**CENTR BRANDS CORP.**
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September 26, 2019

# MANAGEMENT DISCUSSION & ANALYSIS

*This Management's Discussion & Analysis ("MD&A") should be read in conjunction with the audited financial statements of CENTR Brands Corp. (the "Company") for the period ended May 31, 2019 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in the financial statements and this MD&A are expressed in Canadian dollars, unless otherwise indicated.*

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

## FORWARD LOOKING INFORMATION

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

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

## Overview

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

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

The Company's first product, called "CENTR", is a sparkling, low-calorie, CBD beverage that the Company launched in the United States in the summer of 2019. The Company is led by Chief Executive Officer and Director Joseph Meehan, with Arjan Chima as CFO and Director and Paul Meehan and Anton Drescher as fellow Directors.

## Overall Performance

As of today's date, the Company has commenced its initial test marketing of CENTR in its initial U.S. West Coast sales region. To support sales development and growth, the Company has hired a V.P. Sales, District Manager, and National Accounts Manager for the U.S. West Coast. The Company expects to drive national consumer demand and interest for CENTR in fiscal 2020, expanding its sales footprint nationally as profitable sales dictate.

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

## Discussion of Operations

The Company's initial beverage product, CENTR, did not commence sales in fiscal 2019. During this period, the Company both focused on and used the proceeds of the financings that it has completed to date for (i) the creation of the CENTR brand, (ii) development of the product flavour profile, (iii) development of a sales and marketing team on the U.S. West Coast, and (iv) introduction of the brand concept and product to potential distribution and retail sales partners. Operationally, the Company met or exceeded each of its' announced timelines for brand and product creation, initial production, and product distribution.

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

## Summary of Results

| **Description** | **September 17, 2018 to May 31, 2019** |
|---|---|
| *Revenues* | *$ 0* |
| *Expenses* | |
| *General and administrative* | *1,472,480* |
| *Listing expense* | *1,109,089* |
| *Share-based compensation* | *458,358* |
| *Marketing and promotion* | *77,971* |
| *Other expense* | *9,584* |
| *Total* | *$3,127,482* |
| *Net loss and comprehensive loss* | *$ (3,127,482)* |
| *Basic & diluted loss per share* | *$ (0.09)* |

## Results of Operations

*Period commencing from September 17, 2018 to May 31, 2019*

The Company incurred a net loss and comprehensive loss of $3,127,482 for the period.

*General and Administrative*

The Company incurred $1,472,480 in general and administrative costs for the period and significant amounts include the following:

Consulting fees of $861,046 resulting from the private placements discussed herein, negotiation of the transaction with CBD Lifestyle Corp., and the creation of the CENTR branded beverage.

Salaries and benefits of $218,992 resulting from the hiring four 4 employees (President and CEO, CFO, VP Sales and Brand Development Manager). No bonuses were paid or accrued for the period.

Accounting and legal expenses of $196,603 resulting from various legal and advisory fees as the Company completed various due diligence activities and entered into consulting contracts, employment agreements and other business contracts to support its business operations. As of the date hereof, management is not aware of any material claims or possible claims against the Company.

*Listing expense*

The Company recorded a listing expense of $1,109,089 which consisted of the fair value of consideration, revaluation of replacement warrants and transaction costs (legal, audit and filing fees).

*Share-based compensation*

During the period of September 17, 2018 to May 31, 2019, the Company granted 5,100,000 stock options and recorded a share-based compensation expense of $458,358. The total number of options exercisable at May 31, 2019 was 4,825,000.

As at May 31, 2019, the total compensation cost not yet recognized related to options granted is approximately $32,905 and will be recognized over the remaining average vesting period of 2.9 years.

*Marketing and promotion*

The Company incurred $77,971 in marketing and promotion expenses for the period for the production of a social media launch platform and consumer facing advertisements.

## Liquidity and Capital Resources

As of May 31, 2019, the Company had a cash position of $1,976,332.

During the period ended May 31, 2019, CBD Lifestyle Corp. closed (i) a non-brokered private placement of 847,500 common shares at $0.01 per share for gross proceeds of $8,475, and (ii) a non-brokered private placement of 500,000 common shares at $1.00 per share for gross proceeds of $500,000. The Company paid a finder's fee of $8,000 in respect of the $500,000 non-brokered private placement.

In conjunction with the Transaction, the Company carried out an equity financing for gross proceeds of $3,020,000 (the "Financing") to fund the ongoing development and launch of the CENTR branded beverage. In connection with completion of the Financing, the Company:

(a) paid $147,200 in commissions; and
(b) issued 425,600 share purchase warrants (each, a "Broker Warrant") to certain parties who assisted the Company in introducing subscribers to the Financing. Each Broker Warrant entitles the holder to acquire a common share of the Company, at a price of $1.00 per share, until March 29, 2020.

