CENTR

CENTR BRANDS CORP.
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April 26, 2022

MANAGEMENT DISCUSSION & ANALYSIS

This Management's Discussion & Analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements of CENTR Brands Corp. (the "Company") for the nine months ended February 28, 2022 and 2021 and related notes, which have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting ("IAS34") of International Financial Reporting Standards ("IFRS"). All amounts in the financial statements and this MD&A are expressed in United States dollars, unless otherwise indicated.

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

FORWARD LOOKING INFORMATION

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management of the Company as well as assumptions made by and information currently available to the Company. When used in this document, the words "*anticipate*", "*believe*", "*estimate*", "*expect*" and similar expressions, as they relate to the Company or management of the Company, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, and the estimated cost and availability of funding for the continued development of the Company's beverages. These statements speak only as at the date they are made and are based on information currently available and on the then-current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: the performance of the Company's business and operations; the intention to grow the business and operations of the Company; applicable laws, regulations and any amendments thereof; the competitive and business strategies of the Company; the general economic, financial market, regulatory and political conditions in which the Company operates; risks associated with economic conditions, dependence on management; and other risks described in this MD&A and described from time to time in documents filed by the Company with Canadian securities regulatory authorities. Many factors could cause the actual results, performance or the Company's achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including, but not limited to, expectations and assumptions concerning the success of the operations of the Company. Although the Company believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to the risks described above and other factors beyond the Company's control. Consequently, all forward-looking statements made in this MD&A are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this MD&A should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on its behalf may issue. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.

Overview

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

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

The Company's first products, called "CENTR" and "CENTR Sugar Free" (collectively, "CENTR"), are sparkling, low-calorie, CBD beverages that the Company manufactures and sells in the United States. The Company expects to launch further projects over the course of the next year. The Company is led by Chief Executive Officer and Director Joseph Meehan, with Arjan Chima as President and Director, David Young as CFO and Director, and Anton Drescher, Campbell Becher and Joseph Elmlinger as fellow Directors.

Overall Performance

As of today's date, the Company continues its marketing of CENTR in the U.S. The Company's sale activities are supported by CENTR's sales professionals throughout key markets in the U.S. in conjunction with the expansive sales staff and support of CENTR's national distribution partner, Southern Glazer's Wine & Spirits. The Company expects to continue in the growth of both existing products and new innovations coming through its pipeline in future periods. In addition, the Company anticipates continuing to activate new markets and continuing to grow its national footprint.

As of April 23, 2021, the Company entered into a U.S. distribution agreement with Southern Glazer's Wine & Spirits ("SGWS"), the world's preeminent distributor of beverage alcohol. The Company expects overall sales performance, with respect to its CBD functional beverages and Instant ready-to-drink powders, in the next year to continue to be strongly correlated to growth in U.S. distribution and clarification of a national regulatory structure for CBD-infused beverages in the U.S. As of today's date, the U.S. Food & Drug Administration (the "FDA") continues to evaluate the regulatory frameworks that apply to CBD-related products, including those that are intended for non-drug uses. The FDA has been clear in its public guidance that there is a need for further study and high quality, scientific information about the safety and potential uses of CBD.

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

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

While we are beginning to see restrictions relating to COVID-19 ease up across many markets, we are still unable to fully estimate the long-term impact of COVID-19 on our business, financial condition, results of operations, and/or cash flows. We expect COVID-19 to negatively affect our results of operations, as we expect the effects of the COVID-19 outbreak to continue past calendar year 2022, even if restrictive COVID policies continue to ease across certain markets. We believe we have sufficient liquidity available from cash on hand and our ability to raise cash as required to continue operations.

Discussion of Operations

The Company's initial beverage product, CENTR, commenced sales in fiscal Q1 2020 (August 2019). The Company released CENTR Sugar Free in January 2021. The Company has both focused on and used the proceeds of the financings that it has completed to date for (i) the continued development and marketing of the CENTR brand, (ii) innovating new products under the CENTR brand, (iii) support of its sales team in the U.S., (iv) continued introduction of the CENTR brand to potential retail sales partners in the U.S., and (v) further production of CENTR products.

