Interim MD&A – Quarterly Highlights

First Quarter ended March 31, 2019

(Stated in Canadian Dollars)

Dated May 11, 2020

Preface

The following Interim MD&A – Quarterly Highlights is prepared in accordance with the provisions of S. 2.2.1 of BCSC Instrument 51-102F2 as it relates to venture issuers. It should be read in conjunction with the Company's audited consolidated financial statements and related notes for the periods ended December 31, 2018 and May 31, 2018 (the "2018 Financial Statements") unaudited consolidated financial statements and related notes for the quarterly periods ended March 31, 2019, June 30, 2019 and September 30, 2019 (the "2019 Quarterly Financial Statements") and the audited consolidated financial statements and related notes for the periods ended December 31, 2019 and for the seven months ended December 31, 2018 (the "2019 Financial Statements"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all currency amounts are in Canadian dollars.

Forward looking information

This MD&A contains "forward-looking information and statements" that are subject to risk factors set out under the caption *Caution regarding forward looking statements* later in this document. The reader is cautioned not to place undue reliance on forward-looking statements.

Review and Approval by the Board of Directors

The Board of Directors, on the recommendation of its Audit Committee, approved the contents of this MD&A on May 11, 2020.

Profile and strategy

Ascent was incorporated under the Business Corporations Act (British Columbia) on May 30, 2013. Ascent's head office, principal and registered records office address is located at Suite 800 - 543 Granville Street Vancouver, British Columbia V6C 1X8.

Risks and Uncertainties

Health Canada suspended the Company's Production License and Dealer's License (the "Canadian Licenses") on September 26, 2018 and subsequently revoked the Canadian Licenses on July 12, 2019. As a result, the Company suspended all active business in Canada and Denmark, and continues to take active steps to wind up all business activity in Canada and Denmark other than maintaining a small executive team in Vancouver, British Columbia, to attend to the winding up of its business operations in Canada, matters relating to the continued stay and resolution of all creditor claims under CCAA, and other regulatory, administrative and tax matters. Information relating to the Company's business operations in Canada can be found in previously filed continuous disclosure documents, including the Company's Annual Information Form, dated October 1, 2018.

As a result of the CCAA process, the settlements imposed on the Company thereunder as well as fundamental changes in the Cannabis and Hemp markets in Canada and the United States there remains significant risk in the ability of the Company to attain the resources necessary to execute its business plan.

The Company operates in the USA through wholly owned subsidiaries in Nevada and Oregon with licenses to produce, process and distribute cannabis and processed cannabis products including cannabis oils and licenses to process and distribute industrial hemp. As a result of the CCAA process in Canada, the operation of the US subsidiaries has been significantly curtailed. The Company intends to reassess these operations upon the conclusion of the CCAA process.

Consolidated analysis of financial condition, financial performance and cash flows

The following highlights the Company's overall performance for three months ended March 31, 2019 and February 28, 2018 and includes financial information relating to the Company's establishment in Denmark and Canadian Operations, which includes cannabis cultivation, processing, production, product research and forward development and distribution:

	3 months ended **Mar 31, 2019 ($)**	3 months ended Feb 28, 2018 ($)	Change
Sales	435,234	3,744,775	(88%)
Gross margin	(323,184)	1,061,386	(130%)
Operating expenses	(3,523,809)	(3,471,931)	1.5%
Other (expense) / income	1,292,270	-	
Net loss	(2,554,723)	(2,665,233)	(4.1%)
Net loss per share – basic and diluted	(0.01)	(0.01)	
Weighted average Common Shares outstanding:			
Basic	320,151,457	193,397,283	66%
Diluted			

Consolidated Results Commentary

	Q1
Earnings Summary	▲ **EPS: $.005 per share, or 42%** For the three months ended February 28, 2018, the Company was in full operations in all locations. By March 31, 2019, the Company had entered CCAA proceedings in Canada and shut down operations in all locations. A recognition of a change in the derivative liability resulted in other income of $1.2m

