CANNTAB THERAPEUTICS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

THREE AND SIX MONTHS ENDED NOVEMBER 30, 2021 AND 2020

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The following management discussion and analysis ("MD&A") of Canntab Therapeutics Limited ("Canntab" or "the Company") provides a review of corporate developments, results of operations and financial position for the three and six months ended November 30, 2021 ("F2022 Q2" and "F2022 Q2 YTD" respectively) compared with the corresponding period ended November 30, 2021 ("F2021 Q2" and "F2021 Q2 YTD" respectively). This discussion is prepared as of January 31, 2022 and should be read in conjunction with (i) the unaudited interim condensed consolidated financial statements and the accompanying notes for the three and six months ended November 30, 2021 and 2020, and (ii) both the audited consolidated financial statements and MD&A for the fiscal years ended May 31, 2021 and 2020. Additional information relating to the Company is available on Canntab's SEDAR profile at www.sedar.com and the Company's website at www.canntab.ca. The results reported in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in Canadian dollars, which is the Company's functional currency.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares, (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision, or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Detailed information on risks and uncertainties is provided in the "Uncertainties and Principal Risk Factors" section of the annual MD&A for the year ended May 31, 2021.

COMPANY OVERVIEW

Canntab Therapeutics Limited ("Canntab" or the "Company") was incorporated on April 20, 2016 under the Canada Business Corporations Act. The Company, with its head office located at 223 Riviera Drive, Markham, Ontario, L3R 5J6, is a Canadian phytopharmaceutical company focused on the manufacturing and distribution of a full suite of hard pill cannabinoid formulations in multiple doses and timed-release combinations. Canntab's proprietary hard pill cannabinoid formulations provide doctors, patients and consumers with medical grade solutions which incorporate all the features one would expect from any prescription or over the counter medication sold in pharmacies around the world.

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Canntab trades on the Canadian Securities Exchange under the symbol "PILL", the OTCQB Best Market under the symbol "CTABF" and the Frankfurt Stock Exchange under the symbol "TBF1".

The Extended Release Tablet ("XR" or the "XR Tablet") is a proprietary phytocannabinoid vehicle that is designed to directly address the drawbacks and challenges of competing oral delivery systems. These challenges include, but are not limited to, accuracy of dosing, onset times, duration of action, bioavailability, discreetness of consumption, ease of spoilage and the reduction of side effects, and are all directly addressed by the unique formulation of the XR Tablet. The XR Tablet is designed to contain either THC, CBD or a combination of THC/CBD (depending on the composition of the medicine), permitting it to meet the demands of a broader patient base than the current synthetic-THC based pills in the market today.

Intellectual property underpins the value of XR Tablets in the form of four international patent applications already filed. With the recent Health Canada licensing amendment that allows for sales directly to the consumer, the Company is now aggressively moving forward with its business plan and full commercialization of its brand and products.

CURRENT HIGHLIGHTS

- Finalizing a convertible debenture offering for proceeds in excess of $1 million on terms similar to previous offering, expected to close early in February, 2022.
- Official launch of online e-commerce platform and web site at www.canntab.ca on January 20, 2022, providing Canadians with an opportunity to source true medical THC and CBD in a pharmaceutical grade hard tablet from the only THC and CBD provider in hard tablet in Canada.
- Completed first two shipments to the Ontario Cannabis Store ("OCS") in January, 2022.
- Completed second shipment of both THC and CBD tablets to Australia by November, 2021.
- Entered into service agreement in December, 2021 with Levitee Clinics Inc. ("Levitee"), a leader in the integrative wellness space, under which Canntab's full suite of oral tablet products, including a comprehensive range of both THC and CBD strengths, will be made available to Levitee and their patients.
- Entered into service agreement in December, 2021 with Pathway Health Corporation ("Pathway"), one of the largest providers of out-of-hospital pain management services in Canada, under which Canntab's full suite of oral tablet products, consisting of a range of both THC and CBD strengths, will be available to Pathway's patients.
- Received an amendment to its Cannabis Standard Processing and Sales for Medical Purposes Licence from Health Canada in November, 2021, enabling focus on the full commercialization of the Company's brand and products.
- Entered into an agreement in October, 2021 with 36Eight Technologies Inc., a bioinformatics pharmacological healthcare data and technology company, whose first-of-its-kind clinical intelligence software assists physicians, nurses, and pharmacists in screening for drug-cannabis interactions, and to optimize healthcare outcomes via cannabis dose combination, titration and ongoing clinical assessment.

