



LIFEIST WELLNESS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the Three and Nine months ended August 31, 2022 and August 31, 2021

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

Table of Contents

MANAGEMENT DISCUSSION AND ANALYSIS	3
COMPANY OVERVIEW	4
STRATEGY AND OUTLOOK	8
RECENT DEVELOPMENTS	10
FINANCIAL DISCUSSION	15
LIQUIDITY AND CAPITAL RESOURCES	22
RELATED PARTY TRANSACTIONS	24
SEGMENT INFORMATION	24
RISKS AND RISK MANAGEMENT	26
NON-IFRS FINANCIAL MEASURES.....	36

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (“MD&A”) for Lifeist Wellness Inc. (the “Company” or “Lifeist”), covers the Company’s financial performance during and subsequent to the Third quarter ended August 31, 2022 and up to the date of this report, October 27, 2022. This MD&A should be read in conjunction with Lifeist’s Unaudited Condensed Consolidated Interim Financial Statements for the three and nine months ended August 31, 2022 and Audited Consolidated Financial Statements for the year ended November 30, 2021.

Lifeist is a reporting issuer in British Columbia, Saskatchewan, Manitoba, Ontario, Alberta, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador. The Company’s shares are listed on the TSX Venture Exchange under the symbol “LFST”, on the OTCQB® Venture Market under the symbol “NXTTF”, and traded as open stock on the Frankfurt Stock Exchange under the symbol “M5BQ”.

All dollar amounts are in Canadian dollars unless otherwise indicated. Lifeist documents and securities filings can be accessed at the Company’s profile on SEDAR (www.sedar.com) and additional information on the Company can be obtained at lifeist.com.

Forward Looking Statement Disclaimer

Certain statements in this MD&A may constitute “forward-looking” statements that involve known and unknown risks, uncertainties, and other factors. The actual results, performance or achievements of Lifeist or the industry, may be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. These statements include, but are not limited to, comments concerning the Company’s objectives, strategies to achieve those objectives, as well as Management’s beliefs, plans, estimates, and intentions; and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. When used in this MD&A, such statements use words such as “may”, “will”, “expect”, “believe”, “plan” or similar terminology.

These statements reflect Management’s current expectations regarding future events and operating performance and speak only as of the date of this MD&A, and, except in compliance with applicable law, Lifeist assumes no obligations to update or revise them to reflect new events or circumstances. Additionally, the Company undertakes no obligation to comment on analysis, expectations or statements made by third parties in respect of its financial/operating results or securities.

Non-IFRS Financial Measures

Lifeist’s Financial Statements are prepared using International Financial Reporting Standards (“IFRS”); whereas this MD&A refers to certain non-IFRS measures, such as Adjusted EBITDA and EBITDA (defined under the “Non-IFRS Financial Measures Definitions” section of this report). Non-IFRS measures are used externally to provide a supplemental measure of the Company’s operating performance, facilitate comparisons, and enable analysis of the Company’s ability to meet future capital and working capital requirements. Management uses them internally to prepare operating budgets and assess performance. These measures do not have standardized meanings prescribed by IFRS and are therefore unlikely to be comparable

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

to similar measures presented by other companies. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS.

COMPANY OVERVIEW

Lifeist is a portfolio of wellness companies leveraging advancements in science and technology to enable consumers to find their individual path to wellness.

Lifeist's portfolio of operating businesses and brands includes:

- CannMart Inc. ("CannMart"), a distributor of licensed and in-house branded adult-use cannabis and cannabis derived products in Canada leveraging relationships with provincial government control boards and retailers;
- CannMart Labs Inc., ("Labs"), one of a limited number of facilities licensed for BHO (butane hash oil) extraction within Canada;
- Australian Vapes (AustralianVaporizers.com.au), one of the largest online suppliers of hardware, including vaporizers, and related accessories in Australia; and
- Mikra, Cellular Sciences Inc. ("Mikra"), a biosciences and consumer wellness company developing innovative therapies for cellular health and recovery. Mikra's CELLF is available for purchase at WeAreMikra.com.

CannMart

The CannMart business unit is composed of CannMart (a Licensed Producer (LP) under the Cannabis Act), and Labs (a Licensed BHO extraction facility). CannMart delivers branded cannabis and cannabis derived products safely, reliably and consistently to recreational cannabis consumers in Canada through supply agreements with provincial government cannabis control boards and retailing bodies.

Currently CannMart has relationships with multiple partners, including those noted below:

B2B Customers:

- Alberta Cannabis
- BC Liquor Distribution Branch
- Cannabis New Brunswick
- Liquor Gaming and Cannabis Authority of Manitoba
- Northwest Territories Liquor and Cannabis Commission
- Nunavut Cannabis
- Ontario Cannabis Store
- Saskatchewan Liquor and Gaming Authority
- Société Québécoise du Cannabis (SQDC) (Quebec)
- Yukon Cannabis

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

B2B Distribution partners:

- Adastra Holdings, Inc.
- Apothecary
- JMF Growers
- Rilaxe
- Safari Cannabis
- TorrCann

CannMart offers cannabis products to both the provinces and stand-alone businesses through its business-to-business (B2B) sales channel. CannMart maintains supply agreements with provincial government cannabis control boards and retailing bodies in the provinces and territorial bodies of Ontario, Quebec, Alberta, British Columbia, Manitoba, Yukon, New Brunswick and Saskatchewan, Nunavut, Northwest Territories.

Labs is one of a limited number of licensed facilities for BHO (butane hash oil) extraction within Canada. Labs' 6,000 square foot state-of-the-art facility in Etobicoke, Ontario was purpose-built for BHO oil extraction and incorporates leading technology. Completed in Q3 2021, the facility is capable of producing live resin, badder, wax, and other hydrocarbon cannabis products, with potential future products such as vape cartridges, gel capsules, tinctures and edibles. The Company's strategic vision to use Labs as a platform to introduce a larger portfolio of higher margin cannabis products to the Canadian market.

In Q1 2021, the Company acquired the remaining 49% interest in Labs that it did not already own, and Labs received a standard processing licence from Health Canada under the Cannabis Act (Canada) for cannabis extraction activities thereafter.

Mikra, Cellular Sciences Inc.

Mikra is Lifeist's biosciences and consumer wellness subsidiary seeking to unlock cellular potential and maximize the health of humans. Incorporated in September 2021 in Florida, U.S.A. and launched publicly in November 2021, with Mikra the Company enlarged its total addressable market (TAM) to include the growing \$105 billion nutraceutical market in the U.S. alone.

In Q2 2022, Mikra launched its first product, "CELLF™", a novel cellular therapeutic compound targeting systemic fatigue. As part of pre-launch activities of CELLF, Mikra filed a patent application with the United States Patent and Trademark Office and has partnered with InVivo Biosystems, Inc. for pre-clinical trials to strengthen its patent claim.

CELLF is manufactured in a proprietary oxygen-deprived environment to maintain biopotency and bioavailability with clinically tested United States Food & Drug Administration (FDA) certified GRAS (generally recognized as safe) bioactive ingredients. The CELLF compound delivery system is a two-stage, patented mechanism — it is first bound to a transferrin glycoprotein and then encapsulated within a liposome. This allows safe passage of CELLF through the gastric environment and delivery directly into the blood plasma. The result is optimal delivery of our compound with minimal degradation to the best site of absorption. CELLF will be shipped in a package containing 30 X 10ml single-serve sachets to prevent oxidation and maximize bioavailability.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

Mikra's CELLF is available for purchase at WeAreMikra.com. Follow Mikra's journey on your favorite social media platform with [@wearemikra](https://twitter.com/wearemikra).

As part of the nutraceuticals endeavour, Mikra is collaborating with MLB six-time All-Star, three-time Silver Slugger and recent Olympic Bronze medal winner Jose Bautista, who joined Lifeist as an advisor and made a direct equity investment in the Company. The collaboration includes launching with Bautista, on an exclusive basis, cellular health products and accessories. The first of this collaboration being a cellular therapeutic designed for athletes ages 30+, targeting increased performance during aerobic exercise and reducing recovery time in order to minimize post-workout fatigue and inflammation. This product is targeted for distribution by the end of 2022.

Australian Vaporizers

Australian Vaporizers is Australia's largest online supplier of aromatherapy products, specializing in vaporizers and accessories. Known for its commitment to selection, price, and customer service, it sells through Company-owned e-commerce website platform AustralianVaporizers.com.au.

Strategic Sharpening of Focus

CannMartMD Inc.

CannMartMD is a Health Canada compliant telemedicine application, providing an integrated patient portal with remote access to healthcare practitioners for the purpose of acquiring authorizations for medical cannabis. The CannMartMD.com platform connects medical clients with health care practitioners to issue and renew medical cannabis authorizations online more readily, and also has a clinical referral program with brick-and-mortar clinics.

Effective February 2022, the Company made a decision to discontinue operations of CannMart MD Inc., as part of its long-term strategy to focus resources on growing existing businesses and its new nutraceuticals and biosciences division.

Lifeist Vapes

Lifeist Vapes is composed of Lifeist Bahamas Inc. ("Lifeist Bahamas"), an indirect wholly owned subsidiary of the Company. Lifeist Bahamas sells herbal vaporizer hardware and ancillary products, such as vaporizers and other related accessories in Europe and Canada through direct fulfillment arrangements. Lifeist Bahamas markets and sells these products through its highly optimized, Company-owned e-commerce website platform everyonedoesit.co.uk; and relies on Amazon, organic traffic and email automation tools to generate sales.

In August 2020, the Company consolidated all of its hardware and ancillary product sales in Canada through its CannMart.com e-commerce platform.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

In Q4 2021, the Company made a decision to discontinue operations of Lifeist Vapes, as part of its long-term strategy to focus resources on growing existing businesses and its new nutraceuticals and biosciences division.

