GREEN SCIENTIFIC LABS HOLDINGS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

MANAGEMENT’S DISCUSSION AND ANALYSIS OF GREEN SCIENTIFIC LABS HOLDINGS INC.

This management discussion and analysis (“**MD&A**”) of the financial condition and results of operations of Green Scientific Labs Holdings Inc. (“**GSL**” or, the “**Company**”) is for the years ended December 31, 2022 and 2021. It is supplemental to, and should be read in conjunction with, the Company’s audited consolidated financial statements and the accompanying notes for the years ended December 31, 2022 and 2021.

All amounts in this discussion are expressed in United States dollars (“**USD**”) unless otherwise indicated.

DATE OF MD&A

This MD&A is dated April 30, 2023.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Company follows IFRS standards unless otherwise set out in the consolidated financial statements.

FORWARD-LOOKING INFORMATION

Certain statements in this MD&A are “forward-looking statements.” Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, our commercialization plans and other future conditions. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be “forward-looking statements.” In some cases, you can identify forward-looking statements by terminology such as “may,” “might,” “will,” “should,” “expect,” “seek,” “endeavor,” “anticipate,” “plan,” “estimate,” “believe,” “intend,” “predicts,” “estimates” or the negative of these terms or comparable terminology. Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks, uncertainties and assumptions, which would cause actual results or events to differ materially from those presently anticipated. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

A number of factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements including those factors as set out under “Risk and Uncertainties” in this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These factors should be considered carefully and prospective investors should not place undue reliance on these forward looking statements. Although the forward-looking statements contained in this MD&A are based upon what the Company currently believes to be reasonable assumptions, it cannot assure that actual results, performance or achievements will be consistent with these forward-looking statements. New risks and uncertainties may emerge from time to time. Except as required by law, the Company does not have any obligation to advise any person if it becomes aware of any inaccuracy in or omission of any forward-looking statement, nor does it intend, or assume any obligation, to update or revise these forward-looking statements to reflect new events or circumstances.

Historical statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. In this regard, certain financial information contained herein has been extracted from, or based upon, information available in the public domain and/or provided by the Company. In particular, historical results of the Company should not be taken as are MD&A that such trends will be replicated in the future. No statement in this document is intended to be nor may be construed as a profit forecast.

DESCRIPTION OF BUSINESS

Company overview

The Company was incorporated under the Companies Act (British Columbia) on April 29, 1980. The head office of the Company is located at 4001 SW 47th Avenue, Suite 208 Davie, Florida 33314 and provides hemp and marijuana testing services in Florida and Arizona in the United States. The common shares of the Company, which have been redesignated as Class A subordinate voting shares ("Subordinate Voting Shares") are traded on the Canadian Securities Exchange ("CSE") under the stock symbol "GSL".

GSL is a leading hemp and cannabis testing laboratory that operates testing facilities in Davie, Florida (the "**FL Facility**") and Phoenix, Arizona (the "**AZ Facility**"), which provide analytical testing services to state-licensed cannabis and hemp growers, product formulators, processors, distributors and retailers. GSL holds a certified marijuana testing laboratory ("**CMTL**") license (issued by the State of Florida Department of Health Office of Medical Marijuana Use) and has obtained ISO-17025:2017 certification. GSL provides a variety of testing services for the hemp and cannabis industry participants, including tests for cannabinoid content (potency), terpene content, water activity, moisture content, pesticides, residual solvents, heavy metals, filth and foreign material, and microbiological contaminants.

Principal services

GSL provides a variety of testing services for hemp and cannabis industry participants. GSL employs a diverse array of tests, lab equipment and analytical instrumentation to safely and accurately test cannabis and hemp and derivative products to identify and/or quantify cannabinoid and terpene content and the presence of certain compounds and materials, including those that might endanger consumer health (such as pesticides, microbial contamination and heavy metals). Currently, GSL offers the following tests:

- **Cannabinoid Profile**
  Detecting and quantifying the presence of cannabinoids including THC, CBD, CBDA, CBN and THCA among others.
- **Terpenoid Profile**
  Detecting and quantifying over 35 of the most common and abundant terpenes by gas chromatography flame ionization detection.
- **Microbiological Analysis**
  Testing for the germination of microorganisms such as bacteria and fungi using polymerase-chain reaction technology and methods.
- **Pesticide Analysis**
  To identify trace amounts of chemical pesticides, fungicide, and plant growth regulator residues in dried flower and concentrates.
- **Residual Solvent Analysis**
  Detecting the presence of solvents, impurities, and/or other added odorants and chemicals.
- **Mycotoxin Analysis**
  Identifying and quantifying traces of mycotoxins.
- **Moisture Analysis**
  Using the latest moisture analyzing equipment and methodologies to assess moisture content.
- **Foreign Materials**
  Visual inspection followed by magnification.
- **Heavy Metal Analysis**
  Heavy metals are screened by inductively coupled plasma mass spectrometry technology, which allows identification and quantification of heavy metals such as lead, mercury, arsenic, and cadmium.