Balance Sheet Analysis, Liquidity, and Capital Resources

	3 months ended **Mar 31, 2019 ($)**	3 months ended Feb 28, 2018 ($)	Change
Cash and cash equivalents at end of period	1,245,611	5,015,511	(75%)
Total assets at end of period	38,508,230	28,972,095	33%
Current liabilities	(5,862,455)	(4,851,029)	21%
Long term Liabilities	(183,442)	(3,790,956)	(95%)
Working Capital	17,603,742	5,199,140	239%

Balance Sheet, Liquidity, and Capital Resources Commentary

	Q1
Financial position Summary	▲ **Working Capital: $12,404,602, or 239%** • Increase is due to receivable for the sale proceeds of the sale to BZAM Capital Management of the Canadian assets

Summary Cash Flows

	3 months ended **Mar 31, 2019 ($)**	3 months ended Feb 28, 2018 ($)	Change
Cash and cash equivalents at end of period	1,245,611	5,015,511	(75%)
Cash used in operating activities	(21,458,584)	(1,556,405)	1279%
Cash used in investing activities	(3,218,427)	(2,896,220)	11%
Cash from financing activities	18,107,520	5,973,546	203%

Cash Flows Commentary

	Q1
Cash Flow Summary	▼ **Cash Used in the period: $3,769,900, or 75%**

- Cash used in operating increased due to a timing difference with a receivable balance
- Cash used for investing was mainly property an equipment purchases in prior period
- Financing cash in 2018 was due to issuing shares; in 2019 was due to selling Canadian assets

Description of business and developments –material events likely to have material effects on future operating results.

Suspension of the Health Canada License

On September 27, 2018, the Company announced that Health Canada had informed the Company's wholly-owned subsidiary, Botanicals Corp. ("Agrima"), on September 26, 2018 that it did not meet all of its record keeping and other compliance requirements based on a Health Canada inspection conducted between August 28, 2018 and August 30, 2018. As a result, Agrima's licenses were partially suspended by Health Canada. Agrima commenced the process of addressing the identified issues and initiated discussions with Health Canada for the reinstatement of the licenses.

On February 7, 2019 the Company announced that Health Canada had repeated its previous position that the Company has failed to demonstrate (i) that the suspension, and proposed revocation, of Agrima's Licenses is unfounded, or (ii) that the failures that gave rise to the suspension had been rectified. Health Canada gave Ascent until February 20, 2019 to make any additional submissions. This deadline was subsequently extended, however, Health Canada ultimately revoked the Company's cannabis licenses on July 12, 2019.

Restructuring of the Long-Term Debt

As a result of the suspension of the Cannabis Licenses by Health Canada, all of the Company's Canadian operations were immediately halted and cash flow was diminished to $nil. On November 26, 2018, the Company, under Mr. Jordan's direction, engaged Clarus Securities Inc. ("Clarus") as exclusive financial advisor to explore and evaluate a broad range of strategic alternatives to strengthen the balance sheet and maximize the value of the Company. At that time, the Company's secured debt included a loan secured by a mortgage on its Maple Ridge property which had a maturity date of January 1, 2019. Notwithstanding that the debtholder had communicated a willingness to amend the terms of the mortgage and extend the maturity date, Mr. Jordan and Mr. Lalani determined that Clarus should commence a sales and investment solicitation process (the "Clarus SISP")

Clarus SISP

In December 2018, Clarus provided a valuation of Ascent Group and recommended, noting the Company's liquidity issues, that a sales process be conducted on an expedited basis. The Clarus SISP ultimately resulted in receipt and acceptance of an "NOI" from Gulf Bridge Ltd. ("Gulf Bridge"), to purchase substantially all of the Canadian assets and business of the Company and the parties to continue negotiation in respect of this proposed transaction until February 8, 2019, when Gulf Bridge advised the Company that they would not be proceeding.

Gulf Bridge Loan and Default

Gulf Bridge lent $7,000,000 to the Company, and certain of its subsidiaries under a loan facility dated January 8, 2019 for the purpose of reorganizing debt, including the payout of existing secured debt, and providing working capital to run operations. The Gulf Bridge loan was secured by all present and after acquired personal property of the Company and its subsidiaries party to the loan facility, bore interest at a rate of 10% per annum and was due on July 15, 2019.