Findify

On May 26, 2022, the Company sold all of the issued and outstanding shares of Findify to Maropost AB, a wholly owned Swedish subsidiary of Maropost Inc., for total consideration of US\$4,450,000 in cash, subject to a working capital and net debt adjustment post-closing in accordance with the SPA.

Corporate

The Corporate operating segment includes the corporate office, shared services, and the Company's investment in Pineapple Delivery Express Inc. ("Pineapple").

Pineapple Express Delivery Ltd.

Pineapple is in the business of delivering legal medicinal and recreational cannabis in Canada.

Lifeist made its first investment in Pineapple in Q3 2018, when it signed a subscription agreement to acquire a 15% equity interest. In Q3 2019, the Company increased its interest to 49%. During 2019, Lifeist also provided working capital in separate tranches by granting secured promissory notes to Pineapple. At November 30, 2019, the balance of \$1,512,575 was impaired to the value of security. In Q1 2020, the Company agreed to loan an additional \$125,000 for working capital purposes for the consideration of amendments to certain debt clauses.

In Q3 2020, a controlling interest of Pineapple was acquired by World Class Extractions Inc. ("WCE"). As part of the transaction, the Company issued an option to WCE giving WCE the option to buy the Company's remaining 30.3% interest in Pineapple. The option was exercisable by WCE for a 60-day period beginning on March 31, 2022, which is two years from the closing date. Based on the terms of the option, the Company determined that the fair value was \$nil as at November 30, 2020 and February 28, 2022.

The option was not exercised, since on December 9, 2021, Fire & Flower Holdings Corp. (Fire & Flower) entered into a definitive agreement to acquire Pineapple Express Delivery Inc. (PED), a holder of the Company's convertible loan receivable. On January 25, 2022, Fire & Flower completed the acquisition of PED, and, as part of the purchase, Fire & Flower assumed and repaid \$2,044,077 of the convertible loan receivable owed to the Company by PED. In addition, and as part of the PED acquisition, the Company received 75,100 Fire & Flower shares in Q1 2022 and 45,502 Fire & Flower shares in Q2 2022, of which the Company sold 57,700 shares in Q2 2022, and may receive up to 238,209 Fire & Flower shares one year after transaction close by way of earn-out.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

STRATEGY AND OUTLOOK

Sitting at the forefront of the growing wellness movement, Lifeist is a health-tech company that leverages advancements in science and technology to build breakthrough companies that transform human wellness.

People are increasingly recognizing that wellness is a key component of healthy living. When people embrace wellness, they have enough energy to do things they need to do every day, they feel confident in themselves, they have a good work/school/home/life balance, they are able to handle stress effectively, and they are in good physical health. We believe that wellness is the antidote to living in modern times.

Lifeist's mission is to help people find their individual path to wellness. The Company is currently focused on business development opportunities within the wellness space across cannabis, nutraceuticals and other areas, including:

Cannabis

- **Receipt of Health Canada approvals.** The cornerstone of the Company's bring-to-market services has been the receipt of regulatory approvals. In September 2018, CannMart received the first ever sales-only distribution licence for the sale and distribution of dried cannabis flower and bottled cannabis oil; and in October 2019, CannMart received approval from Health Canada for an amendment to its Federal Medical Sales Licence sales and processing licence allowing it to offer cannabis oil, extracts, topicals and edibles.
- **Contract manufacturing.** Within the Company's cannabis business, Lifeist has assessed and initiated contract manufacturing concepts whereby certain of the Company's processing and packaging activities have begun to be undertaken by cultivators directly rather than by the Company at its facilities, prior to sale by CannMart through its recreational channels. The Company believes that outsourcing certain functions allows CannMart to expand SKU capacity, sales and fulfill consumer demand without additional capital expenditure, resulting in higher margins and lower overhead costs.
- **Wholesale distribution agreements.** As the cannabis industry in Canada matures, licensed producers (LPs) are increasingly recognizing that specialization and focus is required, and therefore they are looking to outsource certain functions that are not core to their business. CannMart is leveraging its position as a value-added platform within the Canadian cannabis value chain by entering into agreements with LPs to be their trusted wholesale distribution and sales partner. It has executed master distribution agreements with a number of LPs including Safari Cannabis, Apothecary Botanicals, and others, resulting in over 50 SKUs from these partners in its portfolio.
- **Scaling up production at Labs for extraction products, including in-house brands.** Through Labs, the Company is looking to meet the needs of Canadian recreational cannabis customers with an expanded portfolio of high margin and high-quality cannabis products, including the development of in-house brands. In 2021, Labs received a standard processing licence from Health Canada under the Cannabis Act (Canada) for cannabis extraction activities, and thereafter completed a dedicated purpose-built facility, which incorporates leading BHO extraction technology. In 2022, Labs commenced commercial production of extraction products and has continued to expand its production capacity and introduce new SKUs. This progress is allowing CannMart not only to expand to new territories, but also to cross and up sell in existing territories. Additionally, CannMart has continued

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

to invest in the growth of its in-house brands, which have stronger margins and allow the Company to be more competitive on price.

- **Execution of supply agreements.** Since September 2019, CannMart has developed its recreational channel by executing supply agreements with provincial government cannabis control boards and retailing bodies. CannMart has been approved for the sale of cannabis and cannabis derived products, and receives purchase orders from provincial bodies in Ontario, Quebec, Alberta, British Columbia, Manitoba, New Brunswick, Saskatchewan, Yukon and Northwest Territories.
- **Sales growth of the in-house brands** - the Company continued to invest in the growth of its in-house brands, which have stronger margins and allow the Company to be more competitive on price.

Nutraceuticals

- **Expansion into New Pathways of Wellness.** The Company is broadening its total addressable market, by adding pathways beyond cannabis, including a launch of its new nutraceutical division, Mikra, in Q4 2021, led by Chief Operating Officer Faraaz Jamal. The Company conducted extensive consumer and competitive landscape research within the nutraceutical market in 2021 which directly informed the development of unique formulations of bioactive compounds targeting cellular health as it relates to homeostasis and the negative effects of stress. Through comprehensive testing and research, the Company has sourced a delivery mechanism to ensure superior bioavailability and absorption within the human body and has engaged with a clinical partner to validate and develop intellectual property.

Other Areas

- **Expansion into Controlled Substances.** The Company has also explored additional wellness pathways including controlled substances. In Q2 2021, Labs submitted its application for a Health Canada Controlled Drugs and Substances Dealer's Licence (the "Dealer's License") for future storage and distribution of controlled substances, namely psilocybin, psilocin, ketamine (ketamine hydrochloride), LSD (lysergic acid diethylamide), DMT (N, N-dimethyltryptamine) and MDMA (3, 4-methylenedioxymethamphetamine), which would allow Labs to sell these controlled substances to individuals (or their compounding pharmacies), researchers and companies undertaking clinical trials. In Q2 2022 Labs received approval from Health Canada to begin construction at its facility as part of its application for the Dealer's License, however, in the immediate term Labs has decided not to commence construction at the facility as it instead allocates its capital and resources towards further advancing its product pipeline within cannabis.

Financial Milestones

In Fiscal 2022, the Company is focused on pursuing its strategic vision and building a foundation for new initiatives and future expansion into new products, channels and geographies, while maintaining solid performance in its existing portfolio channels. The Company shifted its focus from Gross to Net Revenues and Gross Profit in order to drive improved profitability. This is reflective of the Company's strategic effort of repositioning its segments and improving overall profitability, adjusted EBITDA and EBITDA across all divisions. Q2 2022 results include a loss of two months of sales for Australian Vaporizers, as a result of flood damage (details about the flood are included below), and related operational disruption.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022



In Q3 2022 cannabis revenue represented 74% of total net revenues from continued operations, as compared to 54% for the same quarter last year. Year to date results include the loss of two month of hardware sales for Australian Vaporizers in Q2 2022 due to the floods that impacted NSW.

Furthermore, the Company has focused on generating continuous improvement in its operations. Efforts to improve KPIs such as shorter delivery times, faster inventory turns, and scaling up of new sales functions have allowed the Company to capture more revenue, reduce risk of inventory write downs and identify new sales opportunities in new territories.

RECENT DEVELOPMENTS

June 3, 2022

Labs Commercializing Proprietary Brands

Labs made solid progress commercializing its award-winning *Roilty* brand, which is now available in seven Canadian provinces, Alberta, Saskatchewan, Manitoba, Yukon, Nunavut, Northwest Territories and PEI, four of which are being provided products produced at Labs' facility in Etobicoke, Ontario.

Labs has been successfully producing live resin since fall 2021, and having seen solid traction for co-manufactured shatter, has more recently begun commercial scale runs of Labs produced shatter, opening up another category of Labs-produced product.

In total, as of June 2022, there were 10 Roilty SKUs in the market. Roilty vapes are performing particularly well, as are Roilty live resin products such as Priest Punch, Kings Kush and Lemon Haze. To meet increasing demand, Labs added a second production shift at its extraction facility and continues to add capacity month over month processing fresh frozen and dried biomass through its extraction units.

Dealer's License: Construction Approval Received

Labs received approval from Health Canada to begin construction at its facility for future storage and distribution of certain controlled substances including psilocybin, psilocin, ketamine (ketamine hydrochloride), LSD (lysergic acid diethylamide), DMT (N, N-dimethyltryptamine) and MOMA (3, 4-

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

methylenedioxyamphetamine), as part of its application for a Controlled Drugs and Substances Dealer's License.

While making progress in the application process with this construction approval, in the immediate term Labs will not commence construction at the facility as it instead allocates its capital and resources towards further advancing its product pipeline, promising a nearer-term path to profitability and value creation than psychedelics currently would.

August 9, 2022

CannMart Distributing Edible Cannabis Products in Quebec

CannMart started an agreement with SQDC, the exclusive retail distributor in the province of Quebec. SQDC will offer six Cannabis edible products offered by CannMart and will be one of the principal distributors of edible cannabis products in the province of Quebec. The purchase order from the SQDC is for six Rilaxe branded edibles products spanning full-spectrum CBD to 2:1 (CBD:THC) formulations including infused baked beets, dried cauliflower, and dried figs. These products are produced by CannMart according to an exclusive nationwide licensing agreement that was recently extended until September 2024.

