

FORM 5A

ANNUAL LISTING SUMMARY

Introduction

The requirement to file this Form 5A does not apply to NV Issuers. NV Issuers must file a Form 51-102F2 Annual Information Form.

This Annual Listing Summary must be posted on or before the day on which the Issuer's annual financial statements are to be filed under the Securities Act. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies.

General Instructions

- (a) Prepare this Annual Listing Summary using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Listed Issuer Name: SOL Global Investments Corp.

Website: <https://solglobal.com/>

Listing Statement Date: August 13, 2018

Description(s) of listed securities(symbol/type): SOL/common shares

Brief Description of the Issuer's Business: The Company follows a private equity strategy that focuses on thematic investments in ultra-high growth industries that disrupt traditional markets or pioneer entirely new ones. SOL Global provides growth capital to small and mid-sized businesses. We look for passionate management, strong business models, and powerful industry tailwinds. Our team specializes in helping companies

take their business to the next level and eventually achieve liquidity through a go-public or third-party acquisition.

Description of additional (unlisted) securities outstanding: 1,288,000 Deferred shares issued to consultants, directors and employees and 124,000 stock options and vested to employees.

Jurisdiction of Incorporation: Ontario

Fiscal Year End: November 30

Date of Last Shareholders' Meeting and Date of Next Shareholders' Meeting (if scheduled):

Financial Information as at: November 30, 2023

All financial information has been disclosed in the Issuer's Financial statements for the year ended November 30, 2023 – please refer to Schedule A and Management Discussion and Analysis attached as Schedule B.

SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in the Schedules. If the required details are included in Schedule A or B, provide specific reference to the page or note.

All supplementary information has been disclosed in the Issuer's financial statements for the year ended November 30, 2023 – please refer to Schedule A and Management Discussion and Analysis attached as Schedule B.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

Please refer to the Issuer's financial statements for the year ended November 30, 2023 attached as Schedule A and Management Discussion and Analysis attached as Schedule B.

2. Summary of securities issued and options granted during the period.

Provide the following information for the Listed Issuer's fiscal year:

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
June 7, 2023	Deferred share units	Deferred share units	650,000 (162.5k vested as of Nov 30, 2023 and 487k unvested)		15,438 (Value of 162.5k DSUs vested)	Deferred share units	Directors	N/A

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
N/A	N/A	N/A	N/A	N/A	N/A	N/A

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of securities outstanding for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
Outstanding Shares – 54,441,981

- (b) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
Employee Stock Options – 79,000 fully vested.

Grant date	Exercise price	#of options O/S	# of vested options	Expiry Date
June 21, 2019	\$2.11	54,000	54,000	June 21, 2024
June 7, 2021	\$3.58	25,000	25,000	June 7, 2024

Deferred share units outstanding – 1,288,000 to officers, directors, consultants and employees.

- (c) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.
Not applicable

4. List the names of the directors and officers and include the position(s) held and the date of appointment, as at the date this report is signed and filed.

Director	Date of Appointment	Position Held
Paul Kania	February 27, 2023 (Interim CEO)/May 20, 2020 (CFO)	Interim CEO and CFO
Deena Siblock	February 27, 2023	Vice President/ Director
Mehdi Azodi	February 27, 2023	Independent Director
Jason Batista	June 7, 2023	Independent Director
John Zorbas	January 9, 2024	Independent Director

5. Financial Resources

Please refer to the Issuer's Financial Statements for the year ended November 30, 2023, attached as Schedule A and Management Discussion and Analysis attached as Schedule B

6. Status of Operations

Please refer to the Issuer's Financial Statements for the year ended November 30, 2023, attached as Schedule A and Management Discussion and Analysis attached as Schedule B

7. Business Activity

Please refer to the Issuer's Financial Statements for the year ended November 30, 2023, attached as Schedule A and Management Discussion and Analysis attached as Schedule

SCHEDULE A: AUDITED ANNUAL FINANCIAL STATEMENTS

SCHEDULE B: MANAGEMENT DISCUSSION AND ANALYSIS

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Annual Listing Summary.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: **March 28, 2024.**

Paul Kania

Name of Director or Senior Officer

/s/ "Paul Kania"

Signature

Chief Financial Officer

Official Capacity

Issuer Details Name of Issuer SOL Global Investments Corp	For Year Ended November 30, 2023	Date of Report YY/MM/D 24/03/28
Issuer Address 5600 – 100 King Street West		
City/Province/Postal Code Toronto, ON, M5X 1C9	Issuer Fax No. N/A	Issuer Telephone No. 212-729-9208
Contact Name Paul Kania	Contact Position CFO	Contact Telephone No. 212-729-9208
Contact Email Address info@solglobal.com	Web Site Address https://solglobal.com/	



SOL Global Investments Corp.

FINANCIAL STATEMENTS

**For the years ended November 30, 2023,
and 2022**

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SOL Global Investments Corp.

Opinion

We have audited the financial statements of SOL Global Investments Corp. (the "Company"), which comprise the statement of financial position as at November 30, 2023, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements which indicates that the Company incurred a net loss of \$34,134,104 for the year ended November 30, 2023, and as of that date, had an accumulated deficit of \$115,516,086. The Company's cash flows from operations for the year were negative by \$3,256,693. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter Description	How the Key Audit Matter was Addressed in the Audit
<p>Fair value measurement of private investments based on unobservable inputs - Refer to Notes 3 and 4 to the Financial Statements</p> <p>As disclosed in Note 4 of the financial statements, as of November 30, 2023, the total fair value of the Company's Level 3 investments including securities of private issuers, promissory notes, and warrants, was \$40,837,849. Management uses various valuation methodologies with unobservable market inputs in its determination of the fair value of private investments. The valuation methodologies used in estimating the fair value of these private investments vary based on the specific characteristics of the private investments.</p> <p>The valuation of private investments is inherently subjective and involves the use of significant management judgment and unobservable market inputs. As a result, the procedures related to the valuation methodologies and unobservable market inputs required a high degree of auditor judgment and increased audit effort, including the involvement of our fair valuation experts.</p>	<p>Among others, our audit procedures related to the valuation methodologies and unobservable market inputs used by management to estimate the fair value of the private investments included the following, together with the use of our fair valuation experts having specialized skill and knowledge:</p> <ul style="list-style-type: none"> • We evaluated the appropriateness of the methodologies used in the valuation of private investments and the reasonableness of significant changes in valuation methodologies or significant unobservable market inputs, if any. • We reviewed relevant internal and external information, including industry data, to assess the reasonability of unobservable market inputs in instances where these inputs were more subjective. For certain investments, we developed independent fair value estimates by using financial information related to private investments and comparing it to the agreements or underlying source documents, and available market information from third party sources such as market spreads, market multiples, and leverages. • We scrutinized significant judgments and estimates to gain insights into their nature and impact. This involved identifying significant issues, actions taken to address them, and conclusions reached based on our assessment. • We evaluated management's fair value estimates by comparing them to subsequent transactions, taking into account changes in market or investment specific conditions. • We verified the fair value adjustments recorded by the management in these financial statements. • We also evaluated the appropriateness and adequacy of disclosures and presentation in the financial statements.



Other Matter

The financial statements of the Company for the year ended November 30, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on May 1, 2023.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis ("MD&A") but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be misstated.

We obtained the MD&A prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are, therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ahmad Aslam.

Toronto, Ontario
March 28, 2024

Zeifmans LLP

Chartered Professional Accountants
Licensed Public Accountants

SOL Global Investments Corp.

Statements of Financial Position

(Expressed in Canadian Dollars)

As at	Notes	November 30, 2023 \$	November 30, 2022 \$
ASSETS			
Current assets			
Cash		113,841	71,924
Other receivables	5	1,933,982	318,335
Deferred tax asset	9	1,513,422	-
Investments	4	102,451,786	145,023,703
Convertible debentures	4	-	2,260,370
Promissory notes receivable	4	20,000	2,519,842
Prepaid expenses		37,179	32,732
Total current assets		106,070,210	150,226,906
Non-current assets			
Other assets		-	342,278
Right of use asset	15	303,862	1,361,178
Leasehold improvements	16	22,221	593,525
Total non-current assets		326,083	2,897,887
Total assets		106,396,293	153,124,793
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	10	17,429,211	17,573,512
Severance payable	11	4,911,533	4,893,573
Promissory notes payable	12	1,029,961	1,312,107
Lease liability	15	326,352	904,616
Income tax payable	9	25,515,583	39,835,361
Term loan	13	10,202,340	9,081,370
Debenture	13	20,610,880	11,826,333
Total current liabilities		80,025,860	85,426,872
Non-current liabilities			
Severance Payable	11	18,658,284	24,155,553
Lease liability	15	-	1,711,553
Total non-current liabilities		18,658,284	25,867,106
Total liabilities		98,684,144	111,293,978
SHAREHOLDERS' EQUITY			
Share capital	6	128,889,904	128,889,904
Contributed surplus (deficit)		(5,983,559)	(6,255,159)
DSU/PSU reserve	8	321,890	578,052
Accumulated deficit		(115,516,086)	(81,381,982)
Total shareholders' equity		7,712,149	41,830,815
Total liabilities and shareholders' equity		106,396,293	153,124,793

The accompanying notes are an integral part of these financial statements.

Nature of operations and going concern (note 1), Basis of presentation (note 2), Commitments and contingencies (note 14)
Subsequent events (note 20)

On behalf of the Board of Directors, on March 28, 2024:

/s/ Jason Batista
Director

/s/ Mehdi Azodi
Directo

SOL Global Investments Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

		Year ended Nov 30, 2023	Year ended Nov 30, 2022
	Note	\$	\$
Revenue (Loss)			
Net change in fair value of investments	4	(38,884,508)	(237,400,825)
Interest and other income	4	7,372,490	1,861,441
Foreign exchange (loss) gain		(20,637)	605,018
Total revenue (loss)		(31,532,655)	(234,934,366)
Expenses			
Salaries and consulting		2,365,454	9,323,024
Severance expense	11	-	21,464,801
Share-based compensation	8	15,438	37,444
General and administrative		441,612	5,993,427
Interest expense		9,439,108	3,190,999
Financing expense		4,373,189	3,905,045
Professional fees and transaction costs		1,461,310	3,530,256
Settlement		338,538	675,360
Total expenses		18,434,649	48,120,356
Loss before income taxes		(49,967,304)	(283,054,722)
Deferred income tax (recovery) expense	9	(1,513,422)	13,965,329
Current income taxes(recovery) expense	9	(14,319,778)	-
Net loss and comprehensive loss		(34,134,104)	(297,020,051)
Net loss per share, basic	7	(0.63)	(5.46)
Net income loss per share, diluted	7	(0.63)	(5.46)
Weighted average number of shares o/s - basic	7	54,441,981	54,441,981
Weighted average number of shares o/s - diluted	7	54,441,981	54,441,981

The accompanying notes are an integral part of these financial statements.

SOL Global Investments Corp.

Statements of Shareholders' Equity

(Expressed in Canadian Dollars)

	Note	Number of common shares	Share capital	Contributed surplus (deficit)	DSU/PSU reserve	Accumulated deficit	Total
Balance, December 1, 2021		52,018,533	134,948,223	6,982,615	9,424,751	215,638,069	366,993,658
New DSUs issued		-	-	-	23,222	-	23,222
DSU/PSU exercised		5,042,000	8,869,921	-	(8,869,921)	-	-
Share-based compensation	8	-	-	14,222	-	-	14,222
Shares issued for indebtedness		4,788,852	1,819,764	-	-	-	1,819,764
Stock options cancelled/expired	6	-	40,358	(40,358)	-	-	-
Common shares repurchased		(7,407,404)	(16,788,362)	(13,211,638)	-	-	(30,000,000)
Net loss		-	-	-	-	(297,020,051)	(297,020,051)
Balance, November 30, 2022		54,441,981	128,889,904	(6,255,159)	578,052	(81,381,982)	41,830,815
Share-based compensation	8	-	-	-	15,438	-	15,438
PSUs cancelled		-	-	271,600	(271,600)	-	-
Net loss		-	-	-	-	(34,134,104)	(34,134,104)
Balance, November 30, 2023		54,441,981	128,889,904	(5,983,559)	321,890	(115,516,086)	7,712,149

The accompanying notes are an integral part of these financial statements.

SOL Global Investments Corp.