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RECENT EVENTS

Medical Sales License From Health Canada

On November 11, 2021, the Company received an amendment to its Cannabis Standard Processing and Sales for Medical Purposes Licence from Health Canada, marking the final regulatory step required to launch the Company's direct to consumer sales through its website. Receipt of the license is considered the most significant milestone for the Company to date, and provides Canntab with the legal ability to aggressively move forward with its business plan and full commercialization of its brand and products.

The recently announced initial shipment to OCS and second Australian shipment are just two examples of what is expected to be further revenue-generating developments in the very near future. In addition, affiliates across Canada like pharmacy groups, health and wellness practitioners, sleep and pain clinics and other medical professionals will now be able to recommend or prescribe the Company's products and be compensated for doing so., allowing patients across Canada with an authorized medical document to order online. The service agreements announced with both Pathway and Levitee in December, 2021 are the first such examples. Over the next several weeks and months, we expect to announce many new partnerships that will extend to a large percentage of the Canadian population to provide specific programs from opiate alternative solutions to general health and wellness programs, as well as the OCS and other provincial authorities.

Current sales results and initiatives

E-Commerce platform

On January 20, 2022, the Company announced the official launch of its online e-commerce platform and web site at www.canntab.ca. The e-commerce platform and web site provide Canadians with an opportunity to source true medical THC and CBD in a pharmaceutical grade hard tablet. Canntab is now able to script patients directly online, take in existing or new prescriptions from doctors or even share a prescription with another licensed producer. The recent amendment to the medical sales license now allows Canntab to sell and distribute its 12 Health Canada approved SKU's (instant release tablets delivering THC, CBD and a combination of THC/CBD in 12 different strengths) directly to every medically prescribed patient across the country.

Ontario Cannabis Store

The Company executed a Master Cannabis Supply Agreement with OCS in September, 2021. In January, 2022, Canntab completed its first two shipments to OCS. These initial deliveries to the OCS mark the beginning of a productive and growing relationship. The Company's products are now available to all Ontario Cannabis stores for purchase, in addition to being available for sale via the OCS website. Canntab will support the sales and distribution of the Canntab brand with strong marketing materials and point of sale programs, engaging expert teams to educate all Ontario budtenders about the unique nature of Canntab's products and its patented delivery system.

Management is confident of further future listings and significant orders from OCS under the Master Cannabis Supply Agreement. The Company is also actively engaged with other provinces to complete the application process to list our products with their respective regulatory bodies.

Australian order

On March 30, 2021, Health Canada granted the Company an export license under which Canntab can now fulfill the initial purchase order of CAD $406,200 received from Cann Global Limited (ASX: CGB) ("CANN Global") of Australia. The products ordered by Cann Global on October 26, 2020 are expected to be distributed, through its management partnership with Medcan Australia Pty Ltd ("Medcan Australia"), throughout Australia to medical distributors, including doctors, pharmacies, and hospitals.

The first 10% of the order was successfully shipped in F2022 Q1. Upon receipt of the required import permits from Australia and export permits from Health Canada, the second part of shipment of approximately $200,000 was shipped near the end of F2022 Q2.

Pathway Health Corporation

In December, 2021, Canntab entered into a service agreement with Pathway. Pathway is one of the largest providers of out-of-hospital pain management services in Canada, owning and operating nine community-based clinics across four provinces. Its team of healthcare professionals and clinic staff can assess and treat patients with chronic pain or those interested in medical cannabis.

Canntab's full suite of oral tablet products consisting of a range of both THC and CBD strengths will be available to patients served by Pathway. Canntab believes this type of dosage format will be preferred by certain patients - such as those in the senior demographic, who are largely interested in a product that is easy to administer and yet, is also titratable due to the availability of different strengths. With a network of specialized medical clinics in major markets across Canada that treat patients with chronic pain, the largest out-of-hospital chronic pain centre and the largest medical cannabis tele-health network in Canada, Canntab's medical cannabis products can potentially be made available to tens of thousands of medical cannabis patients.