August 22, 2022

Mikra Launching Advertising Campaign on Disney Hulu XP Network

Mikra secured significant premium media inventory across the Disney Hulu XP advertising network, which includes Hulu, ESPN, and other Disney properties. The broader advertising campaign launched on August 29, 2022. As the Mikra team has continued to solve supply chain issues and get ahead of increasing consumer demand, Mikra is starting to drive significant momentum within the United States from media, wholesale partners and other organic opportunities.

Mikra was featured in FMW Media Works' New to The Street TV, introducing Mikra and CELLF™ to TV anchors and viewers across Bloomberg TV, Fox Business and NewsMax, most recently on October 5, 2022, viewable [here](#). Additionally, since launching CELLF, Mikra has received several favorable reviews in a number of lifestyle and wellness publications including Gear Patrol and The Gadget Flow, viewable [here](#).

August 26, 2022

Mikra on Track to Generate Strong Growth in August Fueling Momentum into Fiscal Q4 2022

In Fiscal Q3 2022 Mikra demonstrated healthy growth metrics indicated by record volumes and low customer churn. Mikra's online direct-to-consumer platform achieved its highest volume month with strong average order value (AOV), while maintaining a customer churn of less than 20%, meaning that over 80% of subscribers have continued with their monthly subscription, demonstrating the product's strong repeat potential and laying the foundation for compounding month-over-month growth. Mikra's volume growth in August was attributed to a combination of high levels of new customer acquisition and a high customer repeat rate, supported by a

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

comprehensive marketing program, validating the company's decision to invest in further marketing efforts to fuel growth.

August 31, 2022

CannMart and Labs Refocus on Roilty and Other High-Margin Revenue to Accelerate Path to Near-term Profitability

As a result of accelerating market demand for Roilty and other high margin brands, Labs and CannMart Inc., further honed their focus on higher margin revenue streams with the goal to improve both gross and operating margins.

Roilty Brand Momentum

CannMart's award-winning in-house brand, Roilty, has grown dramatically since its introduction in May of 2021. Roilty initially launched with two products, and CannMart has since expanded the product portfolio, such that by the end of the third quarter of 2022, Roilty offers a total of 16 products available in nine provinces and territories across Canada, including British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Prince Edward Island, Yukon, Northwest Territories and Nunavut. All such provinces and territories, including CannMart's largest customers, Alberta and Ontario, continue to pick up additional new Roilty vape and concentrate SKUs expected to launch in market in Q4 2022 and drive continued revenue growth.

Early Termination of Phyto Brand Licensing Agreement

As part of the initiative to increase gross margins and operating profitability for CannMart, CannMart entered into an agreement with Adastr Holdings Inc. and its subsidiary, 1204581 BC Ltd. (together "Adastr"), relating to the early termination of CannMart's licensing of the Phyto brand, subject to the completion of certain criteria (the "Criteria").

Furthermore, the agreement with Adastr stipulates a reduction in licensing fees from 50% to 0% of sales, net of agreed upon costs, of Phyto products from March 1, 2022, until early license termination.

The Criteria are:

- 1) Adastr's set off amounts owing by Adastr to CannMart with respect to data sharing against other amounts owing by CannMart to Adastr, and for Adastr to continue to be responsible for the payment of 50% of the ongoing fees and expenses owed by CannMart for applicable data until Adastr enters into a separate agreement with the applicable third party for such data;
- 2) Completion of delivery by Adastr of 250,000 unfinished cannabis products sold to CannMart at discount pricing; and
- 3) Adastr must pay in cash an amount representing all functional outstanding unfinished Phyto branded product and all functional Phyto branded packaging material held by CannMart as at September 30, 2022.

If Adastr does not complete the Criteria or elects by written notice not to complete the Criteria, in either case,

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

on or before September 30, 2022, any sales of Phyto product by CannMart made on or after December 1, 2022, will be subject to licensing fees of 50% of sales, net of agreed upon costs, until license expiry scheduled for October 31, 2023.

September 6, 2022

CannMart and Labs Introduce Second New Product Category: Shatter, with Live Resin Vapes and THCa Diamonds in Development

CannMart and Labs successfully brought a second new product category to market, namely shatter, produced through Labs' state-of-the-art BHO extraction facility. The first new product in the new category, in-house branded Roilty Wedding Shatter, shipped to retailers in Saskatchewan and is a key part of CannMart's focus on higher margin revenue streams with the goal to improve profitability.

CannMart continues to execute on its growth strategies and launched a third product category in September 2022, live resin vapes, with first product Roilty Purple Berry also receiving purchase orders in Saskatchewan. Labs' fourth product category, THCa diamonds, is executing its R&D phase, with purchase orders from provincial buyers anticipated in the fiscal fourth quarter of 2022. THCa diamonds are sought after within the cannabis concentrates segment, as being the purest form of THC capable of achieving a 99.9% potency. The first product category for Labs was live resin and was introduced to market in the fiscal Q4 of 2021.

September 15, 2022

Mikra is Set to Launch CELLF v1.2 and Expands Marketing and Product Initiatives

Mikra increased its active monthly subscriber count by 173% in Q3 2022 compared to Q2 2022 for CELLFTM, its first product which combats brain fog and unlocks healthy aging at a cellular level. This level of compounding growth highlights Mikra's ambition to carve out a significant segment of the emerging cellular health category.

Mikra is generating positive ROI on its marketing spend, lowering customer acquisition cost, and delivering desired product margins. Importantly, recurring subscriptions are climbing which affords it a stable, growing base of recurring revenue to better scale the business and invest in future growth initiatives.

CELLF v1.2

Launching during Q4 2022, CELLF v1.2 is the latest in Mikra's innovation across its flagship line CELLF, the modern multivitamin for your cellular health. CELLF v1.2 advances three key objectives for Mikra:

1. Expand Distribution. There has been significant inbound demand for CELLF from small, medium, and large chain wholesalers. This newest version of CELLF reduces the size of packaging adhering to best "on shelf" practices while also reducing shipping and logistic costs, such as storage. These improvements are expected to facilitate CELLF's future growing distribution on online marketplaces and bricks and mortar stores.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

2. **Improve Customer Lifetime Value.** Improvement in taste, package dispensing, and environmental consideration have all been addressed in CELLF v1.2. In this newest version, CELLF’s sachet system is fully recyclable and utilizes an “easy to dispense” technology so that a consumer can easily consume CELLF with one hand. Without effecting the delivery mechanism or adding any sugars, the Mikra team has dramatically improved the taste of CELLF which has been one of the key components of customer churn.

3. **Improve Profitability and Growth.** Margins and distribution have been a key focus for Mikra, and with CELLF v1.2, product gross margins are expected to grow to over 65% primarily driven by increased order volume, as well as formulation and supply chain efficiencies. This incremental improvement on CELLF is opening more distribution opportunities within Q4 2022.

Expanded Marketing Activities

As Mikra’s brand footprint grows, it enjoys increased engagement across all social channels and numerous earned media opportunities. Olympic Champion Cullen Jones has deepened his partnership with Mikra by beginning an in-depth partnership with Gear Patrol, a daily magazine for men that covers everything in gear, travel, adventure, design, food, and culture. The partnership, which is expected to launch within Q4 2022, focuses on how CELLF has impacted Jones’ performance and life.

September 22, 2022

CannMart Set to Expand Roilty Sales in Ontario and Alberta with Product Innovation and New Categories

In Ontario, CannMart has received a formal notice to purchase (“the Notice”) from the Ontario Cannabis Store (“OCS”) for three new Roilty products for the OCS’ winter release, namely live resin vape carts, distillate vape carts, and shatter. Once purchase orders are received, the products are expected to be available in Ontario retail locations and online at <https://ocs.ca> early in the new year.

CannMart is currently in-market in Ontario with live resin and vape cart Roilty-branded products and is already scheduled to come to market with a Roilty-branded shatter duo-pack this fall. With the added presence of these new products over the fall and winter seasons, which includes shatter as a brand-new category and innovative packaging and multiple flavors, the number of Roilty products available in the province will increase from three currently to seven.

In Alberta, CannMart received a formal intent to purchase (“the Intent”) from the Alberta Gaming, Liquor and Cannabis Commission (“AGLC”) for three additional Roilty products for October 2022. The Intent includes live resin vape cartridges, distillate cartridges and shatter vape cartridges. Once orders are received, the number of Roilty products available in the province will increase from 10 currently to 13.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

FINANCIAL DISCUSSION

Operational Results

Selected financial information from the Consolidated Statements of Net Loss and Comprehensive Loss for the three and nine months ended August 31, 2022 and 2021 are presented below:

	Three months ended		Nine months ended	
	31-Aug-22	31-Aug-21	31-Aug-22	31-Aug-21
Gross revenue	\$ 8,855,459	\$ 6,662,272	\$ 20,724,621	\$ 18,279,514
Excise taxes	(2,020,543)	(1,279,341)	(4,889,740)	(2,904,323)
Net revenue	6,834,916	5,382,931	15,834,881	15,375,191
Cost of goods sold	5,448,308	4,457,991	12,916,722	13,981,095
Gross profit before inventory adjustment	1,386,608	924,940	2,918,159	1,394,096
<i>Gross profit (before inventory adjustment) as a % of net revenue</i>	20%	17%	18%	9%
Inventory adjustment	(1,637,859)	432,710	(427,645)	1,517,903
Operating costs	3,789,794	5,101,442	11,207,031	14,005,034
Professional fees	285,155	429,122	1,146,896	1,419,321
Share-based compensation	105,117	(4,873)	336,622	889,252
Adjusted EBITDA	(1,155,599)	(5,033,461)	(9,344,745)	(16,437,414)
Other expense (income)	482,565	65,693	273,778	698,939
Foreign exchange loss (gain)	4,930	(9,925)	47,740	71,372
EBITDA	(1,643,094)	(5,089,229)	(9,666,263)	(17,207,725)
Income tax expense (recovery)	(31,284)	106,369	(233,439)	199,625
Depreciation and amortization	332,213	454,685	1,120,092	1,272,446
Net loss from Continued Operations	(1,944,023)	(5,650,283)	(10,552,916)	(18,679,796)
Gain on sale of Discontinued Operations	-	-	4,096,558	-
(Loss) from Discontinued Operations	-	(403,139)	(836,062)	(1,124,710)
Net gain (loss) from Discontinued Operations	-	(403,139)	3,260,496	(1,124,710)
Net loss	\$ (1,944,023)	\$ (6,053,422)	\$ (7,292,420)	\$ (19,804,506)

Gross and Net revenue

Gross revenue is comprised of: (1) cannabis and cannabis derivatives sales; (2) hardware sales; (3) nutraceuticals sales and (4) commissions. Net revenue is calculated as Gross revenue less excise taxes.