Statements of Cash Flows

(Expressed in Canadian Dollars)

For the year ended	November 30, 2023 \$	November 30, 2022 \$
OPERATING ACTIVITIES		
Net loss	(34,134,104)	(297,020,051)
Items not affecting cash:		
Unrealized loss on investments	28,451,069	204,256,815
Realized loss on investments	10,145,787	35,061,780
Depreciation expense	697,165	1,429,595
Accrued interest income	(607,466)	(521,712)
Accretion expenses	95,805	544,742
Share-based compensation	15,438	37,441
Net change in deferred tax asset & liabilities	-	13,965,329
Severance payable	287,653	29,049,126
Changes in non-cash working capital:		
Prepaid expenses	(4,447)	168,675
Other receivables	(1,615,647)	92,402
Interest payable	1,921,885	2,598,403
Accounts payable and accrued liabilities	(348,130)	(6,234,207)
Net lease obligations	-	1,959,808
Miami office lease termination	(1,350,047)	-
Income tax payable (recovery)	(15,833,200)	(11,034)
Purchase of investments, promissory notes & convertible debentures	(9,549,392)	(41,628,157)
Proceeds of disposition of investments & convertible debentures	18,570,938	99,086,207
Net cash (used in)/from operating activities	(3,256,693)	42,835,162
INVESTING ACTIVITIES		
Leasehold airplane improvements	-	(248,325)
Net cash used in investing activities	-	(248,325)
FINANCING ACTIVITIES		
Common shares repurchased	-	(30,000,000)
Lease payments	-	(678,897)
Principal repayment on debentures	(2,884,895)	(41,981,677)
Financing fees on debenture/term loan	1,927,976	3,895,045
Shares issued reduced to indebtedness	-	1,819,764
Severance repayment	(6,171,798)	-
Additional debt on debenture	9,849,827	-
Principal repayment on Term loan	-	(1,000,000)
Term loan interest transferred to Principal	577,500	10,000,000
Net cash from/(used in) financing activities	3,298,610	(57,945,765)
Net change in cash during the year	41,917	(15,358,928)
Cash, beginning of year	71,924	15,430,852
Cash, end of year	113,841	71,924

The accompanying notes are an integral part of these financial statements

SOL Global Investments Corp.
Notes to the Financial Statements
For the years ended November 30, 2023, and 2022
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

SOL Global Investments Corp. (the “Company” or “SOL Global”) was incorporated under the laws of the Province of Ontario, Canada on January 28, 2005. The common shares of the Company (“Common Shares”) are listed on the Canadian Securities Exchange (“CSE”) under the symbol “SOL”, the OTCBK in the United States of America under the symbol “SOLCF”, and on the Frankfurt Exchange under the symbol “9SB”. The Company is a diversified international investment and private equity holding Company engaged in investing in small and mid-cap sectors. The Company’s investments range from minority positions to large strategic holdings with active advisory mandates with an objective of providing shareholders with a long-term return through capital appreciation, dividends, and interest from its investments. The Company’s six primary business segments include Retail (QSR & Hospitality), Agriculture (including Cannabis), Technology (with a focus on Clean-Tech and Electric Vehicles), Esports and New Age Wellness.

The Company’s registered office and principal place of business is 5600-100 King Street West, Toronto, ON, Canada, M5X 1C9.

These financial statements were approved by the Board of Directors of the Company (the “Board”) and authorized for issuance on March 28, 2024. The Board has the power to amend the financial statements after issue.

GOING CONCERN

These financial statements have been prepared on a going concern basis which presumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not reflect any adjustments that would be necessary if the going concern assumption were not appropriate. Should the Company be unable to generate sufficient cash flows from the financing and operating activities and in case such events impair the Company’s ability to continue as a going concern, adjustments may be necessary to the carrying values of the Company’s assets and liabilities to state them at the realizable and settlement values. Such adjustments could be material to these financial statements.

For the year ended November 30, 2023, the Company incurred a net loss of \$34,134,104 (2022 - \$297,020,051) and as at November 30, 2023, the Company has an accumulated deficit of \$115,516,086 (2022: \$81,381,982). In addition, the Company incurred negative operating cashflow for the year ended November 30, 2023, amounting to \$3,256,693 (2022: positive operating cashflow of \$42,835,162). These events and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company anticipates that it has sufficient funds and investments to service its liabilities and fund its operating costs for the immediate future. The Company’s ability to continue as a going concern is dependent upon obtaining sufficient additional funding from its stakeholders and to generate sufficient revenues and positive cash flows from its operating activities to meet its obligations and fund its planned investments and operations.

SOL Global Investments Corp.
Notes to the Financial Statements
For the years ended November 30, 2023, and 2022
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using the significant accounting policies outlined in Note 3.

These Financial Statements have been prepared on a going concern basis are presented in Canadian dollars, which is the Company's functional and reporting currency. These financial statements have been prepared using the accrual basis of accounting, except for cash flow information. In addition, these financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

Investment Company Status

In accordance with IFRS 10 *Consolidated Financial Statements* ("IFRS 10"), an investment entity is an entity that: "obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis." In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment-related services to external parties. As at August 1, 2018 and up to the date of these financial statements, the Company determined that it met the definition of an investment entity based on the above-noted criteria. Accordingly, all investments are classified at FVTPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to:

Classification of the Company as an investment entity under IFRS 10 – Judgment is required when making the determination that the Company meet's the definition of an investment entity under IFRS. The assessment is described in note 2 above.

Going concern risk assessment - The assessment of the Company's ability to continue as a going concern and whether it is able to meet its liabilities for the ensuing year, involves significant judgment based on expectation of future events that are believed to be reasonable under the circumstances. In making its determination that the Company is able to continue as a going concern, the Company has taken into consideration its cash position, the fact that some of its publicly traded and certain private investments can be liquidated in a short time period and its current liabilities, which consist amounts owed to key/former management, income taxes payable, term loan and the debenture liability.

SOL Global Investments Corp.
Notes to the Financial Statements
For the years ended November 30, 2023, and 2022
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value of financial assets including equity investments and convertible debentures held - The Company reviews its investments and records their fair value at each financial statement reporting date. For investments in public companies, fair value is determined based on the quoted market price. The company invests in Limited partnerships, "LPs" through cash investments or asset transfers in return the company receives LP units. A limited partnership (LP) is a business entity that requires at least one general partner and one or more limited partners. The limited partnership business structure is often used as a vehicle for individuals who pool their money to invest in real estate or other assets. For investments in private companies and Limited partnerships ("LPs"), certain subjective measures, including recent share transactions, prices for comparable entities, review of cash flow projections and the investee's prospects, financial ratios and discounted cash flows are techniques used to determine fair value. Where possible the Company uses inputs obtained from observable market data for its valuation models. However, if observable market data is not available the Company uses judgement to determine fair value of such investments.

Income Taxes - Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Management exercises judgment in estimating the provision for taxes. The Company is subject to tax laws in various jurisdictions where it operates. Various tax laws are potentially subject to different interpretations by the taxpayer and the relevant tax authority. To the extent that the Company's interpretations differ from those of tax authorities, or the timing of realization is not as expected, the provision for taxes may increase or decrease in future periods to reflect actual experience.

Share-based Compensation - The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions in certain instances requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option or deferred share unit, volatility and dividend yield and making assumptions about them.

Cash and Cash Equivalents

Cash and cash equivalents include cash at banks, cash held in trust accounts with lawyers, cash on hand, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

Other Receivables

Other receivables are measured at fair value.

Leasehold Improvements

Leasehold improvements are recorded at cost less accumulated amortization. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting period, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at the end of the reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average number of shares outstanding are increased to include additional shares for the assumed exercise of stock options, warrants, deferred share units and performance share units, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In a loss reporting period, potentially dilutive equity instruments are excluded from the loss per share calculation as the effect would be anti-dilutive.

Share Capital

Common shares are classified as equity. Costs directly attributable to the raising of share capital are charged against share capital. The Company follows the relative fair value method with respect to the measurement of Common Shares and warrants issued as units and bifurcate the value of warrants and shares in units. The proceeds from the issuance of units are allocated between share capital and warrants. The warrant component is recorded in equity reserve.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the date of the transaction. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in a foreign currency are translated at the rate of exchange prevailing at the statement of financial position date, while non-monetary assets and liabilities are translated at the exchange rate prevailing on the transaction date. Revenues and expenses are translated at the exchange rate in effect on the date of the transaction. Exchange gains and losses arising on translation of amounts denominated foreign currencies to the Company's functional currency are included in profit or loss.

Share-based compensation

The Company has an Incentive Plan in which it may grant stock options, deferred share units (DSUs), and performance share units (PSUs) to directors, employees, and consultants. The Company measures share-based compensation at fair value for all share-based awards granted.

Equity settled service award

Stock options are measured at fair value of the instrument on grant date and recognized over the vesting period on a straight-line basis. The fair value of the options is determined using the Black Scholes Option Pricing Model which incorporates all market vesting conditions. Service vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest.

DSUs are granted as a long-term incentive component of compensation. The DSU are measured on grant date and recognized in the statement comprehensive loss over the vesting period on a straight-line basis. The grant date fair value of DSU is based on the Company's closing stock price on the date of the grant.

Equity settled performance award

The Company's PSU plan provides for share unit grants to officers, employees, directors, and consultants as an incentive component of their compensation. Whether units are earned at the end of the performance period will be determined based on the achievement of certain performance objectives over the performance period. The performance objective includes achieving a Net Asset Value (NAV) per shares greater than \$4.00 at the end of the performance period. Depending on the results achieved during the performance period, the actual number of shares that a grant recipient receives at the end of the period range from 0% to 100% of the PSU granted. The PSU can either be paid in cash or shares at the discretion of the Company, the Company intends to settle the PSU through issuance of shares. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Financial Instruments

When a financial instrument is initially recognized, its fair value is generally the value of consideration paid or received, any transaction costs are not included as part of the cost of the financial instrument. Purchases and sales of investments are recognized on the trade date. Transactions pending settlement are reflected on the statement of financial position as accounts receivable or in accounts payable and accrued liabilities. Gains and losses arising from the sale of investments are recognized in the Statements of Comprehensive Income. When units are purchased that consist of shares and warrants, the warrants received are also recognized at fair value, but any resulting gain or loss is deferred to the extent that the warrant fair value is determined using unobservable input.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Valuation of Financial Instruments

The fair value of equity investments traded in the active market are based on quoted market prices on the principal exchange on which the equity instrument is traded. For equity investments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions, and other risks affecting the specific investment. Investments that are restricted as to sale or transfer are recorded at a value which takes into account the restrictions. In determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee Company, its stage of development, market potential, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. The amounts at which the publicly traded investments could be disposed of may differ from this fair value and the differences could be material. Differences could also arise as the value at which significant ownership positions are sold is often different from the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. These estimated costs of disposition are not included in the fair value determination.

Fair value of equity instruments not quoted are measured using a combination of market and income approach. These approaches include the use of recent arm's length transactions, comparable Company transactions, earnings multiples, net assets, discounted cash flows, industry valuation benchmarks, and available market prices. The most appropriate valuation methodology is chosen that makes maximum use of inputs observed from the markets, on an investment-by-investment basis, after considering the history and nature of the business, operating results and financial conditions, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private Company transaction multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investment. The amounts at which the privately held investments could be disposed of may differ from the fair value assigned and the differences could be material.

The Company uses widely recognized valuation models for determining the fair value of other financial instruments such as convertible debt and warrants of public and private investments. Some or all of the significant inputs into these models may not be observable in the market and may be derived from market prices or rates or estimates based on assumptions. Valuation models that apply significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value.

Classification of Financial Instruments

In accordance with IFRS 9 *Financial Instruments* ("IFRS 9"), all Investments and convertible debt are classified upon initial recognition at fair value through profit or loss ("FVTPL") on the basis that they are a part of a group of financial assets that are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategy of the Company. Changes in fair value at each reporting date is recorded in the Statements of Comprehensive Income. Financial instruments classified as FVTPL include cash and cash equivalents, equity investments, and convertible debentures. Other receivables and accounts payables and accrued liabilities are recognized at amortized cost in accordance with IFRS 9. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the effective rate of interest, net of allowance of expected credit losses.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company has classified its financial instruments as follows:

Financial Instruments (continued)

<u>Financial Instrument</u>	<u>IFRS 9 Classification</u>
Cash	FVTPL
Promissory notes receivable	FVTPL
Investments	FVTPL
Convertible debentures	FVTPL
Other receivables	Amortized cost
Accounts payable	Amortized cost
Lease payable	Amortized cost
Debenture	Amortized cost
Promissory note payable	Amortized cost

Financial Instruments Hierarchy

The following describes the three-level hierarchy for fair value measurements based on transparency of inputs to the valuation of an asset or liability as at the measurement dates. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable market inputs (Level 3). The Company's financial instruments measured at fair value on the statements of financial position are measured using one of the three levels of the fair value hierarchy are as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

Transaction costs

Transaction costs for financial instruments classified as FVTPL are recognized as an expense in the year they are incurred.

Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in profit or loss. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as accumulated other comprehensive income. The Company has not had other comprehensive income since inception.

Revenue recognition

Realized gains or losses on disposition of investments and change in unrealized gains or losses in the value of investments are calculated based on weighted average cost and are included in net investment gain (loss) in the statements of comprehensive loss. Realized gains and losses on disposal of investments and unrealized gains and losses, determined based on the change in the fair value of the investments, are reflected in the Statements of loss and comprehensive loss. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed in the Statements of loss and comprehensive loss as incurred. The coupon interest on convertible

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

bonds are recognized on an accrual basis. Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established.

Leases

IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to finance lease accounting, with limited exceptions for short-term leases or leases of low value assets.

As at the commencement date of a lease, the Company recognizes a lease liability and an asset representing the right to use the underlying asset during the lease term (i.e. the "right-of-use" asset) unless the underlying asset has a low value or the lease term is twelve months or less, which are expensed in the period incurred. At this date, the right-of-use asset is measured at cost, which includes the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset. The right-of-use asset is then depreciated using the straight-line method from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. The right-of-use asset may also be reduced for any impairment losses, if any.

At the lease commencement date, the lease liability is measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, then the Company uses its incremental borrowing rate as the discount rate, which is the rate the Company would pay for similar assets at similar locations over a similar term. The lease liability is measured at amortized cost using the effective interest method.

The lease liability is re-measured when there is a change in future lease payments due to a change in an index or rate, a change in the Company's estimate of an amount payable under residual value guarantee, or if there is a change in the assessment of whether the Company will exercise a purchase, termination or extension option. When the lease liability is re-measured, a corresponding adjustment is made to the right-of-use asset or recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Expected Credit Losses ("ECL")

The Company has two types of financial assets that are subject to the expected credit loss model: (a) other receivables from government agency and third parties; and (b) promissory notes. While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified credit risk and impairment loss is immaterial, as these funds are held with reputable financial institutions. The Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all promissory notes and other receivables while ECL calculation based on stage assessment has been performed for promissory notes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting policies

The following amendments to accounting standards became effective for annual periods beginning on or after January 1, 2023. The adoption of these revised standards by the Company did not have a material impact on its financial statements.