Levitee Clinics Inc.

In December, 2021, Canntab entered into a service agreement with Levitee. Servicing over 35,000 patient visits in the last 12 months, Levitee is establishing itself as a leader in the integrative wellness space. Levitee aims to transform mental health and addiction treatments through the integration of alternative medicinal therapies. Levitee also operates three pharmacies in Alberta specializing in filling prescriptions for patients with substance use disorders, mental health conditions and chronic pain.

Canntab's full suite of oral tablet products including a comprehensive range of both THC and CBD strengths will be made available to Levitee and their patients. It is believed that a hard tablet delivery format will be the preferred dosage format by many of Levitee's patients including, more specifically, the senior demographic and patients with several issues related to the use of opiates and other related painkillers. Such patients are largely interested in a product that is easy to administer and is also titratable due to the availability of multiple strengths.

Future sales initiatives

In addition to those discussed above, the Company is working on numerous other sales initiatives as follows:

(a) Management is in advanced discussion to sell our products to:
First Nations Indigenous communities in Ontario interested in using our pills in their opiate user reduction programs; and
Internationally, management is looking to build on its success in Australia through dialogues with companies in England and New Zealand

(b) Canntab has developed an oral dissolvable tablet product that has a sublingual delivery system, a highly desirable product preferred by prescribers for groups of patients. The Company is finalizing its application to Health Canada for approval of its oral dissolvable THC tablets in several strengths whose onset time has averaged 10 minutes in testing. At the same time, Canntab will also be applying for Health Canada approval of a full range of its THC, CBD and the combination thereof Extended Release ("XR") tablets and caplets.

(c) The Company is working with marketing and sales agencies to develop a plan to call upon over 700 independent cannabis retailers in Ontario to list and support Canntab listings.

Although there are no guarantees that these initiatives will be successful, management is confident that we are dealing with parties that are knowledgeable, understand the uniqueness and health value of our products, are financially solid and are genuinely interested in being our partners.

Agreement with 36Eight Technologies Inc.

On October 18, 2021, the Company announced that it had reached an agreement with 36Eight Technologies Inc. ("36Eight"), a growing bioinformatics pharmacological healthcare data and technology company, which has developed a proprietary artificial intelligence and machine learning algorithm which augments the underlying clinical data/knowledge to efficiently understand a patient's unique medical needs. 36Eight's first-of-its-kind clinical intelligence software assists physicians, nurses, and pharmacists in screening for drug-cannabis interactions, and to optimize health outcomes via cannabis product dose combination, titration and ongoing clinical assessment. 36Eight will list, market and support all of Canntab's market-exclusive and patent-protected solid and exact dose products, which can be time released, extended released and ODT (oral dissolvable) in a variety of strengths and combinations, on its platform

MediPharm Labs Inc. transactions

Memorandum of Understanding

During the year ended May 31, 2020, the Company acquired distillate from MediPharm Labs Inc. ("MediPharm") for a pre-HST purchase price of $473,460. The distillate was recorded in inventory as the Company controlled the distillate purchase. During the year ended May 31, 2021, the Company acquired additional distillate for a pre-HST purchase price of $232,980. No amounts have been paid to MediPharm related to these purchases such that the HST-included amount owing as at May 31, 2021 and November 30, 2021 is $797,278 (2020 - $535,009).

During the year ended May 31, 2021, the Company entered into two sales transactions with MediPharm whereby the Company shipped tablets to MediPharm and initially recognized gross revenue of $967,500, as the Company transferred control of the tablets to MediPharm. The sales orders to MediPharm contained a return provision whereby any unsold tablets could be returned to the Company for the original sales price, for which the Company made an initial provision of $145,125. As required under IFRS 15, the Company is required to revise its estimate of expected returns at each reporting period for contracts that permit customer returns and revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

As at May 31, 2021, it became apparent that there was a high likelihood that most product would be returned as the throughput of sales by MediPharm to its end customers had not been achieved. As such, the Company revised the estimate of the transaction price to zero, reversed all revenue previously recognized, and recorded a right to recover goods returned of $459,038. This estimate was later confirmed by the Memorandum of Understanding ("MOU") detailed below. All the inventory sold to MediPharm remained on hand at their facility as at May 31, 2021.