Overall growth was driven mainly by CannMart, followed by newly launched nutraceuticals sales by Mikra, and offset by lost sales (in March and April) by Australian Vaporizers and the discontinuation of Lifeist Vapes in Q4 2021.

CannMart's success was a result of increased volume of orders from provincial and retail customers, addition of new SKUs across several product categories and entry into new geographies (QC, PEI).

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

Mikra's newly launched product line had an initial success with a complete sell-through of its pilot batch. However, due to unprecedented supply chain challenges due to the war in Ukraine, resulting in increased costs and lead times for Glycerin, Sunflower Oil, and MCT Oil, Mikra experienced stock-out situations for the majority of Q2 2022 slowing down potential ramp-up periods. During this time, Mikra continued to see demand for its product, CELLF as demonstrated by a steady influx of backorders and less than 20% churn on active subscription orders.

Australian Vaporizers, despite an operational shutdown in March and April 2022, inventory write-downs due to the flood damage and having to move to a new location, came back online at the end of April 2022 and bounced back to the pre-shut down sales levels, demonstrating strong product offering and a loyal customer base.

Net revenue for Q3 2022 was \$6.8 million (Q3 2021 - \$5.4 million), an increase of 27% from the same quarter last year. The increase was mainly driven by:

- an increase of \$1.9 million or 62% in CannMart cannabis revenue, from \$3.2 million in Q3 2021 to \$5.1 million in Q3 2022;
- an increase of \$262 thousand or 100% in Mikra nutraceuticals revenue, from the sales of its first product, CELLF, launched in Q2 2022;
- offset by a decrease of \$377 thousand in Lifeist Vapes revenue, as a result of the wind down in Q4 2021.

The following table presents the Company's Net Revenue based on the location of customers for each of the three and nine months ended August 31, 2022 and 2021:

	Three months ended		Nine months ended	
	31-Aug-22	31-Aug-21	31-Aug-22	31-Aug-21
Australia	\$ 1,449,694	\$ 1,817,790	\$ 3,597,366	\$ 4,771,504
Canada	5,123,030	3,158,594	11,869,059	8,624,081
United Kingdom	-	372,209	-	1,581,534
United States of America	262,192	2,383	368,456	9,017
Other	-	31,955	-	389,054
Total	\$ 6,834,916	\$ 5,382,932	\$ 15,834,881	\$ 15,375,190

Gross profit (before inventory adjustment) ("GP")

Gross Profit for Q3 2022 was \$1.4 million or 20% of Net Revenue (Q3 2021 - \$925 thousand or 17%), and for Q3 2022YTD was \$2.9 million or 18% (Q3 2021YTD - \$1.4 million or 9%) representing a \$0.5 million or 3% increase over the three months last year and a \$1.5 million or 9% over the nine months last year.

The increase in Gross Profit in Q3 2022 (3 mo. and YTD) as compared to prior year reflects the Company's resilience and confirms the success of its strategic focus on individual segments, geographies, and products, as well as a continuous effort to improve production efficiencies across all segments.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

Inventory adjustment

Inventory adjustments include write-downs related to impairment of inventory, as a result of carrying value exceeding net realizable value, and provisions for slow moving inventory; offset by any product cost supplier discounts obtained during the period.

Inventory adjustments for Q3 2022 were \$1.6 million write-up (Q3 2021 - \$433 thousand write-down), and for Q3 2022YTD were \$428 thousand write-up (Q3 2021YTD - \$1.5 million write-down), including a \$280 thousand write-down in Q3 2022, mainly an additional provision for Lifeist Vapes inventory, offset by \$1.9 million CannMart inventory write-up, related to a supplier discount received as part of the early termination of Phyto brand Licensing Agreement with Aadastra Holdings Inc. and its subsidiary, 1204581 BC Ltd.

The Company continues its forward-looking inventory management strategy, designed to: 1) reduce the amount of slow-moving inventory; 2) improve inventory turnover; and 3) leverage existing technology to further reduce the inventory risk.

Operating costs

The following table presents the Company's operating costs by type of expense for the three and nine months ended August 31, 2022 and 2021. The Company continues to implement operational efficiencies that result in significant cost savings:

	Three months ended		Nine months ended	
	31-Aug-22	31-Aug-21	31-Aug-22	31-Aug-21
Office and general	\$ 1,316,256	\$ 1,619,254	\$ 3,117,229	\$ 4,409,177
Salaries and other compensation costs	1,722,377	2,672,888	5,910,819	7,661,297
Selling and marketing expense	739,382	709,892	2,060,614	1,388,068
Technological development	11,779	99,408	118,369	546,492
Total operating costs	\$ 3,789,794	\$ 5,101,442	\$ 11,207,031	\$ 14,005,034

Office and general

Office and general expenses include service costs, travel, business development, insurance, operating licence fees and telecommunication, expected credit losses ("ECLs") and historically included operating leases on the Company's facilities which due to the prospective adoption of IFRS 16 were amortized starting in Fiscal 2020.

Office and general expenses decreased in Q3 2022 by \$303 thousand or 19%, compared to the same quarter prior year and decreased in Q3 2022YTD by \$1.3 million or 29%, compared to the same period prior year. The decrease reflects the Company's ongoing efforts to improve operational efficiencies and to continue with the cost cutting initiatives started in Fiscal 2021.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

Salaries and other compensation costs

Salaries and other compensation costs include remuneration and benefits paid to employees and consultants.

Lifeist believes that its people are critical to the organization's success and is committed to investing in employees and building on the corporate culture of excellence. To ensure a path to success, the Company has evaluated the corporate and divisional structure and associated headcount and has moved to support those business units that show successful growth by hiring subject-matter experts with clear, focused goals tied to financial results – both long and short term. This initiative includes additional headcount in Mikra, the Company's newly launched nutraceutical division. The Company also conducted extensive market analysis, supported by 3rd party reports, to make sure the Company's compensation is aligned with the market.

Salaries and other compensation costs decreased in Q3 2022 by \$951 thousand or 36% (in Q3 2022YTD decreased by \$1.8 million or 23%) and share based compensation decreased by \$110 thousand or 105% (in Q3 2022YTD decreased by \$553 thousand or 62%) as compared to the same periods last year, as noted in the chart below:

	Three months ended		Nine months ended	
	31-Aug-22	31-Aug-21	31-Aug-22	31-Aug-21
Salaries and other compensation costs	\$ 1,722,377	\$ 2,672,888	5,910,819	7,661,297
Share based compensation	105,117	(4,873)	336,622	889,252
Total compensation	\$ 1,827,494	\$ 2,668,015	\$ 6,247,441	\$ 8,550,549

Selling and marketing expense

Selling and marketing expenses are comprised of advertising and promotion costs, and online promotional and social media tools. Spend in this area is heavily monitored against key performance indicators to ensure appropriate rates of return. The Company's focus is on consumer engagement through digital content for the retail partnerships that have an identifiable impact on sell-through for CannMart's business-to-business ("B2B") revenue stream. In addition, in Fiscal 2022 the Company started investing in Selling and marketing expenses for the newly launched nutraceutical division, Mikra.

In Q3 2022, selling and marketing costs increased by \$29 thousand or 4% (in Q3 2022YTD increased by \$673 thousand or 48%), as compared to the same periods last year.

Technological development

Technological development costs represent Lifeist's research and development in the areas of machine-learning, on-site personalization, platform development and ongoing customer acquisition. As the Company successfully completed its current phase of research and development of its platforms in Fiscal 2021 and entered the maintenance phase, this transition was reflected in lower technological development costs.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

Technological development costs decreased in Q3 2022 by \$88 thousand or 88% (in Q3 2022YTD decreased by \$428 thousand or 78%), as compared to the same periods last year. Maintenance costs associated with the platforms (recorded in salaries and other compensation costs) are anticipated to remain the same throughout the maintenance phase.

Professional fees

The following table presents the Company's Professional fees, including legal, audit, accounting, tax services and directors' fees for the three and nine months ended August 31, 2022 and 2021:

	Three months ended		Nine months ended	
	31-Aug-22	31-Aug-21	31-Aug-22	31-Aug-21
Legal	\$ 84,960	\$ 143,253	\$ 441,000	\$ 523,565
Audit, accounting and tax services	98,129	111,786	293,891	308,625
Directors' fees	85,388	165,667	370,482	525,621
Other	16,678	8,416	41,523	61,510
Total professional fees	\$ 285,155	\$ 429,122	\$ 1,146,896	\$ 1,419,321

Legal costs incurred in Q3 2022 and Q3 2022 YTD represent legal matters incurred in the regular course of business.

Audit, accounting, and tax services reflect a proportionate accrual for the upcoming Fiscal year end audit, which is anticipated to be comparable with the prior year's actual spend. These costs were comparable to the same periods prior year.

Directors' fees decreased by \$80 thousand or 48% in Q3 2022 (in Q3 2022 YTD decreased by \$155 thousand or 30%), as compared to the same periods prior year.