Reverse Takeover transaction

On November 15, 2021, the Company completed a reverse takeover transaction (the "RTO") pursuant to which the Company acquired Green Scientific Labs, LLC ("GSL LLC"), a limited liability company formed on April 19, 2018 under the Delaware Limited Liability Company Act. GSL LLC is a leading cannabis and hemp testing laboratory that operates a Certified Marijuana Testing Laboratory licensed testing lab facility in Davie, Florida which provides analytical testing services for state licensed cannabis and hempy growers, product formulators, processors, distributors and retailers. The RTO constituted a reverse takeover of the Company by GSL LLC for accounting purposes and the business of the amalgamated entities became the business of the Company. In connection with the closing of the RTO, the Company's name changed to Green Scientific Labs Holdings Inc. and also implemented a dual share class structure consisting of Subordinate Voting Shares and Class B multiple voting shares ("Multiple Voting Shares"). At closing of the RTO, there were 14,701,745 Subordinate Voting Shares and 64,972 Multiple Voting Shares issued and outstanding. Each Subordinate Voting Share carries one vote per share and each Multiple Voting Share carries one hundred votes per share. The Multiple Voting Shares is not listed for trading on the CSE but may be converted into Subordinate Voting Shares in certain circumstances. The Subordinate Voting Shares started trading on the CSE on November 22, 2021.

Concurrent Financing

In connection with the RTO, on November 12, 2021, GSL LLC completed a non-brokered private placement of 1,176,416 subscription receipts (the "Subscription Receipts") at a price of $3.85 per Subscription Receipt for aggregate gross proceeds of $4,529,200 (the "Concurrent Financing"). Immediately prior to the completion of the RTO, each Subscription Receipt automatically converted into one unit of GSL LLC (a "Unit"), each Unit consisting of one GSL LLC membership interest ("GSL Unit") and one GSL Unit purchase warrant (each a "Unit Warrant") and, immediately thereafter, pursuant to the RTO (a) each such GSL Unit was exchanged for either one Subordinate Voting Share or 1/100 of a Multiple Voting Share and (b) each Unit Warrant was exchanged for one share purchase warrant of the Company (each a "Warrant"). Each Warrant entitles the holder thereof to purchase either one Subordinate Voting Share or 1/100 of a Multiple Voting Share at a price of $4.50 for a period of 36 months following the Closing Date, provided that if the trading price of the Subordinate Voting Shares on the CSE is greater than CAD$8.50 for ten consecutive trading days, the Company may accelerate notice of such acceleration is given to holders of Warrants.

COVID-19

During March, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The continued spread of COVID-19 nationally and globally could have an adverse impact on our business, operations and financial results, including through disruptions in our testing activities and supply chains and sales channels, as well as a deterioration of general economic conditions. While the impacts of the COVID-19 pandemic, including government measures to limit the spread of COVID-19, adversely affected our operations during the years ended December 31, 2021 and 2020, the impact was not material to our results of operations. However, given the uncertainties associated with the COVID-19 pandemic, including those related to disruptions to the global and local economies due to related stay-at-home orders, quarantine policies and restrictions on travel, trade and business operations, we are not able to estimate the future impact of the COVID-19 pandemic on our business, financial condition, results of operations, and/or cash flows. The uncertain nature of the impacts of the COVID-19 pandemic may continue to affect our results of operations in future fiscal periods.

Exit from New Jersey, Illinois, Michigan and Arizona

During the year ended December 31, 2022, the Company disposed of its interest in its previously wholly-owned subsidiary, Green Scientific Labs NJ, LLC and decided to cease its operations in Michigan, Connecticut, and Illinois. It is also currently actively seeking a sale of its Arizona operations.