On September 16, 2021, the Company and MediPharm executed an MOU whereby MediPharm would return all the tablets purchased from Canntab. Commencing within sixty days after Canntab's first sale of the returned product, Canntab will pay MediPharm $20,000 per month for a period of twelve and a half consecutive months, to a maximum amount of $250,000. Upon MediPharm being paid $250,000 in accordance with the payment terms above, the amounts payable for the distillate will be considered paid in full, which would settle the amounts otherwise due under the distillate purchase orders.

The return of tablets under the MOU corroborated the return provision and right to recover assets recorded as at May 31, 2021. The refund liability to MediPharm has been recorded against the MediPharm accounts receivable as the Company does not expect collection for the amounts receivable related to this sale. The legal settlement of the accounts payable for the distillate initially purchased for $797,278 (HST included) occurred with the signing of the MediPharm MOU. As such, the revised obligation of $250,000 (HST excluded) has now been adjusted in these unaudited interim condensed consolidated financial statements as the criteria for the liability to be extinguished have now been met. Accordingly, the carrying value of inventory has been reduced by the effective pre-HST decrease in the pricing of $456,440.

Convertible debentures

On December 30, 2020, the Company closed on a private placement of $1,575,000 of secured debentures, issued at a price of $1,000 per debenture with a term of two years and due by December 30, 2022. The proceeds have been used to fund working capital for the Company and for general corporate purposes. Some of the major terms of the issuance are as follows:

(i) The principal amount bears interest at a rate of 10% per annum. Interest was calculated from the issue date and paid up front in cash (in the amount of $78,250) for the initial 6 months, thereafter payable quarterly in cash on the last business day of each calendar quarter, first interest payment being paid on September 30, 2021. If the debenture holder elects, in its sole and absolute discretion, interest may be paid in common shares at the conversion price at any time following the issue date.

(ii) The debentures are convertible into common shares of the Company at a conversion price of $0.80 per share, and will mature two years from the date of issuance. Beginning on the date that is four months and one day following the closing date of the offering, the Company will have the right to prepay or redeem a part or the entire principal amount of the convertible debentures plus any accrued and unpaid interest at any time by providing a minimum of 20 days and a maximum 60 days of redemption notice prior to the redemption date. The conversion price will be subject to customary adjustments in certain events.

(iii) On closing, the Company issued to the purchasers of the convertible debentures one share purchase warrant for each share underlying the convertible debenture purchased, or 1,968,750 warrants in total. The warrants are exercisable for a period of three years from issuance into shares of the Company with each warrant entitling the holder thereof to acquire one share at an exercise price of $1.00 per share. The warrants are subject to an acceleration right exercisable by the Company at its option if, for the preceding 15 consecutive trading days, the volume weighted average trading price of the shares is greater than $2.00 per share. If the Company provides notice that it intends to exercise its acceleration right, the accelerated expiry date of the warrants will be the 30th calendar day following the date of such notice of exercise.

(iv) There are numerous other conditions with respect to conversion features, ratchet features and/or redemption privileges that caused the conversion feature and warrants to be classified as derivative liabilities and revalued each reporting period.

All required quarterly interest payments have been paid in cash up to December 31, 2021.

COVID-19 PANDEMIC

In March 2020, the World Health Organization characterized the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, as a global pandemic. This has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business, resulting in a global economic slowdown. Equity markets have experienced significant volatility and weakness and the governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position in the future. The ultimate duration and magnitude of the impact and the efficacy of government and Bank of Canada interventions on the economy and the financial effect on the Company is not known at this time. The extent of such impact will depend on future developments, which are highly uncertain and not in the Company's control, including new information which may emerge concerning the spread and severity of COVID-19 and actions taken to address its impact, among others. The repercussions of this health crisis could have a material adverse effect on the Company's business, financial condition, liquidity and operating results.

The Company has been deemed an "essential service" by the Ontario government, and therefore is permitted to continue full operations. In response to COVID-19, the Company has implemented working practices to address potential impacts to its operations, employees and customers, and will take further measures in the future if and as required. At present, the Company has not identified any material continuity-risks specifically associated with COVID-19.

GOING CONCERN

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis which assumes that the Company will, in the foreseeable future, continue to convert its sales orders into revenue, realize on its assets and discharge its liabilities in the normal course of business as they come due. Accordingly, the unaudited interim condensed consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in these unaudited interim condensed consolidated financial statements Such adjustments could be material.

