**CBD Global Sciences Inc.**
**Management Discussion and Analysis**
**For the nine months ended September 30, 2021 and 2020**
**(expressed in United States Dollars)**

**November 29, 2021**

The following discussion and analysis of the Company's financial condition and results of operations for the nine months ended September 30, 2021 should be read in conjunction with the condensed interim consolidated financial statements and related notes. The requisite financial data presented for the relevant periods has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", following the same accounting principles and methods of computation as outlined in the Company's consolidated financial statements for the year ended December 31, 2020.

CBD Global Sciences Inc. is classified as a "venture issuer" for the purposes of National Instrument 51-102.

# Forward-looking statements

Certain statements in this Management Discussion and Analysis ("MD&A") are forward-looking statements which reflect management's expectations regarding future growth, results of operations, performance, business prospects and opportunities, the Company's ability to meet financial commitments and its ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. These assumptions, which include management's current expectations, the global economic environment, and the Company's ability to manage its operating costs, may prove to be incorrect.

A number of risks and uncertainties could cause actual results to differ materially from those expressed or implied by the forward-looking statements, including but not limited to:

- the Company has a limited history of operations and has incurred losses since inception;
- there is no certainty that the Company will continue as a going concern;
- the Company may not be able to service its debt or meet other cash requirements;
- the need for additional financing;
- the acquisition of Resinosa, LLC involves the integration of companies that previously operated independently and the integration of the businesses may result in unanticipated operational challenges and/or interruptions, expenses and liabilities;
- the outcome of ongoing bankruptcy proceedings and the resulting impact upon ongoing business relationships are uncertain;
- Federal laws concerning cannabis currently conflict with state laws in states that have legalized cannabis or possession of cannabis;
- State cannabis laws are not uniform from state to state and can, and do, change constantly;

- there remain several considerations and uncertainties regarding the cultivation, sourcing, production and distribution of Industrial Hemp and products containing hemp derivatives, and applicable laws remain subject to change as there are different interpretations among federal, state and local regulatory agencies;
- significant economic disruptions caused by global health risks (such as COVID-19);
- changes in product costs and supply channels, including disruption of the Company's supply chain resulting from COVID-19;
- heightened competition, whether from current competitors or new entrants, to the marketplace;
- failure to realize anticipated results, including revenue growth, anticipated cost savings or operating efficiencies associated with the Company's major initiatives;
- claims by others that the Company has infringed upon intellectual property rights that could increase the Company's expenses and delay the development of the Company's business;
- the Company's operations are subject to environmental regulation, including the maintenance of air and water quality standards and land reclamation; and
- the Company relies heavily on key personnel and advisors.

Refer to the Company's Final Prospectus dated October 17, 2019 for a comprehensive discussion of the Company's risk factors.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time. The reader should not place undue reliance on any forward-looking statements included herein. There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

# Nature of business

CBD Global Sciences Inc. (the "Company") is in the business of producing and selling industrial hemp derived cannabidiol ("CBD") infused consumable and topical products, including but not limited to CBD oil tincture drops, CBD hydration beverages, and CBD topicals.

The Company markets and sells its own brand of CBD oil and byproducts under the Aethics and CannaOil brands (collectively "Products"). More information about the Aethics brand can be found at https://aethics.com/. The Company plans to continue to expand its range of CBD oil and byproducts; refer to "Outlook" below. The Company, through its wholly owned subsidiaries, delivers CBD products both in retail and e-commerce formats nationwide.

All Industrial Hemp produced and sold by the Company constitutes Industrial Hemp under the 2018 and 2014 Farm Bills, as well as the laws of the states in which it produces and sells such Industrial Hemp and its Products.

The Products will be legal as a matter of federal law because they will constitute hemp as defined in the Agriculture Improvement Act of 2018 ("2018 Farm Bill"). As a result, the Products may be legally shipped and transported in interstate commerce as a matter of federal law. The Products will be legal as a matter of the laws of Colorado for the same reason and may be legally offered for retail sale in Colorado.

It is noted, however, that topical and ingestible products containing CBD fall within the regulatory jurisdiction of the U.S. Food and Drug Administration ("FDA") under the federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 *et seq.)* ("Food and Drug Act"). Accordingly, because they will contain CBD, certain of the Products, including the Company's nutraceuticals and food and body care Products, may be subject to enhanced scrutiny or enforcement action by FDA.