GSL New Jersey was sold to an arm's length party who also assumed the Company's office lease under Green Scientific Labs IL, LLC. In connection with the disposition, the Company received cash consideration of $462,668. The Company recognized a loss on disposal as follows:

	December 31, 2022
	$
Net liabilities disposed	(364,444)
Impairment of intercompany balances with New Jersey	1,276,813
Proceeds from sale	(462,668)
Reclassify as discontinued operations	(151,260)
Loss on sale of assets	298,441

The related assets and liabilities of Arizona, Illinois and Michigan and Connecticut have been presented as held for sale and are as follows:

	December 31, 2022
	$
Cash	161,938
Trade receivables	113,022
Prepayments and deposits	16,749
Inventories	226,014
Property and equipment	646,202
Right-of-use assets	1,791,025
Accounts payable and other payables	(334,737)
Lease liabilities	(2,245,752)
Net assets held for sale	374,461

Analysis of the result of discontinued operations is as follows:

	December 31, 2022	December 31, 2021
	$	$
Revenue	1,811,555	-
Materials and consumables used	(414,193)	(2,236)
Reversal of (provision for) expected credit losses	(35,738)	(1,016)
General and administration	(363,435)	(96,700)
Supplies and small equipment	(64,974)	(188,475)
Rent and occupancy cost	(240,317)	(104,822)
Finance cost	(400,446)	(132,780)
Advertising and promotion	(408)	(600)
Travel and entertainment	(68,521)	(136,242)
Employee wages and benefits	(942,194)	(325,472)
Consulting and professional fees	(9,045)	(43,795)
Depreciation and amortization	(1,066,211)	(297,010)
Other income	-	27,552
Gain on disposal of property and equipment	697	-
Gain on loan forgiveness	5,067	-
Gain on lease modification	11,511	-
Impairment loss	(1,022,738)	-
Net and comprehensive loss from discontinued operations	(2,950,650)	(1,301,596)

In assessing the fair values of the assets and liabilities, the Company determined that all assets and liabilities had a fair value which is equal to net book value.

SELECTED ANNUAL INFORMATION

	For the years ended	
	December 31, December 31, 2022	December 31, December 31, 2021
	$	$
Revenue	**2,471,513**	7,591,326
Materials and consumables used	**(1,090,645)**	(2,087,126)
Sales, general and administration	**(5,214,184)**	(7,195,392)
Depreciation and amortization	**(1,086,279)**	(948,970)
Non-operating expenses		
Finance cost	**(352,352)**	(422,441)
RTO transaction	**(10,849)**	(4,144,838)
Transaction cost	**-**	(27,425)
Gain on change in fair value of derivative liabilities	**-**	33,312
Gain on lease modification	**70,708**	-
Gain on disposal of property and equipment	**8,592**	-
Loss on sale of assets	**(298,441)**	-
Impairment loss	**(1,398,436)**	-
Loss on conversion of convertible debentures	**-**	(197,440)
Write-off of trade receivables	**(16,634)**	-
Reversal of (provision for) expected credit losses	**31,403**	(13,091)
Gain on loan forgiveness	**-**	189,639
Total non-operating expense	**(1,966,009)**	(4,582,284)
Loss from continuing operations	**(6,885,604)**	(7,222,446)
Loss from discontinued operations	**(2,950,650)**	(1,301,596)
Net loss	**(9,836,254)**	(8,524,042)
Basic and diluted loss per share	**(0.66)**	(0.75)

RESULTS OF OPERATIONS

For the year ended December 31, 2022 compared to the year ended December 31, 2021

Revenue from continuing operations

Revenue was $2,471,513 for the year ended December 31, 2022, compared with $7,591,326 for the year ended December 31, 2021, a decrease of $5,119,813, or 67%. The decrease in revenue is primarily due to a reduction in testing volume from our two largest Florida customers. Further, a significant increase in market entrants over the past year has given our customers more testing options. We have focused our efforts on business development and client relations by adding dedicated account managers for customer retention. This approach has proven successful by recently getting invited to participate in RFPs by two of the largest cannabis companies in Florida. landing the largest cannabis company in Florida as a client as well as others. Additional efforts were placed on tech integration with clients to minimize potential customer loss due to increased competition.

Operating expenses from continuing operations

Materials and consumables used was $1,090,645 for the year ended December 31, 2022, compared with $2,087,126 for the year ended December 31, 2021, representing a decrease of $996,481, or 48% primarily resulting from decreased revenues during 2022.

Sales, general and administrative expenses was $5,214,183 for the year ended December 31, 2022, compared with

$7,195,392 for the year ended December 31, 2021, representing a decrease of $1,981,209, or 28% primarily resulting from lower employee wages and benefits from reduced headcount in Florida and lower share-based compensation expense.