As at November 30, 2021, the Company had an accumulated deficit of $14,836,824 (May 31, 2021 - $13,010,269). Working capital as at November 30, 2021 was $692,994 compared to $1,849,825 as at May 31, 2021. For the six months ended November 30, 2021, net loss and comprehensive loss was $1,826,555 (2020 - $1,510,761). Other than some initial licensing fees received and some recent international sales, operations since inception have been funded from the issuance of shares and convertible debentures and exercise of stock options and warrants.

As evidenced by its accumulated deficit, the Company has, during its start-up phase, made significant capital and operational investments from the funds raised. These funds have been used to build out the legal and operating infrastructure, the intellectual property portfolio and to obtain the production and dales licences necessary to capitalize on the opportunities within the cannabis marketplace in Canada and internationally.

The Company closed a convertible debenture offering for gross proceeds of $1,575,000 on December 30, 2020, raised a further $1,323,001 from exercise of share purchase warrants from April, 2021 to June, 2021 and is currently finalizing another convertible debenture offering for proceeds in excess of $1 million. In addition, the Company is also finalizing the sale of excess/unneeded equipment that will generate in excess of $200,000 and expect to benefit from the exercise of outstanding options and warrants. Based on the above and all other business initiatives being undertaken by management, the Company anticipates that it will have sufficient cash on hand to service its liabilities and fund operating costs for the immediate future, but there is uncertainty as to how long these funds will last. The Company believes that, based on its revenue forecasts, expected opportunities in the marketplace and the ability to reduce expenditures, if required, it could continue as a going concern for the foreseeable future. To achieve that, the Company will need to (i) finalize delivery on existing purchase orders and continue to develop its marketing opportunities into further revenue generating transactions, and (ii) arrange future financing that will largely depend upon prevailing capital market conditions and the continued support of its shareholder base. Management will need to continue assessing its financing options to raise the funds required to continue its strategy of expanding its product line, manufacturing facilities, research and development and geographic coverage. However, there can be no assurance that management's fund raising plans will be successful. While the Company has been successful in recent fundraising efforts as noted above, there can be no assurance that additional funds could be raised in the future. As a result, these factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

PRODUCTS

The recent amendment to the medical sales license now allows Canntab to sell and distribute its 12 Health Canada approved SKU's directly to every medically prescribed patient across the country. The Company is selling both THC and CBD tablets and caplets in a variety of doses in an Instant Release ("IR") format under the prescription name INSTACANN®.

The Company has developed the formulation and prototype for its next product, the Extended Release Tablet ("XR Tablet"), which delivers standardized medical cannabis extract from selective strains in a solid, extended release pharmaceutical dosage. The XR Tablet is a proprietary phytocannabinoid vehicle that is designed to directly address the drawbacks and challenges of competing oral delivery systems, including, but not limited to, accuracy of dosing, onset times, duration of action, bioavailability, ease of spoilage, and the reduction of side effects. The Company is rapidly moving toward the commercialization phase and gearing up for its first series of pre-clinical trials. The Company plans to manufacture and distribute the XR Tablet in legal medical cannabis jurisdictions including Canada, select states within the United States, Australia, and Germany.

As part of its overall business plan and strategy, the Company will continue to seek Health Canada approval for its formulations of cannabinoid medications. The Company has plans to apply to Health Canada to add the XR Tablet to the approved list under the Canadian Cannabis Act. The XR Tablets use pharmaceutical grade excipients, all approved by Health Canada, and, in order to facilitate the approval process, the Company intends to present to Health Canada the similarities of the XR Tablet to existing room temperature oils inside gel capsules which have been approved under the Canadian Cannabis Act.

The Company will be imminently applying for Health Canada approval of its oral dissolvable THC tablets in several strengths whose onset time has averaged 10 minutes in testing.

INTELLECTUAL PROPERTY

The success of the Company's business depends in part on its ability to protect its technology and formulations related to pharmaceutical preparations containing natural or synthetic cannabinoids. In recognition of this, the Company continues to expand its intellectual property portfolio, which includes patent and trademark applications in the United States and Canada. On September 21, 2020, the Company announced it had been awarded a US patent titled "Modified Release Multi-Layer Tablet Cannabinoid Formulations" *(see discussion under "Recent Events" section above).* The Company's intellectual property portfolio includes numerous patent applications in Canada, the United States and internationally.