Refer to the Company's Final Prospectus dated October 17, 2019 for a comprehensive discussion of the Company's regulatory environment in the United States with respect to hemp and CBD.

## Outlook

During the nine months ended September 30, 2021, two of the Company's subsidiaries, Global NV Corp. ("Global NV") and Strasburg Pharms, LLC ("Strasburg"), filed for protection under the Bankruptcy Code as a result of claims against Global NV by a former landlord during the year ended December 31, 2020. Prior to filing for bankruptcy, the Company's position was to defend these claims; however the landlord became an aggressive creditor. In connection with the bankruptcy, a trustee has been appointed to liquidate assets and discharge the outstanding liabilities of Global NV and Strasburg Pharms LLC. This liquidation process is ongoing.

Once the bankruptcy proceedings converted to Chapter 7 of the Bankruptcy Code and the court appointed trustee obtained control of Global NV and Strasburg, the Company lost control of the entities. Global NV, Strasburg, SMBT, LLC, CannaOil, Inc., and Global Sciences IP, LLC have been deconsolidated from the condensed interim consolidated financial statements for the period ended September 30, 2021. During the nine months ended September 30, 2021, the Company recorded a gain on deconsolidation of $3,971,600 representing the net liabilities of subsidiaries of which the Company lost control.

The bankruptcy process will potentially allow the Company to implement operational and commercial plans to re-position the Company for future growth. These plans include the incorporation of the following wholly-owned subsidiaries during fiscal 2021: Global Sciences Holdings Inc., Dog Unleashed CBD, LLC, Legacy Distribution Group LLC, and Energy Unleashed LLC. Through these new subsidiaries, the Company is expanding its distribution and adding new CBD and non-CBD products to enhance diversity of product offerings. Subsequent to the period ended September 30, 2021, the Company added a manufacturing division with the acquisition of Resinosa, LLC, a vertically integrated company located in Silver Cliff, Colorado with expertise in hemp genetics, cloning, farming, harvesting, processing and manufacturing of finished products. Refer to "Subsequent Events" for additional details of the acquisition.

In conjunction with the bankruptcy liquidation process, the Company purchased certain assets of Aethics and CannaOil from the courts securing brand names, trademarks, websites and all product lines and formulations.

## Summary of Quarterly Results

Historical quarterly results of operations and loss per share data do not reflect any recurring expenditure patterns or predictable trends. The Company's expenditures are driven by availability of financing to fund continued operations.

The table below sets forth selected results of operations for the Company's eight most recently completed quarters. All figures are in accordance with IFRS.

| Period ending | Quarter | Sales ($) | Income (loss) ($) | Income (loss) per share ($) |
|---|---|---|---|---|
| September 30, 2021 | Q3 | 38,361 | 3,403,412 | Basic and diluted: 0.10 |
| June 30, 2021 | Q2 | 40,378 | (669,200) | Basic and diluted: (0.02) |
| March 31, 2021 | Q1 | 15,385 | (1,231,263) | Basic and diluted: (0.04) |
| December 31, 2020 | Q4 | (157,114) | (5,157,358) | Basic and diluted: (0.15) |
| September 30, 2020 | Q3 | 17,870 | (1,775,696) | Basic and diluted: (0.06) |
| June 30, 2020 | Q2 | 296,550 | (1,292,813) | Basic and diluted: (0.04) |
| March 31, 2020 | Q1 | 148,094 | (701,835) | Basic and diluted: (0.02) |
| December 31, 2019 | Q4 | (2,588,021) | (11,165,327) | Basic and diluted: (0.74) |

*Sales*

The fluctuations in sales can be explained by the changes in composition of sales and hemp pricing. Prices per pound of raw hemp varies depending on the CBD potency of the product and the market price of hemp. In addition, sales since the first quarter of fiscal 2020 reflect the negative impact of the global pandemic on the US economy, retailers and the Company. Due to the global pandemic and economic shutdown, the Company experienced a cancelation of a $2.4M purchase order for its CBD infused finished products that was set to go into production in the second quarter of fiscal 2020. Its largest and fastest growing retailer in airports saw the loss of 96% of its foot traffic due to the travel restrictions enforced at all major US airports. Most stores remained closed throughout the duration of the year ceasing all orders for new product in fiscal 2020. During the quarters ended in fiscal 2021, sales we negatively impacted while the Company navigated the bankruptcy proceedings.