Adjusted EBITDA

Adjusted EBITDA is a non-financial measure which Management believes provides the user with an understanding of profit/loss before non-cash and non-recurring expenses. The definition and reconciliation from the reported IFRS operating results in the financial statements can be found in the "Non-IFRS Financial Measures" section of this MD&A.

In Q3 2022, Adjusted EBITDA loss improved by \$3.9 million or 77% (in Q3 2022YTD improved by \$7.1 million or 43%), as compared to the same periods last year. Management continues to monitor and work towards a number of Objectives and Key Results (OKRs) put in place in Fiscal 2022, with supporting procedures and metrics to focus decision making on the growth of profitable segments, governance/controls, and expenditures including allocated headcount, in order to lead to an improvement in Adjusted EBITDA and profitable growth.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

Other expense and income

Other non-operating expenses and income is primarily composed of interest earned on the Company's cash reserves, unrealized loss/gain on equity investments at FVTPL and reversals of restructuring and other costs.

In Q3 2022, other expense was a loss of \$529 thousand (Q3 2021 – a loss of \$66 thousand) and in Q3 2022YTD a loss of \$320 thousand (Q3 2021YTD – a loss of \$699 thousand).

Share based compensation

Share based compensation is the non-cash value of stock options issued to Directors, Officers, employees, and consultants. Q3 2022 share-based compensation is mainly related to available stock options and RSU's the Company granted in Fiscal 2022 and prior years to officers, directors and employees, exercisable into common shares at a weighted average price ranging from \$0.05 to \$3.03 per common share, offset by any related reversals of forfeited options. The majority of options will expire in 2024 and in 2025.

Foreign exchange

The Company's subsidiaries operate in multiple currencies, and the foreign exchange impact on converting transactions, assets and liabilities into Canadian currency is calculated each period. The unrealized foreign exchange loss in Q3 2022 was \$5 thousand (Q3 2021 - a gain of \$10 thousand), primarily due to the fluctuation of foreign exchange rates of US dollars, Australian dollars, Euros, and Pound Sterling.

Net gain from discontinued operations

As a result of the sale of Findify in Q2 2022, the Company recorded a gain on sale of \$4.1 million, and a loss from discontinued operations of \$316 thousand (Q3 2022 YTD – a loss from discontinued operations of \$836 thousand; Q3 2021 YTD – a loss from discontinued operations of \$1.1 million).

Summary of comparative quarterly operational results from Continued Operations

Quarter ending	August 2022	May 2022	February 2022	November 2021	August 2021	May 2021	February 2021	November 2020
Gross revenue	\$ 8,855,459	\$ 5,534,660	\$ 6,350,682	\$ 7,578,106	\$ 6,244,008	\$ 5,228,793	\$ 6,662,272	\$ 7,603,778
Net revenue	\$ 6,834,916	\$ 4,137,896	\$ 4,878,249	\$ 5,945,806	\$ 4,964,667	\$ 4,237,764	\$ 5,382,931	\$ 6,781,043
Gross profit before inventory adjustment	\$ 1,386,608	\$ 667,118	\$ 880,613	\$ 565,991	\$ 910,261	\$ (46,779)	\$ 924,940	\$ (173,876)
Gross profit %	20%	16%	18%	10%	18%	-1%	17%	-3%
Net loss from Continued Operations	\$(1,944,023)	\$(4,557,709)	\$(4,124,060)	\$(3,529,923)	\$(6,357,927)	\$(6,406,724)	\$(7,121,442)	\$(6,440,166)
Net loss per share (basic and diluted)	\$ (0.0047)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.02)	\$ (0.02)
Total assets	\$28,700,927	\$30,978,446	\$31,535,708	\$37,956,966	\$41,221,145	\$46,328,594	\$51,564,205	\$39,227,967

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

The Company continued to focus on improving Gross Profit, while growing Gross Revenue, and in Q3 2022 delivered Gross Profit Before Inventory Adjustments of \$1.4 million or 20% of Net Revenue (Q3 2021 - \$910 thousand or 18% of Net Revenue), the *highest* quarterly Gross Profit Before Inventory Adjustments from Continued Operations in the past two fiscal years.

This is reflective of the Company's strategic effort of repositioning its segments and improving overall profitability across all divisions. The Company is committed to its shareholders, and management is focused on maintaining these positive trends.

Balance sheet

The following table provides selected financial information derived from the consolidated statements of financial position as at the following dates:

	31-Aug-22	30-Nov-21	\$ Change
Total current assets	\$ 20,117,836	\$ 27,596,068	\$ (7,478,232)
Total non-current assets	8,583,091	10,360,898	(1,777,807)
	\$ 28,700,927	\$ 37,956,966	\$ (9,256,039)
Total current liabilities	\$ 8,705,388	\$ 11,219,133	\$ (2,513,745)
Total non-current liabilities	252,035	674,457	(422,422)
	\$ 8,957,423	\$ 11,893,590	\$ (2,936,167)
Working Capital	\$ 11,412,448	\$ 16,376,935	\$ (4,964,487)

Total current assets

Total current assets decreased by \$7.5 million from November 30, 2021, primarily due to a decrease in cash of \$9.1 million, a decrease in convertible loan receivable of \$2.0 million, and a decrease in prepaid expenses of \$0.8 million, offset by an increase in trade and other receivables of \$3.1 million, and an increase in inventory of \$1.6 million. The change in cash is explained in more detail under the Liquidity section of MD&A.

Total non-current assets

Total non-current assets decreased by \$1.8 million from November 30, 2021, mainly due to amortization of intangible assets, depreciation of property and equipment and sale of Findify.

Total current liabilities

Total current liabilities decreased by \$2.5 million from November 30, 2021, as a result of a decrease in accounts payable and accrued liabilities of \$1.5 million, a decrease in other short-term liabilities of \$539

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

thousand, a decrease in deferred revenue of \$700 thousand, offset by an increase in Provisions of \$300 thousand.

Total non-current liabilities

Total non-current financial liabilities decreased by \$422 thousand from November 30, 2021 mainly due reclassification of a long-term liability of \$270 thousand, incurred as a result of the Company's acquisition of the remaining non-controlling interest in its subsidiary, CannMart Labs, to current liabilities.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Management monitors the Company's capital resources to ensure adequate liquidity to fund operations and planned expansions. Management's objectives with respect to liquidity and capital structure are to generate cash to fund the Company's existing operations and growth strategy.

As of August 31, 2022, Lifeist had a cash and cash equivalent balance of \$3.6 million, a decrease of \$9.1 million from November 30, 2021. The decrease was due to the working capital outflow of \$15.9 million for Q3 2022YTD, offset by \$2.0 million of cash received from a convertible loan receivable balance settled in Q1 2022 and by \$4.8 million in proceeds from sale of Findify in Q2 2022.

The table below sets out the use of cash and cash equivalents for the three and nine months ended August 31, 2022 and 2021:

	Three months ended		Nine months ended	
	31-Aug-22	31-Aug-21	31-Aug-22	31-Aug-21
Cash (used in) operating activities	\$ (3,198,577)	\$ (4,909,845)	\$ (15,509,004)	\$ (13,183,872)
Cash provided by (used in) investing activities	352,028	(71,331)	6,662,983	(180,707)
Cash provided by (used in) financing activities	(70,465)	(72,165)	(211,395)	20,986,941
	\$ (2,917,014)	\$ (5,053,341)	\$ (9,057,416)	\$ 7,622,362

Operating activities

Operating activities from Continuing Operations impact both cash and non-cash working capital, as indicated in the table below:

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

	Three months ended		Nine months ended	
	31-Aug-22	31-Aug-21	31-Aug-22	31-Aug-21
Cash used in Continuing operations before changes in non-cash working capital	\$ (1,583,343)	\$ (5,819,958)	\$ (10,612,094)	\$ (16,967,274)
Cash used in discontinued operations	-	(403,139)	(836,062)	(1,124,710)
Changes in non-cash working capital of Continuing operations	(1,610,856)	1,313,252	(4,056,470)	4,908,112
	\$ (3,194,199)	\$ (4,909,845)	\$ (15,504,626)	\$ (13,183,872)

During Q3 2022, \$1.6 million cash was used in Continuing operations before changes in non-cash working capital (Q3 2021 - \$5.8 million). The total cash used in Q3 2022 in Operating activities was \$3.2 million (Q3 2021 - \$4.9 million).

Investing activities

In Q3 2022, cash provided by investing activities was \$352 thousand (Q3 2021 – \$71 thousand used), and in Q3 2022YTD cash provided by investing activities was \$6.7 million, including \$5.0 million cash received from the sale of discontinued operations and \$2.0 million cash received from the repayment of convertible loan receivable (Q3 2021YTD – cash used of \$181 thousand).

Financing activities

In Q3 2022, cash used in financing activities was \$70 thousand (Q3 2021 – cash used was \$72 thousand), and in Q3 2022YTD cash used in financing activities was \$211 thousand (Q3 2021YTD – cash provided was \$21.1 million). Q3 2021YTD inflow was a result of \$21.0 million cash proceeds received in Q1 2021 as part of the Company’s public offering completed in January 2021. The net proceeds from the offering are used as disclosed on January 15, 2021 in the prospectus supplement to the short form base shelf prospectus. There were no significant changes from a disclosure previously made about how the Company is going to use the net proceeds.

Capital resources

The Company is authorized to issue an unlimited number of common shares with no par value. As at August 31, 2022 the Company had 417,724,190 (November 30, 2021 - 404,650,916) common shares issued and outstanding.