- IFRS 1 First – time adoption of IFRS was amended to require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The consequential amendment to IFRS 1 is to add an exception to retrospective application.
- IAS 1 Presentation of Financial Statements contains changes to accounting policy disclosures in changes in estimates vs accounting policies also IAS 1 replaced the requirement to disclose ‘significant’ accounting policies with a requirement to disclose ‘material’ accounting policies.
- IAS 8 Accounting policies, changes in accounting estimates and errors contains a narrow scope of amendments to improve accounting policy disclosures and to distinguish changes in accounting estimates from changes in accounting policies.
- IAS 12 Income taxes was amended by IASB to require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and management has determined that there are no standards that are expected to have a significant impact on the financial statements of the Company.

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4. INVESTMENTS

Investments are measured and carried at fair value at each reporting period. Fair value measurements are based on a three-level fair value hierarchy, based on inputs used in determining the fair value of financial assets and liabilities. The hierarchy of inputs is summarized as follows:

Investments consisted of the following at November 30, 2023:

Financial assets measured at fair value	Cost \$	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Common shares	269,955,997	3,834,599	38,036,717	39,778,668	81,649,984
Commercial Asset	15,170,102	-	18,498,695	-	18,498,695
Warrants	4,350,485	-	1,263,926	1,039,181	2,303,107
Investments Subtotal	289,476,584	3,834,599	57,799,338	40,817,849	102,451,786
Promissory notes receivable	1,085,849	-	-	20,000	20,000
Total	290,562,433	3,834,599	57,799,338	40,837,849	102,471,786

Investments consisted of the following at November 30, 2022:

Financial assets measured at fair value	Cost \$	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Common shares	231,257,039	20,938,806	29,745,985	70,783,430	121,468,221
Commercial Asset	14,645,038	-	21,818,721	-	21,818,721
Warrants	4,350,485	235,013	509,022	992,726	1,736,761
Investments Subtotal	250,252,562	21,713,819	52,073,728	71,776,156	145,023,703
Promissory notes receivable	9,577,888	-	-	2,519,842	2,519,842
Convertible debentures	6,376,502	-	-	2,260,370	2,260,370
Total	266,206,952	21,713,819	52,073,728	76,556,368	149,803,915

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4. INVESTMENTS (Continued)

Change in Level 3 investments

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the year-ended November 30, 2023, and the year-ended November 30, 2022.

	Private Equities \$	Convertible debentures \$	Promissory notes \$	Warrants \$	Total Fair Value \$
Balance December 1, 2021	105,215,792	20,349,413	7,103,411	4,029,907	136,698,523
Purchases	4,218,788	-	2,361,520	-	6,580,308
Unrealized gains (losses)	(101,484,626)	(10,517,061)	(6,092,652)	(3,037,181)	(121,131,520)
Disposal ⁽¹⁾	(15,485,784)	(7,571,982)	(1,374,150)	-	(24,431,916)
Transfer to Level 2 ⁽²⁾	(21,672,756)	-	-	-	(21,672,756)
Transfer from Level 2 to Level 3 ⁽³⁾	99,992,016	-	-	-	99,992,016
Interest income	-	-	521,713	-	521,713
Balance, November 30, 2022	70,783,430	2,260,370	2,519,842	992,726	76,556,368
Purchases	8,883,085	-	-	-	8,883,085
Unrealized gains (losses)	(29,145,847)	1,488,018	(797,354)	46,455	(28,408,728)
Disposal	(9,418,219)	(3,748,388)	(1,702,488)	-	(14,869,095)
Transfer from Level 3 to Level 2 ⁽⁴⁾	(1,323,781)	-	-	-	(1,323,781)
Balance, November 30, 2023	39,778,668	-	20,000	1,039,181	40,837,849

1. USD\$2M in Jones Soda convertible debt converted to 4,025,035 Jones Soda free trading shares in Q3 2022 and USD\$1.3M of Engine Media Holdings, Inc. ("Engine Media") convertible debt transferred to private company in exchange for 3,322,500 common shares of Heavenly.
2. Core Scientific, via a special purpose acquisition company merger on January 29, 2022, started trading on NASDAQ. Fair value of Core Scientific was presented in Level 3 for the period ending November 30, 2021 and is shown as part of Level 2 for the period ending November 30, 2022.
3. Private Company was previously included as part of Level 2, and for the period ending November 30, 2022, they were reclass to Level 3.
4. Private Company LP was previously included part of level 3 for period ending November 30, 2022 and they were reclass to Level 2 for period ending November 30, 2023.

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4. INVESTMENTS (Continued)

Significant unobservable inputs

The key assumptions the Company used in the valuation of Level 3 investments include, but are not limited to, the value of recently completed financings by the investee, entity-specific information, and publicly available information of comparable entities.

	Fair value as at November 30, 2023 \$	Fair value as at November 30, 2022 \$	Range of Input	Valuation technique	Unobservable inputs
Private company common shares	39,778,668	70,783,430	Lack of Marketability Discount: 20%, Discount Rates: 8.7% Other Investment Specific Discounts: 10%- 100%	Recent transaction and financings, Discounted cash flow methodology, trends in comparable companies and/or transactions	Period-end transaction prices, discount rates, growth and margin estimates, investment specific adjustments
Convertible debentures	-	2,260,370	N/A	N/A	N/A
Promissory notes	20,000	2,519,842	Discount rate 2% - 100% Volatility: 87%- 111% Illiquidity discount for Private Warrants: 20%	Discounted cash flow methodology	Discount rate
Warrants	1,039,181	992,726		Black-Scholes option pricing	Expected volatility, investment specific adjustments
Total	40,837,849	76,556,368			

For the Level 3 investments, the inputs used are judgmental using managements best estimates. A small increase or decrease in the key assumptions would result in a corresponding significant change to the total fair value of Level 3 investments. The overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

The Company used a combination of valuation techniques as determined by the nature of each investment and security type. All valuation techniques rely on assumptions that may differ, to a reasonable degree, between informed professionals. This may include, but is not limited to, comparable multiples, discount rates, growth rates, increases or decreases in margins, the likelihood of certain events to take place in the future, the intensity of competition in a market, future volatility of market prices, credit worthiness of borrowers, and adjustments for investee specific factors.

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4. INVESTMENTS (Continued)

	November 30, 2023	November 30, 2022
	\$	\$
Investments		
Common shares, in public and private companies	81,649,984	121,468,221
Commercial assets	18,498,695	21,818,721
Common share purchase warrants, in public & private companies	2,303,107	1,736,761
Total Investments	102,451,786	145,023,703
Convertible debentures, in public & private companies	-	2,260,370
Promissory notes, in public & private companies	20,000	2,519,842

As at November 30, 2023, the fair value of the Company's investments in cannabis and related investments in the United States of America totaled \$6,689,137 (2022: \$20,477,067). The fair value of non-United States of America cannabis, cannabis related investments and non-cannabis investments totaled \$95,762,649 (2022: \$124,546,636).

Investments

The Company's investments totalling \$102,451,786 (2022: \$145,023,703) include common shares in public and private companies, commercial assets, and common share purchase warrants of public companies. The Company values its common shares of public companies at price quotations in active markets. The Company values its common shares in private companies based on various factors including, but not limited to, present market conditions, values of comparable companies, internal or external valuations, the per share price of recent financings or transactions undertaken by the private Company, and the like. Internal valuations of private companies generally rely on a combination of approaches including market multiples of comparable companies, valuations and multiples of comparable transactions and intrinsic estimates of value such as discounted or capitalized cash flow methodologies.

Comparable market multiples rely on assumptions about the comparability of publicly traded companies. Multiples are adjusted for factors that are specific to private companies or the investment. For example, an illiquidity discount of 20% was applied to value companies that are not publicly traded based on the trading multiples of publicly traded comparable companies. Additional adjustments for size, market share, superior or inferior margins, among other considerations were applied where appropriate. The application and size of each adjustment is subject to professional judgement. A 10% change in a revenue or earnings multiple may significantly change the estimated value of an investment.

Often, private companies raise capital in multiple rounds. Occasionally, the Company invests in a round that was subsequently followed by another capital raise at a different valuation and a different price per share where unrelated third-party investors subscribed. The Company generally considers these arm's-length equity financing to be strong evidence of the fair market value of the investment at, or near, the time of the raise.

Intrinsic methods for valuing private companies are highly subject to professional judgement and are recorded as the midpoint of a range following a sensitivity analysis. Factors specific to each investment, such as forward-looking projections of sales and costs often rely on material non-public information provided by investees to investors. Small changes in discount rates, meant to reflect the risk of future cash flows, can have material effects on valuations. Many of the Company's investments are of a "high risk, high reward" nature due to the relatively early-stage of investee Company operations and industry and market volatility and accordingly discount rates ranging from 25% - 40% are used in income-approach valuations.

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4. INVESTMENTS (Continued)

With the exception of warrants which are publicly traded, common share purchase warrants are valued using the Black-Scholes option pricing model. The following are the assumptions used in valuing the common share purchase warrants using the Black-Scholes option pricing model:

	November 30, 2023	November 30, 2022
Expected volatility	87%-111%	54.25%-116.87%
Risk-free interest rate	4.22%-5.41%	3.89%
Expected life (in years)	0.21-1.94	0.34-1.21
Expected dividend yield	0.0%	0.0%
Underlying share price	\$0.21-\$14.73	\$0.04-\$10.20

Convertible Debentures

The fair value of convertible debentures in public and private companies totalled \$Nil (2022: \$2,260,370).

As of November 30, 2023, accrued interest totalled \$Nil (2022: \$Nil). The fair value of the conversion feature was estimated using a Black-Scholes option pricing model with the following assumptions:

	November 30, 2023	November 30, 2022
Expected volatility	N/A	24%-129%
Risk-free interest rate	N/A	3.25%-3.89%
Expected life (in years)	N/A	0.21
Expected dividend yield	N/A	0.0%
Underlying share price	N/A	\$0.005-\$2.36

Promissory Notes

As of November 30, 2023, a total of \$20,000 with a cost of \$1,085,849 (2022: \$2,519,842 with a cost of \$9,577,888) was held in promissory notes that were due from private companies. Interest accrued for the promissory notes as of November 30, 2023, was \$Nil (2022 - \$521,713).

Commercial Asset

On March 23, 2021, one of the Company's subsidiaries invested in a Tampa real estate property valued at \$860,370 CDN (\$672,096 USD). As of November 30, 2023, Tampa real estate was disposed for \$858,332 CDN (\$636,944 USD) resulted in a realized loss of \$47,370 CDN (\$35,152 USD) (Nov 30, 2022 - \$854,940 CDN). On July 23, 2021, one of the Company's subsidiaries entered into a joint venture agreement on a real estate development project, in which SOL currently owns 24.74% of the joint venture. The Company has advanced \$15,170,102 CDN (\$11,628,569 USD) to the joint venture. As of November 30, 2023, the Miami commercial asset was valued at \$18,498,695 (2022 - \$20,963,781).

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5. OTHER RECEIVABLES

As of November 30, 2023, the Company had receivables of \$1,933,982 (2022: \$318,335).

	November 30, 2023	November 30, 2022
Beginning Balance	318,335	11,136,813
Additions	-	2,080,517
Payments	(217,938)	(1,504,448)
Impairment	-	(10,278,076)
Total	100,397	1,434,806
HST due from the Government of Canada ⁽¹⁾	-	(1,434,806)
Additions – Simply Better Brands Corp ⁽²⁾	-	318,335
Additions – House of Lithium ⁽³⁾	858,473	-
Additions – Third Parties ⁽⁴⁾	975,112	-
Total receivables	1,933,982	318,335

1. Canada Revenue Agency ("CRA") re-assessed Company's HST refund filings from prior periods as a result, the company owes funds to CRA. Please refer to Note 11 HST Payable for more details.
2. Simply Better Brands Corp advanced \$217,938 CDN against the receivable outstanding. Receivable balance as of Nov 30, 2023 - \$105,397
3. SOL Global affiliate Company Blue Sky LP wired \$905,703 CDN to House of Lithium lawyers.
4. In 2019, SOL Global invested in a convertible note with a private Company and the note matured in 2023. Private Company has agreed to pay the note in full valued at \$1.3M CDN. As of November 30, 2023, the Company has received payments of \$338,500.

6. SHARE CAPITAL

On September 23, 2021, the Company announced the launch and terms of its substantial issuer bid, pursuant to which the Company offered to purchase for cancellation up to \$30,000,000 of its outstanding Common Shares by way of a "Dutch auction" at a price of not less than \$4.05 and not more than \$4.25 per Common Share in increments of \$0.05 per Common Share (the "Substantial Issuer Bid"). The Company closed the Substantial Issuer Bid on December 8, 2021, with the cancellation of 7,407,404 Common Shares for an aggregate purchase price of \$30 million. The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. Changes in the share capital of the Company during the period ended November 30, 2023, were as follows:

	November 30, 2023		November 30, 2022	
	Quantity	Amount	Quantity	Amount
Balance, beginning of period	54,441,981	\$128,889,904	52,018,533	\$134,948,223
Share buy back from market			(7,407,404)	(\$16,788,362)
Issued for exercise of PSU/DSU shares			5,042,000	8,869,921
Shares issued to reduce indebtedness			4,788,852	1,819,764
Stock options cancelled			-	40,358
Total shares outstanding at November 30, 2023	54,441,981	\$128,889,904	54,441,981	\$128,889,904

Changes in the share capital of the Company during the year-ended November 30, 2023, were as follows:

- Nil

Changes in the share capital of the Company during the year-ended November 30, 2022, were as follows:

- The Company closed substantial issuer bid on December 8, 2021, with the cancellation of 7,407,404 of the Common Shares for amount of \$30,000,000.
- 3,112,000 DSUs and 1,930,000 PSUs were exercised for total value of \$1,381,521 and \$7,488,400 respectively.
- 4,788,852 common shares valued at \$1,819,764 issued to reduce share indebtedness to former CEO.

