SATIVA WELLNESS GROUP INC. (FORMERLY STILLCANNA INC.)

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF
OPERATIONS FOR THE PERIOD ENDED September 30, 2021

FORM 51-102F1

Contents

DATE AND SUBJECT OF REPORT

The following Management Discussion & Analysis ("**MD&A**") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of SATIVA WELLNESS GROUP INC. (hereinafter "**Sativa**" or the "**Company**") for the period ended September 30, 2021.

This MD&A has been prepared with an effective date of November 8, 2021 and should be read in conjunction with the Company's September 30, 2021 unaudited consolidated financial statements as filed on SEDAR.

SCOPE OF ANALYSIS

The following is a discussion and analysis of SWEL (formerly STIL). The Company reports its financial results in British pounds and in accordance with International Financial Reporting Standards ("**IFRS**"). All reported financial information includes the financial results of SWEL and its subsidiaries.

GENERAL BUSINESS AND DEVELOPMENT

Sativa Wellness Inc. is a publicly traded corporation incorporated in Canada with offices located at The Blue Building, Stubbs Lane, Beckington, Somerset, BA11 6TE, UK. The Company's common shares are traded on the Canadian Securities Exchange ("**CSE**") and the Apex segment of the AQSE Growth Market ("**AQSE**"), under the trading symbol "SWEL", and is quoted on the over-the-counter ("**OTC**") market in the United States under the trading symbol SCNFF, and the Frankfurt Stock Exchange "FSE", under the trading symbol 484.

What We Do

Our Vision

The Sativa Group's vision is to be recognised as one of the leading health & wellness companies in the territories that it operates. Sativa provides a range of associated health products and services which include blood tests, diagnositcs and CBD products to meet today's fast evolving consumer expectations. We plan to expand our distribution network and relevant partnerships to provide these high-quality health products and services in the UK, Europe and North America.
Sativa Wellness Group Inc. is a trusted health and wellness company, that operates in the United Kingdom and Europe across 3 distinct divisions.

Sativa Wellness Group Inc. is a trusted health and wellness company, that currently operates in the United Kingdom and Europe across 3 distinct divisions.

Goodbody Clinic Services

We have a consumer website and a network of over 80 clinics and continue to roll out to new pharmacies to offer Community Diagnostic sites ("CDS"):

- In clinic Coronavirus IgG IgM Antibody Testing for past infection.
- In clinic Coronavirus Antigen Testing for current infection.
- In clinic Coronavirus (RT-) PCR Test for current infection.
- Home test kits Capillary draw, (finger prick), home test kits for PCR and Antigen testing.

We provide phlebotomy services to offer a venous blood draw service through our two retail premises and one of our pharmacy partners to be rolled out throughout the rest of the network to offer:

- Wellness Blood testing, Kidney function, liver function, prostate, cholesterol, male and female hormones & fertility and more.

The need for radical investment and reform of diagnostic services in the UK was recognised at the time the NHS Long Term Plan was published in 2019. The Covid-19 pandemic has further amplified the need for change in the provision of diagnostic services but has also provided an opportunity for this change. Many beneficial changes in relation to diagnostic pathways, such as increased use of virtual consultations and community services, are consistent with our growth strategy.

Even though a vaccine has been developed, living with COVID-19 is going to require significantly more comprehensive disease surveillance of the UK population. At-home testing is no longer recommended as the main testing method by the UK government's Scientific Advisory Group for Emergencies (SAGE) and thus a national testing infrastructure that provides a quantitative picture of individual and collective immunity is required.

Our strategy is to provide customer solutions within the wellness sector through the expansion of our clinics nationwide to offer our venous draw blood testing services and increase the number of Goodbody products and services in each of the pharmacies.

Goodbody CBD

The Company's CBD division includes formulation operations in the UK and extraction and formulation facilities in Poland supporting 4 Pillars of the product range: Sleep, Restore, Calm, and Relief.

Our products are positioned as the 'Best Quality, Best Price' guaranteed, underpinning positioning with a membership model offering the cheapest CBD prices that can be found in the UK market today. Guaranteed quality and prices to the consumer or their money back.

This provides the Group with long term predictable revenues with the opportunity to build loyalty to the brand. The quality is re-enforced through the processes undertaken to manufacture the

products and the in-house scientific and quality team. Quality also substantiated through evidence based on customer reviews, Trust Pilot reviews, Live Chat and research articles.

Product Range Expansion – from our Polish operations

- Agreement with distribution partner in Germany to develop European market
- CBD extraction, wholesale bulk isolate and distillate sales from the Olimax factory in Poland
- Offering White Label & Wholesale products across the range

PhytoVista Laboratories

Our vision is to become a leading European laboratory, of which, tests CBD and hemp products. We have recently launched a new UK website and going through the process of translating into a number of European languages.

The Company's custom-built, state-of-the-art laboratories in the UK and Poland use stringent methodology to ensure delivery of accurate results, compliance, and the highest quality.

- Our UK laboratory in specialist ISO accredited and planning to expand the scope of the ISO17025 accreditation.
- Working with the Polish laboratory team to expand cannabinoid testing in Europe.
- Positioning the business to partner with institutions as a key supplier.

Company Structural Developments

On September 24, 2020, the Company closed its reverse acquisition (the "Transaction") with Sativa Group Plc by acquiring a 100% equity interest from the shareholders of Sativa Wellness Group Inc. (Formerly Stillcanna Inc.). The Company acquired all of the shares of Sativa Group Plc in exchange for the issuance of 190,718,214 common shares. The shares were issued using a share exchange ratio of 0.33507 New Sativa Wellness Group Inc Shares in exchange for each Sativa Group Plc Share.

Pursuant to a share exchange arrangement (the "Arrangement"), the Company acquired all of the outstanding shares of Sativa Group Plc. As a result of the Transaction, Sativa Group Plc became a wholly owned subsidiary.

At the time of the acquisition, Sativa Group Plc determined that Sativa Wellness Group Inc. (Formerly Stillcanna Inc.) constituted a business as defined under IFRS 3, Business Combinations, and that it met the criteria for a reverse acquisition so accounted for it as such. Therefore, Sativa Group Plc for reporting purposes is the accounting acquirer. The purchase consideration is comprised of shares, options, and warrants which were measured at fair value on the date of acquisition. The Sativa Wellness Group Inc. (Formerly Stillcanna Inc.) shares (110,874,727 common shares) fair value was determined to be a Level 2 fair value measurement of £6,068,355 based on the five-day average market price following commencement of trading on September

30, 2020. The Sativa Wellness Group Inc. (Formerly Stillcanna Inc.) options and warrants outstanding at the acquisition date were also valued and included in the total consideration paid.

Prior to the acquisition, Sativa, through its subsidiaries, operated four separate businesses: Goodbody Botanicals, Sativa's primary retail subsidiary which sells CBD products and hand sanitizer online, to high street stores, and through online platforms; Goodbody Wellness, Sativa's high street own retail store offering and prestige CBD wellness centre brand; PhytoVista Laboratories, an independent analytical hemp and CBD testing facility providing support to retailers, distributers and manufacturers by expertly testing the cannabinoid level of the hemp and CBD products they are supplying and also for contaminants; and Sativa Cultivation and Extraction, which cultivates and extracts high THC medicinal cannabis under Home Office licence for research purposes, to fulfil its research partnership with King's College London.

In addition, Sativa held a 60% interest in Sativa Germany GmbH ("Sativa Germany") a German company established to secure licenses for the distribution of medical cannabis products in Germany, and to develop the sale and distribution of CBD products in Germany.