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

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

Description	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Sales	206,583	298,799	920,116	33,965
Net income (loss) and comprehensive income (loss) for the period [(1) (2) (3) (4)]	(1,058,728)	834,512	303,590	(11,946,914)
Basic income (loss) per share	(0.01)	0.01	0.00	(0.19)
Diluted income (loss) per share	(0.01)	0.01	0.00	(0.19)

(1) Q3 2022's net loss and comprehensive loss for the period includes non-cash gains of $447,505 for the revaluation of warrants as a liability of accounting purposes.
(2) Q2 2022's net income and comprehensive income for the period includes non-cash gains of $2,320,419 for the revaluation of warrants as a liability for accounting purposes.
(3) Q1 2022's net income and comprehensive income for the period includes non-cash gains of $1,325,781 for the revaluation of warrants as a liability for accounting purposes.
(4) Q4 2021's net loss and comprehensive loss for the period includes non-cash losses of $8,014,811 for the revaluation of warrants as a liability for accounting purposes and $1,917,361 for the vesting of restricted share units.

Description	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Sales	277,323	317,845	133,414	180,673
Net loss and comprehensive loss for the period	(787,736)	(752,354)	(770,035)	(764,501)
Basic loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)

Results of Operations *(expressed in US dollars)*

For the three-month period ended February 28, 2022 (Q3 2022)

The Company produced a net loss and comprehensive loss in Q3 2022 of $1,058,728, versus a loss of $787,736 in Q3 2021.

Revenue

Net sales in Q3 2022 were $206,583, versus $277,323 in Q3 2021. The decrease in sales was primarily driven by a slowdown in economic activity, and to a lesser extent supply chain disruptions, driven by the COVID Delta and Omicron variants. While revenues during the quarter were slower due to these non-recurring events, the Company continued to increase its total retail locations during the quarter, which Management believes is the long-term driver of growth.

Expenses

General and administrative

General and administrative expenses for Q3 2022 were $1,425,323, versus $722,408 in Q3 2021 and significant amounts included the following:

Salaries and payroll of $1,084,480, versus $438,939 in Q3 2021. This increase was driven, in part, by the addition of sale professionals, both in current markets where CENTR has identified an ability to significantly increase overall market penetration and retail account additions, as well as to accommodate new markets across a larger geographic footprint.

Other SG&A expenses of $176,757, versus $152,080 in Q3 2021. The increase in other SG&A was primarily driven by increased investment in existing markets where the Company believes there is significant growth potential as well as the overall expansion into more markets over a wider geographic footprint.

Professional Fees were $132,043, versus $123,708 in Q3 2021.

Marketing

Marketing expenses for Q3 2022 were $76,627, versus $57,006 in Q3 2021. Increases in these expenses corresponded to the Company's increased national sales coverage, new product launches including the launch of CENTR Instant, and related samples and point of sale promotional investments.

Share-based compensation

Share-based compensation recognized in Q3 2022 was $82,076, versus $132,792 in Q3 2021.

Other income

In Q3 2022, warrants issued to private placement investors were revalued for accounting purposes which resulted in a non-cash gain of $447,505.

For the nine-month period ended February 28, 2022

For the nine-month period ended February 28, 2022, the Company produced a net income and comprehensive income of $79,374, versus a loss of $2,310,125 for the same nine-month period ending in 2021.

Revenue

Net sales for the nine-month period ended February 28, 2022 were $1,425,498, versus $728,582 in 2021. CENTR's growth was largely driven by an increase in new accounts across the Company's expanding geographic footprint. The addition of CENTR's national distributor continues to contribute positively to the Company's overall growth; however, certain traveling limitations relating to COVID somewhat tempered what we believe will be a much more significant impact in future periods.