Working capital as of May 31, 2019 was $2,166,720 largely attributable to the cash generated from equity financings. Operating activities are expected to generate significant revenue in 2020 and beyond. The Company expects that continuing and expanding sales of its' beverage will be sufficient to maintain the Company's capacity to meet planned growth. Despite this, and due largely to the costs of the development and launch of our initial beverage and related branding, the Company has limited capital resources and may have to also rely upon the sale of equity and/or debt securities for cash required for acquisitions and to fund the general and administration expenses of the Company. The Company does not presently engage in any investing activities.

## Transactions with Related Parties

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

The Company entered into certain transactions with key management personnel during the period of September 17, 2018 to May 31, 2019 as follows:

| | For the period ended May 31, 2019 |
|---|---|
| **Compensation of Key Management Personnel** | |
| Consulting fees | $31,500 |
| Salaries and benefits | 149,089 |
| | $180,589 |

The Company incurred the following transactions with companies having directors and officers in common, including Meehan Ideas Inc. and Harbour Pacific Capital Corporation:

| | For the period ended May 31, 2019 |
|---|---|
| **Transactions with Controlling Shareholders** | |
| Consulting fees paid to a director | $7,538 |
| Consulting fees paid to companies controlled by directors of the Company | 525,000 |
| Other fees paid to companies controlled by directors of the Company | 172,878 |
| | $180,589 |

As at May 31, 2019, $74,252 was included in due to related parties for creative services and other overhead costs rendered by Meehan Ideas Inc. and the Chief Executive Officer, respectively, and in the ordinary course of business. These amounts bear no interest and are due on demand.

## Financial Instruments

*Fair Value of Financial Instruments*

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

*Fair Value Hierarchy*

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

Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – valuation techniques based on inputs other than quoted prices included in level1that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces credit risk on cash by placing these instruments with institutions of high credit worthiness. As at May 31, 2019, management of the Company believes the Company's credit risk is minimal.

*Foreign Exchange Risk*

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rate. The Company does not believe it is exposed to significant currency risk, as to date the Company has raised money only in Canada and in Canadian dollars to fund operations and development. However in the future, it is expected that a significant proportion of the Company's sales and expenses will be priced in U.S. dollars.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the risk that the value of financial instruments will change due to movement in market interest rates. The Company does not hold interest-bearing debt with long-term maturities and therefore does not believe that interest rate risk is significant. The Company does not use derivative instruments to reduce interest rate risk as management of the Company believes that the likely financial impact of interest rate changes does not justify using derivatives.

*Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with the Company's financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are current. The Company addresses liquidity risk through equity financing obtained through the sale of common shares and the exercise of warrants and options.

## Directors and Officers

The Company's Board of Directors is as follows:

**Paul F. Meehan**
**Joseph E. Meehan**
**Arjan J. Chima**
**Anton J. Drescher**

The Company's officers are:

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

## Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As of May 31, 2019, 59,671,200 common shares were issued and outstanding, with 665,600 shares reserved for issuance pursuant to the exercise of outstanding warrants.

| | Number of warrants | | Weighted average exercise price | Expiry date |
|---|---|---|---|---|
| Balance, September 17, 2018 | - | $ | - | |
| Replacement Warrants | 240,000 | | 0.50 | October 18, 2019 |
| Broker warrants issued | 425,600 | | 1.00 | March 29, 2020 |
| Outstanding, May 31, 2019 | 665,600 | | 0.82 | |

As of May 31, 2019, there were 5,100,000 outstanding stock options.

| | Number of stock options | | Weighted average exercise price | Expiry date |
|---|---|---|---|---|
| Outstanding, September 17, 2018 | - | $ | - | |
| Granted - May 1, 2019 | 5,100,000 | | 1.00 | May 1, 2024 |
| Forfeitures | - | | - | |
| Outstanding, May 31, 2019 | 5,100,000 | | 1.00 | |

## Changes in Accounting Policies

*New or Revised Standards and Amendments to Existing Standards Not Yet Effective*

IFRS 16, Leases ("IFRS 16"), was issued in January 2016, replacing IAS 17, Leases ("IAS 17"). IFRS 16 introduces a single accounting model for lessees and for all leases with a term of more than 12-months, unless the underlying asset is of low value. A lessee will be required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

IFRS 16 was adopted by the Company effective June 1, 2019 under the modified retrospective approach. The Company has identified a lease contract related to a vehicle, for which recognition will change under IFRS 16. Management has recognized a right-of-use asset and lease liability related to a vehicle lease on adoption of IFRS 16, with no material impact to deficit on transition.

## Off-Balance Sheet Arrangements

The Company leases a car for the CEO for an annual commitment of $11,909.