The combination of Sativa with the company has led to an integrated health and wellness consumer group, with the products, assets, technical expertise and capabilities to meet the needs of customers, across the CBD health sector industry, testing and wider wellness sector. The merger brought together Sativa's manufacturing, laboratory testing expertise, and CBD wellness products and brands, with Stillcanna's hemp cultivation knowledge and extraction capabilities, alongside a shared belief in regulatory compliance, which resulted in an organization with full control of its products.

BUSINESS UPDATE AND OUTLOOK

Goodbody Clinics

Coronavirus IgG IgM Antibody Test for past infection.

Coronavirus Antigen Test for current infection.

Coronavirus (RT-) PCR Test for current infection.

In November 2020, the Company announced the opening of the Goodbody Clinic in the Company's Goodbody Wellness store in Bath, providing COVID PCR, antigen and antibody testing for those who want to find out if they have had COVID 19 and to see if they have developed antibodies.

Customers book an appointment online and attend in-clinic to self-administer the tests guided by a trained medical professional. The test samples are sent to accredited laboratories, with express "next day" delivery service available for PCR tests, delivering certificates via email and SMS. Rapid antigen and antibody results are available within 15 minutes. The successful initial launch was expanded to the company's Bristol Goodbody Wellness store, with COVID testing contributing to the record quarter to date of sales achieved in Q3 2021.

In Q1 partnerships with clinics were established to open further CDS's as well as purchasing three mobile clinics bringing the total number of clinics up to 30 by the end of March 2021. The Goodbody Clinics performed strongly in Q1 2021, announcing on March 10th the achievement of £1,100,000 ($2,000,000) in bookings and this strong performance continued into Q2.

In Q3 the model was expanded through partnering with more pharmacies to bring the total number of CDS's open at the end of September 2021 to 62 and by the date of this report the company operated over 80 CDS's.

We plan to further expand nationwide the number of CDU's and the products and services they offer their customers.

Goodbody CBD

The Global CBD Marketplace

The CBD wellness products and wholesale bulk ingredient markets continue to see strong demand from consumers, wholesalers, manufacturers and brand owners.

The Association for the Cannabinoid Industry, (ACI), estimate the UK market to be worth £60 million in 2021.

However, the number of producers continues to increase, leading to a worldwide drop in wholesale and retail prices.

Globally, CBD continues to be incorporated within a range of new consumer end products, such as cosmetics and edibles.

Sativa's focus is the European marketplace, which comprises the UK, the EU and the balance of Europe. The UK is the leading consumer market for retail CBD products, followed by countries such as Italy and Germany, with strong growth in emerging CBD markets such as Poland and the Czech Republic. On August 24th, 2021 the Company signed a distribution agreement with German Partners Lexamed GMBH. Olimax the Company's Poland subsidiary will be producing a broader range of products for the German market.

Sativa Wellness Group produces an entirely EU-based compliant product and feels it is uniquely positioned to meet the requirements of the EU marketplace. Hazardous and Critical Control Process ("**HACCP**") and Good Manufacturing Practices (**GMP**) certificates greatly increase the value of an extraction Company's products.

Novel Food Application

CBD extract and isolate products were confirmed as novel food products in January 2019. Under the novel food regulations, foods or food ingredients which do not have a history of consumption before May 1997 should be evaluated and authorised through the Novel Foods submission process before they can be placed on the market.

This process ensures novel food products meet legal standards, including on safety and content. It will also help consolidate the market.

To bring the current market into compliance, the FSA exceptionally asked the industry to submit retrospective applications, for CBD products which were on sale on 13 February 2020. The products linked to the applications which are making initial progress through the novel foods' authorisation are allowed to stay on the market until a decision on their authorisation has been made.

In this respect, Sativa submitted evidence for the products that were sold prior to 13 February 2020 and unlike most CBD companies we have submitted our own CBD formulations rather than 3rd party formulations.

The Company progressed its Novel Food Application, with in-house scientists and quality/compliance professionals partnering with Global Regulatory Services ("**GRS**") of the UK, an award-winning global consulting firm with a specialty in Novel Food applications.

The Company is a member of the Association for the Cannabinoid Industry ("ACI") Novel Food consortium and it's landmark toxicology and genotoxicity studies, which will augment the submission of the Companies own Novel Food application dossier. The toxicology study will provide safety data that is required for Novel Food dossiers to be validated by the UK Food Standards Agency ("UK FSA").

On March 15, the Company announced the submission of its Novel Food application to the UK Food Standards Agency ("FSA") ahead of the 31 March 2021 deadline, as part of the Company's

ongoing commitment to continually deliver the highest level of regulatory compliance and product quality. The Company continues to liaise with the FSA who are behind their original timetable in issuing the public list of Companies accepted for the process.

Board changes

At the Annual General and Special Meeting of shareholders on January 26, 2021 Henry Lees-Buckley and Jason Dussault did not restand as Directors and the vacancies were filled by Geremy Thomas and George Thomas. Following this, on February 4, the Company announced a number of changes of directors and officers. Geremy Thomas was appointed Executive Chairman and interim CEO. A number of other resignations and appointments were made, please refer to the appointments and resignation of directors and executive directors' section below. On April 28, the Company announced the appointment of Marc Howells as a Director and CEO, and Anne Tew as a Director and CFO, with Geremy Thomas stepping down as interim CEO and continuing as Executive Chairman.

Dispute settlement

The Company's wholly owned subsidiary, Borganic Consulting Inc., reached a settlement in February 2021 with Dragonfly Biosciences Limited over its dispute regarding the joint venture company Premium Extractions Ltd ("PEI"), and the associated ORIGIN extraction facility. The settlement passed over the control of the Romanian facility to Dragonfly Biosciences Limited for an agreed value and included an agreement for the ongoing commercial supply of CBD and on April 29th, 2021 Borganic Consulting Inc. has been dissolved.

Placement

On April 9, 2021, the company announced the closure of the first tranche of the Company's non-brokered private placement of units. In this first tranche, the Company issued an aggregate of 45,888,730 Units at a price of $0.07875 per Unit, for aggregate gross proceeds of $3,613,737.49. In connection with this first tranche of the Offering, the Company issued and paid 2,531,098 finder's units and 2,531,098 finder's warrants to Canaccord On May 21, 2021, the second tranche of the Company's non-brokered private placement of units was closed. In this second tranche, the Company issued an aggregate of 12,701,557 Units at a price of $0.07875 per Unit, for aggregate gross proceeds of $1,000,247.61. In connection with this final tranche of the Offering, the Company issued and paid 901,587 finder's units and 901,587 finder's warrants to Canaccord Genuity Corp. Together with the first tranche closing of the Offering announced by the Company on April 9, 2021, the Company issued an aggregate 58,590,287 Units at a price of $0.07875 per Unit, for aggregate gross proceeds of $4,613,985.10.

Each Unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each Warrant will entitle the holder to purchase one common share in the capital of the Company at a price of $0.105 per Warrant Share until May 20, 2023. Each Finder's Unit consists of one common share and one-half of one Finder's Warrant. Each whole Finder's Warrant entitles the holder thereof to purchase one additional finder's share at an exercise price of $0.105 per Finder's Warrant Share, until May 20, 2023.

All securities issued in connection with the Offering are subject to a statutory hold period which expired on September 21, 2021.

Laboratory Accreditation

The Company announced on April 21 that the subsidiary PhytoVista Laboratories had been granted accreditation to ISO/IEC 17025:2017, General requirements for the competence of testing and calibration laboratories.

