

**NEW AGE BRANDS INC.  
(Formerly New Age Farm Inc.)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE INTERIM PERIOD ENDED**

**SEPTEMBER 30, 2018**

**NEW AGE BRANDS INC. (Formerly New Age Farms Inc.)  
MANAGEMENT DISCUSSION & ANALYSIS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

November 29, 2018

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the period ended September 30, 2018, compared to the period ended September 30, 2017. This report prepared as at November 29, 2018 intends to complement and supplement our condensed interim consolidated financial statements (the "financial statements") as at September 30, 2018 and should be read in conjunction with the financial statements and the accompanying notes. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in Canadian dollars, unless otherwise specified.

Where we say "we", "us", "our", the "Company" or "New Age", we mean New Age Brands Inc. and/or its subsidiaries, as it may apply.

Additional information, including news releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available under the Company's profile at [www.sedar.com](http://www.sedar.com) or the Company's website <https://nabrandsinc.com/>.

**FORWARD LOOKING STATEMENTS**

*This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued development of our real estate holdings, among others, including those identified in the Risk Factors section. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions.*

*Readers are cautioned that these forward looking statements are neither promises nor guarantees, and are subject to risks and uncertainties that may cause future results to differ materially from those expected including, but not limited to*

- *Fluctuations in the fair market value of land;*
- *Demand for CBD products and cannabis related derivatives;*
- *Expected number of users of CBD products and CBD related derivatives in the United States;*
- *Demand for the development of turnkey properties in the state of Washington;*
- *Product sales expectations and corresponding forecasted increases in revenues;*
- *Successful marketing and promotion of We are Kured's lifestyle brand and products;*
- *The Company's expectations regarding the adoption and impact of certain accounting pronouncement's;*
- *The availability of financing needed to complete the Company's planned improvements on commercially reasonable terms;*
- *Federal status that may contradict local and state legislation respecting legalized marijuana;*
- *The Company's expectations with respect to the Company's future financial and operating performance;*
- *and,*
- *The Company's expectations with respect to future performance, results and terms of strategic initiatives, strategic agreements and supply agreements.*

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**FORWARD LOOKING STATEMENTS (CONTINUED)**

*These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf except as may be required by securities laws.*

**NEW AGE FARM OPERATIONS**

The Company was incorporated under the *Business Corporations Act* (British Columbia) on September 27, 2013, under the name 0981624 B.C. Ltd. The Company subsequently changed its name to New Age Farm Inc. on April 10, 2014 and to New Age Brands Inc. on November 14, 2018. On August 13, 2014, pursuant to the Arrangement, the Company completed the acquisition of NHS Industries Ltd. (“NHS”), a private British Columbia company that has been engaged in agricultural land holdings and farm services since 2001. Effective as of December 31, 2016, the Company completed a plan of arrangement with NHS and NHS is no longer a subsidiary of the Company. For more details on the plan of arrangement with NHS please refer to the Company’s disclosure documents available at [www.sedar.com](http://www.sedar.com).

The Company listed its common shares on the Canadian Securities Exchange and began trading under the symbol NF on August 18, 2014. The Company is also quoted on the Frankfurt Exchange under the symbol ONF and on the OTC under the symbol NWGFF.

The Company has five subsidiaries:

- New Age Farm Washington, LLC (“NAF WA”);
- 1175987 B.C. Ltd. (“Oregon Properties”);
- Kured Latin America, LLC. (“Latin Kured”);
- CannaUsa LLC (“CannaUsa”); and,
- We Are Kured LLC (“Kured”).

The Company is an innovative online Cannabidiol (“CBD”) and lifestyle Company. Through the Company’s wholly owned subsidiary, Kured, the Company’s main business activities encompass the development, market and distribution of CBD products including, but not limited to, CBD vaporizer pens, topicals, gel capsules and more. Kured launched its first product, a fully loaded, 250 mg disposable terpen infused, hemp derived CBD vaporizing pen and is available in three variations.

In May 2018, Benjamin Martch, the CEO of the Company’s subsidiary, Kured, was appointed as the Chief Marketing Official (“CMO”) and Joshua Barch was appointed as the Chief Executive Officer (“CEO”) and interim CFO. Both the CMO and CEO joined the board of directors. The Company appointed Michael A. Connolly and Erik Knutson to the board of directors.

The CEO and CMO replaced the following members of former management:

- Carman Parente, Chief Executive Officer and Director;
- Anthony Chan, Chief Financial Officer and Director,
- David Johnson, Director; and,
- Lorraine Pike, Director.

**Trends**

Other than as disclosed in this MD&A, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

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General Development and New Age Brands' Business

We are Kured

The Company is primarily a CBD oil lifestyle Company that is interested in working with Kured to launch its products.

During the period ended December 31, 2017, the Company was approached by the principals of We Are Kured, LLC ("Kured"), a Colorado based CBD oil lifestyle company that was interested in working with the Company to launch its products. Management reviewed the proposal and the Company entered into a definitive agreement with Kured in December 2017 as a new division and to support its principal business. Kured is led by Benjamin Martch, a cannabis marketing entrepreneur. Kured has partnered with hemp cultivators, edible manufacturers, and product formulators to develop, market and distribute multiple lines of CBD products including, but not limited to, CBD vaporizer pens, topicals, gel capsules and more. Unlike THC, CBD, is a non-psychoactive cannabinoid and does not result in any type of high and can be legally extracted from the hemp plant and consumed. All of Kured's products are 100% THC free and will be available for purchase internationally. THC, or tetrahydrocannabinol, is the primary active ingredient in cannabis.

In January 2018, Kured became a wholly owned subsidiary of New Age Brand. Since joining the New Age Farm family, Kured has launched its brand by attending trade shows, developing a fully built out ecommerce website at [www.wearekured.com](http://www.wearekured.com), and delivering its first product, the CBD oil vaporizer pen filled with terpene infused hemp derived CBD oil. Kured's terpene blends were created by global terpene developer Eybna Technologies Ltd. Each of Kured's vape pens is infused with one of three specific terpene flavour profiles. The three variations are Moonlight, an Indica blend infused with OG Kush Terpenes; Daylight, a Sativa blend infused with Pineapple Express Terpenes; and Allday, a Hybrid blend infused with Strawberry Diesel Terpenes. Kured has worked closely with the manufacturing and design team to ensure that the look, feel and overall experience of the pen would be both ergonomically and esthetically pleasing. Kured announced the launch a second generation vape pen in May 2018.

During the nine months ended September 30, 2018, Kured was actively promoting the brand through attendance at trade shows, presentations and marketing outreach. In addition to modest sales in the first quarter, and as part of its branding and marketing efforts Kured provided samples of product to potential retailers, wholesalers and distributors along with some donations to veterans' associations resulting in negative margins. Kured believes that as it launches the next generation pen and cements these relationships with retailers, marketers, and distributors that sales will increase and Kured will begin to see positive margins in future quarters.

In addition to the vape pens, Kured has been actively developing its product lines and the Company will report on these as information becomes available.

Acquisition of 1175987 B.C. Ltd.

In August 2018, the Company acquired 1175987 B.C. Ltd. ("Oregon Properties") to further develop and grow its business. Through the acquisition of the Oregon Properties, the Company acquired 111 acres of land, divided into two legal plots, located at Cave Junction, Oregon, and a start of the art outdoor and greenhouse cultivation facility. Cave Junction has been historically known as one of the best micro climates in the world for successful cultivation of cannabis. Trellis Farms operates and successfully grows organic cannabis on one of these legal plots with cultivation of 40,000 square feet.