For the nine months ended August 31, 2022, the Company issued 10,687,794 common shares as part of ongoing installments for the acquisition of CannMart Labs. 1,721,359 units of restricted shares with a value of \$86,443 vested and was recognized as share-based compensation. 664,121 units of shares with a value of \$40,000 were issued as part of the cost of sale of Findify.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

RELATED PARTY TRANSACTIONS

Payments to related parties

The following table summarizes transactions with related parties for the three and nine months ended August 31, 2022 and 2021:

	Three months ended		Nine months ended	
	31-Aug-22	31-Aug-21	31-Aug-22	31-Aug-21
<i>Related Party Transactions</i>				
Key management personnel compensation (i)	\$ 331,533	\$ 268,333	\$ 854,783	\$ 681,417
Directors fees	85,388	165,667	352,743	525,621
Share based compensation (ii)	3,827	-	114,577	-

- i. *The key management personnel compensation includes salaries and bonuses, benefits and incentives.*
ii. *Stock options granted to the Officers and Directors of the Company.*

SEGMENT INFORMATION

The Company consolidates results from the Corporate Unit as well as five Cash Generating Units (“CGUs” or “Operating Segments”). These include Australian Vaporizers, CannMart (consists of: CannMart Inc., CannMart Marketplace Inc., and CannMart Labs Inc.), CannMartMD, Lifeist Vapes and Mikra.

Operational results

The following tables present the Company’s operational results by CGU and the Corporate Unit for the three and nine months ended August 31, 2022 and 2021:

Q3 2022	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Mikra	Corporate & Other	Total
	\$	\$	\$	\$	\$	\$	\$
Net revenue	29,730	1,449,694	5,087,942	5,358	262,192	-	6,834,916
Adjusted EBITDA	(516,776)	71,882	1,182,831	5,340	(594,802)	(1,304,074)	(1,155,599)
EBITDA	(1,188,071)	110,270	1,185,466	5,340	(601,410)	(1,154,689)	(1,643,094)

Q3 2021	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Mikra	Corporate & Other	Total
	\$	\$	\$	\$	\$	\$	\$
Net revenue	406,741	1,817,597	3,126,754	31,839	-	-	5,382,931
Adjusted EBITDA	(400,202)	212,810	(2,746,529)	(593,637)	-	(1,505,903)	(5,033,461)
EBITDA	(311,535)	200,227	(2,792,461)	(593,689)	-	(1,591,771)	(5,089,229)

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

Q3 YTD 2022	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Mikra	Corporate & Other	Total
	\$	\$	\$	\$	\$	\$	\$
Net revenue	29,728	3,603,373	11,786,213	47,111	368,456	-	15,834,881
Adjusted EBITDA	(965,539)	(642,393)	(1,180,929)	(29,202)	(1,971,314)	(4,555,368)	(9,344,745)
EBITDA	(1,660,957)	(602,271)	(1,188,674)	(29,056)	(1,983,248)	(4,202,057)	(9,666,263)

Q3 YTD 2021	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Mikra	Corporate & Other	Total
	\$	\$	\$	\$	\$	\$	\$
Net revenue	1,980,996	4,771,008	8,531,307	91,880	-	-	15,375,191
Adjusted EBITDA	(996,412)	442,505	(8,703,806)	(861,335)	-	(6,318,366)	(16,437,414)
EBITDA	(834,117)	453,021	(9,157,372)	(864,294)	-	(6,804,963)	(17,207,725)

**Shared services costs are allocated from the corporate office to the individual CGUs, resulting in reduced Adjusted EBITDA and EBITDA in the operating units and higher Adjusted EBITDA and EBITDA in Corporate & Other units.*

Divisional EBITDA and Adjusted EBITDA in Fiscal 2022 and 2021 includes corporate cost allocations, previously recorded in the Corporate segment. The change, implemented in 2021, was a result of the revised Corporate Cost allocation policy, in order to reflect a more accurate allocation of the divisional spend.

CannMart and Labs

The CannMart business unit, including CannMart B2B, has shown a significant overall improvement in Fiscal 2022.

In Q3 2022 CannMart and Labs revenue increased by \$1.9 million or 62% to \$5.1 million (Q3 2021 - \$3.1 million), Adjusted EBITDA and EBITDA were \$1.2 million each, including a net loss of \$700 thousand, offset by a \$1.9 million supplier discount (Q3 2021 – net loss of \$3.3 million each), demonstrating an improvement in operational margins and operational efficiency.

Australian Vaporizers

In Q3 2022 Australian Vaporizers revenue decreased by \$368 thousand, or 20%, as compared to the same period last year, due to an operational slow down in Q3 2022, following a complete shut down in March and April 2022, resulting from the flooding event in the area. Sales resumed in May 2022 and is on track to reach the pre-flood monthly average levels in Q4 2022, proving this division's strong product offering and loyal customer base. Australian Vaporizers recorded a write-down of inventory of \$0.6 million in Q2 2022, as a result of the flood damage, impacting its Q3 2022 YTD Adjusted EBITDA and EBITDA numbers.

Mikra

Mikra's first nutraceutical product (CELLF) started its pre-sale, followed by full public launch in April 2022. CELLF is now available on WeAreMikra.com. Mikra reported \$262 thousand of revenues in Q3 2022

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

(Q2 2022 - \$106 thousand), and incurred operating costs of \$697 thousand in Q3 2022, consisting mainly of selling and marketing costs incurred to establish a baseline for growth in the coming quarters. In addition, Mikra experienced unprecedented supply chain challenges due to the war in Ukraine, resulting in increased costs and lead times for Glycerin, Sunflower Oil, and MCT Oil. These unforeseen circumstances required Mikra to identify new vendors and undergo complete re-testing, pushing scale-up manufacturing behind schedule and rendering nearly 30% of Q2 2022 out-of-stock.

CannMartMD Inc.

In Q3 2022 CannMartMD revenue was \$5 thousand (Q3 2021 - \$32 thousand). Adjusted EBITDA and EBITDA losses both improved in Q3 2022 mainly due a reduction in software and consulting costs allocated from Corporate to CannMartMD. Management made a decision to wind down CannMartMD division effective February 11, 2022 and re-allocate resources and focus on the growing profitable divisions within the Company.

Lifeist Vapes

As a result of declining revenues and continuing EBITDA losses, management made a decision to wind down the Lifeist Vapes division effective November 1, 2021 and re-allocate resources and focus on the growing profitable divisions within the Company, in line with its long-term strategic direction.

Corporate

In Q3 2022 Adjusted EBITDA and EBITDA losses improved by \$202 thousand or 13% and by \$390 thousand or 25% respectively, as compared to the same period last year. In Q3 2022YTD, Adjusted EBITDA and EBITDA losses improved by \$1.8 million or 28% and by \$2.6 million or 38% respectively, as compared to the same period last year. This change reflects continuous effort to improve operational efficiency and reduce corporate overhead costs to achieve viable and robust business model for the Company as a whole.

RISKS AND RISK MANAGEMENT

This section discusses factors relating to the business of Lifeist which should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and Lifeist may face additional risks and uncertainties not discussed in this section, or not currently known. All risks to Lifeist's business have the potential to influence its operations in a materially adverse manner.

Impact of Coronavirus ("COVID-19")

The spread of COVID-19 has affected both people and global operations and may continue to do so for the foreseeable future. The extent of the financial and operational impact of COVID-19 has yet to be fully determined. The impact on the Company has/ may include curtailment of operations if deemed non-

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

essential, logistic issues related to supply and delivery of products, stock market volatility resulting in both valuation changes to Lifeist's portfolio investments and limiting access to market capital, revaluation of other financial assets, foreign translation risk as a result of the declining Canadian dollar, and delays in financial reporting.

To minimize the spread of the virus and its impact on the operations, the Company has instituted measures including creating a committee focused on consistent and open communications with the staff, implementing best in-class hygiene practices, facilitating remote work locations, where possible, imposing travel restrictions and minimizing social exposure by conducting meetings remotely.

Regulatory Environment

The Company operates in a new and highly regulated cannabis industry and is dependent on receiving and maintaining licences in good standing with Health Canada ("HC"). The Company believes that it currently holds or has applied for all necessary licences/permits to carry on the activities which it is currently conducting under applicable laws and regulations. The Company may incur ongoing costs and obligations related to changing regulatory laws. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or restrictions on the Company's operations.

HC routinely inspects license holders to ensure compliance with existing regulations. The Company is continuously reviewing and improving its standard operating procedures, associated operational plans, and employee training, both proactively and in response to these routine inspections. The Company responds to all inspections in a timely manner, including in relation to any noted areas of concern. If the Company fails to comply with applicable laws, regulations, guidelines, and enforceable policies, the Company may be the subject of enforcement action, which could include incurring additional costs or penalties, or the Company's licence may be restricted, suspended, or revoked.

The cultivation, distribution, possession, and use of cannabis is illegal under U.S. federal law pursuant to the Controlled Substance Act of 1970 (United States) ("U.S. CSA"), subject to limited exceptions in respect of industrial hemp. The U.S. CSA classifies cannabis as a Schedule I controlled substance with a high potential for abuse and no currently accepted medical use, which cannot be safely prescribed. Consequently, a range of activities, including cultivation and the personal use of cannabis, are prohibited by U.S. federal law notwithstanding the existence of State-level laws permitting such activities in respect of medical and/or adult use cannabis at the State-level in the U.S. There can be no assurance that the U.S. federal government will not seek to prosecute cases involving businesses deemed connected to the cannabis business, including the operations in the U.S. currently conducted by the Company. Any such proceedings could have a material adverse effect on the Company, its business, revenues, operating results and financial condition, as well as the Company's reputation and ability to raise capital. Further, violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the U.S. federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its ability to list its securities on stock exchanges, its financial position, its operating results, its profitability or liquidity or the value of its securities. In addition, the time of management and advisors of the Company and resources that would be needed for the investigation of any such matters or their final resolution could be substantial.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

With respect to Mikra, the US Food & Drug Administration ("FDA") regulates the formulation, manufacturing, preparation, packaging, labeling, holding, and distribution of foods, drugs, and dietary supplements under the Federal Food, Drug and Cosmetic Act ("FFDCA") and the Dietary Supplement Health and Education Act of 1994 ("DSHEA"). "Dietary supplements" are defined as vitamins, minerals, herbs, other botanicals, amino acids, and other dietary substances for human use to supplement the diet, as well as concentrates, metabolites, constituents, extracts, or combinations of such nutritional/dietary ingredients. Generally, under DSHEA, dietary ingredients on the market before October 15, 1994, may be used in dietary supplements without notifying the FDA. New dietary ingredients (i.e., not marketed in the U.S. prior to 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" without being "chemically altered." A 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, when used under the conditions recommended or suggested in the labeling of the dietary supplement, "will reasonably be expected to be safe.", unless the substance is Generally Recognized As Safe (GRAS) under the conditions of its intended use, or is otherwise excluded from the definition of a food additive. GRAS status may be achieved through a self-determination by qualified experts, with subsequent voluntary notification to the U.S. FDA.