Accreditation to ISO/IEC 17025 plays an important role in supporting the provision of accurate and reliable results from laboratory testing, calibration, sampling and measurement services across many sectors.

Post Period End

Online GP Teleservice

As announced on the 14th October, Goodbody clinics have collaborated with "The GP Service" offering customers a private video call medical consultation with a registered GP to discuss the results of their chosen blood wellness test.

Care Quality Commission (CQC) Application for Goodbody Clinics

On the 19 of October 2021, the company submitted the CQC Provider Application for Goodbody Wellness Limited, followed by the CQC Registered Manager submission application. This marks the formal commencement of our CQC application process.

CQC registration will ensure that the company meets fundamental standards of quality and safety, as well as national guidelines to achieve good outcomes for service users. The company aims to provide high quality and safe health care services to patients, focusing on the needs of patients and promoting health and wellbeing.

The company has applied for 2 regulated activities:

1. Treatment of disease, disorder or injury
    - The key objective is to ensure that people's care, treatment and support achieves good outcomes, promotes a good quality of life and that people are protected from abuse and avoidable harm. Ensuring people's privacy, dignity, values and human rights are recognized, respected and promoted, is another main objective.
    - A key element of the provision of services to patients will be consultation, investigation and appropriate agreed treatment.
    - Consultations will include detailed history, relevant physical examinations, requesting relevant clinical investigations and then drawing up the detailed initial treatment plan, implementing the agreed plan, prescribing medications or onward referral to another specialist should this be appropriate.
    - Careful monitoring of treatments and therapies will be undertaken.

- Consultations will be both face-to-face or on a remote basis dependent upon the clinical needs and preferences of the patient.
- Patients will be seen for follow-up consultations to discuss investigations or unsuccessful treatment or further treatment as necessary.
- Services will be provided working closely with the individual patient's own GP including sharing of relevant clinical data, subject to consents.

2. Diagnostic and screening procedures (blood samples analysis)

- Ensuring that appropriate storage facilities are in place such that samples are kept within appropriate clinical parameters pending transfer to external laboratories where these samples will be analysed
- Ensuring that such external laboratories are correctly registered with statutory bodies, including CQC and UKAS
- Ensuring that our services will comply with relevant infection control requirements and standards
- Using trained and competent health care staff working to strict protocols.

RESULTS OF OPERATIONS

Selected Annual Information

Period Ended:	December 31, 2020	December 31, 2019	December 31, 2018
	£	£	£
Revenue	1,994,224	1,449,493	260,539
Gross profit	1,123,693	754,197	110,388
Selling, general and administrative (SG&A) Expenses	5,910,625	4,551,725	1,969,000
Income tax receivable	(128,172)		
Net loss for the year	(4,658,760)	(3,797,528)	(1,858,612)
Basic and diluted loss per share (pence)	(2.77)	(4.77)	(4.78)
Balance Sheet Data:			
Cash and short-term investment	1,872,597	1,992,531	3,742,721
Total assets	8,209,536	4,551,689	5,248,804
Accounts payable and accrued liabilities	1,066,908	349,358	281,304
Total liabilities	1,925,047	1,050,478	281,304
Shareholders' equity	6,284,489	3,501,211	4,967,500
Cash Flow Data:			
Increase (decrease) in cash for the year	(119,933)	(1,750,190)	3,743,000

The Group reported revenues of £1,994,224 in the year to December 31, 2020, representing growth of £544,731 (+38%) on 2019 (£1,449,493) on a backdrop of lockdown due to COVID. This was driven by the launch of COVID-19 testing in Q4, the hand sanitizer range of products launched

in Q2, and post-acquisition revenues from the sale of bulk isolate and distillate from the Nexus extraction facility in Poland compensating for a decline in CBD retail sales (company owned stores and high-street retailers) and laboratory testing due to COVID-19.

Gross profit of £1,123,693 in the year to December 31, 2020 increased by £369,496 (+49%) from the prior year, representing an improvement in margin of 4.3pts to 56.3%, driven by the impact of higher-margin COVID testing revenues, a decrease in the cost of bulk price of CBD isolate in 2019 and early 2020 as more hemp growers and extractors entered the market, and efficiencies gains from the purchase of an automated bottling line.

The Company realised a net comprehensive loss of £4,505,067 in the year ended 2020, compared to a loss of £3,797,528 during 2019, after the recovery of £128,172 of R & D tax credits in the UK, and £153,693 of currency translation adjustments and the following expenses.

- Wages and salaries were £1,615,957 in the year ended 2020, compared to £1,502,331 in 2019, an increase of 8% due to the full year impact of a previous CEO who joined the Company part way through 2019 and Olimax and Stillcanna staff costs post acquisition.
- Management and consulting fees were £352,116 in the year ended 2020, compared to £130,771 during 2019, an increase of £221,345 (169%), primarily driven by termination payments to Stillcanna management team, and M&A consulting costs in relation to the transaction.
- Expenditure on professional fees were £1,143,242 in the year ended 2020, representing an increase of £619,100 (118%) on 2019 (£524,142). The increase spend relates to legal and advisory costs relating to the RTO acquisition of Stillcanna Inc. via a scheme of arrangement, increased audit and accountancy fees due to the complexity and multi-jurisdiction of the enlarged group, legal costs relating to the Dragonfly dispute, and Novel Foods.
- The Company incurred general and administrative expenditure of £1,772,685 in the year ended 2020, an increase of £346,454 (24%) compared to 2019 (£1,426,231). Mainly due to a higher depreciation charge in the period, due to the incorporation of the Olimax charges for the Nexus extraction facility post acquisition and increased insurance costs from the overlap of the two businesses.

Non-cash Charges

The share-based payment charges, totaled £1,105,837 in the year ended 2020, an increase of £376,178 on 2019 (£729,659). The increase is due to a charge relating to options awarded in Q2 2020 that vested immediately, after the implementation of a new management incentive plan ("MIP") to incentivise senior staff, and advisors

Net Assets total £6,284,489 at 31 December 2019, incorporating £1,872,597 in cash and cash equivalents.

Cash Flows

Net cash outflows in the year to December 31, 2020 were £119,933.

- Net cash used in operations totaled £2,348,096 after receiving £128,172 in R&D tax credits as the Group invested in talent, marketing, regulatory and R&D to build brand market share and develop new revenue streams.

- Proceeds from investing activities of £2,412,287 was mainly due to £2,475,617 inflow from the business acquisition netted of with investing in plant and equipment.
- Cash outflows from financing activities of £184,125 was all due to payments of lease liabilities.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recent quarters:

Quarter Ended		Total revenue		Total expenses		Comprehensive profit (loss) for the period		Basic and Diluted Profit/(Loss) per share
September 30, 2021	£	5,017,521	£	5,009,680	£	7,841	Pence	0.00
June 30, 2021	£	3,481,239	£	3,435,021	£	46,218	Pence	0.01
March 31, 2021	£	1,376,427	£	2,296,779	£	(920,352)	Pence	(0.30)
December 31, 2020	£	781,170	£	2,161,185	£	(1,380,015)	Pence	(0.46)
September 30, 2020	£	465,714	£	1,161,394	£	(695,680)	Pence	(0.55)
June 30, 2020	£	374,989	£	1,806,383	£	(1,431,394)	Pence	(1.29)
March 31, 2020	£	357,717	£	1,271,687	£	(913,970)	Pence	(0.82)
December 31, 2019	£	473,959	£	1,849,541	£	(1,375,582)	Pence	(1.24)

Financials results for the period ended September 2021 were converted from CAD to GBP at a rate of £1.00 = $1.71408, and from PLN to GB at a rate of £1.00 = PLN 5.36269.