Furthermore, the Company acquired land and an established dispensary in Portland, Oregon. The dispensary is operated by an OLCC licensed retailer and has been successfully operated for the past four years.

Through the acquisition of the Oregon Properties, the Company intends to rent these properties to the current operators.

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Drink Water, LLC

On September 25, 2018, the Company signed a definitive agreement with Drink Fresh Water LLC. (“DFW”), a CBD infused beverage company. DFW further augments the Company’s vision of creating a lifestyle brand using CBD products and other cannabis derivatives. DFW was established in California by a group of industry leaders and is known for their flagship product, a CBD infused, nano amplified alkaline water that is in over 100 unique retail store. The Company intends to provide its marketing and distribution expertise to create shareholder value. This transaction closed subsequent to period end.

Latin America Subsidiary

During the period ended September 30, 2018, the Company incorporated a new subsidiary, Kured Latin America. The Company intends to convert users of CBD products from oils to Kured’s product line. More information can be found on the Company’s dedicated website for its Latin American subsidiary here: <http://www.kured.cl>.

Turnkey Properties

In addition, the Company has interest in the following properties:

- the Sumas Property;
- the Oroville Property and
- the Moses Lake Property.

The Company is a land owner, providing turnkey facilities for tenant growers as well as providing access to the Company’s network of growers, consultants, and accountants. New Age Brands’ farming campuses are designed to provide turnkey farming operations for tenant-growers engaged in the production, processing and sale of luxury crops and value-added food products, including recreational marijuana grown under Washington State Initiative 502 (“I-502”). For more information regarding I-502, see the section entitled Washington State Initiative 502 later in this document. New Age Brands’ turnkey operations provide tenant-growers with all the infrastructure they require to operate a successful agribusiness for the crops of their choice. At each stage of the process, from seed to sale, New Age Brand will be there to provide the support, infrastructure and guidance to its clients in the growing recreational marijuana and small scale production and specialty food industries. A key aspect of New Age Brands’ business model that differentiates us from our competitors is the availability of on-site master growers (the “Master Growers”) who provide guidance, support and valuable expertise to growers. For example, Master Growers are expert in the specific needs for light, nutrition and feeding of cannabis plants, and understand and establish the ideal growing conditions, methods and media to produce a successful crop. New Age Brands’ Master Growers expect it will require several planting rotations to bring any program to full capacity and that when a program is at full implementation, tenant-growers can expect to harvest a continuous crop every 30 to 45 days after an initial 90 day planting. Master Growers can provide an advantage to tenant-growers who work with New Age Brand. Agriculture is a risky business and we want our tenant-growers to have the best opportunity to succeed and we want to achieve the best possible financial outcomes for our stakeholders.

Over the past few months, New Age Brand and other issuers in the medical and recreational cannabis industry have been influenced by the evolving regulatory and political climate with respect to the U.S. marijuana industry. This has led to media and regulatory comments describing potentially negative consequences for issuers operating under state regulations while such regulations differ from federal regulations in the United States.

While New Age Brand has strived to operate and will continue to operate in compliance with the regulations set out in the state of Washington, the Company’s board and management have determined that it is time to seek further expansion opportunities in Canada. The Company recognizes that the tone of recent discussions concerning about Canadian entities doing business in the U.S. cannabis sector is negatively affected by the U.S. federal government position. Over the last several months, the Company has been evaluating the best environment for its business activities within its own domestic marketplace.

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Washington State Properties

At Oroville, the Company is 50% owner of the property and there is one tenant-grower with a lease in place and that lease is between the I-502 licensed tenant-grower and our operating partner, Green Venture Capital Corp. (“Green Venture”). The tenant-grower has harvested its first crop from the Oroville facility, but there has been limited information provided to the Company through its partner or the tenant-grower with respect to the quantity and quality of the crop. Some early test results showed lower than expected yields and the Company was waiting for all test results to be shared to better assess the crop and what would be best for growing programs at the turnkey facility going forward. In the absence of this information, the Company has found it difficult to assess the value of its business offering, establish a realistic ROI and determine if the model is sustainable. As a result, the Company entered into a letter of intent (the “Oroville LOI”) with its operating partner in December 2017 whereby it would sell its share of the facility back to Green Venture. This aligns with the Company’s plan to look back toward Canada for implementation of this sort of model where the regulatory landscape, locations and business experience is more familiar. At the present time, the Company is waiting for Green Venture to report on realized tenant-grower revenue; the Company remains entitled to a percentage share in revenues through the operating partner.

At Sumas, the Company is 50% owner of the property and there is one tenant-grower with a lease in place and that lease is managed by the Company’s Sumas operating partner. The Company has no day to day responsibility for managing this site. When the tenant-grower realizes revenue, the Company will receive a percentage share through the operating partner.

The Moses Lake location has three potential tenant growers associated through the Company’s joint venture partner, David Baker (“Baker”). During the year ended December 31, 2017, the Company’s US Subsidiary, entered into a joint venture agreement with Baker to expand our Washington State holdings to secure three additional tenant growers and a lease to own option on 11 acres of industrial land in Moses Lake, Washington (the “Moses Lake Agreement”). Under the terms of the Moses Lake Agreement, NAF WA and Baker formed a 50/50 joint partnership corporation in Washington State, CannaUsa LLC (“CannaUsa”), which is intended to hold the lease on the eleven acres of industrial land in Moses Lake, WA. At the present time, there are no New Age Brand tenant-growers at this location.

In furtherance of the Moses Lake Agreement, the Company advanced approximately USD \$300K to CannaUsa for the purpose of Baker arranging the build out of security fencing, utility hook ups and other infrastructure projects (the “Funds”). The Company has learned that Baker no longer wishes to proceed with the project under the existing terms and wishes to terminate the Moses Lake Agreement. The Company and Baker have been negotiating a mutual settlement agreement to allow for an orderly termination. In the opinion of New Age Brand’s management, the possibility of a mutually agreeable settlement is low and, as such, the Company has determined that it will pursue whatever measures it requires to recoup the Funds and any other losses it has sustained as a result of its partner’s decision to terminate the Moses Lake Agreement. As of the date of this MD&A the Company is in ongoing negotiations with Baker to terminate the Moses Lake Agreement.

About I-502

In November 2012, the people of the State of Washington voted to pass Initiative 502 (“I-502”) to be administered by the Washington State Liquor and Cannabis Board (“WSLCB”). I-502 authorized the WSLCB to regulate and tax recreational marijuana products for persons over twenty-one years of age and thereby created a new industry for the growing, processing and selling of Washington State-regulated recreational marijuana products.

Washington State offers three types of licenses, producer, processor and retailer. A licensee may hold a producer and a processor license at the same time, but neither is permitted to be a retailer.

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*The Sumas Agri-campus*

The Sumas Agri-campus is a three-acre parcel of land in Whatcom County. The property is permitted for both agricultural and light industrial processing uses, has two buildings totaling 6,700 square feet and has sufficient room for expansion, with ample room for the construction of additional buildings. One tenant-grower is currently located at the Sumas Agri-campus who is making use of the existing facilities.