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7. EARNINGS PER SHARE

Earnings per share is based on the weighted average number of common shares outstanding during the period. The following table summarizes the calculation of the weighted average number of basic and diluted Common Shares:

	November 30, 2023	November 30, 2022
Issued common shares, beginning of period	54,441,981	52,018,533
<i>Effects of share issued from:</i>		
Deferred share units exercised	-	3,112,000
Performance share units exercised	-	1,930,000
Shares issued	-	4,788,852
Share buy back	-	(7,407,404)
Weighted average number of basic common shares	54,441,981	54,441,981
Weighted average number of dilutive common shares	54,441,981	54,441,981

8. SHARE-BASED COMPENSATION

The maximum aggregate number of Common shares that may be issued under the incentive plan shall not exceed, including the Company's Option Plan, the Company's DSU Plan, and the Company's PSU Plan, 15% of the issued and outstanding common shares at the grant date.

Stock options

The following table summarizes the Option Plan activity for the year-ended November 30, 2023, and year-ended November 30, 2022:

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2022	124,000	\$ 3.18
Expired	(45,000)	4.25
Balance, November 30, 2023	79,000	\$ 2.58

As of November 30, 2023, the Company's outstanding Options were as follows:

Grant date	Exercise price	Number of options outstanding	Number of vested options	Expiry Date
June 21, 2019	2.11	54,000	54,000	June 21, 2024
June 7, 2021	3.58	25,000	25,000	June 7, 2024
		79,000	79,000	

During the year ended November 30, 2023, the Company recorded \$Nil (2022: \$14,222) in connection with the vesting of the Options.

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8. SHARE-BASED COMPENSATION (Continued)

Share units

The following table summarises DSUs and PSUs activity for the year ended November 30, 2023, and the year ended November 30, 2022.

	Number of Performance Share Units	Number of Deferred Share Units		Reserve
Balance, December 1, 2021	2,000,000	3,700,000	\$	9,424,751
Granted	-	50,000		23,222
Exercised	(1,930,000)	(3,112,000)		(8,869,921)
Balance, November 30, 2022	70,000	638,000	\$	578,052
Cancelled	(70,000)	-		(271,600)
Granted	-	650,000		15,438
	-			
Balance, November 30, 2023		1,288,000	\$	321,890

DSUs:

Each DSU entitles the holder to receive one common share in the future, based on continued service during the applicable period. During the year ended November 30, 2023, the Company granted 650,000 to directors (2022 – 50,000 to officer). The weighted-average grant date fair value of the DSUs granted on November 30, 2023, was \$0.095 per share (2022 – \$0.46). The weighted average vesting period for the outstanding DSUs is 3 years. The Company recorded share-based compensation of \$15,438 (2022 - \$23,222) related to the DSUs. All DSUs settled during the year ended November 30, 2023, have been through the issuance of Common Shares.

PSUs:

Each PSU entitles the holder to receive one Common Share, based on the achievement of established performance criteria and continued service during the applicable performance period. During the year ended November 30, 2023, the Company granted Nil to directors and officers, Nil to employees, and Nil to consultants (2022, Nil to directors and officers, Nil to employees, and Nil to consultants). As at November 30, 2021 the performance objective was achieved and the shares were deemed to be fully vested, the shares were issued on April 1, 2022. The grant date fair value of the PSUs granted in 2023 was \$Nil per share (2022 – \$Nil per share). The Company recorded share-based compensation of \$Nil (2022 - \$Nil) related to the PSUs. On April 1, 2022, 1,930,000 PSUs were exercised for \$0.77 for total value of \$7,488,400. On September 1, 2023, the Company cancelled 70,000 PSUs that were not issued due to personnel departures and the Company recorded \$271,600 to Contributed Surplus.

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9. INCOME TAXES

The Company's provision for income taxes differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to income (loss) before income taxes as a result of the following: A reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (year ended November 30, 2022: 26.5%) to the effective tax rate is as follows:

	November 30, 2023	November 30, 2022
	\$	\$
Loss before recovery of income taxes	(49,967,304)	(283,054,722)
Expected income tax (recovery) expense	(13,241,336)	(75,009,501)
Prior year adjustment	12,518,308	1,592,090
Realized loss (gain) on investments	1,065,495	6,221,726
Unrealized fair value loss (gain) adjustment on securities	3,057,970	19,067,268
Other adjustments	(5,225)	86,386
Other permanent differences	879,933	1,440,738
Change in tax benefits not recognized	(21,308,345)	60,566,622
Interest & Penalties	1,200,000	-
Income tax (recovery) expense	(15,833,200)	13,965,329

The Company's income tax (recovery) expense is allocated as follows:

	November 30, 2023	November 30, 2022
Current tax (recovery)	(14,319,778)	-
Deferred tax (recovery) expense	(1,513,422)	13,965,329
Income tax (recovery) expense	(15,833,200)	13,965,329

Subsequent to the issuance of 2022 audited financial statements, the Company conducted a transfer pricing study and accordingly, an intercompany adjustment was booked. As a result of this adjustment, the estimate of income tax liability was reduced by \$16,177,901.

The following table summarizes the components of deferred tax:

As at	November 30, 2023	November 30, 2022
	\$	\$
Recognized in profit/loss	-	(13,965,329)
Deferred tax assets	-	(13,965,329)
Recognized in profit/loss	1,513,422	-
Deferred tax liability	1,513,422	-
Net deferred tax asset (liability)	1,513,422	-

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10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	November 30, 2023	November 30, 2022
Accounts payable ⁽¹⁾	7,350,726	2,290,308
Accrued liabilities ⁽²⁾	7,634,311	11,517,277
Due to House of Lithium	1,948,081	1,806,119
HST payable ⁽³⁾	496,093	1,959,808
Total	17,429,211	17,573,512

1. \$7.4M related to legal, tax and other external consultants (November 30, 2022 - \$2.3M)
2. \$7.6M in accruals related to bonus payables to employees, accruals for audit, consulting etc. (November 30, 2022 - \$11.5M)
3. Canada Revenue Agency ("CRA") re-assessed Company's prior periods HST filings and as a result the Company owes \$496,093 CDN (November 30, 2022 - \$1,959,808) to CRA. As of November 30, 2023, \$1,807,085 CDN in payments were paid to CRA.

11. SEVERANCE PAYABLE

On April 25, 2022, the Company announced the appointment of Kevin Taylor as Chief Executive Officer and Chairman, replacing Andrew DeFrancesco. Mr. DeFrancesco is owed severance payable of \$24,000,000 over 6 years at \$1,000,000 per quarter, pursuant to an agreement dated April 24, 2022, between Mr. DeFrancesco and the Company (the "Severance Agreement"). In accordance with IAS 19, the Company discounted and recorded fair value of the liability. As of November 30, 2023, the fair value of severance payable was \$18,677,399 (2022 - \$22,404,584). As of November 30, 2023, \$4,000,000 in bonus payments were paid out as per the severance agreement (2022 - \$Nil) and severance payable outstanding was \$20,000,000 (2022 - \$24,000,000). Mr. DeFrancesco served as consultant for the Company for a period of six months without additional compensation and assisted with the continuation of the Company's business activities and supported Mr. Taylor with the transition into the office of Chief Executive Officer. Under the original terms, in the event SOL Global defaults under the Severance Agreement, all of the payments to Mr. DeFrancesco are accelerated and become immediately payable, and the obligations of SOL Global shall become immediately secured by all of the assets of Blue Sky Holdings USA Inc., a wholly-owned Florida subsidiary of SOL Global which indirectly holds an approximate 27% interest in SOL Global's real property investment in North Miami. Currently, Mr. DeFrancesco has a subordinate position of collateral on the Company. The Company has also agreed: (i) not to incur any new debt except in respect of trade payables in the ordinary course and any indebtedness (up to a maximum of \$10 million); and (ii) to provide Mr. DeFrancesco participation rights in future offerings of the Company in order to maintain his respective proportionate ownership in the Company.

The Company had accrued \$11,400,000 as bonus payable to former CEO Andrew DeFrancesco for the period ending November 30, 2021. As of November 30, 2023, \$2,146,797 in bonus payments were paid out as per the severance agreement (2022 - \$3,815,675) and bonus payable outstanding was \$5,437,578 (2022 - \$7,584,325). In accordance with IAS 19 *Employee Benefits*, the Company discounted and recorded fair value of the liability. As of November 30, 2023, the fair value of bonus payable was \$4,892,418 (2022 - \$6,644,542).

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12. PROMISSORY NOTES PAYABLE

The Company has the following promissory note payable:

- On August 20, 2019, the Company secured a promissory note totaling \$1,150,000 from a shareholder of the Company. This Promissory note bears interest at 12.0% per annum and matures on December 31, 2023. As of November 30, 2023, the Company had repaid \$100,000 and therefore the remaining balance is \$1,050,000 plus accrued interest of \$314,086 for total owing of \$1,364,086. The company had receivables from the same shareholder for a similar amount as above and SOL management offset the receivables against the payables, clearing the liability from the Company's books.
- On August 22, 2022, and November 24, 2022, the Company secured a promissory note of \$600,000 and \$80,000 from a private company for total of \$680,000 CDN. For the year-ended November 30, 2022, this liability was part of AP & Accrued liabilities. As of November 30, 2023, the Company incurred \$46,596 in accrued interest for total owing of \$726,596.
- On October 31, 2023, the Company terminated the Miami Beach office lease agreement, both landlord and the company entered into a promissory note payable agreement for the rent owing and other expenses incurred by the landlord in the amount of \$303,365 CDN (\$207,355 USD). Note matures October 31, 2024, and the landlord has agreed to waive the interest for the duration of the note.

13. DEBENTURE

Non-revolving loan term facility

On September 3, 2021, the Company entered into a secured loan from an arm's length private lender (the "Lender") in the principal amount of \$50,000,000 (the "Loan"). The Loan had a term of 12 months, bared interest at the rate of 9% per annum and was secured by a general security agreement. The Loan was entered into for the sole purpose of facilitating its subsidiary's acquisition of all of 1235 Fund LP's rights under the Debenture. To secure the Loan, the Company pledged shares in SOL Verano Blocker 1 LLC, Blue Sky Holdings USA Inc. and other wholly-owned subsidiaries and units in limited partnerships of the Company. Pursuant to the Loan, the Lender charged the Company a standby fee of 1.2% per annum until the drawdown date, 2% facility fee and 9% interest per annum calculated on an actual/360 basis. Due to the Company defaulting on the payments the rate of interest increased by five percent (5%) per annum to fourteen percent (14%). Interest continued to accrue at default rate (14%) until all outstanding obligations, including unpaid interest are fully paid.

The Loan matured and was payable in full one year from the date of the advance of the Loan (the "Maturity Date"). The company amended the payment terms several times which resulted in increased financing ("facility expense") expense. On September 3, 2021, the Company drew down the entire loan in the amount of \$50 million to fund the settlement payment in connection with the settlement of litigation with 1235 Fund LP relating to the Debenture. The Company paid a facility fee of \$1 million to the Lender and \$0.1 million in legal fees. Pursuant to the Loan, commencing sixty days from the advance date and continuing until the earlier of the demand and the Maturity Date, 10% of the outstanding balance of the amount of the Loan should be paid on the 7th day of each month along with interest. As of November 30, 2023, the Company had made principal payments totaling \$46.5 million and \$0.9M in interest payment towards the Loan (2022 – Principal - \$44.5 million). The Company accrued \$0.1M in legal fee (2022 - \$Nil) and \$4.4M in facility fee (\$2.0M was previously recorded as financing expense and was added to principal balance in FY 2023) (2022 - \$3.9M) and \$1.3 million in interest expense (2022 - \$3.9 million in facility fees, Accrued Interest - \$2.4 million in financing expense related to facility fees which were incurred due to amending original payment terms several times. The Company drew down additional loans of \$8.9M to offset partial amount owing to former director and for Company's working capital.

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13. DEBENTURE (Continued)

TERM LOAN

On June 3, 2022, the Company entered into a loan agreement with a private lender for a secured loan in the principal amount of \$10 million (the "June 2022 Loan"). The June 2022 Loan had a term of 12 months and bared interest at the rate of 9% per annum. The June 2022 Loan was guaranteed by SOL Verano Blocker 1 LLC, a wholly owned subsidiary of SOL Global, and Blue-Sky Holdings USA Inc. ("Blue Sky"), an indirect subsidiary of SOL Global; and was secured with a general security agreement of Blue Sky, which consists primarily of an indirect interest in real estate located in Miami, Florida. The use of proceeds of the June 2022 Loan (net of fees and expenses of the lender) was to reduce the principal amount of an existing secured loan in the principal amount of \$50,000,000 received from the Company from a separate arm's length private lender on September 3, 2021. Both parties agreed to extend the term loan which matured June 2, 2023, to April 2, 2024. As part of the extension, the Company agreed to the following terms: transfer interest owing \$577,500 CDN to the principal balance, increase interest on the loan from 11% to 12.5% and additional financing fee of \$50,000.