The Canadian patents/patent applications that were filed pertain to a variety of Canntab's innovative technologies related to oral dosage formulations of pharmaceutical cannabis, including Sustained Release Cannabinoid Formulations and Sustained Release Cannabinoid Pellets, Immediate Release Cannabidiol Formulations; Modified-Release Multi-Layer Cannabinoid Formulations; Flash-Melt Cannabinoid Formulations; and Bi-layer Cannabinoid Tablets.

These patent applications are part of Canntab's continuing strategy to develop a comprehensive intellectual property portfolio which covers the company's technology and formulations related to pharmaceutical preparations which contain natural or synthetic cannabinoids. Canntab is currently developing a number of products which utilize this technology, including a variety of extended released tablets containing a mixture of THC (Tetrahydrocannabinol) and CBD (Cannabidiol) that may be helpful in the treatment of a number of ailments, such as sleep disorders, post-traumatic stress disorder (PTSD), social anxiety, addiction, arthritis, general pain, pain management and appetite loss associated with cancer treatments, and addiction treatment therapy of opioids and other painkillers.

In addition to patents, the Company also has numerous trademark applications in the United States and Canada that cover four potential trade names for the XR Tablet.

QUARTERLY PERFORMANCE

The following table highlights certain key quarterly financial highlights. Commentary on the selected highlights is included under "Results of Operations" and "Liquidity and Capital Resources".

	Nov-2021 2022 Q2	Aug-2021 2022 Q1	May-2021 2021 Q4	Feb-2021 2021 Q3	Nov-2020 2021 Q2	Aug-2020 2021 Q1	May-2020 2020 Q4	Feb-2020 2020 Q3
	$	$	$	$	$	$	$	$
Balance sheet								
Cash and cash equivalents	331,746	980,069	1,490,863	1,434,375	397,536	1,058,809	2,090,438	1,496,723
Working capital	692,993	1,157,565	1,849,825	2,181,522	934,139	1,565,548	2,029,007	2,348,962
Shareholders' equity	950,728	1,913,360	2,268,758	3,370,490	3,747,016	3,068,459	3,528,742	3,585,731
Income statement								
Tablet sales	170,850	34,511	(843,375)	465,375	378,000	-	-	-
Operating expenses	557,528	773,518	671,349	418,850	536,055	525,391	438,776	560,348
Net loss and comprehensive loss	(1,222,737)	(603,827)	(2,304,324)	(604,697)	(609,769)	(900,992)	(873,361)	(670,904)

RESULTS OF OPERATIONS

Six months ended November 30, 2021 compared to November 30, 2020

The Company had a net loss of $1,826,555 for F2022 Q2 YTD compared to $1,510,761 for F2021 Q2 YTD.

As a result of the provisions of the MediPharm MOU *(see discussion under "MediPharm Memorandum of Understanding" section above)*, the Company did not record any sales revenue during F2021. During F2022 Q2 YTD, the Company recognized revenue, net of estimated return provisions, of $205,361 on the first two components of its Australian order.

As the Company has become active operationally, operating expenses in F2022 Q2 YTD of $1,331,039 increased by $269,592 compared to F2021 Q2 YTD of $1,061,447. The major components of the operating expenses (defined as total expenses less interest and non-cash items such as share based compensation, depreciation and amortization, impairment losses and losses on derivatives) are as follows:

- Employee compensation and benefits were $591,098 in F2022 Q2 YTD compared to $371,879 in F2021 Q2 YTD, an increase of $219,219. The headcount increased in F2022 Q2 YTD compared to F2021 Q2 YTD as the Company hired a new Chief Executive Officer, a new Chief Scientific Officer and higher level staffing as commercial production has now started. Employee compensation costs capitalized into inventory for F2022 Q2 YTD were $Nil (F2021 Q2 YTD - $94,586).
- Professional and consulting fees decreased nominally by $29,907 from $455,146 in F2021 Q2 YTD to $425,239 in F2022 Q2 YTD..
- Marketing and regulatory expenses in F2022 Q2 YTD were $133,561 compared to $84,394 in F2021 Q2 YTD, an increase of $49,167, largely attributable to higher Health Canada licensing costs.
- General and administrative expenses in F2022 Q2 YTD were $116,994 compared to $80,515 in F2021 Q2 YTD, an increase of $36,479 mostly due an increase in external storage costs.