Recognizing the need to advance the properties as quickly as possible, and the cash intensive nature of agriculture, we have partnered with a private equity group at the Sumas Agri-campus, maintaining a 50% interest in the property in exchange for loan and interest forgiveness amounting to \$303,125 and a portion of all future rental revenue at the facility. Our partner is responsible for building the planned turnkey, state of the art indoor production and processing facility that will house a Tier 3 licensee able to grow up to 30,000 square feet of plant canopy. Building permits have been issued. With our partner operating the Sumas facility, this existing resource will benefit us by allowing us to focus on business development and still receive a financial return from the Sumas facility once costs have been covered.

*The Oroville Agri-campus*

Our second US property is located in Oroville, WA near the border with British Columbia. This site can accommodate up to three Tier 3 licensees using both indoor and outdoor space for growing. In 2016, we completed a 5,600 sq. ft. greenhouse facility. We also acquired 45,000 square feet in additional greenhouse structures to augment the Oroville operations, bringing total potential indoor growing capacity to over 50,000 square feet. The construction of this additional greenhouse was placed on hold while we determine steps forward for Oroville LOI.

*Exchange Listings and Investor Relations*

The Company's shares have been listed on the CSE since August 2014. Since that time, we have also been listed for trading on the OTC under the symbol NWGFF and on the Frankfurt Exchange under the symbol 0NF. The Company has an ongoing investor relations program that includes a toll-free number that investors can call to speak with members of our Corporate Communications team. The Company does not call out to potential investors; we have designated persons who respond to investor queries. The Company provides investor updates through news releases and other regulatory documents such as this MD&A. The Company is not covered by any analysts at this time. The Company may pay fees to re-publish its news on investor sites so that its corporate news may reach a wider audience.

*Acquisition of We Are Kured LLC*

On December 17 2017, the Company entered into a share purchase agreement to purchase 100% interest in a company, We Are Kured, LLC ("WAK"), by issuing 10,000,000 common shares of the Company. In addition, the Company advanced \$64,430 (USD \$50,000) as part of the acquisition price. Based on the terms of the agreement, the Company had the following acquisition commitments:

- USD \$50,000 60 days after the date of the agreement (paid)
- USD \$50,000 90 days after the date of the agreement (paid).

On January 2, 2018 the Company issued 10,000,000 common shares with a fair value of \$3,050,000 and advanced \$64,430 (USD \$50,000). The Company acquired net liabilities of \$51,176 which were incurred in the development of WAK's business plan and website.

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*Business Rationale*

The Company acquired WAK because the Company saw significant potential in the CBD and THC products WAK was in the process of developing in the United States. The Company made a decisive acquisition into a new and early stage business in the United States and in that process, the Company entered into a rapidly growing industry in a lucrative market segment. The Company's existing website and management expertise at WAK justified the purchase price.

The delay between entering the share purchase agreement on December 17, 2018 and the issuance of common stock on January 2, 2018 was due to administrative delays and constraints, and the Company noted that share price increased unexpectedly from \$0.145 per share on December 17, 2018 to \$0.305 per share on January 2, 2018. This resulted in a higher than expected valuation of WAK and that the Company originally valued the Company at approximately \$1,500,000.

*Accounting Treatment*

The acquisition of WAK does not constitute a business combination because these entities do not meet the definition of a business under IFRS 3 Business Combination. As a result, under IFRS, the transaction is being measured at the fair value of equity consideration issued to acquire these entities.

In connection with the acquisition, the Company recorded an expense of consideration paid in excess of net assets acquired from WAK of \$3,101,176. The Company concluded that WAK had no identifiable assets including any intangibles, therefore the consideration paid is for unidentifiable asset acquired represents the excess consideration paid of net assets acquired from WAK. The discussion above on business rationale relates to the potential growth in an emerging market.

*Acquisition of 1175987 B.C. Ltd.*

On August 20, 2018, through the Company's wholly owned subsidiary, acquired 100% interest in 1175987 B.C. Ltd. ("Oregon Properties") via three cornered amalgamations. The Company issued 73,164,000 common shares with a fair value of \$4,389,840. The Company paid transaction costs of \$19,728 and 3,658,200 finder common shares with a fair value of \$3,658,200.

*Business Rationale*

The Company acquired the Oregon Properties because the Company sees an opportunity expand its current portfolio of its unique turnkey growing infrastructure in Washington state. The Company believes that future demand for growing cannabis and cannabis related derivatives will grow, resulting in an increase in value to key growing spaces.



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Accounting Treatment

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under IFRS 3 – Business Combinations, as the significant inputs, processes and outputs, that together constitute a business, do not currently exist.

The purchase price was determined based on IFRS 2 - Share Based Payments and allocated as follows:

Land	\$	2,083,078
Building		2,545,984
Net assets assumed	\$	4,629,060
Transaction costs	\$	19,728
3,658,200 Finder Common Shares		219,492
73,164,000 Common Shares		4,389,840
Consideration	\$	4,629,060

Significant Equity Transactions

During the nine months ended September 30, 2018, 14,328,353 warrants at exercise prices ranging from \$0.10 to \$0.20 per share were exercised for gross proceeds of \$2,243,240. Fair value of \$1,178,349 were re-allocated from contributed surplus to share capital.

During the nine months ended September 30, 2018, 10,750,000 options at exercise price ranging from \$0.115 to \$0.13 were exercised for gross proceeds of \$752,500. Fair value of \$608,742 were re-allocated from contributed surplus to share capital.

On January 2, 2018, 10,000,000 common shares at fair value of \$3,050,000 were issued to acquire WAK.

On June 18, 2018, the Company entered into termination agreements with former management and issued 29,700,000 common shares with a fair value of \$2,227,500.

On August 28, 2018, the Company issued 73,164,000 common shares at a fair value of \$4,389,840 were issued to acquire the Oregon Properties. The Company issued 3,658,200 common finders shares with a fair value of \$219,492.

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**CONDENSED INTERIM CONSOLIDATED RESULTS OF OPERATIONS**

All of the balances set out in this and following sections, including the Summary of quarterly results conform to IFRS standards.

	Three months ended		Nine months ended	
	September 30, 2018 \$	September 30, 2017 \$	September 30, 2018 \$	September 30, 2017 \$
Sales	66,649	-	163,153	-
Cost of goods sold	(2,377)	-	(107,239)	-
	<b>64,272</b>	<b>-</b>	<b>55,914</b>	<b>-</b>
<b>Expenses</b>				
Advertising	228,479	13,384	725,724	627,720
Amortization	8,558	65,450	8,558	174,928
Bank charges	3,669	458	7,890	1,977
Consulting	275,951	270,792	1,805,326	2,017,749
Directors' fees	58,482	24,000	111,632	75,000
Foreign exchange loss (gain)	56,510	990	(14,767)	9,789
Insurance	2,304	4,873	10,045	5,336
Interest	29,736	-	39,675	-
Office and miscellaneous	40,225	3,904	146,789	8,577
Salaries	10,000		10,000	
Rent	15,440		15,440	
Professional fees	35,000	5,159	81,857	16,292
Utility and property taxes	38	5,381	1,515	12,173
Telephone	-	1,157	1,011	2,245
Transfer agent, listing and filing fees	2,926	8,455	16,557	27,462
Travel	5,860	96	60,801	2,411
Share based payments	716,002		716,002	4,196,000
	<b>1,489,180</b>	<b>402,063</b>	<b>3,744,055</b>	<b>7,177,659</b>
Other income (expense)				
Management termination cost	-	-	(4,535,000)	-
Excess consideration of net assets acquired from WAK	-	-	(3,101,176)	-
Interest income	-	-	10,880	-
Gain on settlements of debts	-	45,000	37,901	45,000
<b>Total expenses</b>	<b>(1,489,180)</b>	<b>(357,063)</b>	<b>11,331,450</b>	<b>(7,132,659)</b>
<b>Loss for the period</b>	<b>(1,424,908)</b>	<b>(357,063)</b>	<b>(11,275,536)</b>	<b>(7,132,659)</b>
<b>Foreign currency translation adjustment</b>	<b>3,659</b>	<b>-</b>	<b>(20,945)</b>	<b>-</b>
<b>Loss and comprehensive loss for the period</b>	<b>(1,421,249)</b>	<b>(357,063)</b>	<b>(11,296,481)</b>	<b>(7,132,659)</b>