	Debenture	Term Loan	Total
As at December 1, 2021	47,500,000	-	47,500,000
Additions	-	10,000,000	10,000,000
Accrued Interest	2,412,965	81,370	2,494,335
Accrued facility fees	3,895,045	-	3,895,045
Repayments during the year	(41,981,677)	(1,000,000)	(42,981,677)
As at November 30, 2022	11,826,333	9,081,370	20,907,703
Additions	8,866,513	-	8,866,513
Interest transfer to principal	-	496,130	496,130
Financing fee transfer to principal	(1,992,862)	-	(1,992,862)
Accrued Interest	1,304,788	599,840	1,904,628
Accrued facility fees	4,379,460	50,000	4,429,460
Accrued legal fees	111,623	-	111,623
Financing fee repayment	(1,000,000)	(25,000)	(1,025,000)
Principal Repayments	(2,000,000)	-	(2,000,000)
Interest repayments	(884,975)	-	(884,975)
As at November 30, 2023	20,610,880	10,202,340	30,813,220

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14. COMMITMENTS AND CONTINGENCIES

Litigation

The Company will record a provision for losses when claims become probable, and the amounts can be reasonably estimated. The Company is subject to various claims, lawsuits and other complaints arising in its ordinary course of business.

On August 8, 2022, Reby and Restanca LLC (Reby's largest shareholder and the party appointed to represent the remaining selling shareholders) brought a claim against House of Lithium in the Delaware Court of Chancery alleging a breach of a stock purchase agreement between Reby and House of Lithium (the "Reby Agreement"). House of Lithium's position is that no such breach under the agreement occurred. The final Debrief took place March 30, 2023, and on June 30, 2023, the court ruled in favour of House of Lithium. Reby is currently appealing the decision. SOL Global is not a party to the action and SOL Global has not been named in any action relating to the Reby Agreement. As at November 30, 2023, the company owned approximately 65.09% of the common shares of House of Lithium on a partially diluted basis.

On July 14, 2022, an external party filed a lawsuit against SOL former management pertaining to sale of the external party's equity shares in a publicly traded company. On June 8, 2023, both parties settled on the lawsuit. Total settlement amount was \$250,000 USD. The Company wired \$33,148 CDN (\$25,000 USD) as outlined in the agreement and the remaining \$225,000 USD shall be settled on December 1, 2023, in the form of equity shares. For year-ended November 30, 2023, the Company accrued \$305,390 CDN (\$225,000 USD) as part of accounts payable and accrued liabilities.

The Company is party to certain management contracts. These contracts require that additional payments of up to approximately in accrued bonuses of \$1,825,000. Minimum commitments were approximately \$10,150,283 all due within one year which includes accrued salary receivables to management of \$1,124,997.

15. RIGHT OF USE ASSET AND LEASE LIABILITY

On May 30, 2020, the Company commenced a new office lease for office space in Miami, Florida, which expires on May 30, 2025, and recorded a lease liability and a corresponding right of use asset in the amounting to \$1,276,775. The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate which was determined to be 9% per annum for similar assets. The right of use asset was initially recorded at the present value of the lease obligation and the Company recorded depreciation of \$117,038 for the year ended November 30, 2023 (2022: \$127,678). On October 31, 2023, the Company terminated the Miami office space lease and accordingly wrote of the right of use asset and lease liability amounting to \$1,035,575 and \$1,147,416 respectively and resulted in a gain of \$111,841.

On August 1, 2021, the Company commenced a new office lease for office space in Toronto, Ontario which expires on September 30, 2024, and recorded a lease liability of \$1,367,377 and a corresponding right of use asset adjusted for prepaid rent in the amount of \$1,559,485. The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate which was determined to be 4.99% per annum for prepaid rent and the Company recorded depreciation of \$466,474 for the year ended November 30, 2023 (2022: \$434,093). This lease expires September 2024.

On March 1, 2021, the Company entered into a dry lease agreement with a third party whereby the Company will use the third party's commercial airplane for M&A and business activities. During the year ended November 30, 2022, the Company was no longer using the airplane and accordingly wrote of the right of use asset amounting to \$372,682 and recorded depreciation of \$828,688. As of November 30, 2023 - \$Nil (2022, the Company written back the liability and recorded termination of the lease for \$636,172).

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15. RIGHT OF USE ASSET AND LEASE LIABILITY (Continued)

Set out below are the carrying amounts of right of use assets and lease liabilities recognized and the movements during the year:

	Right-of-use asset \$	Lease Liabilities \$
As at November 30, 2021	3,686,089	3,802,419
Depreciation	(1,390,459)	-
Termination of lease	(372,682)	(636,172)
Finance Cost	-	122,749
Payments	-	(672,827)
As at November 30, 2022	1,922,948	2,616,169
Depreciation	(583,512)	-
Rentals repaid adjustments	-	(1,238,206)
Miami Lease Termination	(1,035,574)	(1,147,416)
Finance Cost	-	95,805
As at November 30, 2023	303,862	326,352

16. LEASEHOLD IMPROVEMENTS

As of November 30, 2023, the Company leasehold improvements balance related to Toronto office was \$22,221 (2022: \$532,661 for Miami office and \$100,000 for Toronto office). The Company recorded depreciation expense of \$113,653 for November 30, 2023 (2022 - \$39,135).

Miami office lease termination

On October 31, 2023, the Company terminated the Miami office space lease and accordingly wrote off \$496,787 CDN incurred on Miami office lease renovation costs.

Airplane Improvements

On March 1, 2021, the Company entered into an agreement with a third party whereby the Company will use the third party's commercial airplane for M&A and business activities. The Company will be making monthly payments to third party and the Company chose to upgrade the airplane at the Company's own expense. The Company does not have exclusive right to the asset it is shared with other companies. As of November 30, 2023 - \$Nil (2022, the Company had terminated the agreement with third party spent and incurred a realized loss of \$2,733,632)

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17. RELATED PARTY TRANSACTIONS AND BALANCES

Key management compensation

During the year ended November 30, 2023, the Company incurred payroll related costs of \$827,514 CDN (2022 - \$4,866,551) to directors and senior officers as key management. As of November 30, 2023, \$2,949,997 (2022: \$2,122,483) was included in account payable and accrued liabilities related to amounts due to directors and senior officers as key management that had not been paid. As of November 30, 2023, the Company recorded share-based compensation of \$15,438 to directors (2022 - \$23,222 to an officer).

During the year ended November 30, 2023, the Company incurred the following payroll related costs:

	November 30, 2023	November 30, 2022
Salaries & Consulting fees	827,514	4,866,551
Share-based compensation	15,438	23,222
Total	842,952	4,889,773

(b) Transactions with related parties

Transactions with House of Lithium

On November 9, 2021, the Company announced it had completed the disposition of its electric vehicle and clean technology investment portfolio ("the assets", or collectively "the portfolio") to House of Lithium, an electric mobility platform and climate tech focused spinoff company, preparing for an upcoming public listing. 38,758,776 Class B and 2,000,000 Class B common shares valued at \$2 per share were issued. 5,000,000 warrants exercisable at \$2 for two years, and 2,777,777 warrants exercisable for \$3.60 for two years were issued.

	Cost	FMV
Total assets transferred to HOL – November 30, 2021	66,058,969	26,318,200
Purchase of equity units and warrants – November 30, 2021	4,000,000	2,397,232
Shares transferred from LP's – November 30, 2023	5,894,204	4,405,776
Total	75,953,173	33,121,208

As at November 30, 2023, the Company owned approximately 65.09% of the common shares of House of Lithium on a partially diluted basis. The fair market value of the Company's position in House of Lithium as at November 30, 2023, was \$33,121,208 (2022 - \$49,723,665). As of November 30, 2023, the Company accrued management fee of \$114,081 CDN (2022 - \$300,000) and the Company owed \$1,089,609 CDN (2022 - \$1,619,917)

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17. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Transactions with Current Shareholder

During the year-ended November 30, 2023 - \$Nil (2022, the Company sold 9,598,333 Black Swan shares valued at \$1,805,000 CDN and 1,215,000 Lithium Ionic shares to a current shareholder). During the year-ended November 30, 2023 - \$Nil (2022 - The Company recorded realized gain of \$946,198 and \$701,223 CDN in Black Swan Graphene and Lithium Ionic transaction).

Transactions with Limited Partner ("LPs")

One of the Company's Limited Partner (LP) was dissolved as of year-ended November 30, 2022. As part of the dissolution, for the year-ended November 30, 2022, LP transferred promissory note receivable valued at \$2,293,627 CDN receivable from the Company's current shareholder and was distributed to the Company. Loan receivable had been outstanding for more than two years and the Company reduced the receivables by 50% or \$1,146,814 CDN. The Company has a promissory note payable to the same shareholder. During the year-ended November 30, 2023, the Company offset the promissory note payable against receivables with the same shareholder. As part of the dissolution, for year-ended November 30, 2022 LP transferred promissory note receivable from third party valued at \$6,709,178 CDN to the Company as required by IFRS 9 the Company subsequently measured the loan receivable which was valued at \$330,000 CDN for year-ending November 30, 2022. For the year-ending November 30, 2023, the Company impaired the \$330,000 CDN. For the year-ended November 30, 2023 - \$Nil (2022, the Company wrote off \$6,379,178 CDN).

18. FINANCIAL RISK MANAGEMENT

The Company is exposed to certain financial risks. The impact on these financial statements are summarized below:

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favourable prices. The market risks to which the Company is exposed are equity price risk and interest rate risk.

- Equity price risk - Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market or the cannabis sub-market. The Company's investments are subject to fluctuations in fair value arising from changes in the equity market. As at November 30, 2023, a 30% change in closing trade price of the Company's equity investment portfolio would impact net loss by \$30,735,536 (2022: \$43,507,111).
- Interest rate risk - Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents, promissory notes and convertible debts held. The change in fair value of the Company's cash and cash equivalents, promissory notes and convertible debts held, due to changes of interest rates, is considered low.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency risk. The Company holds financial instruments that are denominated in a currency other than the Canadian dollar. A significant portion of the Company's cash outflows are in United States Dollars. In addition, numerous of the Company's investments are denominated in foreign currencies. During the year-ended November 30, 2023, a 10% change in foreign currencies held would have resulted in a change in loss by \$6,429 (2022: \$5,880). During the year-ended November 30, 2023, the Company recognized a foreign currency exchange loss of \$20,637 (2022: gain of \$605,018).

SOL Global Investments Corp.
Notes to the Financial Statements
For the years ended November 30, 2023, and 2022
(Expressed in Canadian Dollars)

18. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its obligations as they become due. A Company's ability to continue as a going concern is dependent on receiving continued financial support from its stakeholders and, ultimately, on the ability to generate continued and sustainable profitable operations. The Company generates cash flow from the disposal of investments, financing activities, fees and dividend and interest income. The Company primarily invests in equity and debt instruments of various public and private companies. Due to a lack of an active market, the return on the disposal of investments in non-publicly traded companies may differ significantly from the carrying value of these investments. As of November 30, 2023, the Company's contractual cash flows, which were payable under financial liabilities consists of accounts payables and accrued liabilities as well as income tax payable with payments due in less than one year. The Company's financial assets are classified as being convertible into cash in less than one year. Management is of the opinion that sufficient working capital is available from its financings, its operations and its divestitures to meet the Company's liabilities and commitments as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Given the relatively small size of the Company's staff, senior management and the Board are actively involved in the review, planning and approval of significant expenditures and commitments. The Company's financial liabilities are due within the next 12 months. A payment schedule of the Company's lease obligations is disclosed in note 15.

Concentration risk

Concentration risk is the risk that any single investment or group of investments will have the potential to materially affect the Company's operating results. As at November 30, 2023, the Company has invested in common shares, convertible debentures, and warrants of public and private companies in the cannabis and non-cannabis sectors. The allocation between public and private companies is as follows:

	Cost	Fair value	Fair Value Percentage
	\$	\$	%
Public company common shares	35,619,426	3,834,599	4%
Private company common shares	234,336,571	77,815,385	76%
Warrants held in public and private companies	4,350,485	2,303,107	2%
Commercial Asset	15,170,102	18,498,695	18%
	289,476,584	102,451,786	100%

As at November 30, 2023, 65% (2022: 55%) of the total fair value of the Company's investments were United States based companies while 34% (2022: 43%) and 1% (2022: 2%) of the total fair value of the Company's investments were in Canada and UK, respectively.

The primary goals of the Company's risk management programs are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance. The Company's investment strategy requires a level of risk in exchange for an above average return on investment. The Company plans to maintain an appropriate risk and reward balance while protecting the Company's financial operations from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk tolerance with the Company's business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventative controls and transferring risk to third parties. The Company considers its shareholders' equity as its capital. The Company has no externally imposed capital requirements.

SOL Global Investments Corp.
Notes to the Financial Statements
For the years ended November 30, 2023, and 2022
(Expressed in Canadian Dollars)

18. FINANCIAL RISK MANAGEMENT (Continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has two types of financial assets that are subject to the expected credit loss model: (a) other receivables from government agency and third parties; and (b) promissory notes. While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified credit risk and impairment loss is immaterial, as these funds are held with reputable financial institutions. The Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all promissory notes and other receivables while ECL calculation based on stage assessment has been performed for promissory notes. Below is a summary of credit ratings of debt instruments including convertible debentures and promissory notes held by the Company as part of its investment portfolio.