Under the DSHEA, dietary supplement labeling must include the statement of identity (name of the dietary supplement), the net quantity of contents statement (amount of the dietary supplement), the nutrition labeling, the ingredient list, and the name and place of business of the manufacturer, packer, or distributor. The DSHEA also states that dietary supplements may display "statements of nutritional support" provided certain requirements are met. Such statements must be accompanied by a label disclosure that "This statement has not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure, or prevent any disease." Such statements may describe how a particular dietary ingredient affects the structure, function or general well-being of the body, or the mechanism of action by which a dietary ingredient may affect body structure, function or well-being, but may not expressly or implicitly represent that a dietary supplement will diagnose, cure, mitigate, treat, or prevent a disease. Any statement of nutritional support we make in labeling must possess scientific evidence substantiating that the statement is truthful and not misleading. Among other obligations, the FDA also requires relevant parties to meet relevant current good manufacturing practice regulations ("cGMP") that govern the manufacturing, packing and holding of dietary ingredients and dietary supplements. cGMP regulations require dietary supplements to be prepared, packaged and held in compliance with strict rules, and require quality control provisions similar to those in the cGMP regulations for drugs. Failure to comply with statutory and regulatory requirements may subject a manufacturer to legal or regulatory action, such as warning letters, suspension of manufacturing, product seizures, injunctions, civil penalties or criminal prosecution. As is common practice in the industry, the Company relies on our third-party contract manufacturers to ensure that the products they manufacture and sell to us comply with all applicable regulatory requirements.

The Company cannot be sure that the FDA or comparable agencies, will not question its advertising, product claims, promotional materials or other operations in the future. If the Company fails to comply with applicable laws, regulations, guidelines, and enforceable policies, the Company may be the subject of enforcement action, which could include incurring additional costs or penalties, or the Company's ability to operate may be restricted, suspended, or revoked.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

Lack of Control Over Operations of Supply Partners

The Company's business relies on its supply partners to execute on its business plans and produce cannabis and nutraceuticals products. The operators of its partners have significant influence over the results of operations of the partners. Further, the interests of the Company's and the operators of the partners may not always be aligned. As a result, there is a risk to the Company that at any time those third parties may: (a) have business interests or targets that are inconsistent with those of the Company; (b) take action contrary to the Company's policies or objectives; (c) be unable or unwilling to fulfill their obligations under their agreements with the Company; or (d) experience financial, operational or other difficulties, including insolvency, which could limit or suspend a third party's ability to perform its obligations. The Company must also rely, in part, on the accuracy and timeliness of the information it receives from the supply partners, and uses such information in its analyses, forecasts and assessments relating to its own business. If the information provided by its partners to the Company contains material inaccuracies or omissions, the Company's ability to accurately forecast or achieve its stated objectives, or satisfy its reporting obligations, may be materially impaired.

Development of New Products

It is likely that the Company, and its competitors, will seek to introduce new products in the future, including additional edible cannabis product formats and cannabis derivatives. In attempting to keep pace with any new market developments, the Company may need to deploy significant amounts of capital in order to successfully develop and generate revenues from new products introduced by the Company. As well, the Company may be required to obtain and maintain additional regulatory approvals from Health Canada, the FDA in the US with respect to nutraceuticals products, and any other applicable regulatory authority, which may take significant amounts of time. The Company may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, gaining market acceptance for such products or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on the Company's business, financial condition and results of operations.

New Well-capitalized Entrants

Currently, the cannabis industry generally is comprised of individuals and small to medium-sized entities, however, the risk exists that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could strategically purchase or assume control of larger or a larger number of production facilities, which trend is now being observed by the Company. The nutraceuticals industry is comprised of small and medium-sized entities but also established large conglomerates. These potential competitors may have longer operating histories, significantly greater financial, technological, engineering, manufacturing, marketing, and distribution resources, and be better capitalized.

Product Liability

As a processor and distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

alleged to have caused significant loss or injury. In addition, the manufacture and sale of consumer packaged good products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis or nutraceuticals products alone or in combination with other medications or substances could occur. As a processor, distributor and retailer of cannabis and as retailer of nutraceutical products, or in its role as an investor in or service provider to an entity that is a manufacturer, distributor and/or retailer of adult-use or such products, the Company may be subject to various product liability claims, including, among others, that the cannabis product caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the

Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations, financial condition or prospects of the Company. There can be no assurances that the Company will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products or otherwise have a material adverse effect on the business, results of operations, financial condition or prospects of the Company.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Such recalls cause unexpected expenses of the recall and any legal proceedings that might arise in connection with the recall. This can cause loss of a significant amount of sales. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency, or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action, or lawsuits. Additionally, if one of the Company's products were subject to recall, the image of that product and the Company could be harmed. Additionally, product recalls can lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Cannabis Supply Arrangements with Provincial Governments

The Company expects to derive a significant portion of its future revenues from its cannabis supply arrangements with the various Canadian provinces. There are many factors which could impact the Company's contractual and other arrangements with the provinces, including but not limited to availability of supply, product selection and the popularity of the Company's products with retail customers. If the Company's supply arrangements with certain Canadian provinces are amended, terminated or otherwise altered, the Company's sales and results of operations could be adversely affected, which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company's supply arrangements with the various Canadian provinces do not contain purchase commitments

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

or otherwise obligate the provincial or territorial wholesaler to buy a minimum or fixed volume of cannabis products from the Company. The amount of cannabis products that the provincial or territorial wholesalers may purchase under the supply arrangements may therefore vary from what the Company expects or has planned for. As a result, the Company's revenues could fluctuate materially in the future and could be materially and disproportionately impacted by the purchasing decisions of the provincial or territorial wholesalers. The Company cannot accurately predict the quantities of its products that will be purchased by the provincial or territorial wholesalers, or if they will purchase any products at all. Any inability to secure purchase orders could have a material adverse effect on the Company's business, financial condition or results of operations.

Impact of the Illicit Supply of Cannabis

In addition to competition from licenced producers and those able to produce cannabis legally without a licence, the Company also faces competition from unlicensed and unregulated market participants, including illegal dispensaries and black-market suppliers selling cannabis and cannabis-based products in Canada.

Despite the legalization of medical and adult-use cannabis in Canada, black market operations remain and are a substantial competitor to the Company's business. In addition, illegal dispensaries and black market participants may be able to (i) offer products with higher concentrations of active ingredients that are either expressly prohibited or impracticable to produce under current Canadian regulations, (ii) use marketing and branding strategies that are restricted under the Cannabis Act and Cannabis Regulations, and (iii) make claims not permissible under the Cannabis Act and other regulatory regimes. As these illicit market participants do not comply with the regulations governing the medical and adult-use cannabis industry in Canada, their operations may also have significantly lower costs.

As a result of the competition presented by the black market for cannabis, any unwillingness by consumers currently utilizing these unlicensed distribution channels to begin purchasing from licenced producers for any reason or any inability or unwillingness of law enforcement authorities to enforce laws prohibiting the unlicensed cultivation and sale of cannabis and cannabis-based products could (i) result in the perpetuation of the black market for cannabis, (ii) adversely affect the Company's market share and (iii) adversely impact the public perception of cannabis use and licenced cannabis producers and dealers, all of which would have a materially adverse effect on the Company's business, operations and financial condition.

Results of Future Clinical Research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids and future research and clinical trials may discredit the medical benefits, viability, safety, efficacy, and social acceptance of cannabis or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of the Company's securities should not place undue reliance on such articles and reports. Future research studies may reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Vaping and Vaping Products

On October 4, 2019, the U.S. Food and Drug Administration issued a warning to the public to stop using vaping liquids containing cannabis derivatives and ingredients, such as CBD and THC, in light of a potential but unconfirmed link to lung injuries such as severe pulmonary illness. Such warnings appear to be particularly focused on the use of vaping liquids purchased from unlicensed or unregulated retailers. Lung injuries associated with the use of cannabis derivatives containing vaping liquid have equally been reported in Canada but to a lesser extent. In response, Health Canada has issued an information update advising Canadians who use cannabis derivatives containing vaping liquids to monitor themselves for symptoms of pulmonary illness. There may be further governmental and private sector actions aimed at reducing the sale of cannabis containing vaping liquids and/or seeking to hold manufacturers of cannabis containing vaping liquids responsible for the adverse health effects associated with the use of these vaping products. These actions, combined with potential deterioration in the public's perception of cannabis containing vaping liquids, may result in a reduced market for vaporizer products. Federal, provincial and local regulations or actions that prohibit or restrict the sale of vaporizer products including cannabis derivative vaping liquids, or that decrease consumer demand for the Company's products by prohibiting their use, raising the minimum age for their purchase, raising the purchase prices to unattractive levels via taxation, or banning their sale, could adversely impact the financial condition and results of operations of the Company.