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*For the nine month period ended September 30, 2018 compared to the period September 30, 2017 – Expenses*

The Company recorded net loss and comprehensive loss of \$11,296,481 for the period ended September 30, 2018 compared to a net loss and comprehensive loss \$7,132,659 for the corresponding period in 2017. Some of the significant charges to operations are as follows:

- The Company incurred advertising and promotion expense in the amount of \$725,724 (2017 - \$627,720). The Company completed various brand awareness campaigns in connection to the development of We are Kured's lifestyle branding.
- The Company incurred amortization of \$8,558 (2017 - \$174,928) as the Company impaired all of the facility cost at the Oroville and Sumas property at December 31, 2017. During the nine-month period ended, the Company acquired a building, furniture and equipment. The Company incurred amortization on the building and furniture the Company acquired.
- Foreign exchange gain of \$14,767 (2017 - (\$9,789)) is due to the strong USD foreign exchange rates in the current period.
- Insurance fees of \$10,045 (2017 - \$5,336) is due to the cost of insuring the Company's Sumas property, resulting in an overall increase in this account relative to the comparative period.
- Director fees of \$111,632 (2017 - \$75,000) is attributed to the overall change in management and the cost to hire industry experts.
- Interest expense increased to \$39,675 from \$Nil in the comparable period as the Company entered into convertible loan agreements with previous management bearing interest of 8% . Furthermore, the Company has an outstanding note payable of \$77,197 (2017 - \$Nil) that bears interest of 8%.
- Office and miscellaneous increased to \$146,789 from \$106,564 in the comparable period are primarily attributed to the substantial costs incurred by Kured in marketing, travelling and general expenses associated with increasing awareness of Kured's lifestyle brand.
- The Company wrote off debts owing to an external creditor and realized a gain of \$37,901 (2017 - \$45,000) in the current period. These are one off transactions by nature.
- As a result of issuing 10,000,000 common shares to complete the acquisition of Kured, the Company incurred a loss of \$3,101,176 by writing off unidentifiable assets from the acquisition because the Company determined the unidentifiable assets did not meet the definition of an intangible asset. WAK had no identifiable assets including any intangibles, therefore the consideration paid is for unidentifiable asset acquired which is written off as a impairment in the consolidated statement of comprehensive loss.
- Share based payments decreased to \$716,002 from \$4,196,000 in the comparative period. During the period ended September 30, 2018, the Company issued 12,059,919 stock options with a fair value of \$716,002. In the comparative period, the Company issued 16,000,000 options with a fair value of \$4,196,000.
- Professional fees increased to \$81,857 from 16,292 in the comparative period and relates to the due diligence and legal and accounting work in connection to the various completed acquisitions.

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Management Termination Costs

- Management termination costs increased to \$4,535,000 from \$Nil in the comparable period due to management turnover. The Company turned the management team over without cause and based on former management's existing agreements, management was entitled to certain shares and fees from the Company. The Company issued cash, convertible loans, promissory notes and common shares pursuant to the termination of former management. A summary of management termination costs is below:

	Shares #	Share Value \$	Cash \$	Convertible debt \$	Promissory note \$	Total \$
Carmen Parente	14,125,000	1,059,375	210,000	1,079,375	160,000	2,508,750
Lorraine Pike	6,150,000	461,250	118,125	-	-	579,375
David Johnson	5,450,000	408,750	118,125	-	-	526,875
Anthony Chan	3,975,000	298,125	183,750	298,125	140,000	920,000
Total		2,227,500	630,000	1,377,500	300,000	4,535,000

Consulting Fees

- Consulting fees of \$1,805,326 (2017 - \$2,017,749) decrease by \$212,423. A large portion of consulting fees is related to fees paid to management and other consultants. The Company is in the process of hiring consultants to assist with the development of Kured's lifestyle brand and to support the Company's business plan. The Company paid \$720,204 (2017 - \$239,733) to former directors, management and a former related Company. The increase is attributed to additional consulting fees being incurred by NHS Industries, a former related Company, to support the Company's ongoing operations and business plan. Furthermore, The Company incurred fees from a former director which did not charge fees in the comparative period. The remaining consulting fees were incurred to support the Company's ongoing business plan and leverage industry expertise to identify and perform due diligence for potential business opportunities. A breakdown of key consultants include:

Consultant	Description	Amount \$
Former and current management	Management and consulting services in connection to CFO and CEO duties including the acquisition of various turnkey properties and development of WAK's brand.	720,204
Arm's length consultant	Services in connection to the review of potential opportunities and due diligence	438,543
Arm's length consultant	Services for the development of agricultural and turnkey facilities	30,000

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*For the nine month period ended September 30, 2018 compared to the period September 30, 2017 – Expenses*

The Company recorded net loss and comprehensive loss of \$1,421,249 for the period ended September 30, 2018 compared to a net loss and comprehensive loss \$357,063 for the corresponding period in 2017. Many of the explanations and variances are similar to the above discussion, with the exception of the following:

- Director fees increased to \$54,482 from \$24,000 as the Company changed management during the second quarter. In order to hire the necessary expertise, director fees increased. See related party section for a further breakdown.
- The Company paid salaries of \$5,000 each to the CEO and CMO. The Company changed management midway through fiscal 2018. No salaries were charged by former management.
- Advertising increased to \$228,479 from \$13,384 as the Company completed significant marketing campaigns during the period to spread brand awareness of the Company’s lifestyle brand and operations.
- Office and miscellaneous increased to \$40,225 from \$3,904 and travel increased to \$5,860 from \$96 as the Company’s management incurred travel and general expenses from trade shows and other related expenses.

*For the period ended September 30, 2018, compared to the period September 30, 2017 - Revenue*

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September</b>	<b>September</b>	<b>September</b>	<b>September</b>
	<b>30,</b>	<b>30,</b>	<b>30,</b>	<b>er 30,</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Sales	66,649	-	163,153	-
Cost of goods sold	(2,377)	-	(107,239)	-
Gross profit	64,272	-	55,914	-
Gross Margin	96%	0.0%	34%	0.0%

- Cost of sales include all expenditures related to the product. This includes shipping fees, import duties, storage costs, handling charges and the cost of the product itself.
- The Company’s sales increased to \$163,153 from \$Nil in the comparative period and consist solely of the sale of vaporizers. During the nine months ended September 30, 2018, the Company acquired Kured and Kured sells vaporizers to customers in the United States of America. The Company attended trade shows and various events, promoting the increase in sales.
- The Company’s gross margin increased quarter over quarter as the Company works on profitability. The Gross margin improvement shows the potential profitability of the business and demand. The decrease in cost of goods sold quarter over quarter is attributed to the reduction of product give away.
- Sales and cost of goods sold are incurred in US dollar and are subject to fluctuating foreign exchange rate as the Company’s presentation currency is Canadian.