Credit Ratings	Percentage of Total Convertible Debentures and Promissory Notes (%)	Percentage of Total Investments (%)
Unrated (Private Convertible Debt/Promissory Notes)	100.0%	0.02%
	100.0%	0.02%

19. CAPITAL MANAGEMENT

The Company's objectives when managing capital are: (a) to allow the Company to respond to changes in economic and/or marketplace conditions by maintaining the Company's ability to purchase new investments; (b) to give shareholders sustained growth in shareholder value by increasing shareholders' equity. It is the intention of the Company in the long term to pay out a portion of its future annual earnings to shareholders in the form of dividends; and (c) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk of its underlying assets. The Company has the ability to maintain or adjust its capital level to enable it to meet its objectives by: (a) realizing proceeds from the disposition of its investments; (b) utilizing leverage in the form of margin (due to brokers) and long-term debt from financial lenders; and (c) raising capital through equity financings.

20. SUBSEQUENT EVENTS

On January 9, 2024, the Company nominated Mr. John Zorbas, an experienced entrepreneur in metals exploration and development, for a position on the board. Mr. Zorbas currently serves as the President and CEO of Captor Capital Corp. The Company granted 250,000 DSUs to John Zorbas in connection with his nomination to the Board. These DSUs are subject to the company's DSU plan, may be settled in cash or common shares.

SOL Global entered into an intercreditor agreement with Braebeacon Holdings Inc. and certain creditors, defining their rights, obligations, and security. The agreement dated December 11, 2023, established that the Junior Lien Lenders' rights and security rank subordinate to those of the First Lien Lender. The Company received an additional \$400,000 from the First Lien Lender as part of an amended accommodation agreement to the Loan Agreement dated August 6, 2023. The advance was used to reduce accounts payables and current liabilities.



SOL Global Investments Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**For the year-ended November 30, 2023
and the year-ended November 30, 2022**

(Expressed in Canadian Dollars)

Dated as of March 28, 2024

SOL Global Investments Corp

Management's discussion and analysis for the year-ended November 30, 2023, and November 30, 2022 (Expressed in Canadian Dollars)

INTRODUCTION

SOL Global Investments Corp. (the "Company" or "SOL Global") was incorporated under the laws of the Province of Ontario, Canada on January 28, 2005. The common shares of the Company (the "Common Shares") are listed on the Canadian Securities Exchange (the "CSE") under the symbol "SOL", the OTCPPK in the United States of America under the symbol "SOLCF", and on the Frankfurt Exchange under the symbol "9SB". The Canadian dollar is the Company's functional and reporting currency. Unless otherwise noted, all dollar amounts within this report are expressed in Canadian dollars. This management discussion and analysis ("MD&A") is dated March 28, 2024, and should be read in conjunction with the audited financial statements of the Company for the year-ended November 30, 2023 (the "Financial Statements"). Additional information about the Company is available on the Company's SEDAR profile at www.sedar.com or the Company's website at <https://solglobal.com/>.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information and statements ("forward-looking statements") within the meaning of applicable securities laws, which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Forward-looking statements contained herein that are not clearly historical in nature may constitute forward-looking information. Forward-looking statements reflect the current expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "will", "expect", "likely", "should", "would", "plan", "anticipate", "intend", "potential", "proposed", "estimate", "believe" or the negative of these terms, or other similar words, expressions and grammatical variations thereof, have been used to identify these forward-looking statements. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the actual results, performance or events to be materially different from any future results, performance or events that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "Risk Factors" section of this MD&A. Although the Company has attempted to identify important factors that could cause actual results, performance or events to differ materially from those described in the forward-looking statements, there could be other factors unknown to management or which management believes are immaterial that could cause actual results, performance or events to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or events may vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These factors should be considered carefully, and readers should not place undue reliance on the forward-looking statements. Forward-looking statements contained herein are made as of the date of this MD&A and the Company assumes no responsibility to update forward looking statements, whether as a result of new information or otherwise, other than as may be required by applicable securities laws.

BUSINESS OVERVIEW

SOL Global is a diversified international investment and private equity holding company engaged in the small and mid-cap sectors. The Company's investments range from minority positions to large strategic holdings with active advisory mandates with an objective of providing shareholders with a long term returns through capital appreciation, dividends and interest from its investments. The investment sectors are primarily Cannabis but also include Retail, Agriculture, QSR & Hospitality, Media Technology & Gaming, Clean Energy and New Age Wellness.

The Company's investment objectives are to provide shareholders with long-term capital appreciation, dividends and interest by investing in an actively managed portfolio of securities of public and private companies. These companies may be operating in or derive a significant portion of their revenue from the cannabis and/or hemp industry. Notwithstanding the foregoing, the Company is not exclusively focused on investments in the cannabis industry. The Company continues to seek value investments and have invested significant capital in opportunities in other industries, with a view towards the Company's investment objectives. The Company plans to reinvest any profits on its investments to further the growth and development of the Company's investment portfolio.

SOL Global Investments Corp

Management's discussion and analysis for the year-ended November 30, 2023, and November 30, 2022 (Expressed in Canadian Dollars)

UNITED STATES REGULATORY RISK AROUND THE CANNABIS INDUSTRY

In the United States of America, the possession and/or use of cannabis or cannabis related products remains in violation of federal law as cannabis continues to be categorized as a Schedule I controlled substance under the U.S. Controlled Substances Act (the "CSA"). However, medical and adult-use cannabis has been legalized and is regulated in certain states. Thirty-six states, four of five permanently inhabited U.S. territories and the District of Columbia recognize, in some way medical use of cannabis. In addition, fifteen states plus the District of Columbia recognize, in some way adult recreational use of cannabis. As such, companies who are involved in the cannabis industry in the United States are subject to conflicting and inconsistent state and federal legislation, regulation, and enforcement. Presently, violations of federal laws and regulations in the United States of America may result in fines, penalties, administrative sanctions, convictions or settlements arising from either civil or criminal proceedings commenced by the United States federal government or private citizens. Finally, given the inconsistency in the laws at the federal and state level in the United States of America, the approach to the enforcement of cannabis laws may change at any time. **For the reasons set forth above, the Company's existing interests and operations in the United States cannabis markets may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities due to the fact that the possession and/or use of cannabis or cannabis related products remains illegal under U.S. federal law, and that enforcement of relevant laws is uncertain and, therefore, a significant risk. Readers are also encouraged to review the following sections of this MD&A: "Regulatory Developments – Regulatory Developments in the United States", "Issues with U.S. Cannabis-Related Assets" and "Risk Factors".** As at November 30, 2023, the fair value of the Company's investments in cannabis and related investments in the United States of America totaled \$6.7 million (November 30, 2022: \$20.5 million). The fair value of non-U.S. cannabis, cannabis related investments and non-cannabis investments totaled \$95.8 million (November 30, 2022: \$124.5 million). In all U.S. jurisdictions in which the Company or its subsidiaries, as applicable, carries out cannabis-related activities, it (or the applicable subsidiaries) has obtained legal advice regarding compliance with applicable state regulatory frameworks, exposure and implication arising from U.S. federal laws in the states where it conducts operations. As of the date hereof, neither the Company nor, to its knowledge, any of its subsidiaries in which the Company has "direct", "indirect" or "material ancillary involvement" in the U.S. cannabis industry (as described under Staff Notice 51-352) have received any notices of violation, denial or non-compliance from U.S. authorities, and the Company believes that the activities of its subsidiaries who are engaged in direct involvement of the cultivation or distribution of cannabis in the United States are being done in compliance with applicable state law, however strict compliance with state laws may not act as a shield to federal criminal liability. See "Risk Factors" and "Regulatory Developments" in this MD&A.

Notwithstanding the illegality of cannabis under U.S. federal law, the Company has historically had access to both public and private capital in Canada in order to continue to support its continuing operations, including public and/or private equity offerings of its Common Shares, warrants, convertible debentures and notes. The Company's executive team and the Board also have extensive relationships with sources of private capital (such as funds and high net worth individuals), that could potentially be available. Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high-net-worth individuals and family offices that have made meaningful investments in companies and projects similar to the Company's projects. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to issuers that are involved in the cannabis industry. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. See "Risk Factors" in this MD&A.

SOL Global Investments Corp

Management's discussion and analysis for the year-ended November 30, 2023, and November 30, 2022 (Expressed in Canadian Dollars)

FINANCINGS

Non-revolving loan term facility

On September 3, 2021, the Company entered into a secured loan from an arm's length private lender (the "Lender") in the principal amount of \$50,000,000 (the "Loan"). The Loan had a term of 12 months, bared interest at the rate of 9% per annum and was secured by a general security agreement. The Loan was entered into for the sole purpose of facilitating its subsidiary's acquisition of all of 1235 Fund LP's rights under the Debenture. To secure the Loan, the Company pledged shares in SOL Verano Blocker 1 LLC, Blue Sky Holdings USA Inc. and other wholly-owned subsidiaries and units in limited partnerships of the Company. Pursuant to the Loan, the Lender charged the Company a standby fee of 1.2% per annum until the drawdown date, 2% facility fee and 9% interest per annum calculated on an actual/360 basis. Due to the Company defaulting on the payments the rate of interest increased by five percent (5%) per annum to fourteen percent (14%). Interest continued to accrue at default rate (14%) until all outstanding obligations, including unpaid interest are fully paid.

The Loan matured and was payable in full one year from the date of the advance of the Loan (the "Maturity Date"). The company amended the payment terms several times which resulted in increased financing ("facility expense") expense. On September 3, 2021, the Company drew down the entire loan in the amount of \$50 million to fund the settlement payment in connection with the settlement of litigation with 1235 Fund LP relating to the Debenture. The Company paid a facility fee of \$1 million to the Lender and \$0.1 million in legal fees. Pursuant to the Loan, commencing sixty days from the advance date and continuing until the earlier of the demand and the Maturity Date, 10% of the outstanding balance of the amount of the Loan should be paid on the 7th day of each month along with interest. As of November 30, 2023, the Company had made principal payments totaling \$46.5 million and \$0.9M in interest payment towards the Loan (2022 – Principal - \$44.5 million). The Company accrued \$0.1M in legal fee (2022 - \$Nil) and \$4.4M in facility fee (\$2.0M was previously recorded as financing expense and was added to principal balance in FY 2023) (2022 - \$3.9M) and \$1.3 million in interest expense (2022 - \$3.9 million in facility fees, Accrued Interest - \$2.4 million in financing expense related to facility fees which were incurred due to amending original payment terms several times. The Company drew down additional loans of \$8.9M to offset partial amount owing to former director and for Company's working capital.

Term loan

On June 3, 2022, the Company entered into a loan agreement with a private lender for a secured loan in the principal amount of \$10 million (the "June 2022 Loan"). The June 2022 Loan had a term of 12 months and bared interest at the rate of 9% per annum. The June 2022 Loan was guaranteed by SOL Verano Blocker 1 LLC, a wholly owned subsidiary of SOL Global, and Blue-Sky Holdings USA Inc. ("Blue Sky"), an indirect subsidiary of SOL Global; and was secured with a general security agreement of Blue Sky, which consists primarily of an indirect interest in real estate located in Miami, Florida. The use of proceeds of the June 2022 Loan (net of fees and expenses of the lender) was to reduce the principal amount of an existing secured loan in the principal amount of \$50,000,000 received from the Company from a separate arm's length private lender on September 3, 2021. Both parties agreed to extend the term loan which matured June 2, 2023, to April 2, 2024. As part of the extension, the Company agreed to the following terms: transfer interest owing \$577,500 CDN to the principal balance, increase interest on the loan from 11% to 12.5% and additional financing fee of \$50,000.

IFRS 10, DESIGNATION AS AN INVESTMENT COMPANY

The following criteria within IFRS 10, Financial Statements ("IFRS 10"), were assessed by the Company to determine whether it qualifies as an investment entity: (a) the Company obtains funds from one or more investors for the purpose of providing those investors with investment management services; (b) the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) the Company measures and evaluates the performance of substantially all its investments on a fair value basis. As at August 1, 2018 and up to the date of these financial statements, the Company determined that it met the definition of an investment entity. As a result of this classification, effective August 1, 2018, the Company deconsolidated its subsidiaries and recognized the interests held as financial instruments classified at fair value through profit /loss.

SOL Global Investments Corp

Management's discussion and analysis for the year-ended November 30, 2023, and November 30, 2022 (Expressed in Canadian Dollars)

SUBSTANTIAL ISSUER BID

On September 23, 2021, the Company announced the launch and terms of a substantial issuer bid for its Common Shares (the "Substantial Issuer Bid"), pursuant to which the Company offered to purchase for cancellation up to \$30,000,000 of Common Shares then issued and outstanding by way of a "Dutch auction" at a price of not less than \$4.05 and not more than \$4.25 per Common Share, in increments of \$0.05 per Common Share. The Company closed the Substantial Issuer Bid on December 8, 2021, with the cancellation of 7,407,404 Common Shares for an aggregate purchase price of \$30 million.