Non-operating expenses from continuing operations

Non-operating expenses decreased from $4,582,284 for the year ended December 31, 2021 to $1,966,009 for the year ended December 31, 2022, representing an decrease of $2,616,275, or 57%, due to transaction costs of $4,144,838 incurred with respect to the reverse take-over transaction and public listing in 2021, offset by impairment charges on property and equipment and right-of-use assets in 2022 of $1,398,436.

Loss from discontinued operations

Loss from discontinued operations increased from $1,301,596 in 2021 to $2,950,650 in 2022, primarily due to higher depreciation and amortization as the operations of Arizona, Michigan and Illinois were not well established during the 2021 fiscal year, as well as impairment charge of $1,022,739 recognized in 2022 with respect to the property and equipment and right-of-use assets in those states.

Net Loss

The Company's net loss was $9,836,254 for the year ended December 31, 2022, compared with net loss of $8,524,042 for the year ended December 31, 2021, representing an increase in net loss of $1,312,212. The increase in net loss was primarily due to higher levels of depreciation and amortization and impairment charges in 2022, offset by the RTO transaction expense in Q4 2021 for the completion of the RTO and obtaining listing status on the CSE.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2022, the Company had total current liabilities of $4,299,027 (compared to $3,025,811 as at December 31, 2021) and cash and cash equivalents of $333,567 (compared to $5,184,166 as at December 31, 2021) to meet its current obligations. As of December 31, 2022, the Company had a working capital shortfall of $516,973 (compared to a working capital surplus of $4,253,304 as at December 31, 2021).

The Company will need to arrange for additional financing to meet its on-going operations. Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. There can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favorable.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties are defined as management and members of the Corporation and/or members of their immediate family and/or other companies and/or entities in which a board member or senior officer is a principal owner or senior executive. Other than disclosed elsewhere in the consolidated financial statements, related party transactions and balances are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
	$	$
Short-term compensation	604,090	965,538
Share-based compensation	127,902	613,600
	731,992	**1,579,138**

SUBSEQUENT EVENTS

Subsequent to the year, the Company made an investment of $50,000 in Trevor Motorcycles, a provider of electric motorcycles, in the form of a convertible bond, with maturity date at 16 February 2024 and bearing an interest rate of 8% compounded annually.

On January 30, 2023, the Company entered into a non-binding letter of intent to sell all of the outstanding equity interests of Green Scientific Labs AZ, LLC to a third party. Pursuant to the arrangement, the purchaser shall pay the Company $200,000 in cash, less any amounts owed by the Company regarding any enforcement actions taken against the Company by the State of Arizona. Further, the purchaser will fund the operations of Arizona upon executing a line of credit agreement ("LOCA") until closing of the transaction. Cash advances to the Company shall be accrued as debt owing to the purchaser ("LOCA Note"). Should the purchaser terminate the acquisition or upon the closing of the acquisition, the LOCA Note would be forgiven. On March 30, 2023, the Company executed a definitive agreement with respect to this transaction.

Subsequent to the year, 384 Multiple Voting Shares were converted into 38,400 Subordinate Voting Shares.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

(i) *Estimated useful lives of property and equipment and intangible assets*

Depreciation of property and equipment and amortization of intangible asset are dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

(ii) *Impairment of property and equipment and right-of-use assets*

The Company tests whether property and equipment and right-of-use assets have suffered impairment in accordance with IAS 36, Impairment of Assets. Management is required to use judgment in reviewing impairment indicators. The Company has concluded that it has only one cash-generating unit ("CGU") and tests for impairment on that basis. In determining the recoverable amount of a CGU, various estimates are employed. The recoverable amount of a CGU is the higher of its fair value less costs of disposal ("FVLCS") or value in use ("VIU"). FVLCS is estimated with reference to observable market transactions or measured using discounted cash flow projections. The VIU is calculated based on a discounted cash flow model. The discount rate requires the use of management judgment, particularly with respect to entity specific risk premiums. Judgment is also required in determining the effective terminal rate, which is based on management's assessment of the longer-term outlook of the Company.

(iii) *Fair value of derivative liabilities*

Management uses the multinomial lattice model to calculate the fair value of derivative liabilities. Use of this method requires management to make assumptions and estimates about the Company's unit price, the risk-free rate, the probability of an event of default for the instruments, alternative financing, and capital raising events to take place, and the expected volatility of the Company's unit or share price. In making these assumptions and estimates, management relies on historical market data.