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**SELECTED QUARTERLY INFORMATION**

The table below presents selected financial data for the Company's eight most recently completed quarters, all prepared in accordance with IFRS.

	September 30, 2018	June 30, 2018	Three months ended March 31, 2018	December 31, 2017
Sales revenue	\$ 66,649	\$ 88,487	\$ 8,017	\$ -
Interest income	-	1,592	9,288	-
Expenses	1,489,180	1,309,311	4,008,839	5,072,727
Total assets	5,435,401	902,668	4,111,496	2,785,706
Total liabilities	1,837,550	1,790,792	1,365,540	1,531,838
Net loss	(1,424,908)	(5,841,339)	(4,009,289)	(6,973,893)
Net loss and comprehensive loss per share and diluted loss per share	(0.00)	(0.05)	(0.02)	(0.08)
	September 30, 2017	June 30, 2017	Three months ended March 31, 2017	December 31, 2016
Total Revenue	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	-
Expenses	357,063	6,772,596	3,454,394	3,099,837
Total assets	2,354,141	2,461,517	2,721,769	2,645,337
Total liabilities	1,230,765	1,340,078	1,312,727	1,320,152
Net loss	(357,063)	(6,772,596)	(3,454,394)	(6,894,751)
Net loss and comprehensive loss per share and diluted loss per share	(0.003)	(0.06)	(0.03)	(0.04)

Fluctuations in Assets are mostly due to cash on financing activities and deployed to consultants and marketing professionals to support Kured's business. The amount and timing of expenses and availability of capital resources vary substantially from quarter to quarter, depending on the availability of funding from investors or collaboration partners.

Growth in sales quarter over quarter shows significant potential in Kured's development as a lifestyle brand. The Company is continuing to increase brand awareness through marketing campaigns in the United States. Furthermore, the Company anticipates increasing acceptance of CBD vaporizers as general acceptance of CBD products rises.

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**LIQUIDITY**

The Company is a startup agricultural and CBD based company that has received minimal revenues to date and may have incidental interest income it may earn on funds invested in short-term deposits. As a result, its ability to conduct operations is based on its current cash and its ability to raise funds, primarily from equity sources, and there can be no assurance that the Company will be able to do so. The Company's continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately, the attainment of profitable operations and positive cash flows. The Company's loans, lease payments and debt covenants are in good standing as of the date of this MD&A.

The Company was able to raise funds through equity issuances during 2018 which are set out under Capital Resources and the Subsequent Events section of this MD&A. These are insufficient cash reserves to implement the complete business plan therefore the Company will need to generate additional working capital.

At September 30, 2018, the Company's working capital deficiency is \$1,131,213 (2017 – working capital of \$1,191,727) and cash of \$159,009 (2017 - \$2,370,660)

Pursuant to the termination of the former CEO and CFO, the Company entered into promissory note and convertible debenture agreements. The Company has a short term promissory note agreements of \$300,000 and convertible notes of \$1,337,500. The promissory note matures 30 days after the next shareholder meeting and is non-interest bearing. The convertible note is due at the earlier of September 8, 2018 or 30 days after the next shareholder meeting. The convertible note bears interest of 8%. As of September 30, 2018, the convertible note has not been converted. As at September 30, 2018, the Company does not have sufficient cash to cover its short term trade payable and promissory notes. Management intends to pursue further equity financing to meet its working capital requirements in the short term and is reasonably confident that it will be able to continue to fund the Company in this manner. However, should the Company be unsuccessful in raising capital through equity financing it may need to consider borrowing funds from one or more directors or shareholders. At this time, the Company has no plans to borrow money and there have been no promises or arrangements made to fund the Company in this manner.

The Company currently has five wholly owned subsidiaries and these subsidiaries have not yet generated any significant income but revenues is expected to increase over time. This will contribute to the Company's overall liquidity and the Company intends to use income from operations to satisfy long term liquidity needs. Until these subsidiaries become revenue generating, their ability to assist the Company by providing increased liquidity is very limited.

The agricultural and CBD business is risky and dependent on many factors. There is certain stigmatism to cannabis and cannabis derivatives and cannabis is federally illegal in the united states. The Company's revenue grew from \$Nil in the comparative period to \$163,153. This revenue will contribute to the Company's liquidity and the Company intends to collect rent to alleviate some of the liquidity issues. However, if the Company develops the Company's brand unsuccessfully, revenues will be limited. There is no assurance that the Company will successfully grow its brand.

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**LIQUIDITY AND CAPITAL RESOURCES – CASH FLOW**

**OPERATING ACTIVITIES:**

Cash used in operating activities for the nine months ended September 30, 2018 was \$4,035,802 as compared to \$2,460,816 in the prior period. The cash used in operating activities is mainly attributed to cost to terminate former management and increased marketing costs for Kured's product. Furthermore, the Company paid various consultants to advise on potential cannabis related deals and the required due diligence, legal and accounting work for the Company's various acquisitions.

**INVESTING ACTIVITIES:**

Cash used in investing activities for the nine months ended September 30, 2018 was \$117,798 as compared to \$437,300 in the prior period. During the nine month period ended, the Company acquired the Oregon Properties and incurred transaction costs of \$19,728 which has been capitalized to the property. Furthermore, the Company initiated the acquisition of DrinkWater LLC., and paid a deposit on the transaction of \$98,070. This contrasts the previous period as the Company invested in turnkey operation and the paid for equipment to develop these properties.

**FINANCING ACTIVITIES:**

Cash provided by financing activities for the nine months ended September 30, 2018 was \$1,923,896 as compared to \$2,344,550 in the prior period. In connection to the spinout of NHS, the Company repaid the former CEO and a loan from NHS. During the nine-month period ended September 30, 2018, the Company exercised 14,328,353 warrants for gross proceeds of \$2,243,240 and 10,750,000 stock options for gross proceeds of \$752,500.

The Company entered into promissory and convertible debenture agreements with the former CEO and CFO. These transactions are non-cash in nature and are due within one year. The Company recorded interest expense of \$34,741 on the convertible note.

**CAPITAL RESOURCES**

There are no known trends or expected fluctuations in the Company's capital resources, including expected changes in the mix and relative cost of such resources.

- During the year ended December 31, 2017, 23,678,000 warrants at exercise prices ranging from \$0.05 to \$0.24 per share were exercised for total proceeds of \$2,682,600.
- During the year ended December 31, 2017, 40,600,000 options at exercise prices ranging from \$0.095 to \$0.14 were exercised for total proceeds of \$4,684,000.
- During the year ended December 31, 2017, 776,260 common shares were issued at fair value from \$0.065 to \$0.15 to a director as compensation for his acceptance as a new director of the Company and for payment of his director fees.
- The Company also issued 3,000,000 common shares at fair value of \$255,000 to settle loans due to NHS in the amount of \$300,000.
- During the period ended September 30, 2018, 14,328,353 warrants at exercise prices ranging from \$0.10 to \$0.20 per share were exercised for total proceeds of \$2,243,240.
- During the period ended September 30, 10,750,000 options at exercise price ranging from \$0.115 to \$0.13 were exercised for total proceeds of \$752,500.

As of September 30, 2018, the Company does not have any commitments for capital expenditures.



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**OFF BALANCE SHEET ARRANGEMENTS**

As at September 30, 2018, the Company had no off-balance sheet arrangements.