Income Statement Analysis Comparison for The Year Ended November 30, 2023, and the Year Ended November 30, 2022

	Year ended November 30, 2023 \$	Year ended November 30, 2022 \$	Variance \$
Revenue			
Net change in fair value of investments	(38,884,508)	(237,400,825)	198,516,317
Interest and other income	7,372,490	1,861,441	5,511,049
Foreign exchange gain (loss)	(20,637)	605,018	(625,655)
Total revenue	(31,532,655)	(234,934,366)	203,401,711
Expenses			
Salaries and consulting fees	2,365,453	9,323,024	(6,957,571)
Severance expense	-	21,464,801	(21,464,801)
Share based compensation	15,438	37,444	(22,006)
General and administrative	441,612	5,993,427	(5,551,815)
Interest expense	9,439,108	3,190,999	6,248,109
Financing expense	4,373,189	3,905,045	468,144
Professional fees and transaction costs	1,461,311	3,530,256	(2,068,945)
Settlement	338,538	675,360	336,822
Total expenses	18,434,649	48,120,356	(29,012,063)
Income (loss) from continuing operations before taxes	(49,967,304)	(283,054,722)	233,087,418

Comparison of Income Statement for the year ended November 30, 2023, and the year-ended November 30, 2022

Net loss from continuing operations before income taxes totalled \$50.0 million for the year-ended November 30, 2023, compared to loss of \$283.1 million for the year-ended November 30, 2022. This represents a net change of \$233.1 million. Total loss from investments totalled \$31.5 million for the year-ended November 30, 2023, compared to loss of \$234.9 million for the year-ended November 30, 2022. This represents a net change of \$203.4 million between periods. Total expenses were \$18.4 million for the year-ended November 30, 2023, compared to \$48.1 million for the year-ended November 30, 2022, which represents a net change of \$29.7 million.

Significant reasons for the changes in income and loss from operations:

- The net change in fair value of investments of \$203.4 million is primarily due to: As of November 30, 2023, the Company recorded unrealized loss \$Nil in shares of Verano compared to November 30, 2022 where the Company recorded unrealized loss for Verano Holdings of \$26.2M. As of November 30, 2023, the Company's limited partnership recorded unrealized gain of \$0.4M compared to unrealized loss of \$60.4M for November 30, 2022. On November 9, 2021, the Company announced it had completed the disposition of its electric vehicle and clean-technology investment portfolio (the "assets", or collectively, the "portfolio") to House of Lithium Ltd. ("House of Lithium"), an electric mobility platform and climate tech focused spin-off company, preparing for an upcoming public listing. 38,758,776 Class B common shares were issued to the Company (and its direct subsidiary) in exchange for the Assets, which were valued at \$77,517,553. As of November 30, 2023, the Assets were valued at \$33.1 million compared to \$49.7 million, for November 30, 2022, resulting in an unrealized loss of \$23.8 million compared to unrealized loss of \$35.7 million from the prior period. In September 2021, the Company, through a wholly-owned subsidiary, invested \$14.7 million (USD\$11.5 million) in Marsico AXS CS, LLC, ("Marsico CS") an investment vehicle of Colorado-based Marsico Capital Management. Marsico CS was set up as an investment

SOL Global Investments Corp

Management's discussion and analysis for the year-ended November 30, 2023, and November 30, 2022 (Expressed in Canadian Dollars)

vehicle for the purpose of raising capital and investing in Core Scientific Holding Co. ("Core Scientific") and subsequently completed its investment in Core Scientific. Core Scientific is a large-scale net carbon-neutral blockchain infrastructure providers and miners of digital assets in North America. The investment as of November 30, 2023 was valued at \$17.8M (Unrealized gain of \$9.1M) compared to \$8.7 million (Unrealized loss of \$12.9M) for the prior period. On August 24, 2021, the Company made an investment of US\$20,000,000 in Common C Holdings LP ("Common Citizen"). Common Citizen focuses on cannabis production, cultivation, processing, retail and wholesale distribution for both the medical and adult market in Michigan and across the United States. Launched in Detroit in 2018, the Common Citizen brand takes a deliberate, people-first approach to its business strategy — from production to retail. As of November 30, 2023, Common C was valued at \$3.3m compared to \$13.6m for the prior period. The Company recorded an unrealized loss of \$10.3 million for the year ending November 30, 2023, compared to unrealized loss of \$13.0M for the year ending November 30, 2022. Realized loss on public/private investments for November 30, 2023, was \$10.1M compared to realized loss of \$33.2M for the prior period net change of \$23.1M. The company was selective on disposal of its public investments due to market conditions.

- In July 2021, Livwrk SOL Wynwood LLC ("Livwrk Wynwood"), an indirect, majority-owned (45% ultimate ownership interest) subsidiary of the Company, acquired commercial property in the Wynwood area of Miami, Florida for investment purposes. The property includes a retail storefront, and an office building with associated land (the "real estate asset"). SOL Global, being familiar with Miami, recognized the potential for the city to continue to develop into a hub for technology development, innovation, and entrepreneurship, and the impact that it would have on real estate in the city, and thus saw an investment in Miami real estate as a logical way to diversify its investment portfolio, and add real asset exposure while opening opportunities for value creation through synergies with other investments. The investment as of November 30, 2023, was \$18.5 million compared to \$21 million for the prior period. The company recorded an unrealized loss of \$2.5 million in the current year compared to an unrealized gain of \$1.7 million. The remaining in losses suffered by cannabis/other public companies due to compressed valuations decline due to lack of institutional investment due to regulatory, legal and banking issues combined with the current economic outlook, the Company impaired the majority of its cannabis and public investments.
- Interest Income increased by \$5.5M. This can be primarily attributed to the company recording interest income of \$7.6M from one of its subsidiaries in regard to intercompany promissory note receivable. Subsidiary has recorded interest expense of \$7.6M and overall, in the Income statement interest income offsets interest expense.
- Foreign Exchange loss decreased by \$0.6M due to fluctuations in USD-CDN FX Markets over the past twelve months combined with decreased US M&A activities which led to decreased spending which resulted in decreased legal, consulting, due diligence and other professional fees.
- Severance expense decreased by \$21.5 million, On April 25, 2022, Kevin Taylor was appointed as Chief Executive Officer and Chairman of the Company, replacing Andrew DeFrancesco. Mr. DeFrancesco was eligible for severance payable of \$24.0M payable over 6 years at \$1.0M per quarter. In accordance with IAS 19, the Company discounted and determined the fair value of severance liability. As of November 30, 2023, the fair value of severance expense was \$23.6 million (Severance payable - \$18.7 million and Bonus payable - \$4.9 million)
- Salaries and consulting fees decreased by \$7.0 million compared to the prior period due to the departure of executives combined with decreased M&A activity which led to a decrease in consulting fees.
- Interest expense increased by \$6.2 million, compared to November 30, 2022. This increase can be attributed to the company adding new loan of \$8.9M to offset partial amount owing to former director and for company's working capital combined with increase in interest rate by 5% from 9% to 14% per annum due to company defaulting on the principal payments. The Company's subsidiary has recorded interest expense of \$6.5M in regard to intercompany promissory note receivable to the parent company. The parent company recorded \$6.5M interest income overall this amount offsets against each other. Overall, in the Income statement, interest income offsets interest expense.
- Financing expenses increased by \$0.5 million compared to November 30, 2022. On September 3, 2021, the Company drew down the \$50 million line of credit to pay 1235 Fund LP as part of the legal settlement. The Company extended the payment terms in FY 2023 which resulted in additional financing cost compared to period ending November 30, 2022.
- Professional fees and transaction costs decreased by \$2.1 million between periods. This is primarily due to a decrease in M&A activities due to current market conditions and the company being selective on new potential deals.
- General & administrative expenses decreased by \$5.6 million between the periods. In the prior period, the Company terminated a lease agreement for commercial airplane. The Company recorded Nil in depreciation

SOL Global Investments Corp

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expense and Nil in airplane maintenance expense compared to \$0.7 million and \$1.0M in the prior period. In the prior period, CRA reassessed the company's HST claimed in the prior period and the company accrued \$2M in HST expense. During the current period, the company terminated Miami office lease agreement and decrease lease obligations and right of asset and the company also recorded as a reduction in rent expense of \$1.4M. The company decreased M&A activities compared to the prior year and as a result travel expenses decreased by \$0.4M.

- During the year-ended November 30, 2023, the Company recorded \$0.3k in settlement of litigation compared to \$0.7M in the prior period. On July 14, 2022, an external party filed a lawsuit against SOL former management pertaining to the sale of the external party's equity shares in a publicly traded company. On June 8, 2023, both parties settled the lawsuit. Total settlement amount was \$250k USD. The company wired \$33.2k CDN (\$25k USD) and accrued \$305.4k CDN (\$225k USD). In the prior year, the company recorded \$675,360 CDN (\$500,000 USD) in relation to a lawsuit against the company in the United States District Court for the Southern District of New York related to Simply Inc. The company entered into a stipulation of settlement whereby the company agreed to pay \$500k USD in installments to settle the litigation.

INVESTMENTS

Investments are measured and carried at fair value at each reporting period. Fair value measurements are based on a three-level fair value hierarchy, based on inputs used in determining the fair value of financial assets and liabilities. The hierarchy of inputs is summarized as follows:

- Level 1 - inputs used to value financial assets and liabilities are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs used to value financial assets and liabilities that are other than quoted prices included in Level 1 that are observable either directly or indirectly for the asset or liability. Level 2 investments are valued based on the prices of recent transactions among arm's length market participants and through incorporating observable market data and using standard market convention practices.
- Level 3 - inputs used to value financial assets and liabilities are not based on observable market data.

Investments consisted of the following at November 30, 2023:

Financial assets measured at fair value	Cost \$	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Common shares	269,955,997	3,834,599	38,036,717	39,778,668	81,649,984
Commercial Asset	15,170,102	-	18,498,695	-	18,498,695
Warrants	4,350,485	-	1,263,926	1,039,181	2,303,107
Investments Subtotal	289,476,584	3,834,599	57,799,338	40,817,849	102,451,786
Promissory notes receivable	1,085,849	-	-	20,000	20,000
Total	290,562,433	3,834,599	57,799,338	40,837,849	102,471,786

Investments consisted of the following at November 30, 2022:

Financial assets measured at fair value	Cost \$	Level 1 \$	Level 2 \$	Level 3 \$	Total Fair Value \$
Common shares	231,257,039	20,938,806	29,745,985	70,783,430	121,468,221
Commercial Asset	14,645,038	-	21,818,721	-	21,818,721
Warrants	4,350,485	235,013	509,022	992,726	1,736,761
Investments Subtotal	250,252,562	21,713,819	52,073,728	71,776,156	145,023,703
Promissory notes receivable	9,577,888	-	-	2,519,842	2,519,842
Convertible debentures	6,376,502	-	-	2,260,370	2,260,370
Total	266,206,952	21,713,819	52,073,728	76,556,368	149,803,915

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Change in level 3 investments

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the year ended November 30, 2023, and the year-ended November 30, 2022

	Private Equities \$	Convertible debentures \$	Promissory notes \$	Warrants \$	Total Fair Value \$
Balance December 1, 2021	105,215,792	20,349,413	7,103,411	4,029,907	136,698,523
Purchases	4,218,788	-	2,361,520	-	6,580,308
Unrealized gains (losses)	(101,484,626)	(10,517,061)	(6,092,652)	(3,037,181)	(121,131,520)
Disposal ⁽¹⁾	(15,485,784)	(7,571,982)	(1,374,150)	-	(24,431,916)
Transfer to Level 2 ⁽²⁾	(21,672,756)	-	-	-	(21,672,756)
Transfer from Level 2 to Level 3 ⁽³⁾	99,992,016	-	-	-	99,992,016
Interest income	-	-	521,713	-	521,713
Balance, November 30, 2022	70,783,430	2,260,370	2,519,842	992,726	76,556,368
Purchases	8,883,085	-	-	-	8,883,085
Unrealized gains (losses)	(29,145,847)	1,488,018	(797,354)	46,455	(28,408,728)
Disposal	(9,418,219)	(3,748,388)	(1,702,488)	-	(14,869,095)
Transfer from Level 3 to Level 2 ⁽⁴⁾	(1,323,781)	-	-	-	(1,323,781)
Balance, November 30, 2023	39,778,668	-	20,000	1,039,181	40,837,849

1. USD\$2M in Jones Soda convertible debt converted to 4,025,035 Jones Soda free trading shares in Q3 2022 and USD\$1.3M of Engine Media Holdings, Inc. ("Engine Media") convertible debt transferred to private company in exchange for 3,322,500 common shares of Heavenly.
2. Core Scientific, via a special purpose acquisition company merger on January 29, 2022, started trading on NASDAQ. Fair value of Core Scientific was presented in Level 3 for the period ending November 30, 2021 and is shown as part of Level 2 for free-trading shares for the period ending November 30, 2022.
3. Private Company was previously included as part of Level 2, and for the period ending November 30, 2022, they were reclass to Level 3.
4. Private Company LP was previously included part of level 3 for period ending November 30, 2022 and they were reclass to Level 2 for period ending November 30, 2023.

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Significant unobservable inputs

The key assumptions the Company used in the valuation of level 3 investments include, but are not limited to, the value of recently completed financings by the investee, entity-specific information, and publicly available information of comparable entities.

	Fair value as at November 30, 2023 \$	Fair value as at November 30, 2022 \$	Range of Input	Valuation technique	Unobservable inputs
Private company common shares	39,778,668	70,783,430	Lack of Marketability Discount: 20%, Discount Rates: 8.7%- Other Investment Specific Discounts: 10%- 100%	Recent transaction and financings, Discounted cash flow methodology, trends in comparable companies and/or transactions	Period-end transaction prices, discount rates, growth and margin estimates, investment specific adjustments
Convertible debentures	-	2,260,370	N/A	N/A	N/A
Promissory notes	20,000	2,519,842	Discount rate 2% - 100%	Discounted cash flow methodology	Discount rate
Warrants	1,039,181	992,726	Volatility: 87- 111% Illiquidity discount for Private Warrants: 20%	Black-Scholes option pricing	Expected volatility, investment specific adjustments
Total	40,837,849	76,556,368			

For the Level 3 investments, the inputs used are judgmental using managements best estimates. A small increase or decrease in the key assumptions would result in a corresponding significant change to the total fair value of Level 3 investments. The overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments.