*Income (loss)*

The fluctuations in income (loss) result from non-cash items, including unrealized gains and losses on the derivative liability (December 31, 2020 to September 30, 2021), gain from deconsolidation of subsidiaries (September 30, 2021), listing expense related to a reverse takeover transaction (December 31, 2019), impairment of property and equipment (December 31, 2020), and share-based payments (June 30, 2020 to September 30, 2021).

## Discussion of operations

*For the nine months ended September 30, 2021*

Sales for the nine months ended September 30, 2021 were $94,124 compared to $462,514 for the nine months ended September 30, 2020. The decrease in sales is explained by the economic disruptions in the CBD market caused by the COVID-19 pandemic and the implications of the bankruptcy proceedings.

The Company incurred cost of sales of $89,253 (September 30, 2020 - $198,623) which decreased by $109,370 compared to the same period of the prior year as a result of changes in the amount and composition of sales, and scaling back farming and extraction operations.

General and administrative costs for the nine months ended September 30, 2021 and 2020 can be summarized as follows:

| For the nine months ended | September 30, 2021 | September 30, 2020 | Change $ | Change % |
|---|---|---|---|---|
| Investor relations | $ 202,895 | $ 447,008 | $ (244,113) | (55)% |
| Office expenses | 125,839 | 89,367 | 36,472 | 41% |
| Professional fees | 157,101 | 212,130 | (55,029) | (26)% |
| Rent | 29,237 | 26,119 | 3,118 | 12% |
| Salaries | 414,812 | 435,213 | (20,401) | (5)% |
| Small tools and equipment | 224 | 4,237 | (4,013) | (95)% |
| Travel | 3,915 | 21,152 | (17,237) | (81)% |
| **Total general and administrative** | **$ 934,023** | **$ 1,235,226** | **$ (301,203)** | **(24)%** |

- Investor relations decreased by $244,113 due to service contracts entered into during the second half of fiscal 2020 with service periods that terminated during fiscal 2021.
- Office expenses increased by $36,472 due to non-recurring expenses incurred during the current period, in addition to insurance and software expenses for the new subsidiaries incorporated.
- Professional fees decreased by $55,029 due to the nature and timing of corporate transactions.
- Salaries decreased by $20,401 due to staff reductions.
- Travel expenses decreased by $17,237 due to travel restrictions related to the COVID-19 pandemic.

The Company recorded accretion expense of $444,111 for the nine months ended September 30, 2021 (September 30, 2020 - $415,121) related to the carrying value of outstanding convertible debt and notes payable. Accretion expense increased from the prior period due to the modification of terms of convertible notes. The Company also recorded interest expense of $134,190 (September 30, 2020 - $452,910) related to its convertible debt and notes payable.

During the nine months ended September 30, 2021, the Company recorded an unrealized gain of $149,465 (September 30, 2020 - $Nil) related to the change in fair value of a derivative liability.

The Company incurred consulting fees during the nine months ended September 30, 2021 of $298,181 (September 30, 2020 - $281,928), representing an increase of $16,253. The increase in consulting fees for the nine months ended September 30, 2021 is explained by service contracts entered into during the second half of fiscal 2020 with service periods which continued into fiscal 2021.

Depreciation recorded for the nine months ended September 30, 2021 was $Nil on the basis that property and equipment were impaired to a net book value of $Nil as at December 31, 2020. During the nine months ended September 30, 2020, the Company recorded depreciation of $95,178 prior to the capital assets becoming impaired.

The Company recorded finance fees for the nine months ended September 30, 2021 totaling $77,557 (September 30, 2020 - $50,474) which relate to costs incurred for amending financing terms. The amount and timing of finance fees fluctuates based on the fair value of equity instruments issued and the underlying vesting and maturity terms of the instruments.

Marketing, sales and distribution expenses for the nine months ended September 30, 2021 amounted to $515,280 (September 30, 2020 - $265,146). The increase of $250,134 is a result of service agreements in connection with the Company's plans to re-position itself subsequent to filing for bankruptcy.