The quarterly revenue growth trend was disrupted in the first three quarters of 2020 due to the impact of the COVID-19 global pandemic. Q2 and Q3 2020 revenues were augmented by the launch of the hand sanitizer range, with a record month of revenue recognised in July. The increase in expenses in Q2 and Q3 2020 is driven by advisor fees associated with the acquisition of Stillcanna Inc.

From Q4 onwards the diversification into wellness clinics testing for COVID-19 saw a return of the expected revenues and 2021 Q1, Q2 and Q3 has strengthened these results further. Operating costs were significantly reduced in Q2 and Q3 2020, including measures to reduce ongoing operating expenditure by closing its retail stores and furloughing non-essential staff, reducing headcount and hours, cutting discretionary spend including marketing and travel.

The launch of COVID testing in Q4 2020, combined with resumption of wholesale CBD sales from Olimax, drove the 71% increase in revenues on Q3 2020, despite a softer quarter of hand sanitizer sales due to a lockdown imposed by the UK government, resulting in the Company's strongest quarterly revenue performance reported at that date. The increase in expenses from Q4 2020 into Q1 2021 compared to previous periods was driven by operating costs relating to COVID testing revenues such as outsourced laboratory tests, termination payments for Stillcanna Inc. management team, stock promotional costs, legal costs relating to the Dragonfly dispute, and concluding professional fees relating to the Sativa transaction as well as staff returning to operations.

Growth in Revenues continued in Q1, Q2 and Q3 2021 driven by the clinic expansion through pharmacies and mobile clinics offering COVID Testing resulting in a 153% increase in Q2 2021 over Q1 2021 and a 44% in Q3 2021 over Q2. Total expenses For Q2 were 50% than Q1 2021, and investment in the clinic network and CBD in Q3 2021 created an increase of 46% in costs but this was a third of the percentage increase in revenue.

Review of Consolidated Financial Information for Q3 2021 compared to Q3 2020

Results of Operations		**Q3 2021**		**Q3 2020**
Revenue	£	5,017,521	£	465,714
Gross profit	£	2,680,527	£	245,987
General and administration	£	1,843,761	£	366,074
Management and consulting fees	£	77,528	£	7,868
Wages and benefits	£	529,640	£	378,004
Professional fees	£	109,611	£	141,994
Share-based payment charges	£	14,980	£	205,067
Other income and expenses	£	(30,845)	£	46,429
Profit/(Loss) before income tax and currency adjustments	£	135,852	£	(899,449)
Income tax recovery - R&D Tax credits	£	-	£	103,928
Unrealised currency adjustments	£	(128,011)	£	99,841
Net and comprehensive profit/ (loss)	£	7,841	£	(695,680)
Basic and diluted profit/(loss) per common share (Pence)		0.00		(0.55)

Financials results for the period ended September 2021 were converted from CAD to GBP at a rate of £1.00 = $1.71408, and from PLN to GB at a rate of £1.00 = PLN 5.36269.

Revenue

The Company recorded revenues of £5,017,521 in Q3 2021, representing growth of £4,551,807 (+977%) on Q3 2020 (£465,714), driven by the new COVID Testing clinics and their rapid growth.

Gross profit margin

Gross profit increased by 990% (£2,434,540) from the prior period, to £2,680,527 in Q3 2021, maintaining the same margin of 53%, reflected in the increased revenue growth.

General and administration

The Company incurred general and administrative expenditure of £1,843,761 in Q3 2021, an increase of £1,477,686 (404%) compared to Q3 2020 (£366,075). This increase is driven by the costs associated with the rollout of new clinics, Google Ads and Advertising for clinics to drive the revenue for covid testing.

Management and consulting fees

Consulting fees of £75,528 in Q3 2021 an increase of £69,660 compared to the comparison period in 2020 relating to investment in expansion and growth.

Wages and salaries

Wages and salaries have increased by £151,636 (40%) on Q3 2020, to a total payment of £529,640 in Q3 2021, mainly due to an increase in headcount as part of the increased staff structure around the clinic testing revenue.

Professional fees

Expenditure on professional fees totalled £109,611 in Q3 2021, representing an decrease of £32,383 compared to spend in Q3 2020 due to transaction costs associated with the merger with Stillcanna in 2020 not replicated in 2021.

Share-based payment charges

Share-based payment charges, a non-cash expense, totalled £14,980 in Q3 2021, a decrease of £190,087 on Q3 2020 (£205,067) due to reversing charges for leavers in the current year.

Other income and expenses

Other income and expenses netted to an income of £30,845 in Q3 2021, compared to net expense of £46,429 in Q3 2020, resulting in an income variance of £77,274. This is primarily due to the furlough grant income received during COVID-19.

Net and comprehensive profit / (loss)

The Company realised a net comprehensive gain of £7,841 an improvement of £703,521 compared to the £695,680 loss incurred in Q3 2020, after accounting for £128,011 of foreign translation losses.

LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES

Liquidity

At September 30, 2021 and December 31, 2020, the Company had the following liquidity related financial information:

		September 30, 2021		December 31, 2020
Cash and cash equivalents	£	4,027,899	£	1,872,597
Liquid assets (1)	£	4,416,565	£	2,050,766
Quick ratio (2)		1.8		1.3
Total assets	£	10,523,234	£	8,209,536
Total liabilities	£	2,569,261	£	1,925,047
Working capital	£	3,814,603	£	1,446,052
Working capital (current) ratio (3)		2.7		2.0

(1) Liquid assets include cash, receivables, and refundable sales taxes receivable.
(2) Quick ratio is defined as cash and cash equivalents divided by current liabilities.
(3) Working capital (current) ratio is defined as liquid (current) assets divided by current liabilities

Liquidity is defined as the potential that the Company will encounter difficulties in meeting its financial liabilities and other contractual obligations, and the factors that may affect liquidity. Such factors include staff costs and other operating overhead, production and sales levels, capital investment, foreign currency fluctuations, seasonal trends, regulatory initiatives and compliance, income and sales tax refunds, and a rapidly evolving and immature market.

These factors could adversely impact the Company's liquidity, potentially resulting in operating cashflows not being able to meet the Company's working capital requirements. The Company's strategy to achieve positive cash flows in the medium term, to meet its operating and capital requirements was achieved in Q3. The company may wish to raise additional capital for acquisition and other expansion opportunities. Whilst the Company has been successful in raising additional capital via the issue of shares in the past, there is no guarantee that the Company could raise capital either through shares or debt in the future on acceptable terms.

The Company proactively monitors liquidity risk, by primarily focusing on liquid assets and working capital, via quick and working capital (current) ratios.

The Company's cash and cash equivalent position has increased by £2,155,302 from the 2020 year end to £4,027,899 as at September 30, 2021, due to the share placement. This is reflected in the increase in the quick ratio from 1.3 to 1.8 and the working capital (current) ratio from 2.0 at the 2020 year end, to 2.7 as at September, 30, 2021.

Cash Flows

Net cash flow		**For the nine months ending September 30, 2021**		**For the nine months ending September 30, 2020**
Operating activities	£	(227,166)	£	(1,532,114)
Investing activities	£	(157,633)	£	2,525,783
Financing activities	£	2,540,101	£	(124,495)
Cash at beginning	£	1,872,597	£	1,992,531
Cash at end	£	4,027,899	£	2,861,705

Review of cash flow in the nine months to September 30, 2021

Cash used in operating activities was £227,166:

- Movements in inventory decreased cash by £367,371
- Movements in trade and other receivables decreased cash by £167,755
- Movements in trade and other payables increased cash by £549,448
- Movements in prepayments and other current assets decreased cash by £429,953
- Movements in accruals and other current liabilities increased cash by £203,873
- Movements in unrealized currency loss increased cash by £377,873

Cash flows from investing activities was £157,633

- Payments of plant and equipment relating to investment in plant & machinery, buildings and vehicles £154,339.