Expenses

General and administrative

General and administrative expenses for the nine-month period ended February 28, 2022 was $4,090,063, versus $2,110,621 in 2021 and significant amounts included the following:

Salaries and payroll of $2,967,655, versus $1,348,146 in 2021. This increase was driven primarily by the increase of in-house sales professionals. The Company's sales staff has grown, in part, to provide coverage to its expanding geographic footprint and, in part, to add selling resources in existing markets where growth trends are most significant. These in-house sale professionals continue to support the activities of the thousands of outside sales professionals that work for the national distribution partner.

Other SG&A expenses of $605,057, versus $387,980 in 2021. The increase in other SG&A was primarily driven by increased investment in existing markets where the Company believes there is significant growth potential as well as the overall expansion into more markets over a wider geographic footprint.

Professional Fees were $449,297, versus $352,426 in 2021.

Marketing

Marketing expenses for the nine-month period ended February 28, 2022 were $239,283, versus $193,180 in 2021. Increases in these expenses corresponded to the Company's increased national sales coverage, new market activations with its national distribution partner SGWS, new product launches including the launch of CENTR Instant, and related samples and point of sale promotional investments.

Share-based compensation

Share-based compensation recognized in the nine-month period ended February 28, 2022 was $317,563, versus $324,388 in 2021.

Other income

For the nine-month period ended February 28, 2022, warrants issued to private placement investors were revalued for accounting purposes which resulted in non-cash a gain of $4,093,704.

Liquidity and Capital Resources *(expressed in US dollars)*

As of February 28, 2022, the Company had a cash position of $1,077,322.

Working capital as of February 28, 2022 was $1,846,914. The Company's future growth expectations will require further investments in working capital (e.g., production runs), marketing and promotional activities, and investments in sales professionals to support high-growth regions as well as the activation of new markets. The Company has limited capital resources and may also rely upon the funds generated through the issuance of equity and/or debt securities to fund its operating expenses, working capital requirements, investments in new products and distribution channels, and any other strategic growth investments the Company may consider. To ensure the Company has the necessary capital to fund operations, growth and new product development activities, the Company has to-date raised money in the private placement market. The Company previously closed a private placement in Q2 2022 and raised $1,192,002 CAD in units consisting of common shares and share purchase warrants. In Q1 2022, additional private placements raised $4,711,278 CAD in units consisting of common shares and share purchase warrants. Subsequent to the end of Q3 2022, the Company completed a private placement and raised $4,554,644 CAD in units consisting of common shares and share purchase warrants.

Transactions with Related Parties *(expressed in US dollars)*

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

The Company entered into certain transactions with key management personnel during the nine months ended February 28, 2022, and 2021 as follows:

	Nine months ended February 28, 2022	Nine months ended February 28, 2021
Salaries and benefits	$ 337,500	$ 181,188
Share-based payments	318,532	303,535
Consulting fees	259,061	166,083
	$ 915,093	$ 650,806

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

	Nine months ended February 28, 2022	Nine months ended February 28, 2021
Consulting fees		
Harbour Pacific Capital Corporation (1)	$ -	$ 15,511
Meehan Ideas (2020) Inc. (2)	53,671	42,655
Other fees		
Meehan Family Investments Inc. (3)	55,825	-
Meehan Ideas (2020) Inc. (2)	45,521	10,001
MPM&L Joint Venture (4)	4,614	13,419
	$ 159,631	$ 81,586

(1) Harbour Pacific Capital Corporation is a company controlled by Anton J. Drescher, a director of the Company
(2) Meehan Ideas (2020) Inc. is a company controlled by Paul F. Meehan, a former director of the Company
(3) Meehan Family Investments Inc. is a company controlled by Paul F. Meehan, a former director of the Company
(4) MPM&L Joint Venture is a company controlled by Paul F. Meehan, a former director of the Company

As of February 28, 2022, $545,694 was included in due to related parties for consulting services, bonus payments and other overhead costs and in the ordinary course of business.

Financial Instruments

Fair Value of Financial Instruments

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

Fair Value Hierarchy

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

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

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The fair value of cash, accounts receivable, warrants liability, accounts payable and accrued liabilities, due to related parties and loans payable are measured using a level 2 technique.