Share based compensation totalled $276,777 in F2022 Q2 YTD compared to $356,276 in F2021 Q2 YTD, largely related to the issuance of 732,926 stock options in F2021 Q2 YTD that vested immediately.

Interest and accretion totalled $Nil in F2022 Q2 YTD compared to $Nil in F2021 Q2 YTD, an increase of $-. The increase was almost all attributable to the convertible debenture subscription completed in December, 2020.

Depreciation of plant and equipment and right-of-use assets totalled $321,726 in F2022 Q2 YTD compared to $153,197 in F2021 Q2 YTD, an increase of $-. The increase was a result of depreciation of leasehold improvements and renovation costs that had not yet been incurred by F2021 Q2 YTD.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents decreased by $1,159,117 to $331,746 as at November 30, 2021 from $1,490,863 as at May 31, 2021. Working capital as at November 30, 2021 was $692,994 compared to $1,849,825 as at May 31, 2021, a decrease of $1,156,831. The major components of the decrease in working capital were the net of the following major transaction flows:

(1) proceeds from exercise of share purchase warrants in June, 2021 of $231,751, less
(2) operating expenses in F2022 Q2 YTD of $1,331,039 *(see "Results of Operations" section above)*, and
(3) the purchase of plant and equipment and intangible assets in F2022 Q2 YTD for $54,297.

Accounts receivable as at November 30, 2021 of $58,316 (May 31, 2021 - $207,363), a decrease of $149,047. The major component of the difference is a decrease in HST ITC's resulting from the effective inventory pricing adjustment under the provisions of the MediPharm MOU (*see further discussion under "MediPharm Memorandum of Understanding" section above).*

Inventory as at November 30, 2021 decreased by $373,594 to $1,347,052, compared to $1,720,646 at May 31, 2021. The decrease is comprised of (i) the inventory pricing adjustment of $456,440 arising from the MediPharm MOU, (ii) the cost of sales recognized on the second Australian order, and (iii) production costs capitalized in F2022 Q2.

Accounts payable and accrued liabilities as at November 30, 2021 decreased by $562,109 to $858,999, compared to $1,421,108 at May 31, 2021. Under the terms of the MediPharm MOU, the companies have effectively to reduce the balance owing to MediPharm of $797,278 as at May 31, 2021 to $250,000 as at November 30, 2021 (*see further discussion under "MediPharm Memorandum of Understanding" section above).*

The carrying value of the debentures payable was accreted to its carrying value as at November 30, 2021 of $1,113,998 from $968,032 as at May 31, 2021. The derivative liabilities were revalued on a mark-to-market basis to their estimated fair value as at November 30, 2021 of $838,491 compared to $1,105,065 as at May 31, 2021, a gain of $266,574.

In June, 2021, 1,384,000 common shares were issued for gross proceeds of $1,038,000 upon exercise of 1,384,000 share purchase warrants issued in connection with the private placement that closed in March, 2020. Of the total proceeds, $813,750 were received prior to May 31, 2021, presented as shares to be issued on the consolidated statement of financial position as at May 31, 2021, and transferred to share capital in the current period. The difference of $224,250 was received in F2022 Q2 YTD.

CAPITALIZATION

The Company has common shares and other equity instruments outstanding at each reporting date as follows:

	November 30, 2021	May 31, 2021	Change in reporting period
Common shares	37,334,937	35,938,437	1,396,500
Share purchase warrants	7,655,750	9,039,750	(1,384,000)
Stock options	3,002,926	2,417,926	585,000
Special warrants	2,450,000	2,687,500	(237,500)
Broker compensation warrants	401,480	401,480	-
Total equity instruments	50,845,093	50,485,093	360,000

The details of the major changes in each equity category over F2022 Q2 YTD are as follows:

Common shares and share purchase warrants

- In June, 2021, 1,384,000 common shares were issued for gross proceeds of $1,038,000 upon exercise of 1,384,000 share purchase warrants *(see further discussion above in "Liquidity and Capital Resources" section)*. A further 12,500 common shares were issued in November, 2021 for gross proceeds of $7,500 on the exercise of 12,500 special warrants.