Reliance of the Company on Licensing

The Company's cannabis business operations in Canada is dependent on maintaining and renewing its licences and permits, as applicable, and on maintaining licences and/or permits or obtaining additional licences and permits from the applicable regulatory authorities, as required. Although the Company believes that it is complying in all material respects with the terms of its existing licences in Canada there is no assurance that the Company will be able to maintain its licences and permits, renew or extend them on the same or similar terms, or obtain any remaining licences and permits that it requires to operate. Any failure to maintain such licences, or failure or delay in obtaining licences for existing or expanded operations, would have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

In addition, these licences and permits are subject to ongoing compliance and reporting requirements and must be renewed from time to time. Although the Company believes it will meet the requirements for future extensions or renewals of its licences and permits there can be no guarantee that Health Canada or other applicable regulatory authorities will extend or renew its licences and permits, and if extended or renewed, that the licences and permits will be extended or renewed on the same or similar terms. Should the licences and permits not be renewed, or renewed on different terms, it would have a material adverse effect on the Company's business, prospects, financial condition and results of operations. There are also various licensing requirements which the Company and certain of its directors, officers and employees would need to satisfy for future extensions or renewals. There is no guarantee that the Company and/or such persons will satisfy the applicable licensing requirements.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

The Company may be unable to obtain, maintain or renew the necessary licences, permits, certificates, authorizations or accreditations to operate its business or on less advantageous terms. The Company may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry in the jurisdictions in which it operates. Failure to comply with or to obtain the necessary licences, permits, certificates, authorizations or accreditations could result in restrictions on the Company's ability to operate in the cannabis industry in any jurisdiction, which could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company has a limited operating history

The Company has a limited operating history, and, accordingly, potential investors will have a limited basis on which to evaluate the Company's ability to achieve its business objectives. The future success of the Company is dependent on management's ability to implement its strategy. Although management is optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Company will be able to successfully establish a market for its products. The Company faces risks frequently encountered by early-stage companies. In particular, its future growth and prospects will depend on its ability to expand its operations and gain additional revenue streams whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The Company may not be able to achieve or maintain sufficient working capital to meet future obligations

The Company's ability to satisfy its working capital requirements will depend on a number of factors, some of which are beyond its control. Factors that will influence the Company's ability to achieve or maintain sufficient working capital to meet its future obligations will include general global economic conditions, credit and capital market conditions, cannabis industry conditions and results of operations. There is no guarantee that the Company will continue to have positive working capital in the future, or that the working capital generated from operations will be sufficient to cover its expansion plans or the cost of future operations.

The Company has negative cash flow from operations and may need additional financing in the future

To date, the Company has had negative cash flow from operating activities. To fund its operations in the future and anticipated growth, additional funds may be required. The Company cannot guarantee it will achieve cash flow positive status in the future or have access to sufficient financial resources to fund its operations. Continued negative cash flow may restrict the Company's ability to pursue its business objectives which could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

The building and operation of the Company's facilities and business are capital intensive. In order to execute the anticipated growth strategy, the Company may require additional equity and/or debt financing to support on-going operations, to undertake capital expenditures and to undertake additional acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed, or on terms which are acceptable to the Company. The Company's

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

inability to raise financing to support on-going operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect upon future profitability.

The Company may not be able to achieve or maintain profitability

The Company has incurred losses since inception. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

Reputational risk and negative public opinion

Damage to the Company's reputation can result from the actual or perceived occurrence of any number of events, including any negative publicity, whether true or not. As a distributor of cannabis, which was previously a controlled substance in Canada, and still may be associated with various other controlled substances, violence and criminal activities, there is a risk that the Company's business might attract negative publicity. There is also a risk that the actions of other federal cannabis licence holders, permitted retailers or other companies and service providers in the cannabis industry, including those with whom the Company has or will enter into agreements with, may negatively affect the reputation of the industry as a whole and thereby negatively impact the Company's reputation. With respect to nutraceuticals,

The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share negative opinions and views in regard to the Company's activities and the cannabis industry in general, whether true or not. The Company does not ultimately have direct control over how the Company or the cannabis industry is perceived by others. Reputational issues may result in decreased investor confidence, increased challenges in developing and maintaining community relations and present an impediment to the Company's overall ability to advance its business strategy and realize on its growth prospects, which could have a material adverse effect on the Company's business, financial condition or results of operations.

Protection of intellectual property

The Company's success depends in part on its ability to protect its ideas and technology. Even if it moves to protect its technology with trademarks, patents, copyrights or by other means, it is not assured that competitors will not develop similar technology, business methods or that the Company will be able to exercise its legal rights. Other countries may not protect intellectual property rights to the same standards as does Canada. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions have a meaningful impact on its ability to successfully grow its business.

Inability to offer brands that attract or retain customers

The Company's success is dependent upon, among other things, continually offering desirable and effective cannabis and nutraceuticals products and the continued growth in the aggregate number of

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

recreational cannabis consumers. Campaigns designed to enhance the brands offered by the Company and attract consumers, subject to restrictions imposed by law, can be expensive and may not result in increased sales. If the Company is unable to attract new consumers, it may not be able to increase its sales.

Reliance on Information Technology and Cybersecurity

The Company is reliant on the continuous and uninterrupted operation of its IT systems. User access and security of all IT systems can be critical elements to the operations of the Company. Protection against cybersecurity incidents, cloud security and security of all of the Company's IT systems are critical to the operations of the Company. Any IT failure pertaining to availability, access or system security could result in disruption of online sales and could adversely affect the reputation, operations or financial performance of the Company.

The Company's IT systems could be compromised by unauthorized parties attempting to extract business sensitive, confidential or personal information, corrupting information or disrupting business processes or by inadvertent or intentional actions by the Company's employees or vendors. A cybersecurity incident resulting in a security breach or failure to identify a security threat could disrupt business and could result in the loss of business sensitive, confidential or personal information or other assets, as well as litigation, regulatory enforcement, violation of privacy or securities laws and regulations, and remediation costs.

While the Company has established business continuity plans and risk management systems seeking to address system breaches or failures including, but not limited to, intrusion prevention and firewall hardware systems; MAC ID and IP blacklists; comprehensive anti-virus software libraries; network real-time monitoring; cloud-based virtual data distribution in fractional segments using RSA encryption keys; grandfather, father, son data backup strategies; and antivirus and malware protection software, there are inherent limitations in such plans and systems and there is no guarantee that such efforts will succeed. Any such unauthorized entry or breach into the Company's IT systems could have an adverse impact on the Company's financial condition and operations.

The Company may become a party to litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company 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 and demand significant time and attention by management. Even if the Company is involved in litigation and wins, litigation can redirect significant resources. See "Legal Proceedings and Regulatory Actions" below.

The Company may become involved in regulatory or agency proceedings, investigations and audits

Health Canada inspectors routinely assess the Company for compliance with applicable regulatory requirements. The Company's facilities in Canada will be inspected by Health Canada and will be subject to certain ongoing inspections and audits. Furthermore, the import of the Company's products into other jurisdictions is subject to the regulatory requirements of the respective jurisdiction. Any failure by the Company to comply with the applicable regulatory requirements could require extensive changes to the Company's operations; result in regulatory or agency proceedings or investigations, increased compliance

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

costs, damage awards, civil or criminal fines or penalties or restrictions on the Company's operations; harm the Company's reputation or give rise to material liabilities or a revocation of the Company's licences and other permits. There can be no assurance that any pending or future regulatory or agency proceedings, investigations or audits will not result in substantial costs, a diversion of management's attention and resources or other adverse consequences to the Company and its business.

In addition to the above, the Company is also subject to other risk factors as described in greater detail under the heading "Risks Factors" in the Company's Annual Information Form for the Fiscal year ended November 30, 2020, and available under the Company's profile at www.sedar.com.

NON-IFRS FINANCIAL MEASURES

The following table reconciles net loss to Adjusted EBITDA for the three and nine months ended August 31, 2022 and 2021:

	Three months ended		Nine months ended	
	31-Aug-22	31-Aug-21	31-Aug-22	31-Aug-21
Gross revenue	\$ 8,855,459	\$ 6,662,272	\$ 20,724,621	\$ 18,279,514
Excise taxes	(2,020,543)	(1,279,341)	(4,889,740)	(2,904,323)
Net revenue	6,834,916	5,382,931	15,834,881	15,375,191
Cost of goods sold	5,448,308	4,457,991	12,916,722	13,981,095
Gross profit before inventory adjustment	1,386,608	924,940	2,918,159	1,394,096
<i>Gross profit (before inventory adjustment) as a % of net revenue</i>	20%	17%	18%	9%
Inventory adjustment	(1,637,859)	432,710	(427,645)	1,517,903
Operating costs	3,789,794	5,101,442	11,207,031	14,005,034
Professional fees	285,155	429,122	1,146,896	1,419,321
Share-based compensation	105,117	(4,873)	336,622	889,252
Adjusted EBITDA	(1,155,599)	(5,033,461)	(9,344,745)	(16,437,414)
Other expense (income)	482,565	65,693	273,778	698,939
Foreign exchange loss (gain)	4,930	(9,925)	47,740	71,372
EBITDA	(1,643,094)	(5,089,229)	(9,666,263)	(17,207,725)
Income tax expense (recovery)	(31,284)	106,369	(233,439)	199,625
Depreciation and amortization	332,213	454,685	1,120,092	1,272,446
Net loss from Continued Operations	(1,944,023)	(5,650,283)	(10,552,916)	(18,679,796)
Gain on sale of Discontinued Operations	-	-	4,096,558	-
(Loss) from Discontinued Operations	-	(403,139)	(836,062)	(1,124,710)
Net gain (loss) from Discontinued Operations	-	(403,139)	3,260,496	(1,124,710)
Net loss	\$ (1,944,023)	\$ (6,053,422)	\$ (7,292,420)	\$ (19,804,506)

- Other expense (income) consists of interest income, unrealized gain on derivatives and equity investments at fair value through profit and loss ("FVTPL") and other miscellaneous nonrecurring expenses excluded from Adjusted EBITDA calculation.

LIFEIST WELLNESS INC.

Management Discussion and Analysis

For the three and nine months ended August 31, 2022

- Current and deferred income taxes, depreciation and amortization, foreign exchange on revaluation and share based compensation were excluded from the Adjusted EBITDA calculation as they do not represent cash expenditures.