Cash flows to financing activities was £2,540,101 relating to the proceeds from the fundraise £2,849,522 and the payment of lease liabilities (£145,879).

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company has determined that its key management personnel consist of executive and non-executive directors of the Company and corporate officers.

The remuneration of directors and key management personnel for the three and nine month periods to September 30, 2021 and 2020 was as follows:

		Three-months ended			Nine-months ended	
		September 30, 2021	**September 30, 2020**		**September 30, 2021**	**September 30, 2020**
Wages and salaries to Directors and key management	£	141,168	140,756	£	436,672	406,432
Directors Fees	£	16,727	35,033	£	74,012	102,911
Share-based compensation	£	8,090	43,831	£	28,807	964,032
	£	**165,985**	**219,620**	£	**539,491**	**1,473,375**

Other related party transactions for the three and nine month periods to September 30, 2021 and 2020 was as follows:

		Three-months ended			Nine-months ended	
		September 30, 2021	September 30, 2020		September 30, 2021	September 30, 2020
Recharged expenses	£	5,399	286	£	7,961	2,606
Consultant fees – Carbon Managers Limited	£	39,000	10,000	£	135,000	10,000
Hospitality Shoot – Dairy House Farm Estate	£	0	3000	£	12,915	3,000
Rent - Carbon Managers Limited	£	29,000	30,000	£	83,000	90,000
	£	**73,399**	**43,286**	£	**238,876**	**105,606**

Both Dairy House Farm Estate and Carbon Managers Limited are owned by Geremy Thomas a Director and Executive Chairman.

CONTINUING AND CONTRACTUAL OBLIGATIONS

Contractual obligations		**Payments due by period** **Total**	**Less than 1 year**	**1 – 2 years**	**2 – 5 years**
Lease liability	£	390,533	162,925	128,503	99,105
Other obligations	£	2,178,728	2,178,728	-	-
Total contractual obligation	£	2,569,261	2,341,653	128,503	99,105

Further details of the Company's right of use lease obligations can be found in note 9 of the September 30, 2021 Financial Statements, and leasehold improvements in note 8.

RISKS AND UNCERTAINTIES

The business of the Issuer is subject to certain risks and uncertainties inherent in the health and wellness industry relating to cannabis products and clinic testing. Prior to making any investment decision regarding the Issuer, investors should carefully consider, among other things, the risk factors set forth below.

While this document describes the risks and uncertainties that management of the Issuer believes to be material to the Issuer's business, it is possible that other risks and uncertainties affecting the Issuer's business will arise or become material in the future.

If the Issuer is unable to address these and other potential risks and uncertainties, its business, financial condition or results of operations could be materially and adversely affected. In this

event, the value of the Common Shares could decline and an investor could lose all or part of their investment.

The following is a description of the principal risk factors that will affect the Issuer:

Risks Related to the Issuer's Business

New Business Area and Geographic Market, and the Issuer's Ability to Implement the Business Strategy in this Area or Market

The Issuer's growth strategy is dependent upon expanding its product and service offerings into a new business area or a new geographic market. There can be no assurance that the new business area and geographic market will generate the anticipated clients and revenue. In addition, any expansion into a new business area or geographic market could expose the Issuer to new risks, including compliance with applicable laws and regulations, changes in the regulatory or legal environment; different customer preferences or habits; adverse exchange rate fluctuations; adverse tax consequences; differing technology standards or end-user requirements and capabilities; difficulties staffing and managing foreign operations; infringement of third-party intellectual property rights; adapting its products for new markets; difficulties collecting accounts receivable; or difficulties associated with repatriating cash generated or held abroad in a tax-efficient manner.

The growth and expansion of the Issuer's business is heavily dependent upon the successful implementation of the Issuer's business strategy. Execution of the Issuer's business strategy is subject to a variety of risks, including operating and technical problems, regulatory uncertainties and possible delays. There can be no assurance that the Issuer will be successful in the implementation of its business strategy. These factors could cause the Issuer's expansion into a new business area to be unsuccessful or less profitable or could cause the Issuer's operating costs to increase unexpectedly or its sales to decrease, any of which could have a material adverse effect on the Issuer's prospects, business, financial condition or results of operations. In addition, there can be no assurance that laws or administrative practices relating to taxation, foreign exchange or other matters in the markets within which the Issuer intends to operate will not change. Any such change could have a material adverse effect on the Issuer's business, financial condition and results of operations.

New Industry and Market

The CBD industry and market are relatively new in the European Union and the United Kingdom, and this industry and market may not continue to exist or grow as anticipated or the Issuer may ultimately be unable to succeed in this new industry and market. These producers are operating in a relatively new CBD industry and market. The producers are subject to general business risks, as well as risks associated with a business involving an agricultural product and a regulated consumer product. Within the European Union, the Issuer intends to sell and market its CBD products. To this extent the Issuer needs to build brand awareness in this industry, and in the markets it operates in through significant investments in its strategy, its production capacity, quality assurance, and compliance with regulations. These activities may not promote the Issuer's brand and products as effectively as intended, or at all. Competitive conditions, consumer tastes,

customer requirements and spending patterns in this new industry and market are relatively unknown and may have unique circumstances that differ from existing industries and markets. There are no assurances that this industry and market will continue to exist or grow as currently estimated or anticipated, or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that affects the CBD wellness industry and market could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Short Term Market

The clinic network in the United Kingdom has been built on COVID-19 related testing. It is accepted that this is a short term requirement and therefore the ongoing success of the business is reliant on building other forms of testing services to maintain income generation through this network into the longer term future.

Reliance on Licenses and Authorizations

The Issuer's ability to source hemp and extract CBD oil and isolate in various jurisdictions within the European Union and the United Kingdom is dependent on the Issuer's, including but not limited to the Issuer's partners and suppliers, ability to sustain and/or obtain the necessary licenses and authorizations by certain authorities in certain jurisdictions within the European Union and the United Kingdom. Similarly, the Issuer's ability to operate clinics in the United Kingdom is dependent on the Issuer's, including but not limited to the Issuer's partners and suppliers, ability to sustain and/or obtain the necessary licenses and authorizations by certain authorities within the United Kingdom.

The impact of the compliance regimes, any delays in obtaining, or failure to obtain or keep the regulatory approvals may significantly delay or impact the development of markets, products, operations and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

The licenses and authorizations are subject to ongoing compliance and reporting requirements and the ability of the Issuer, including but not limited to the Issuer's partners, suppliers and joint venture partners', to obtain, sustain or renew any such licenses and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in the jurisdictions within the European Union and the United Kingdom and potentially in other foreign jurisdictions. Failure to comply with the requirements of the licenses or authorizations or any failure to maintain the licenses or authorizations would have a material adverse impact on the business, financial condition and operating results of the Issuer, including but not limited to the Issuer's subsidiaries.

Although the Issuer believes that it will meet the requirements to obtain, sustain or renew the necessary licenses and authorizations, there can be no guarantee that the applicable authorities will issue these licenses or authorizations. Should the authorities fail to issue the necessary licenses or authorizations, the Issuer may be curtailed or prohibited from the production and/or extraction of CBD or from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of the Issuer may be

materially adversely affected.

There is no assurance that the Sativa Wellness Group Facilities will operate as intended or that the projected revenues will be achieved.