Share-based payments expense for the nine months ended September 30, 2021 of $162,042 (September 30, 2020 - $343,151) related to the fair value of stock options vesting in the period.

During the nine months ended September 30, 2021, the Company recorded a gain on deconsolidation of subsidiaries of $3,971,600 (September 30, 2020 - $Nil) related to the bankruptcy proceedings. Refer to "Outlook" above.

During the nine months ended September 30, 2021, the Company incurred farming and processing related expenses of $51,553 (2020 - 199,311) and recorded an impairment of inventory of $Nil (2020 - $518,578) which have been presented as discontinued operations .

During the nine months ended September 30, 2020, the Company recorded impairment losses with respect to property and equipment of $171,660. No capital asset impairments were recorded during the nine months ended September 30, 2021.

During the nine months ended September 30, 2020, the Company recorded gains on debt settlement and lease extinguishment of $16,146 and $39,991, respectively. No such gains were recorded during the nine months ended September 30, 2021.

*For the three months ended September 30, 2021*

Sales for the three months ended September 30, 2021 were $38,361 compared to $17,870 for the three months ended September 30, 2020, representing an increase of $20,491 attributable to expanding the Company's distribution.

The Company incurred cost of sales of $18,950 (September 30, 2020 - $16,137) which is consistent period over period.

General and administrative costs for the three months ended September 30, 2021 and 2020 can be summarized as follows:

| **For the three months ended** | **September 30, 2021** | **September 30, 2020** | **Change $** | **Change %** |
|---|---|---|---|---|
| Bad debt expense (recovery) | $ - | $ (5,422) | $ 5,422 | 100% |
| Investor relations | - | 446,022 | (446,022) | (100)% |
| Office expenses | 26,785 | 34,876 | (8,091) | (23)% |
| Professional fees | 52,751 | 30,348 | 22,403 | (74)% |
| Rent | 18,117 | 2,400 | 15,717 | 655% |
| Salaries | 166,298 | 114,981 | 51,317 | 45% |
| Small tools and equipment | - | 2,057 | (2,057) | (100)% |
| Travel | - | 5,368 | (5,368) | (100)% |
| **Total general and administrative** | **$ 263,951** | **$ 630,630** | **$ (366,679)** | **(58)%** |

- Investor relations decreased by $446,022 due to service contracts entered into during the second half of fiscal 2020 with service periods which terminated prior to the three months ended September 30, 2021 and were not renewed.
- Office expenses decreased by $8,091 due to deconsolidating various subsidiaries related to the bankruptcy proceedings.
- Professional fees increased by $22,403 due to the nature and timing of corporate transactions.
- Rent expense increased by $15,717 from the prior period due to expanding the Company's distribution line of business.
- Salaries increased by $51,317 due to expanding various business lines.
- Travel expenses decreased by $5,368 due to limited travel due to the COVID-19 pandemic.

The Company recorded accretion expense of $86,755 for the three months ended September 30, 2021 (September 30, 2020 - $135,782) related to the carrying value of outstanding convertible debt and notes payable. The Company also recorded interest expense of $12,466 (September 30, 2020 - $146,185) related to its convertible debt and notes payable. The decreases in both accretion and interest expenses for the three months ended September 30, 2021 are explained by the deconsolidation of various subsidiaries and the overall reduction in interest bearing debt as a result therefrom.

During the three months ended September 30, 2021, the Company recorded an unrealized gain of $16,849 (September 30, 2020 - $Nil) related to the change in fair value of a derivative liability.

The Company incurred consulting fees for the three months ended September 30, 2021 of $56,760 (September 30, 2020 - $117,286), representing an decrease of $60,526. The decrease in consulting fees for the three months ended September 30, 2021 is explained by the timing and duration of service contracts entered into during the year ended December 31, 2020.

Depreciation recorded for the three months ended September 30, 2021 was $Nil on the basis that property and equipment were impaired to a net book value of $Nil as at December 31, 2020. During the three months ended September 30, 2020, the Company recorded depreciation of $29,844 prior to the capital assets becoming impaired.