Stock options

- In September, 2021, the Board of Directors approved the issuance of 465,000 stock options to certain employees. The options are exercisable at a price $0.80 per option, expire by September 1, 2025, and vest as to 1/6 immediately and 1/6 for each subsequent six month period, such that they are fully vested by March 1, 2024.
- In November 2021, the Board of Directors approved the issuance of 120,000 stock options to certain consultants. The options are exercisable at a price $0.80 per option, expire by November 11, 2023 and vest immediately.

Special warrants

- Over the course of F2022 Q2 YTD, 225,000 special warrants expired unexercised on the holders' departure from the Company.

RELATED PARTY TRANSACTIONS AND BALANCES

During the three and six months ended November 30, 2021 and 2020, the Company had the following related party transactions:

	F2022 Q2 YTD	F2021 Q2 YTD
	$	$
Salary	**121,283**	101,667
Consulting fees	**114,000**	114,000
Car allowances	**4,800**	9,600
Share based compensation	**80,805**	44,980

(a) The Company is related to CMAX Technologies Inc. by virtue of common ownership and management. The Company entered into a lease renewal agreement with CMAX in fiscal 2020 under which it is obligated to make monthly rental payments of $10,000 until expiry on December 31, 2022. During the six months ended November 30, 2021, the Company made payments of $60,000 (2021 - $60,000).

(b) Legal fees recorded during the six months ended November 30, 2021 from a law firm of which a director is a partner totalled $36,290 (2021 - $Nil).

(c) In October, 2020, the Company completed related party asset acquisitions totalling $1,318,000 through the issuance of 2,584,313 common shares.

(d) Accounts payable and accrued liabilities as at November 30, 2021 includes $220,519 (May 31, 2021 - $127,995) with respect to balances owing to related parties for the transactions disclosed above.

SUBSEQUENT EVENTS

- The Company is in the process of finalizing a convertible debenture offering for proceeds in excess of $1 million on terms similar to the offering in December, 2020. The offering is expected to close early in February, 2022.
- In January, 2022, 300,000 stock options were exercised for proceeds of $75,000, resulting in the issuance of 300,000 common shares. In January, 2022, a further 153,522 common shares were issued for proceeds totalling $76,611 on the exercise of 153,522 broker warrants.
- The Company entered into service agreements announced with both Pathway and Levitee in December, 2021, the first examples of affiliates across Canada like pharmacy groups, health and wellness practitioners, sleep and pain clinics and other medical professionals now being able to recommend or prescribe the Company's products and be fully compensated (*see discussion under "Current sales results and initiatives" section above).*
- After period-end, the Company has received net proceeds in excess of $200,000 from the auction of surplus equipment acquired in October, 2020
- The Company has executed a Master Cannabis Supply Agreement in September, 2021 with the Ontario Cannabis Retail Corporation ("OCS"). In January, 2022, Canntab completed its first two shipments to the OCS

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

IAS 16 "Property, Plant and Equipment"

This standard has been amended to prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use, clarify that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset and requires certain related disclosures. The amendments are effective for annual periods beginning on or after January l, 2022. The Company has not yet assessed the impact of the amendments on the unaudited interim condensed consolidated financial statements.

IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

This standard has been amended to clarify the classification of liabilities as current or non-current. This amendment is effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendment on the unaudited interim condensed consolidated financial statements.

IAS 37 "Provisions"

This standard has been amended to clarify that, before a separate provision for an onerous contract is established, an entity recognizes an impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract and to clarify the meaning of costs to fulfil a contract. The amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendments on the unaudited interim condensed consolidated financial statements.

IFRS 9 "Financial Instruments"

This standard has been amended to address which fees should be included in the 10% test for derecognition of financial liabilities. This amendment is effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendment on the unaudited interim condensed consolidated financial statements.

IAS 12 "Income Taxes"

This standard has been amended to require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company has not yet assessed the impact of the amendment on the unaudited interim condensed consolidated financial statements.

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and ensure sufficient liquidity in order to develop its resources properties so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital as total shareholders' equity.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.