**PROPOSED TRANSACTIONS**

There were no proposed transactions that have not been previously disclosed in subsequent events or disclosure.

**TRANSACTIONS WITH RELATED PARTIES**

The Directors and Executive Officers of the Company are as follows:

Benjamin Martch	CMO and Director
Joshua Bartch	CEO, Interim CFO and Director
Michael A. Connolly	Director
Erik Knutson	Director

The Company incurred the following related party transactions, with associated persons or corporations, which were measured at the exchange amount as follows:

- a) Key management includes directors, executive officers and officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by directors, executive officers and officers as follows:

<i>Management Compensation Period ended September 30, 2018</i>	Consulting fees \$	Director fees \$	Share Compensation \$	Payroll \$	Legal \$
Carman Parente, former CEO	102,750	17,050	-	-	-
Anthony Chan, former CFO	54,538	13,500	-	-	-
David Johnson, former Director	23,152	10,600	-	-	-
Lorraine Pike, former Director	36,736	12,000	-	-	-
NHS Industries, related Company	18,000	-	-	-	-
Company controlled by a director	-	19,494	93,495	-	13,997
Benjamin Martch, CMO	26,392	19,494	93,495	5,000	-
Joshua Bartch, CEO	458,636	19,494	93,495	5,000	-
<b>Total</b>	<b>720,204</b>	<b>111,632</b>	<b>280,485</b>	<b>10,000</b>	<b>13,997</b>

<i>Management Compensation Period ended September 30, 2017</i>	Consulting fees \$	Director fees \$	Share Compensation \$	Total \$
Carman Parente, CEO	135,000	18,000	92,300	245,300
Anthony Chan, CFO	67,500	18,000	127,800	213,300
David Johnson, Director	-	21,000	156,900	177,900
Lorraine Pike, Director	37,233	18,000	99,400	154,633
<b>Total</b>	<b>239,733</b>	<b>75,000</b>	<b>476,400</b>	<b>791,133</b>

- b) As at September 30, 2018 accounts payable and accrued liabilities were due to related parties of \$7,750 (2017 - \$nil).

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**RELATED PARTY TRANSACTIONS (CONTINUED)**

c) On June 8, 2018, the Company entered into termination agreement with the following members of management:

- Carman Parente, former CEO and Director;
- Anthony Chan, former CFO;
- David Johnson, former Director; and,
- Lorraine Pike, former Director.

In connection with the agreements, the Company issued the following:

- Issued 14,125,000 common shares to the former CEO with a fair value of \$1,059,375.
- Issued 3,975,000 common shares to the former CFO with a fair value of \$298,125.
- Issued 11,600,000 common shares to former Directors with a fair value of \$870,000.

The Company agreed to also pay the following:

- Pay \$210,000 to the former CEO
- Pay \$183,750 to the former CFO
- Pay \$236,250 to former directors of the Company.
- Issued a \$160,000 non-interest bearing promissory note to the former CEO. The promissory note matures 30 days after the next shareholder meeting.
- Issued a \$140,000 non-interest bearing promissory note to the former CFO. The promissory note matures 30 days after the next shareholder meeting.

On June 8, 2018, the Company entered into convertible note agreements with the former CEO and CFO. The principal portion of the convertible note is \$1,377,500, bear interest of 8% and is convertible at the discretion of the holder.

The convertible note matures on September 8, 2018 or the next shareholder meeting that approves the rollback of common stock, whichever is earliest. As at September 30, 2018, the Company accrued interest of \$34,741.

**OUTSTANDING SHARE DATA**

*Issued and Outstanding:*

As of the date of this MD&A the Company has 316,718,130 common shares outstanding.

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Stock Options:

As of the date of this MD&A the Company has the following stock options issued and outstanding:

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
750,000	\$0.13	December 12, 2019
10,000,000	\$0.29	December 29, 2019
250,000	\$0.20	May 4, 2020
3,059,919	\$0.115	September 17, 2023
<b>14,059,919</b>	<b>\$0.25</b>	

Warrants:

As of the date of this MD&A the Company has the following warrants issued and outstanding:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
1,570,000	\$0.15	April 15, 2020
3,272,911	\$0.20	November 16, 2018
4,000,000	\$0.24	November 27, 2019
2,390,000	\$0.15	February 8, 2020
<b>11,232,911</b>	<b>\$0.17</b>	

**CONTINGENCIES**

Except for the commitments mentioned in Liquidity subsection (a), there is no other contingency outstanding as of date of this discussion.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

**Significant Accounting Policies**

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended December 31, 2017, with exception to the new accounting standards adopted by the Company discussed below.

The preparation of condensed consolidated interim financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Several amendments to existing accounting standards became effective January 1, 2018 and were first adopted by the Company in the nine- month period ended September 30, 2018:

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*IFRS 15 Revenue from Contracts with Customers*

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. As the Company does not have any revenue from long term contracts with customers and primarily consist of one-off time transactions. Therefore, this change had no impact on the financial statements.

*IFRS 9 Financial Instruments*

A finalized version of IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements for classification and measurement of financial assets and liabilities; impairment of financial assets; hedge accounting; and derecognition of financial assets and liabilities carried forward from IAS 39. This change had no impact on the financial statements.

New Standards and Interpretations Not Yet Adopted

The Company will be required to adopt the following standards and amendments issued by the IASB, as described below.

Applicable to the Company's annual period beginning on January 1, 2019:

*IFRS 16 Leases*

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

The Company has not early-adopted this standard and is currently assessing the impact that the standard will have on the condensed consolidated interim financial statements.

**RISKS AND UNCERTAINTIES**

*Selling vaporizers in the United States*

Selling vaporizers in the United States can involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the demand for vaporizers is wide spread and can result in substantial reward, marketing will be a significant influencer in development of the Company. The Company is creating a lifestyle brand around the Company and is significantly influenced by how the Company appears in the market place. Significant expenses may be required to establish the lifestyle brand to be accepted in the market place.

*Plant Growing, Warehousing and Processing Industry*

The plant growing, warehousing and food processing industry involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the development of such facilities may result in substantial rewards, marketing will also play a significant role in developing the Company and its level of success. Major expenses may be required to establish the facilities to be accepted in the marketplace. It is impossible to ensure that the current facilities and market strategy planned by the Company will result in profitable commercial sales. Whether the Company will be commercially viable depends on a number of factors, some of which are the particular attributes of the industry the facilities is geared toward and the existing infrastructure, as well as competitors strategies and market factors. Some of these factors are cyclical and government regulated, including regulations relating to agriculture and food processing procedures and protocols.

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*Plant Growing, Warehousing and Processing Industry*

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Agriculture and food processing operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the public health sectors inherited in the agriculture and food processing industry. Although adequate precautions to minimize risk will be taken, operations are subject to hazards that are unforeseeable or beyond the company's control and their consequent liability.

Some of these risks include the following:

The Company is largely dependent on the success of constructing and marketing its warehousing and processing facilities and cannot be certain that its facilities will be successfully commercialized. NHS currently has minimal revenue from renting out its greenhouse facility. The successful addition of agriculture and food warehousing / processing facilities will also augment its ability to rent out unused greenhouse space and facilities. There is no guarantee that it will ever have marketable facilities.

Risks in design, development and manufacture of agriculture and food warehousing / processing facilities which may have adverse effect on public's health.