On February 14, 2019, Gulf Bridge notified the Company of an interest payment default. As a result of this notice, Gulf Bridge demanded repayment of the full principal and interest on February 25, 2019. This precipitated the Company's application for relief under the CCAA which was granted by the supreme Court of British Columbia on March 1, 2019.

Order for Protection under CCAA

On March 1, 2019, by Order of the Supreme Court of British Columbia, Ascent Industries Corp. along with the wholly owned subsidiaries, Agrima, Bloom Holdings Ltd., Bloom Meadows Corp., Pinecone Products Ltd., Agrima Scientific Corp., and West Fork Holdings NV Inc. (the "Petitioners") were granted protection under CCAA from its creditors under Vancouver Registry No. S-192188. Ernst & Young Inc. was appointed as Monitor of the Petitioners and their reports can be found at:

https://documentcentre.eycan.com/Pages/Main.aspx?SID=1449

Effective April 8, 2019 and pursuant to an order issued by the Supreme Court of British Columbia on March 25, 2019 the Company sold the Pitt Meadows Facility to BZAM Management Inc. pursuant and has subsequently commenced the winding up of its Canadian operations.

Sale of Canadian Operating Assets to BZAM

On April 08, the Company received net consideration of $18,173,216 for the assets of the Company as follows:

Gross Consideration	19,152,056
Less Commission	(978,840)
Inventory	(541,877)
Prepaids	(103,221)
Deposits & Construction in progress	(14,432,232)
Property Plant & Equipment	(10,674,398)
Assumption of long-term debt	8,518,259
Assumption of derivative debt	1,976,063
Net gain over net book value	2,915,810

Change in Management

The effect of the successive increases in shares under the control of the concerned shareholder group which approached 55.1% on March 8, 2019 resulted in the resignation of Blair Jordan and Karim Lalani as directors in face of the overwhelming dissatisfaction of their actions by the vast majority of shareholders with respect to the debt restructuring with the resultant default on the replacement debt that had maturity dates incompatible with the reality of the state of the Company's business which ultimately culminated in the sale of the Canadian operations under CCAA.

The following is a chronology of the events that lead to the April 26, 2019 change in the Board of Directors, whereby Mark Lotz, David Hurford, and Paul Dillman succeeded Blair Jordan Karin Lalani and Daniel Lanskey.

On February 4, 2019 Drew Malcolm, a shareholder of the Company announced that he had acquired control or direction over 116,756,421 common shares in the capital of the Company through the formation of a voting trust with other concerned shareholders of the Company (together the "Concerned Shareholders"). This amount was further augmented on February 8, 2019 to 44.8% and again on February 20, 2019.

On February 13, 2019 Drew Malcolm on behalf of the Concerned Shareholders announced that certain of the Concerned Shareholders were prepared to offer a working capital loan and/or financing on a commercially reasonable basis to address apparent liquidity problems at Ascent.

On February 14, 2019, announced that Mark Brown had resigned from the Company's Board of Directors. Mr. Brown was succeeded by Daniel Lanskey on April 11, 2019.

Liquidity and capital resources

The Company had previously announced its intent to expand operation in California, Nevada and Denmark. These plans were drastically altered by the Health Canada actions described above and the subsequent default on the long-term debt.

Related party transactions

Payments to senior management in the form of salaried compensation was $137,500

Commitments

There were no new commitments in the period. Long term debt obligation and mortgage obligations assumed in the process are described above.

Additional information

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the dedicated webpage of the Court appointed monitor at https://documentcentre.eycan.com/Pages/Main.aspx?SID=1449

Corporation information

Registered Office:	Suite 800 – 543 Granville Street, Vancouver, BC V6C 1X8
Directors:	Mark Lotz David Hurford Jeremy South
Senior Officers:	Mark Lotz, Interim Chief Executive Officer & Chief Financial Officer
Auditor:	Kingston Ross Pasnak LLP Suite 1500, 9888 Jasper Avenue NW Edmonton, Alberta, T5J 5C6
Transfer Agent:	National Securities Administrators Ltd. 702 – 777 Hornby Street Vancouver, BC, V6Z 1S4