, original purchasers of convertible, exchangeable or exercisable Securities (unless the Securities are reasonably regarded by the Company as incidental to the applicable offering as a whole) will have a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of the convertible, exchangeable or exercisable Security. The contractual right of rescission will be further described in any applicable Prospectus Supplement, but will, in general, entitle such original purchasers to receive the amount paid for the applicable convertible, exchangeable or exercisable Security (and any additional amount paid upon conversion, exchange or exercise) upon surrender of the underlying securities acquired thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable Security under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable security under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers under section 130 of the *Securities Act* (Ontario) or otherwise

at law. Any remedies under securities legislation that a purchaser of Securities distributed under an at-the-market distribution by the Company may have against the Company or its agents for rescission or, in some jurisdictions, revisions of the price, or damages if the Prospectus, Prospectus Supplement, and any amendment relating to the Securities purchased by a purchaser containing a misrepresentation will remain unaffected by the nondelivery of the Prospectus referred to above.

In an offering of convertible, exchangeable or exercisable Subscription Receipts, Warrants or convertible, exchangeable or exercisable Debt Securities (or Units comprised partly thereof), investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the prospectus is limited, in certain provincial and territorial securities legislation, to the price at which convertible, exchangeable or exercisable Subscription Receipts, Warrants or convertible, exchangeable or exercisable Debt Securities (or Units comprised partly thereof) are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces and territories, if the purchaser pays additional amounts upon the conversion, exchange or exercise of the Security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces or territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of this right of action for damages or consult with a legal advisor.

CERTIFICATE OF THE COMPANY

January 26, 2022

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces and territories of Canada.

(signed) “*Joseph Meehan*”

Joseph Meehan
Chief Executive Officer

(signed) “*David Young*”

David Young
Chief Financial Officer

On behalf of the Board of Directors:

(signed) “*Arjan Chima*”

Arjan Chima
Director

(signed) “*Anton Drescher*”

Anton Drescher
Director

CERTIFICATE OF THE PROMOTERS

January 26, 2022

This short form base shelf prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

(signed) “*Joseph Meehan*”

Joseph Meehan

(signed) “*Paul Meehan*”

Paul Meehan