The Company recorded finance fees for the three months ended September 30, 2021 totaling $46,489 (September 30, 2020 - $23,350) which relate to costs incurred for amending financing terms. The amount and timing of finance fees fluctuates based on the fair value of equity instruments issued and the underlying vesting and maturity terms of the instruments.

Marketing, sales and distribution expenses for the three months ended September 30, 2021 amounted to $110,646 (September 30, 2020 - $188,133). The decrease of $77,487 is a result of the deconsolidation of certain subsidiaries related to the bankruptcy proceedings.

Share-based payments expense for the three months ended September 30, 2021 of $27,455 (September 30, 2020 - $82,789) related to the fair value of stock options vested during the period.

During the three months ended September 30, 2021, the Company recorded a gain on deconsolidation of subsidiaries of $3,971,600 (September 30, 2020 - $Nil) related to the bankruptcy proceedings. Refer to "Outlook".

## Liquidity and capital resources

As at September 30, 2021, the Company had a working capital deficit of $1,755,866 as compared to $3,240,196 as at December 31, 2020, a decrease in working capital deficit of $1,484,330. Working capital increased primarily due to the deconsolidation of certain subsidiaries and the derecognition of the associated liabilities in connection with the bankruptcy proceedings, as discussed in "Outlook".

The Company's ability to continue its operations is dependent upon its ability to raise financing and generate profits and positive cash flows from operations in order to cover its operating costs. From time to time, the Company generates working capital to fund its operations by raising additional capital through equity and/or debt financing. However, there is no assurance it will be able to continue to do so in the future.

These factors, including the Company's financial position, liquidity and the uncertain outcome of the matters arising from the bankruptcy proceedings, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

## Cash flows

A summary of cash flows for the nine months ended September 30, 2021 and 2020 is summarized in the table below.

| For the period ended September 30, | 2021 ($) | 2020 ($) |
|---|---:|---:|
| Cash used in operating activities | (737,653) | (1,023,975) |
| Cash provided by investing activities | 80,000 | 55,272 |
| Cash provided by financing activities | 661,748 | 997,936 |
| Change in cash during the period | 4,095 | 29,233 |
| Cash, beginning of the period | 541 | 21,598 |
| Cash, end of the period | 4,636 | 50,831 |

*Operating activities*

Cash used in operating activities adjusts loss for the period for non-cash items including, but not limited to accretion of loans and notes payable, change in fair value of derivative liability, depreciation of property and equipment, gain from deconsolidation of subsidiaries, impairment losses, accrued interest, gains and losses from debt settlements and modifications, and share-based payments. Cash used in operating activities also reflects changes in working capital items, such as amounts receivable, prepaid expenses, inventory and amounts payable, which fluctuate in a manner that does not necessarily reflect predictable patterns for the overall use of cash, the generation of which depends almost entirely on sources of external financing to fund operations.

*Investing activities*

During the nine months ended September 30, 2021, cash provided by investing activities consisted of proceeds received from the sale of assets under construction of $80,000.

During the nine months ended September 30, 2020, cash provided by investing activities consisted of proceeds received from the sale of land of $55,272.

*Financing activities*

During the nine months ended September 30, 2021, the Company received net cash of $661,748 (September 30, 2020 - $997,936) from financing activities which included proceeds from the issuance of debt of $546,180 (September 30, 2020 - $1,097,428), proceeds from the issuance of shares or shares to be issued of $55,000 (September 30, 2020 - $113,176 net of share issue costs) and government assistance received of $135,095 (September 30, 2020 - $nil). Proceeds received were partially offset by the repayment of notes payable of $60,275 (September 30, 2020 - $192,930) and lease payments of $14,252 (September 30, 2020 - $19,738).

## Related party disclosures

Related parties and related party transactions impacting the accompanying condensed interim consolidated financial are summarized below.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. Key management personnel comprise officers and directors of the Company.

Remuneration attributed to key management personnel for the nine months ended September 30, 2021 and 2020 are summarized as follows:

| **For the nine months ended September 30,** | **2021 ($)** | **2020 ($)** |
|---|---|---|
| Salaries[(1)] | 150,000 | 225,000 |
| Share-based payments | 106,606 | 225,757 |
| Total remuneration | 256,606 | 450,757 |

(1) Paid or accrued to Brad Wyatt, CEO

Other related party transactions and balances

a) As at September 30, 2021, a revolving promissory note due to Mac5 Mortgage, a company jointly controlled by the President of the Company, Brad Wyatt and the Chief Operating Officer of the Company, Glen Dooley, had a carrying value of $561,387 (December 31, 2020 - $509,321), principal balance of $873,685 (December 31, 2020 - $873,685) and accrued interest balance of $68,649 (December 31, 2020 - $57,125).