If a significant portion of these development efforts are not successfully completed, required regulatory approvals are not obtained, or any approved facilities are not commercially successful, the company's business, financial condition, and results of operations may be materially harmed

The Company's facilities may never achieve market acceptance even if the company obtains regulatory approvals.

The Company's activities are directed towards the warehousing and processing of agriculture and food. There is no certainty that any expenditure to be made by the Company as described herein will result in market acceptance of the Company's facilities offerings. There is aggressive competition within the agriculture and food warehousing / processing marketplace. The Company will compete with other interests, many of which have greater financial resources than it will have for marketing towards target customers. Significant capital investment is required to achieve commercialization from the current start-up and development stage of the Company.

*Government Regulation*

In addition to various trade organizations that the Company will be subject to, the consumer agriculture and food warehousing / processing industry is subject to various federal, and provincial laws and regulations on, standards, claims, safety, efficacy and other matters from regulatory bodies such as Canadian Food Inspection Agency (CFIA), BC FoodSafe Program and the department of Health Protection in Fraser Health. Regulatory approvals by government agencies on the Company's facilities may be withheld or not granted at all and if granted may be subject to recalls which would materially affect the Company.

Although the Company's activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development, production, manufacture, product claims, marketing or commercialization. Amendments to current laws and regulations governing operations and activities of the consumer health industry or more stringent implementation thereof could have a substantial adverse impact on the Company.

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Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include key person insurance as the company heavily relies on the company officers.

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Negative Operating Cash Flows

As the Company is at the start-up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can be sufficiently developed to commercialize.

Risks Related as a Going Concern

At June 30, 2018, the Company had not yet achieved profitable operations, has accumulated losses of \$40,006,491 since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Although the Company presently has sufficient financial resources to undertake its currently planned business and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any 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 in other than the normal course of business and at amounts which may differ from those shown in these unaudited condensed interim consolidated financial statements.

Reliance on Key Personnel and Advisors

The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

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*Licenses, Patents and Proprietary Rights*

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

*Uncertainty Regarding Penetration of the Target Market*

The commercial success of the Company's business as compared with those of its competitors depends on its acceptance by potential users and the consumer community. Market acceptance will largely depend on the reputation of the Company, its marketing strategy, consumer acceptance and the Company's services and performance. The Company's success will depend on its ability to commercialize and expand its network users. The Company will need to expand its marketing and sales operations and establish business relations with suppliers and users in a timely manner.

In order to meet its business objectives, the Company will have to ensure that its facilities and services are safe, reliable and cost-effective, and bring the expected return. There can be no assurance that the Company's facilities and services will be accepted and recommended.

*Competition, Technological Obsolescence*

The agriculture and food warehousing / processing industries are competitive. Others in the field may have significantly more financial, technical, distribution and marketing resources. Technological progress and product development may cause the Company's services and facilities offerings to become obsolete or may reduce their market acceptance.

*Operating History and Expected Losses*

The Company expects to make significant investments in order to develop its services, increase marketing efforts, improve its operations, conduct research and development and update its equipment. As a result, start-up operating losses are expected and such losses may be greater than anticipated, which could have a significant effect on the long-term viability of the Company.

*Reliance on Joint Ventures, License Assignors and Other Parties*

The nature of the Company's operations requires it to enter into various agreements with partners, joint venture partners, other agriculture and food warehousing / processing facilities, and equipment suppliers in the business world, government agencies, licensors, licensees, and other parties for the successful operation of its businesses and the successful marketing of its services.

There is no guarantee that those with whom the Company needs to deal will not adopt other technologies or that they will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the Company's competitors, in preference to those of the Company.

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Growth Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

Potential Liability

The Company is subject to the risk of potential liability claims with respect to its agriculture and food warehousing / processing facilities. Should such claims be successful, plaintiffs could be awarded significant amounts of damages, which could exceed the limits of any liability insurance policies that may be held by the Company. There is no guarantee that the Company will be able to obtain, maintain in effect or increase any such insurance coverage on acceptable terms or at reasonable costs, or that such insurance will provide the Company with adequate protection against potential liability.

**Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry**

The following disclosure is intended to comply with the Canadian Securities Administrators Staff Notice 51-352 – *Issuers with U.S. Marijuana-Related Activities*.

Regulatory Risks

The U.S. legal cannabis industry is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may impact on actual results.

Participants in the U.S. legal cannabis industry will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to 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 participant and, thereby, on the Company's prospective returns. Further, the Company may be subject to a variety of claims and lawsuits. Adverse outcomes in some or all of these claims may result in significant monetary damages or injunctive relief that could adversely affect the Company's ability to conduct its business. The litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. A material adverse impact on the Company's financial statements also could occur for the period in which the effect of an unfavorable final outcome becomes probable and reasonably estimable.



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**Disclosure Regarding the Company's Proposed Investments in Entities Carrying on Business in the United States Cannabis Industry (continued)**

*Regulatory Risks (continued)*

The U.S. legal cannabis industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the participant and which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's investments' earnings and could make future investments uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

The Company expects to derive its revenues from the U.S. legal cannabis industry, which industry is illegal under U.S. federal law. As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the U.S. are subject to inconsistent legislation and regulation.

The Company's financings are expected to be focused in those U.S. states that have legalized the medical and/or adult-use of cannabis. Almost half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on THC, while other states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC. However, the U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the CSA. The federal government of the U.S. has specifically reserved the right to enforce federal law in regards to the sale and disbursement of medical or adult-use use cannabis, even if state law sanctioned such sale and disbursement. It is presently unclear whether the U.S. federal government intends to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law. This risk was further heightened by the revocation of the Cole Memorandum (defined below) in January 2018.

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the U.S. federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, then the Company's investments in such businesses would be materially and adversely affected notwithstanding that the Company may not be directly engaged in the sale or distribution of cannabis. U.S. federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana-related legislation could adversely affect the Company, its business and its investments. The Company's funding of businesses involved in the medical and adult-use cannabis industry may be illegal under the applicable federal laws of the United States and other applicable law. There can be no assurances the federal government of the United States or other jurisdictions will not seek to enforce the applicable laws against the Company. The consequences of such enforcement would be materially adverse to the Company and the Company's business and could result in the forfeiture or seizure of all or substantially all of the Company's assets.

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*Nature of the Company's Involvement in the U.S. Cannabis Industry*

Through the acquisition of WAK, the Company will have involvement in the cannabis industry in the United States. The Company is engaged in the distribution of vape pens and CBD and THC derivatives in the United States.

*Illegality under U.S. Federal Law*

More than half of the U.S. states have enacted legislation to regulate the sale and use of cannabis on either a medical or adult-use level. However, notwithstanding the permissive regulatory environment of cannabis at the state-level, cannabis continues to be categorized as a controlled substance under the CSA in the U.S. and, as such, activities within the cannabis industry are illegal under U.S. federal law.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis-related businesses in the U.S. are subject to a higher degree of uncertainty and risk. Unless and until the U.S. federal government amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendment there can be no assurance), there can be no assurance that it will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. Such potential proceedings could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens; or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favor of the Company.