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

Credit Risk

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

Currency Risk

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

Interest Rate Risk

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

Liquidity Risk

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

Directors and Officers

The Company's Board of Directors are as follows:

Joseph E. Meehan
Arjan J. Chima
Anton J. Drescher
David T. Young
Robert W. C. Becher
Joseph P. Elmlinger

The Company's officers are as follows:

Joseph E. Meehan	*Chief Executive Officer*
Arjan J. Chima	*President*
David T. Young	*Chief Financial Officer*

Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As of April 26, 2022, 93,832,055 common shares were issued and outstanding.

Shares Issued from Private Placements

On July 22, 2021, the Company issued 2,054,168 units of the Company, which consisted of one common share and one common share purchase warrant, in a private placement for gross proceeds of $3,081,252 CAD. Each warrant entitles the holder thereof to acquire one common share at the price of $1.75 CAD for a period of three years from closing. Finders' fees totalling $184,875 CAD were paid in cash and 123,250 broker warrants were issued in connection with the financing. Each broker warrant entitles the holder thereof to acquire one common share at the price of $1.75 CAD over a period of 12 months from the closing date.

On August 6, 2021, the Company issued 1,086,684 units of the Company, which consisted of one common share and one common share purchase warrant, in a private placement for gross proceeds of $1,630,026 CAD. Each warrant entitles the holder thereof to acquire one common share at the price of $1.75 CAD for a period of three years from closing. Finders' fees totalling $26,800 CAD were paid in cash and 15,200 broker warrants were issued in connection with the financing. Each broker warrant entitles the holder thereof to acquire one common share at the price of $1.75 CAD over a period of 12 months from the closing date.

On September 10, 2021, the Company issued 794,668 units of the Company, which consisted of one common share and one common share purchase warrant, in a private placement for gross proceeds of $1,192,002 CAD. Each warrant entitles the holder thereof to acquire one common share at the price of $1.75 CAD for a period of three years from closing. Finders' fees totalling $36,522 CAD were paid in cash and 24,348 broker warrants were issued in connection with the financing. Each broker warrant entitles the holder thereof to acquire one common share at the price of $1.75 CAD over a period of 12 months from the closing date.

On April 13 & 14, 2022, the Company issued 7,007,144 units of the Company, which consisted of one common share and one common share purchase warrant, in a private placement for gross proceeds of $4,554,644 CAD. Each warrant entitles the holder thereof to acquire one common share at the price of $1.00 CAD for a period of three years from closing. Finders' fees totalling $168,375 CAD were paid in cash and 259,038 broker warrants were issued in connection with the financing. Each broker warrant entitles the holder thereof to acquire one common share at the price of $1.00 CAD over a period of 12 months from the closing date.

Shares Issued on Vesting of Restricted Share Units

During the nine months ended February 28, 2022, the Company issued 5,200,000 common shares on vesting of restricted share units. 4,750,000 common shares were issued to executive officers of the Company.

Shares Issued on Exercise of Warrants

During the nine months ended February 28, 2022, the Company issued 603,347 common shares pursuant to the exercise of warrants for gross proceeds of $362,008 CAD.

Outstanding Balances

As of April 26, 2022, 1,880,000 restricted share units were outstanding with expiry dates of February 2025 to February 2026.

As of April 26, 2022, 200,000 options were outstanding at an exercise price of $0.41 CAD with an expiry date of November 2023.

As of April 26, 2022, 15,763,212 share purchase warrants were outstanding at exercise prices of $0.60 CAD to $1.75 CAD with expiry dates of November 2021 to April 2025.

Changes in Accounting Policies

New Accounting Standards Adopted

On June 1, 2020, the Company adopted amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, which were issued on October 31, 2018 and effective as of January 1, 2020. The amendments refined its definition of material and removed the definition of material omissions or misstatements from IAS 8. The definition of material has been aligned across IFRS Standards and the Framework. The amendments provide a definition and explanatory paragraphs in one place. Pursuant to the amendments, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The adoption of these amendments has no material impact to the consolidated financial statements of the Company.