   The Company recorded the promissory note at amortized cost using an effective interest rate of 20% which caused the carrying amount to be lower than the principal and accrued interest with the difference recognized as a related party contribution in capital reserve. During the period ended September 30, 2021, the Company recognized an additional $Nil (December 31, 2020 - $41,067) as related party contributions pursuant to proceeds received during the period and recorded accretion expense of $52,186.

   The note is unsecured and, bears interest at 5% per annum. The interest was due monthly with the principal balance due on demand. On January 1, 2019, the Company entered into a modification agreement to amend the maturity date of the principal balance to December 31, 2024.

   As at September 30, 2021, the carrying value and accrued interest balance were deconsolidated on the basis that Strasburg is the borrower.

b) On September 1, 2018, Mac5 Mortgage, a company jointly controlled by the President of the Company, Brad Wyatt and the Chief Operating Officer of the Company, Glen Dooley, advanced $7,500 to the Company in exchange for a promissory note. The note is unsecured and bears interest at 6% per annum. Payments of interest only are due monthly on the first day of every calendar month starting January 1, 2018 with payment in full at maturity on December 31, 2019. Should the Company default on an interest payment, the interest rate shall increase to 12% per annum. On January 1, 2019, the Company entered into an agreement amending the maturity date of the note to December 31, 2021.

   As of September 30, 2021, the balance due on this note was $8,260 (December 31, 2020 - $8,177), including principal balance of $7,500 and accrued interest of $760 (December 31, 2020 - $677).

As at September 30, 2021, the carrying value and accrued interest balance were deconsolidated on the basis that Strasburg is the borrower.

c) On April 1, 2019, the Company entered into an unsecured promissory note with Mac5 Mortgage, a company jointly controlled by the President of the Company, Brad Wyatt and the Chief Operating Officer of the Company, Glen Dooley, whereby Mac5 Mortgage loaned a balance up to $500,000 to the Company.

   The note is unsecured, bears interest at 8% per annum, has payments of interest only due monthly with the principal balance due on June 30, 2022.

   The Company recorded the promissory note at amortized cost using an effective interest rate of 20% which caused the carrying amount to be lower than the principal and accrued interest with the difference recognized as a related party contribution in capital reserve. During the period ended September 30, 2021, the Company recognized an additional $63,609 (December 31, 2020 - $172,672) as related party contributions pursuant to proceeds received during the period and recorded accretion expense of $31,052.

   As at September 30, 2021, the carrying value and accrued interest balance were deconsolidated on the basis that Global NV is the borrower.

d) On December 31, 2018, the Company entered into an unsecured promissory note with TargetPath, a company controlled by Scott Hix, a director whereby TargetPath loaned $33,736 to the Company. The note is unsecured and bears interest at 6% per annum. Interest and principal are due and payable on the maturity date of December 31, 2020. As at September 30, 2021, the loan was in default; and as a result of the default the outstanding principal balance accrues interest at a rate of 12% per annum effective January 1, 2021.

   As at September 30, 2021, the carrying value and accrued interest balance were deconsolidated on the basis that Global NV is the borrower.

e) During the period ended September 30, 2021, the Company incurred $14,418 (2020 - $63,371) in professional fees to ACM Management Inc. controlled by Alex McAulay, Chief Financial Officer of the Company recorded in general and administrative expenses.

f) During the period ended September 30, 2021, the Company incurred $14,133 (2020 - $67,699) in professional fees to Tingle Merrett LLP controlled by Scott Reeves, a director of the Company recorded in general and administrative expenses.

g) As at September 30, 2021 the Company owed $Nil (December 31, 2020 - $41,923) for rental fees and expense reimbursement to W2D Holdings, a company jointly controlled by Brad Wyatt, President and Glenn Dooley, Chief Operating Officer. As at September 30, 2021, the balance was deconsolidated on the basis that the amount is payable by Strasburg.