The inconsistent regulation of cannabis at the federal and state levels was addressed in 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the "**Cole Memorandum**") acknowledging that although cannabis is a controlled substance at the federal level, several U.S. states have enacted laws relating to cannabis for medical purposes. The Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. However, the Department of Justice ("**DOJ**") has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. However, on January 4, 2018 the Cole Memorandum was revoked by Attorney General Jeff Sessions. While this did not create a change in federal law, as the Cole Memorandum was not itself law, the revocation added to the uncertainty of U.S. federal enforcement of the CSA in states where cannabis use is regulated. Sessions also issued a one-page memorandum (the "**Sessions Memorandum**"). This confirmed the rescission of the Cole Memorandum and explained that the Cole Memorandum was "unnecessary" due to existing general enforcement guidance as set forth in the U.S. Attorney's Manual (the "**USAM**"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government's limited resources, and include "law enforcement priorities set by the Attorney General," the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution," and "the cumulative impact of particular crimes on the community."

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*Illegality under U.S. Federal Law (continued)*

While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance and states the statutory view that it is a “dangerous drug and that marijuana activity is a serious crime,” it does not otherwise guide U.S. Attorneys that the prosecution of marijuana-related offenses is now a DOJ priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether or not to prosecute marijuana-related offenses. U.S. Attorneys could individually continue to exercise their discretion in a manner similar to that displayed under the Cole Memorandum’s guidance. Dozens of U.S. Attorneys across the country have affirmed their commitment to proceeding in this manner, or otherwise affirming that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence. In California, at least one U.S. Attorney has made comments indicating a desire to enforce the CSA. Adam Braverman, Interim U.S. Attorney for the Southern District of California, has stated that the rescission of the Cole Memorandum “returns trust and local control to federal prosecutors” to enforce the CSA. Additionally, Greg Scott, the Interim U.S. Attorney for the Eastern District of California, has a history of prosecuting medical cannabis activity; and his office published a statement that cannabis remains illegal under federal law, and that his office would “evaluate violations of those laws in accordance with our district’s federal law enforcement priorities and resources.”

The Rohrabacher Blumenauer Appropriations Amendment (originally the Rohrabacher Farr Amendment) has been included in federal annual spending bills since 2014. This amendment restricts the Department of Justice from using federal funds to prevent states with medical cannabis regulations from implementing laws that authorize the use, distribution, possession or cultivation of medical cannabis. In 2017, Senator Patrick Leahy (D-Vermont) introduced a parity amendment to H.R.1625—a vehicle for the Consolidated Appropriations Act of 2018, preventing federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to Congress restoring such funding (“Leahy Amendment”). The Leahy Amendment was set to expire with the 2018 fiscal year on September 30, 2018; however, Congress approved a nine-week continuing resolution from the 2018 fiscal year (the “Continuing Resolution”). The Continuing Resolution has the result of providing ongoing and consistent protection for the medical cannabis industry until December 7, 2018. Congress has been negotiating the 2019 fiscal year appropriations since February 2018. Although we expect that language protecting the medical cannabis industry will be included in the final 2019 fiscal year appropriations bill, there can be no assurance that the final 2019 fiscal year appropriations bill will include appropriations protecting the medical cannabis industry.

American courts have construed these appropriations bills to prevent the federal government from prosecuting individuals when those individuals comply with state medical cannabis laws. However, because this conduct continues to violate federal law, American courts have observed that should Congress at any time choose to appropriate funds to fully prosecute the CSA, any individual or business, even those that have fully complied with state law, could be prosecuted for violations of federal law. If Congress restores funding, for example by declining to include the Rohrabacher-Farr Amendment in future budget resolutions, or by failing to pass necessary budget legislation and causing another government shutdown, the government will have the authority to prosecute individuals for violations of the law before it lacked funding under the five-year statute of limitations applicable to non-capital CSA violations. Additionally, it is important to note that the appropriations protections only apply to medical cannabis operations and provide no protection against businesses operating in compliance with a state’s adult-use cannabis laws.

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As previously stated, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, the listing of its securities on any stock exchange, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. The approach to the enforcement of laws related to cannabis may be subject to change or may not proceed as previously outlined.

The Company's activities in the U.S. cannabis industry will be made: (i) only in those states that have enacted laws legalizing cannabis in an appropriate manner; and (ii) only in those entities that have fully complied with such state (and local) laws and regulations and have the licenses, permits or authorizations to properly carry on each element of their business.

The Company will continue to monitor, evaluate and re-assess the regulatory framework in each state in which it may hold an investment, and the federal laws applicable thereto, on an ongoing basis; and will update its continuous disclosure regarding government policy changes or new or amended guidance, laws or regulations regarding cannabis in the U.S.

*Anti-Money Laundering Laws and Regulations*

The Company is subject to a variety of laws and regulations in Canada and the U.S. that involve money laundering, financial record-keeping and proceeds of crime, including the U.S. *Currency and Foreign Transactions Reporting Act* of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* of 2001 (USA PATRIOT Act), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a chequing account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

Despite these laws, the FinCEN issued the FinCEN Memorandum on February 14, 2014 outlining the pathways for financial institutions to bank marijuana businesses in compliance with federal enforcement priorities. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance in a DOJ memorandum issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA (the "2014 Cole Memo"). The 2014 Cole Memo was rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes was not a DOJ priority.

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Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memo has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memo and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum appears to remain in effect as a standalone document which explicitly lists the eight enforcement priorities originally cited in the rescinded Cole Memorandum. Although the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance, it is unclear whether the current administration will continue to follow the guidelines of the FinCEN Memorandum.

Overall, since the production and possession of cannabis is illegal under U.S. federal law, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the cannabis industry. Consequently, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. As the Company will have a material ancillary involvement in the U.S. legal cannabis industry, the Company may find that it is unable to open bank accounts with certain Canadian financial institutions, which in turn may make it difficult to operate the Company's business.

The Company's activities, and any proceeds thereof, may be considered proceeds of crime due to the fact that cannabis remains illegal federally in the U.S. This may restrict the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its shares in the foreseeable future, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

*Canadian Securities Regulatory Matters*

The Company's involvement in the U.S. cannabis industry may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS Clearing and Depository Services Inc. ("CDS"), refuse to settle trades for cannabis issuers that have investments in the U.S. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S., despite media reports to the contrary, and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid and, until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange, should the Common Shares have become listed on a stock exchange.

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On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding (“MOU”) with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The MOU outlines the parties’ understanding of Canada’s regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the U.S. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the Common Shares are listed on a stock exchange, it would have a material adverse effect on the ability of holders of Common Shares to make and settle trades. In particular, the Common Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to affect a trade of the Common Shares through the facilities of the applicable stock exchange.

*Heightened Scrutiny*

For the reasons set forth above, the Company’s future investments in the U.S. may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company’s ability to invest in the U.S. or any other jurisdiction, in addition to those described herein.

*Change in Laws, Regulations and Guidelines*

The Company’s proposed business operations will indirectly be affected by a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis, but also including laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require participants to incur substantial costs associated with compliance or alter certain aspects of its business plans. In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of the Company’s business plans and result in a material adverse effect on certain aspects of its planned operations.

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*Unfavorable Publicity or Consumer Perception*

The legal cannabis industry in the United States is at an early stage of its development. Cannabis has been, and will continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis 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 favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding cannabis in general or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medical and adult-use cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medical and adult-use cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization (for example, medical marijuana as opposed to legalization in general). The Company's ability to gain and increase market acceptance of its proposed investment 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 may have an adverse effect on the Company.

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**FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES**

During the period ended September 30, 2018, there has been no significant change in the Company's internal control over financial reporting since last year.

The management of the Company has filed the Venture Issuer Basic Certificate with the Interim Filings on SEDAR at [www.sedar.com](http://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.