(iv) *Fair value of share-based payments and warrants*

Management uses the Black-Scholes option-pricing model to calculate the fair value of share-based payments and warrants. Management considers factors that knowledgeable, willing market participants would consider when selecting the appropriate valuation model to apply. Use of this method requires management to make assumptions and estimates about the share price on the measurement date, expected useful life of the instruments, expected dividends, the risk-free rate (based on government bonds), the expected volatility of the Company's share price (based on weighted average historical volatility of comparable companies adjusted for changes expected due to publicly available information) and the probabilities of certain events occurring. In making these assumptions and estimates, management relies on historical market data. The inputs to the model are subject to estimate and changes in these inputs can materially impact the estimated fair value of these instruments. The fair value reported may not represent the transaction value if these options or warrants were exercised/exchanged at any point in time.

(v) *Lease liabilities*

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Company has several lease contracts that include extension options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. The Company included the renewal period as part of the lease term for leases of office and laboratory because there will be a significant negative effect on operations if a replacement asset is not readily available.

When the Company recognizes a lease, the future lease payments are discounted using the Company's incremental borrowing rate. This significant estimate impacts the carrying amount of the lease liabilities and the interest expense recorded on the consolidated statements of loss and comprehensive loss.

(vi) *Assets held for sale*

The Company classifies assets and liabilities as held for sale in accordance with *IFRS 5, Non-current assets held for sale and discontinued operations*. Management is required to use judgement in assessing whether certain criteria under IFRS 5 are met, including whether a sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The assets or disposal groups are measured at the lower of their carrying amount and estimated fair value less costs of disposal, which Management determines based on market factors.

(vii) *Expected credit losses*

In calculating the expected credit loss on financial assets carried at amortized cost, management is required to make a number of judgments including the probability of possible outcomes with regards to credit losses, the discount rate to use for time value of money and whether the financial instrument's credit risk has increased significantly since initial recognition.

(viii) *Going concern risk assessment*

The assessment of the Company's ability to continue as a going concern, meet its liabilities for the ensuing year, involves significant judgment based on expectation of future events that are believed to be reasonable under the circumstances.

(ix) *Deferred tax assets*

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. Changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the provision for income taxes.

CHANGES IN ACCOUNTING POLICIES

The IASB has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The impact on the Company is currently being assessed.

IAS 1, Current and Non-Current – In January 2020 and October 2022, IASB issued Classification of Liabilities as "Current" or "Non-current", which amends IAS 1. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least 12 months. That classification is unaffected by the likelihood that an entity will exercise its deferral right. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively. The implementation of this amendment is not expected to have a significant impact on the Company.

IAS 1, Presentation of Financial Statements – In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statements 2, Making Materiality Judgements, to help entities provide accounting policy disclosures that are more useful by replacing the requirement to disclose "significant" accounting policies with a requirement to disclose "material" accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted. The implementation of this amendment is not expected to have a significant impact on the Company.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors – This amendment introduces the definition of an accounting estimate and sets criteria to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendment is effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The implementation of this amendment is not expected to have a significant impact on the Company.

FINANCIAL INSTRUMENTS

Please refer to Note 19 – financial instruments and financial risk management in the consolidated financial statements for the years ended December 31, 2022 and 2021 for discussion and disclosure.

EQUITY

The Company's authorized share capital consists of an unlimited number of Subordinate Voting Shares and unlimited number of Multiple Voting Shares. As at the date thereof, please see the table below for information regarding outstanding share capital of the Company.

	Number of Units	Fully Diluted
Subordinate Voting Shares	15,409,645	15,409,645
Multiple Voting Shares (1)	58,143	5,814,300
Options	1,596,500	1,596,500
Warrants (2)	1,216,416	1,256,416
Fully diluted share capital	**18,280,704**	**24,076,861**

(1) Each Multiple Voting Share is convertible 100 Subordinate Voting Shares.
(2) Consisting 1,176,416 warrants and 40,000 advisor warrants. The advisor warrants entitle the holders to purchase one unit, comprised of one Subordinate Voting Shares and one Subordinate Voting Share purchase warrant.

RISK AND UNCERTAINTIES

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company. These include risks that are widespread risks associated with any form of business.