The Issuer has constructed a CBD extraction facility, and this component of the Issuer's business plan is subject to considerable risks, including:

- there is no assurance that the Company Facilities will achieve the intended CBD extraction rates;
- the revenues from the sales of the CBD products may be less than anticipated.

In addition, the Issuer relies on partner premises for the majority of its clinics and leases two of the clinics directly, and this component of the Issuer's business plan is subject to further risks, including:

- There is no guarantee the partner premises will continue to be made available
- There is no guarantee that existing leases will be renewed.

Change of Laws, Regulations, and Guidelines

Cannabis and clinic laws and regulations, including but not limited to those that apply to the hemp, CBD, health testing industries, are dynamic and subject to evolving interpretations which could require the Issuer to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of the Issuer's business. The Issuer cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Issuer's business. Management expects that the legislative and regulatory environment in the hemp, CBD and health testing industries in the European Union, the United Kingdom and internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the foreseeable future. Compliance with any such legislation may have a material adverse effect on the Issuer's business, financial condition and results of operations.

Public opinion can also exert a significant influence over the regulation of the CBD and medicinal cannabis industries. A negative shift in the public's perception could affect future legislation or regulation in different jurisdictions, including in the United Kingdom and other European countries that Issuer plans to distribute its CBD products, and potentially medicinal cannabis in the future.

Uncertain Demand for Cannabis and Derivative Products

The legal cannabis extracts industry in the European Union and the United Kingdom is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of hemp extracts are mixed and evolving and can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of hemp extracts and related products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media

attention or other research findings or publicity will be favourable to the hemp market or CBD market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity, could have a material adverse effect on the demand for medicinal cannabis and on the business, results of operations, financial condition and cash flows of the Issuer. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of medicinal cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medicinal cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. The Issuer's ability to gain and increase market acceptance of its business may require substantial expenditures on investor relations, strategic relationships and marketing initiatives. There can be no assurance that such initiatives will be successful and their failure to materialize into significant demand may have an adverse effect on the Issuer's financial condition.

Product Liability

As a distributor of products designed to be ingested by humans, the Issuer faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused bodily harm or injury. In addition, the sale of the Issuer's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of the Issuer's products alone or in combination with other medications or substances could occur. The Issuer may be subject to various product liability claims, including, among others, that the Issuer's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claim or regulatory action against the Issuer could result in increased costs, could adversely affect the Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Issuer. There can be no assurances that the Issuer will be able to obtain or 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 obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Issuer's potential products.

Product Recalls

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 labelling disclosure. If any of the Issuer's products are recalled due to an alleged product contamination or for any other reason, the Issuer could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Issuer may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, or at all. In addition, a product recall may require significant management attention. Although the Issuer 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 the Issuer's products are subject to recall, the reputation of the Issuer could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Issuer's products and could have a material adverse effect on the results of operations and financial condition of the Issuer. Additionally, product recalls may lead to increased scrutiny of the Issuer's operations by regulatory agencies, requiring further management attention, potential loss of applicable licenses, and potential legal fees and other expenses.

Professional Liability

As a provider of services taking samples from humans, the Issuer faces an inherent risk of exposure to professional liability claims, regulatory action and litigation if its services are alleged to have caused bodily harm or injury. Adverse reactions resulting from tests carried out on human by the Issuer's staff and contractor alone or in combination with other medications or procedures could occur. The Issuer may be subject to various professional liability claims, including, among others, that the Issuer's services caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A professional liability claim or regulatory action against the Issuer could result in increased costs, could adversely affect the Issuer's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Issuer. There can be no assurances that the Issuer will be able to obtain or 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 obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Issuer's potential services.

Regulatory Compliance Risks

Achievement of the Issuer's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities in more than one country and obtaining all regulatory approvals, where necessary, for the manufacture and sale of its products. The Issuer may not be able to obtain or maintain the necessary licenses, permits, quotas, authorizations or accreditations to operate its business, or may only be able to do so at great cost. The Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by local governmental authorities.

The Issuer will also rely on the advice of local experts and professionals in connection with any current and new regulations that develop in respect of banking, financing and tax matters in the operating countries within the European Union and the United Kingdom. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices in the European Union and the United Kingdom are beyond the control of the Issuer and may adversely affect its business.

The Issuer will incur ongoing costs and obligations related to regulatory compliance. Failure to

comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Issuer may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Issuer's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Issuer.

Retention and Acquisition of Skilled Personnel

The loss of key qualified staff could have a material adverse effect on its business and results of operations. In addition, the inability to hire or the increased costs of hiring new personnel, including members of executive management, could have a material adverse effect on the Issuer's business and operating results. The expansion of marketing and sales of its products will require the Issuer to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and the Issuer may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training, and in many cases, take a significant amount of time before they achieve full productivity. As a result, the Issuer may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses issued in connection to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Issuer moves into new jurisdictions, it will need to attract and recruit skilled employees in those new areas.

Risks Inherent in an Agricultural Extraction Business

The Issuer's business involves the extraction of cannabis extracts, which is an agricultural product. The occurrence of severe adverse weather conditions, especially droughts or floods is unpredictable, may have a potentially devastating impact on agricultural production, and may otherwise adversely affect the supply of cannabis. Adverse weather conditions may be exacerbated by the effects of climate change and may result in the introduction and increased frequency of pests and diseases. The effects of severe adverse weather conditions may reduce the Issuer's yields or require the Issuer to increase its level of investment to maintain yields. Additionally, higher than average temperatures and rainfall can contribute to an increased presence of insects and pests, which could negatively affect cannabis crops. Future droughts could reduce the yield and quality of the Issuer's cannabis production, which could materially and adversely affect the Issuer's business, financial condition and results of operations.

The occurrence and effects of plant disease, insects and pests can be unpredictable and devastating to agricultural operations, potentially rendering all or a substantial portion of the affected harvests unsuitable for sale. Even when only a portion of the production is damaged, the Issuer's results of operations could be adversely affected because all or a substantial portion of

the production costs may have been incurred. Although some plant diseases are treatable, the cost of treatment can be high and such events could adversely affect the Issuer's operating results and financial condition. Furthermore, if the Issuer fails to control a given plant disease and the production is threatened, the Issuer may be unable to adequately supply its customers, which could adversely affect its business, financial condition and results of operations. There can be no assurance that natural elements will not have a material adverse effect on production.

Limited Operating History

The Issuer has a limited operating history in the CBD extraction, distribution and sales as well as clinic testing sectors upon which its business and future prospects may be evaluated. The Issuer will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for the Issuer to meet its future operating requirements, the Issuer will need to be successful in its growing, marketing and sales efforts of its cannabis products. Additionally, where the Issuer experiences increased sales, the Issuer's current operational infrastructure may require changes to scale the Issuer's business efficiently and effectively to keep pace with demand and achieve long-term profitability.

Managing Growth

In order to manage growth and changes in strategy effectively, the Issuer must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities, and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, the Issuer expects to invest its earnings and capital to support its growth but may incur additional unexpected costs. If the Issuer incurs unexpected costs it may not be able to expand quickly enough to capitalize on potential market opportunities.

Legal and Regulatory Proceedings

From time to time, the Issuer may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. The Issuer will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Issuer's financial results.

The Issuer's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by third parties, other companies and/or various governmental authorities against the Issuer. Litigation, complaints, and enforcement actions involving the Issuer could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Issuer's future cash flows, earnings, results of operations and financial condition.