h) As at September 30, 2021, the Company owed $Nil (December 31, 2020 - $46,452) for salaries and wages to Brad Wyatt, the President of the Company. As at September 30, 2021, the balance was deconsolidated on the basis that the amount is payable by Global NV.

i) As at September 30, 2021, accounts payable and other liabilities includes $84,147 (December 31, 2020 - $126,029) for professional fees to ACM Management Inc., a company controlled by Alex McAulay, Chief Financial Officer of the Company.

j) As at September 30, 2021, accounts payable and other liabilities includes $175,341 (December 31, 2020 - $170,478) for professional fees to Tingle Merrett LLP, a company controlled by Scott Reeves, a director of the Company.

k) As at September 30, 2021, the Company owed $Nil (December 31, 2020 - $412,943) for consulting fees to TargetPath, a company controlled by Scott Hix, a director of the Company. As at September 30, 2021, the balance was deconsolidated on the basis that the amount is payable by Global NV.

l) As at September 30, 2021 the Company owed $397,574 (December 31, 2020 - $1,776) related to advances included in due to related parties to Mac5 Mortgage, a company jointly controlled by the President of the Company, Brad Wyatt and the Chief Operating Officer of the Company, Glen Dooley .

m) As at September 30, 2021 the Company owed $182,000 to subsidiaries for which the Company no longer controls. The amount payable has no fixed terms of repayment.

All transactions with related parties were intended to be carried on the same basis as they would have occurred if the transaction was with an arm's length party.

## Subsequent Events

a) On October 15, 2021, the Company acquired 100% of Resinosa, LLC ("Resinosa"), a vertically integrated company located in Silver Cliff, Colorado with expertise in hemp genetics, cloning, farming, harvesting, processing and manufacturing of finished products (the "Acquisition").

   As consideration for the Acquisition, the Company issued 5,378,657 Class A Common Shares ("Common Shares") and 99,889 Series A Preferred Shares ("Preferred Shares") of the Company. 4,280,972 of the Common Shares shall be escrowed and released in equal monthly amounts over a 24-month period. The Company also issued a two-year convertible note in the principal amount of $1,500,000 with interest accruing at 8% per annum (the "Note"). The Note is convertible into units of the Company ("Units"), each Unit consisting of 0.35 Common share and 0.0065 Preferred Shares, at a conversion price of $0.267 per Unit. The Note will be interest only for the 24-month period with a balloon payment at maturity and interest will be payable in Units at the strike price.

   In addition, the Company shall issue to the sellers: (a) up to an additional 4,388,906 Units no later than April 30, 2023 if greater than $500,000 of net income (earnings before interest, taxes, depreciation, and amortization) (excluding any approved capital expenditures) is achieved from the Resinosa assets and business in fiscal 2022 as confirmed by the audited financial statements of Resinosa. This issuance shall be reduced to 2,194,453 Units if the net income number is greater than $250,000 but less than $500,000 for the same period; and (b) up to an additional 4,388,906 Units no later than April 30, 2024 if greater than $1,000,000 of net income (earnings before interest, taxes, depreciation, and amortization) (excluding any approved capital expenditures) is achieved from the Resinosa assets and business in fiscal 2023 as confirmed by the audited financial statements of Resinosa. This issuance shall be reduced to 2,194,453 Units if the net income number is greater than $500,000 but less than $1,000,000 for the same period.

b) On October 1, 2021, 150,298 warrants expired.

c) On November 20, 2021, 70,000 stock options were forfeited.

## Outstanding share data

The Company is authorized to issue an unlimited number of shares of common stock and preferred shares without par value.

The Company has securities outstanding as follows:

| **Security Description** | **September 30, 2021** |
|---|---|
| Common shares | 34,525,758 |
| Preferred shares | 316,784 |
| Stock options | 5,425,000 |
| Cashless options | 250,000 |
| Warrants | 12,649,061 |
| **Fully diluted shares** | **53,166,603** |

## Company documents

The Company files annual and interim reports, information circulars and other information with certain Canadian securities regulatory authorities. The documents filed with the Canadian securities regulatory authorities are available at http://www.sedar.com and the Company's website https://www.cbdglobalsciences.com.

## Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A.