While most risk factors are largely beyond the control of the Company and its directors, GSL will seek to mitigate the risks where possible. Among others, the Company is subject to the following risks and uncertainties:

- The United States federal government has not legalized cannabis.
- The success of the business strategy of the Company, depends on the legality of the cannabis industry in the United States, which is subject to risk of regulatory or political change.
- The Company is engaged in activities considered illegal under United States federal law.
- Banks may refuse to provide banking services to businesses involved in the cannabis industry due to the present state of the laws and regulations governing financial institutions in the United States.
- The Company is subject to risk of civil asset forfeiture because the cannabis industry remains illegal under U.S. federal law.
- The Company has limited operating history and uncertainty of future revenues;
- The Company may lack access to U.S. bankruptcy protections and other bankruptcy risks because the cannabis industry remains illegal under U.S. federal law.
- The Company relies on obtaining and retaining licenses and permits for the testing of cannabis and hemp.
- There may be unknown additional regulatory fees and taxes that may be assessed in the future as a result of new special taxes or fees imposed on businesses in the cannabis industry in the United States.
- Delays in enactment of new state or federal regulations could restrict the ability of the Company to reach strategic growth targets.
- The Company is subject to applicable anti-money laundering laws and regulations in the United States.
- The risk of insurance coverage not being available for certain risks or that the cost of insurance or bonding is too cost prohibitive to maintain.
- Reliable data on the cannabis industry is not available.
- The Company is subject to change in laws and regulations federally and in each state in which it operates.
- Inconsistent public opinion and perception of the cannabis industry may hinder market growth and state adoption.
- The cannabis industry in the United States presents substantial risks and uncertainty.
- The Company is dependent on the operations, assets and financial health of its subsidiaries.
- Projections about the operations of the Company, including projections regarding the cost and timelines to complete business objectives and the anticipated growth of the Company's business and its services are subject to uncertainty.
- The market in which the Company operates is competitive and fast moving and may become even more competitive. The Company may have difficulty forecasting future demand and competitive conditions.
- The risks inherent in the nature of the cannabis testing industry.
- The Company may become party to unforeseen litigation which could adversely affect its business.
- The Company's success depends on its ability to attract and retain clients and customers of its testing services.
- The risks associated with any future acquisitions or dispositions.
- The Company is reliant on the FL Facility.
- The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls.
- The Company is moving into the expansion stage from an early development stage. The Company may ultimately be unable to succeed in its expansion strategy.
- The uncertainty that the Company will be able to legally enforce its agreements, including agreements material to the Company, due to the illegality of cannabis at a federal level.
- The Company will require further funding to execute its expansion strategy.
- The Company cannot guarantee with certainty the use of proceeds from capital raisings.
- The performance of the Company will depend heavily on its ability to retain, and recruit, the services of management and skilled personnel.
- The Company relies on the expertise of its directors and officers, and any departures may impair the Company's business.
- The business premises of the Company's operating locations may be targets for security risks.
- The cannabis testing industry is a relatively new and emerging industry, as is the cannabis industry in general.
- Synthetic products may compete with organic cannabis and hemp use and products.
- There are risks associated with well-capitalized entrants developing large-scale operations.

- The risk of unfavorable publicity or consumer perception of the cannabis industry.
- The Company cannot be certain that procedures undertaken, and safeguards implemented, in order to help ensure the reliability of its financial reports will ensure that the Company will maintain adequate control over financial processes and reporting.
- The prior operational performance of the Company is not indicative of the future operating results.
- The risks associated with environmental and employee health and safety regulations.
- The risk of any significant interruption or negative change in the availability or economics of the supply chain for key inputs.
- The Company's ability to maintain and enhance trade secret protection over its existing and potential proprietary techniques and processes.
- The Company may be subject to fraudulent or illegal activity by employees, contractors and consultants.
- The Company is not assured that competitors will not develop similar technology, business methods or that the Company will be able to exercise its legal rights.
- The Company is susceptible to operational, financial and information security risks resulting from cyber-attacks and/or technological malfunctions.
- There exists the possibility for an officer and director to be in a position of conflict.
- The Company may be exposed to infringement or misappropriation claims by third parties.
- The Company may be unable to continually innovate and increase efficiencies.
- The Company does not anticipate paying any dividends in the foreseeable future.
- The Company may be affected by a number of operational risks and may not be adequately insured for certain risks.
- The Company's business activities will rely on newly established and/or developing laws and regulations in the states in which it operates.
- Volatile global financial and economic conditions may negatively affect the Company's operations.
- The risks related to an outbreak of a global pandemic (including COVID-19).

For a more detailed description of the various risks associated with the Company, refer to the Company's Listing Statement available on SEDAR at www.sedar.com, which should be reviewed in conjunction with this document.