The Issuer's production is, in general, subject to different risks and hazards, including adverse weather conditions, fires, plant diseases and pest infestations, other natural phenomena, industrial accidents, labour disputes, changes in the legal and regulatory framework applicable to the Issuer and environmental contingencies.

The Issuer's insurance may cover only part of the losses it may incur and does not cover losses on crops due to drought or floods. Furthermore, certain types of risks may not be covered by the policies that the Issuer may holds. Additionally, any claims to be paid by an insurer due to the occurrence of a casualty covered by the Issuer's policies may not be sufficient to compensate the Issuer for all of the damages suffered. The Issuer may not be able to maintain or obtain insurance of the type and amount desired at a reasonable cost. If the Issuer were to incur significant liability for which it was not fully insured, it could have a materially adverse effect on the Issuer's business, financial condition and results of operations.

Inter-company Transfers of Funds

As the Issuer's operations will be carried on through its subsidiaries, it will be, in part, dependent on cash flows to and from its subsidiaries. The Issuer is not currently subject to or aware of any limitations on the repatriation of funds from the subsidiaries in the United Kingdom and the European Union, or transfer of funds from the Issuer to the subsidiaries. The Issuer has developed a cash management system to provide for the flow of funds between the Issuer and the subsidiaries. This system will provide for:

- the structuring and documentation of fund transfers as loan arrangements, capital investments and/or management services arrangements between relevant entities;
- internal approval process, by the Issuer's CFO, Corporate Secretary and/or CEO; and
- compliance with internal procedures and applicable local regulations.

If any issues arising with the repatriation of funds it may have an adverse effect on the Issuer.

Global Economy

Financial and securities markets in the European Union and the United Kingdom are influenced by the economic and market conditions in other countries. Although economic conditions in these countries may differ significantly from economic conditions in Canada, international investors' reactions to developments in these other countries, may substantially affect capital inflows into the European Union economy, and the market value of securities of issuers with operations in the European Union and the United Kingdom.

Economic downturn or volatility could have a material adverse effect on the Issuer's business, financial condition and results of operations. In addition, weakening of economic conditions could lead to reductions in demand for the Issuer's products. For example, its revenues can be adversely affected by high unemployment and other economic factors. Further, weakened economic conditions or a recession could reduce the amount of income customers are able to spend on the Issuer's products. In addition, as a result of volatile or uncertain economic conditions, the Issuer

may experience the negative effects of increased financial pressures on its clients. For instance, the Issuer's business, financial condition and results of operations could be negatively impacted by increased competitive pricing pressure, which could result in the Issuer incurring increased bad debt expense. If the Issuer is not able to timely and appropriately adapt to changes resulting from a weak economic environment, its business, results of operations and financial condition may be materially and adversely affected.

Additional Risks Relating to Doing Business Internationally

The Issuer may be subject to risks generally associated with doing business in international markets when it expands into the international markets, specifically Poland, Germany, other EU markets, the United Kingdom and potentially other global markets. Several factors, including legal and regulatory compliance and weakened economic conditions in any of the international jurisdictions in which the Issuer may do business could adversely affect such expansion and growth.

Additionally, if the Issuer enters into new international jurisdictions, such entries would require management attention and financial resources that would otherwise be spent on other parts of the business.

International business operations expose the Issuer to risks and expenses inherent in operating or selling products in foreign jurisdictions. In addition to the risks mentioned elsewhere, these risks and expenses could have a material adverse effect on the Issuer's business, results of operations or financial condition and include without limitation:

- adverse currency rate fluctuations;
- risks associated with complying with laws and regulations in the countries in which the Issuer intends to sell its products, and requirements to apply for and obtain licenses, permits or other approvals and the delays associated with obtaining such licenses, permits or other approvals;

- multiple, changing and often inconsistent enforcement of laws, rules and regulations;
- the imposition of additional foreign governmental controls or regulations, new or enhanced trade restrictions or non-tariff barriers to trade, or restrictions on the activities of foreign agents, and distributors;
- increases in taxes, tariffs, customs and duties, or costs associated with compliance with import and export licensing and other compliance requirements;
- the imposition of restrictions on trade, currency conversion or the transfer of funds or limitations on the Issuer's ability to repatriate non-Canadian earnings in a tax effective manner;
- the imposition of Canadian, UK European and/or other international sanctions against a country, company, person or entity with whom the Issuer may do business that would restrict or prohibit the Issuer's business with the sanctioned country, company, person or entity;
- downward pricing pressure on the Issuer's products in the Issuer's international markets, due to competitive factors or otherwise;
- laws and business practices favouring local companies;

- political, social or economic unrest or instability;
- expropriation and nationalization and/or renegotiation or nullification of necessary licenses, approvals, permits and contracts;
- greater risk on credit terms, longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- difficulties in enforcing or defending intellectual property rights; and
- the effect of disruptions caused by severe weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on doing business, price controls, import controls, currency remittance, income and other taxes, royalties, the repatriation of profits, foreign investment, licenses and approvals and permits.

The Issuer's international efforts may not produce desired levels of sales. Furthermore, the Issuer's experience with selling products in Europe may not be relevant or may not necessarily translate into favourable results if it sells in other international markets. If and when the Issuer enters into new markets in the future, it may experience different competitive conditions, less familiarity by customers with the Issuer's brand and/or different customer requirements. As a result, the Issuer may be less successful than expected in expanding sales to new international markets. Sales into new international markets may take longer to ramp up and reach expected sales and profit levels, or may never do so, thereby affecting the Issuer's overall growth and profitability. To build brand awareness in these new markets, the Issuer may need to make greater investments in legal compliance, advertising and promotional activity than originally planned, which could negatively impact the expected profitability of sales in those markets.

Enforcement of Judgments

The Issuer was incorporated under the laws of the Province of British Columbia, however all of its assets are located outside Canada. As a result, investors may not be able to effect service of process within Canada upon the Issuer's potential future foreign directors or officers or enforce against them in Canadian courts judgments predicated on Canadian securities laws. Likewise, it may also be difficult for an investor to enforce in Canadian courts judgments obtained against these persons in courts located in jurisdictions outside Canada. As a result, shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the Board or controlling shareholders than they would as public shareholders of a Canadian company.

Difficulty Enforcing Canadian Law

All of the Issuer's assets and the assets of each of the directors and executive officers are located outside of Canada. Therefore, a judgment obtained against the Issuer, or the foreign directors and officers, including a judgment based on the civil liability provisions of the Canadian securities laws, may not be collectible in Canada and may not be enforced by a court in the United Kingdom. It also may be difficult to effect service of process in Canada or to assert Canadian securities law claims in original actions instituted in the European Union or United Kingdom. European or UK

courts may refuse to hear a claim based on an alleged violation of Canadian securities laws reasoning that the European Union or UK is not the most appropriate forum in which to bring such a claim. In addition, even if a European or UK court agrees to hear a claim, it may determine that European or UK law and not Canadian law is applicable to the claim. If the Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by foreign law. As a result of the difficulty associated with enforcing a judgment against the Issuer or the Issuer in the UK or European Union, it may be difficult to collect any damages awarded by either a Canadian or a foreign court. See "Enforceability of Civil Liabilities".

Risks Related to Financial and Accounting

Access to Capital

The Issuer makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, the Issuer has financed these expenditures through offerings of its equity securities. The Issuer will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. The Issuer may incur major unanticipated liabilities or expenses. The Issuer can provide no assurance that it will be able to obtain financing on reasonable terms or at all to meet the growth needs of its operations.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Issuer's securities will be established or sustained. The market price for the Issuer's securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results and acquisition or disposition of properties, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Issuer. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Foreign Sales and Currency Fluctuations

The Issuer's functional currency is denominated in Canadian dollars. The Issuer currently expects that sales will be denominated in euros or sterling pounds and may, in the future, have sales denominated in the currencies of additional countries in which it establishes operations or distribution. In addition, the Issuer incurs the majority of its operating expenses in euros and sterling pounds. In the future, the proportion of the Issuer's sales that are international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Issuer's business, financial condition and results of operations. The Issuer has not previously engaged in foreign currency hedging. If the Issuer decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide the Issuer from foreign currency fluctuations and can themselves result in losses.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. the Issuer bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the Sativa Wellness Group Inc.'s Annual Financial Statements and the Annual Financial Statements, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. The Issuer's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause the Issuer's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Issuer. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of biological assets, as well as revenue and cost recognition.

ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Refer to the Company's consolidated financial statements for the year ended December 31, 2020 and September 30, 2021 for description of accounting policies and other disclosures.

OUTSTANDING SHARE DATA

As of September 30, 2021 and the date of this MD&A, the Company had 364,615,913 issued and outstanding common shares, 38,620,050 options and 49,317,379 warrants.

RTO Transaction with Stillcanna Inc.

On September 24, 2020, the Company acquired all of the issued and outstanding shares of Sativa Group Plc. ("Sativa") through a share exchange at a ratio of approximately 0.33507 common shares of the Company for one common share of Sativa. The exchange ratio attributes an implied value for the entire issued share capital of Sativa of £6,185,497. At the time of the acquisition, the Company determined that Sativa Group constituted a business as defined under IFRS 3, Business Combinations, and that it met the criteria for a reverse acquisition accounted for it as such. The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values. The details of consideration paid and the assets and liabilities of Sativa is as follows:

Consideration paid:	£
Common shares	6,068,355
Value stock options outstanding stock options	37,262
Value stock options outstanding warrants	79,880
Total consideration paid	**6,185,497**

Assets	
Cash and cash equivalents	562,019

Short term investment	1,913,598
Accounts receivable	76,140
Inventories / Assets held for sale	289,094
Plant and equipment	2,896,380
Assets under finance lease	45,949
Intangible assets – Customers	800,000
Refundable taxes	254,901
Other assets	140,812
Goodwill	142,900
Total assets	**7,121,793**
Liabilities	
Accounts payable	(620,106)
Other payables	(118,242)
Deferred tax liability	(152,000)
Lease liability	(45,948)
Total liabilities	**(936,296)**
Net assets acquired	**6,185,497**

On September 7, 2020, the Canadian Securities Commission (CSE), conditionally approved the Listing Application for Sativa Wellness Group Inc. officially combining the operations of Sativa Group PLC and Stillcanna Inc. The shares of Sativa Wellness Group Inc. (formerly, Stillcanna Inc.) resumed trading on the CSE at the market open on September 30, 2021. Trading resumed on the CSE under a new symbol "SWEL". The Company also listed for trading on the AQSE Growth Market (the "AQSE") in the United Kingdom effective Thursday, October 1, 2020 under the symbol "SWEL".

Options:

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price $	Weighted Average Exercise Price £
Balance September 30, 2019	3,635,000	0.83	0.48
Exchanged Sativa Group Plc options on merger Sep 30, 2020	39,793,000	0.044	0.03
Expired, September 30, 2020	(35,000)	0.20	0.12
Expired, September 30, 2020	(150,000)	0.19	0.11
Expired, September 30, 2020	(300,000)	0.63	0.37
Expired, September 30, 2020	(800,000)	1.23	0.72
Expired, December 31, 2020	(400,000)	0.63	0.37
Expired, December 31, 2020	(700,000)	1.23	0.72
Balance, December 31, 2020	41,043,000	0.06	0.03
Expired, June 30, 2021	(600,000)	0.19	0.11
Issued, July 07, 2021	1,447,173	0.06	0.04

Expired, July 07, 2021	(1,030,985)	0.03	0.01
Expired, July 07, 2021	(374,162)	0.08	0.04
Expired, July 07, 2021	(1,489,201)	0.11	0.07
Expired, July 07, 2021	(25,775)	0.33	0.19
Expired, September 30, 2021	(350,000)	0.33	0.19
Balance, September 30, 2021	38,620,050	0.051	0.03

Warrants:

A summary of the Company's warrant activity is as follows:

	Warrants Outstanding	Weighted Average Exercise Price $	Weighted Average Exercise Price £
Balance, December 31, 2019	15,174,425	1.39	0.81
Expired, May 7, 2020	(12,076,925)	1.73	1.01
Issued, September 30, 2020	10,328,535	0.242	0.14
Balance, December 31, 2020	13,426,033	0.201	0.12
Issued, March 31, 2021	26,741,012	0.105	0.06
Issued, May 20, 2021	7,703,159	0.105	0.06
Issued, July 07, 2021	1,447,173	0.062	0.04
Balance, September 30, 2021	49,317,377	0.13	0.08

As of September 30, 2021, the following warrants were outstanding and exercisable:

Number of Warrants Outstanding	Exercise Price $	Exercise Price £	Expiry Date	Number of Common Shares Issuable
3,097,500	0.10	0.06	January 12, 2023	3,097,500
10,328,533	0.242	0.141	December 18, 2022	10,328,533
26,741,012	0.105	0.06	March 30, 2023	26,741,012
7,703,159	0.105	0.06	May 20, 2023	7,703,159
1,447,173	0.062	0.04	July 08, 2024	1,447,173
49,317,377				**49,317,377**

APPOINTMENTS AND RESIGNATION OF DIRECTORS AND EXECUTIVE OFFICERS

During Q2 to June 2021 declined nominations, resignations and appointments of officers and directors.

Board of Directors

Appointed	Declined Nominations	Resignations
Geremy Thomas – January 26, 2021	Henry Lees-Buckley – January 26, 2021	Jonathan Wearing (Chairman) – February 1, 2021
George Thomas – January 26, 2021	Jason Dussault – January 26, 2021	Angus Kerr – February 1, 2021
Clive Standish – February 3, 2021		Joseph Colliver – February 2, 2021
Marc Howells – April 22, 2021		
Anne Tew - April 22, 2021		

Officers

Appointed	Resignation	Terminated
Geremy Thomas – Executive Chairman and interim CEO – February 3, 2021 Marc Howells – CEO April 22, 2021 Anne Tew – CFO April 22, 2021	Joseph Colliver – CFO – February 2, 2021*	Henry Lees-Buckley – CEO – February 3, 2021

* Joseph Colliver resigned from the Board and as Chief Financial Officer effective February 2, 2021. Joseph Colliver agreed to continue as Chief Financial Officer through his three-month notice period to support the strategic review of the Company and the appointment of his successor.

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the period ended September 30, 2021, there has been no significant change in the Company's internal control over financial reporting.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company's consolidated financial statements for the period ended September 30, 2021.

The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Interim and Year End Filings on SEDAR at www.sedar.com.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("**NI 52-109**"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

FORWARD LOOKING STATEMENTS

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainty of estimates of capital and operating costs, production estimates and economic return; the assumption that the Company is fully compliant with regulatory filing and continued listing requirements; uncertainties regarding the Company's ability to meet its contractual obligations, including the ability to meet supply requirements; uncertainties regarding the ability of the Company to meet the requirements of the EU marketplace; uncertainties regarding the Company's relationships with certain joint venture partners; uncertainties regarding current and potential litigation arising from certain contractual relationships and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.

It is the Company's policy that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are made as of September 30, 2021 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A and the Company will be provide copies upon request.