The Company used a combination of valuation techniques as determined by the nature of each investment and security type. All valuation techniques rely on assumptions that may differ, to a reasonable degree, between informed professionals. This may include, but is not limited to, comparable multiples, discount rates, growth rates, increases or decreases in margins, the likelihood of certain events to take place in the future, the intensity of competition in a market, future volatility of market prices, credit worthiness of borrowers, and adjustments for investee specific factors.

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	November 30, 2023	November 30, 2022
	\$	\$
Investments		
Common shares, in public and private companies	81,649,984	121,468,221
Commercial Assets	18,498,695	21,818,721
Common share purchase warrants, in public companies	2,303,107	1,736,761
Total Investments	102,451,786	145,023,703
Convertible debentures, in public companies	-	2,260,370
Promissory notes, in private companies	20,000	2,519,842

As at November 30, 2023, the fair value of the Company's investments in cannabis and related investments in the United States of America totaled \$6,689,137 (2022: \$20,477,067). The fair value of non-United States of America cannabis, cannabis related investments and non-cannabis investments totaled \$95,762,649 (2022: \$124,546,636).

Investments

The Company's investments totalling \$102,451,786 (2022: \$145,023,703) include common shares in public and private companies, commercial assets, and common share purchase warrants of public companies. The Company values its common shares of public companies at price quotations in active markets. The Company values its common shares in private companies based on various factors including, but not limited to, present market conditions, values of comparable companies, internal or external valuations, the per share price of recent financings or transactions undertaken by the private Company, and the like. Internal valuations of private companies generally rely on a combination of approaches including market multiples of comparable companies, valuations and multiples of comparable transactions and intrinsic estimates of value such as discounted or capitalized cash flow methodologies.

Comparable market multiples rely on assumptions about the comparability of publicly traded companies. Multiples are adjusted for factors that are specific to private companies or the investment. For example, an illiquidity discount of 20% was applied to value companies that are not publicly traded based on the trading multiples of publicly traded comparable companies. Additional adjustments for size, market share, superior or inferior margins, among other considerations were applied where appropriate. The application and size of each adjustment is subject to professional judgement. A 10% change in a revenue or earnings multiple may significantly change the estimated value of an investment.

Often, private companies raise capital in multiple rounds. Occasionally, the Company invests in a round that was subsequently followed by another capital raise at a different valuation and a different price per share where unrelated third-party investors subscribed. The Company generally considers these arm's-length equity financing to be strong evidence of the fair market value of the investment at, or near, the time of the raise.

Intrinsic methods for valuing private companies are highly subject to professional judgement and are recorded as the midpoint of a range following a sensitivity analysis. Factors specific to each investment, such as forward-looking projections of sales and costs often rely on material non-public information provided by investees to investors. Small changes in discount rates, meant to reflect the risk of future cash flows, can have material effects on valuations. Many of the Company's investments are of a "high risk, high reward" nature due to the relatively early-stage of investee company operations and industry and market volatility and accordingly discount rates ranging from 25% - 30% are used in income-approach valuations.

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With the exception of warrants which are publicly traded, common share purchase warrants are valued using the Black-Scholes option pricing model. The following are the assumptions used in valuing the common share purchase warrants using the Black-Scholes option pricing model:

	November 30, 2023	November 30, 2022
Expected volatility	87%-111%	54.25%-116.87%
Risk-free interest rate	4.22%-5.41%	3.89%
Expected life (in years)	0.21-1.94	0.34-1.21
Expected dividend yield	0.0%	0.0%
Underlying share price	\$0.21-\$14.73	\$0.04-\$10.20

Convertible Debentures

The fair value of convertible debentures in public and private companies totalled \$Nil (November 30, 2022: \$2,260,370). As of November 30, 2023, accrued interest totalled \$Nil (November 30, 2022: \$Nil). The fair value of the conversion features was estimated using a Black- Scholes option pricing model with the following assumptions:

	November 30, 2023	November 30, 2022
Expected volatility	N/A	24%-174.4%
Risk-free interest rate	N/A	3.65%-3.89%
Expected life (in years)	N/A	0.21-2.39
Expected dividend yield	N/A	0.0%
Underlying share price	N/A	\$0.22-\$2.53

Promissory Notes

As of November 30, 2023, a total of \$20,000 with a cost of \$1,085,849 (2022: \$2,519,842 with a cost of \$9,577,888) was held in promissory notes that were due from private companies. Interest accrued for the promissory notes as of November 30, 2023, was \$Nil (2022 - \$521,713).

Commercial Asset

On March 23, 2021, one of the Company's subsidiaries invested in a Tampa real estate property valued at \$860,370 CDN (\$672,096 USD). As of November 30, 2023, Tampa real estate was disposed for \$858,332 CDN (\$636,944 USD) resulted in a realized loss of \$47,370 CDN (\$35,152 USD) (Nov 30, 2022 - \$854,940 CDN). On July 23, 2021, one of the Company's subsidiaries entered into a joint venture agreement on a real estate development project, in which SOL currently owns 24.74% of the joint venture. The Company has advanced \$15,170,102 CDN (\$11,628,569 USD) to the joint venture. As of November 30, 2023, the Miami commercial asset was valued at \$18,498,695 (2022 - \$20,963,781).

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Investment Holdings

House of Lithium Ltd. ("House of Lithium")

On November 9, 2021, the Company announced it had completed the disposition of its electric vehicle and clean-technology investment portfolio (the "Portfolio") to House of Lithium, an electric mobility and climate tech platform. 38,758,776 Class B common shares were issued to the Company (and its direct subsidiary) in exchange for the Assets which were valued at \$77,517,553. The Portfolio includes the following assets:

Damon Motors Inc. ("Damon"), based in Vancouver, British Columbia

Damon Motors is a global technology leader disrupting urban mobility. With offices in San Rafael, California and headquarters and manufacturing in Vancouver, Canada, Damon is on a mission to cause a paradigm shift for safer, smarter motorcycling. The company is delivering on its promise with award-winning innovation and unprecedented technologies. Damon has received more than US\$70 million in funding to date and has secured more than US\$85 million in pre-production, consumer reservations for its motorcycles.

Damon's award-winning electric superbikes, including HyperSport and HyperFighter, offer unparalleled safety, comfort, 5G connectivity and performance with groundbreaking technology and zero tailpipe emissions. Proprietary features include its CoPilot™ 360° advanced warning system, complete with a 7" LCD display that streams a rearview from the rear-facing camera; Shift™, which transforms the riding position between sport and commuter modes while in motion; and HyperDrive™, the world's first monocoque constructed, 100% electric, multi-variant powertrain platform, which enables Damon to rapidly introduce new models that share 85% of the parts of its sibling models.

On October 23rd, 2023, Damon announced that, it had entered into a definitive agreement with Inpixon (NASDAQ:INPX) to undergo a reverse merger with a proposed spin-off entity of Inpixon, Grafiti Holding Inc., consisting of Inpixon Ltd.'s data analytics division based in the UK. This strategic move aims at listing the company on the Nasdaq Capital Market, subject to initial listing application approval, reflecting a significant step towards enhancing market visibility and shareholder value. With over \$85 million in pre-production reservations, this merger is poised to bolster Damon's financial standing and market presence while aligning with their mission of advancing motorcycle safety and performance through cutting-edge technology. See the full press release [here](#).

On May 2, 2023, Damon announced its production-locked design of the HyperSport, tweaking aspects of the initial design to reduce aerodynamic drag, including headlight mounted wings, and side-fairing internal ducting & venting. See more [here](#).

On February 20, 2023, the Damon HyperFighter Colossus was featured on HiConsumption Top 15 Best Electric Motorcycles to Ride Every Day, as it continues to push the frontier of the new sector at a staggering rate.

On October 6th, 2022, Damon announced that, due to its significant order backlog, with the potential of exceeding US\$250M through international partnerships, it had leased a 108,000 square foot plant in Surrey, British Columbia to prepare to scale manufacturing for the production of Damon's flagship HyperSport electric motorcycle, with initial deliveries expected in 2024. Damon also recently announced that it had formed a partnership with Indika Energy, Indonesia's leading diversified energy company. Indika has also made an undisclosed investment in Damon and will serve as the distributor for Damon's line of motorcycles in the Indonesian market. The full announcements can be found [here](#).

Damon's state-of-the art innovations have received numerous awards including the CES 2020 and 2022 Innovation Award, the Edison Best New Product Award, the Big Sustainability Award, Fast Company's World Changing Idea, the GOOD DESIGN® Award, a Digital Trends Top Tech, a Red Herring Top 100, a North America finalist award for CleanTech, Popular Science's Best of What's New Award, and a Robb Report "Best of the Best" award for motorcycle innovation. Damon's investors include Round13 Capital, Techstars, Fontinalis Partners, Extreme Venture Partners, Benevolent Capital Partners, and Pallasite Ventures. Visit <https://damon.com/>.

Tevva Motors Ltd. ("Tevva"), based in London, UK

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Tevva is a leading developer of hydrogen and electrification systems for commercial vehicles. Its technology across the electric powertrain drives superior performance, is applicable to a broad range of vehicles and duty cycles and provides a solution which prevents emissions in urban areas, whilst enabling a fully practical vehicle for operators. Tevva has a modular approach to its technology design, enabling cost-effective integration into OEM vehicle platforms resulting in numerous competitive benefits for end users, including a significant reduction in total cost of ownership compared to diesel vehicles.

On June 30, 2022, Tevva announced the launch of its landmark 7.5-tonne hydrogen fuel cell-supported heavy goods vehicle (HGV) to be manufactured, designed, and mass-produced in the UK. The hydrogen-electric truck will have a range of up to 310 miles, and its hydrogen tanks can be refilled in 10 minutes. HGVs contribute approximately 18% of the UK's greenhouse gas emissions in the transport sector, according to government figures. By adding a hydrogen fuel cell system to its battery-electric HGV design, Tevva delivers zero-emission solutions to fleet operators across various industries and sectors and can be a key contributor to the decarbonization of transportation in Europe and North America.

In September 2022, Tevva's first series of BEV 7.5 ton trucks began rolling off the assembly line at its Tilbury, Essex factory. Customers are now receiving orders and Tevva trucks are operational on the road. In early 2023, Tevva received Community Whole Vehicle Type Approval (ECWVTA) for its 7.5 ton battery-electric truck, a key regulatory milestone towards mass production and sale across the UK and Europe. The first mass-produced electric trucks have started to be delivered from their UK base to customers including Expect Distribution, Travis Perkins, and Royal Mail. Tevva expects to sell up to 1,000 electric trucks in 2023.

On February 28, 2023, Tevva announced that it had entered into a strategic partnership with Ecobat, the global leader in battery recycling, for the repair, repurposing, and recycling of its lithium-ion batteries. The partnership kicks off with a 12-month pilot phase for first-life battery management, with the opportunity to expand into additional energy storage and recycling solutions.

On April 19, 2023, Tevva successfully developed a breakthrough regenerative braking system into its 7.5-ton battery-electric truck, in partnership with global Tier 1 supplier ZF. This system recuperates up to four times more energy than a conventional compressed air brake system, optimizing the range of the Tevva truck. The integration involved adapting ZF's Electronic Brake System (EBS) to work with Tevva's vehicle control unit (VCU), meeting all safety requirements. This technological advancement reduces brake wear and tear, providing efficient brake management and contributing to lower overall cost of ownership.

Tevva's 7.5 ton hydrogen electric truck was ranged tested by a team of four driving from London to the border of Scotland in temperatures as low as -10° C. The truck was able to travel nearly 350 miles without needing to stop to recharge or refuel in any way. This test validated the proprietary hydrogen range extension (REX) technology that allows Tevva's commercial trucks to travel distances unachievable by competitor's battery electric commercial vehicles. Tevva's 7.5-ton battery-electric vehicle has recently begun mass production at the company's London facility, with the first units scheduled for delivery next month. This will be followed by a 7.5-ton hydrogen-electric truck, enhancing the vehicle range to 354 miles.

Tevva Motors had explored a merger opportunity with ElectraMeccanica Vehicles Corp (NASDAQ:SOLO), a designer and assembler of electric vehicles, with a merger agreement proposed on August 15, 2023, aimed at combining their strengths in the electric vehicle sector. However, the merger didn't come to fruition and was terminated on October 4, 2023. Tevva continues to make strides in the hydrogen and electrification systems for commercial vehicles, working towards contributing to the reduction of emissions and advancing zero-emission transportation solutions.

On December 4th, 2023, Business Cloud ranked Tevva Motors in the UK's top 10 most innovative transport technology creators in their TransportTech Innovation 50 ranking.

Tevva is well positioned to become a global leader and manufacturer of medium to large-size zero-emission electric trucks by establishing localized production and selling trucks across the world, progressing to continental Europe and North America. With a strong management team and impressive track record of key milestone achievements, Tevva aims to create at least three production facilities with total capacity above 9,000 units per year by 2025. Tevva has raised over US\$140M from investors, including US\$57M in 2022. Visit www.tevva.com.

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Revolution Brands International, LLC ("Revolution Brands"), based in Miami, Florida

Revolution Brands International, LLC is a leading global designer, manufacturer, marketer and distributor of recreational electric vehicles, lifestyle products and mobile connectivity accessories. Headquartered in Miami, the organization operates as the parent company for a diverse portfolio of well-recognized brands across its core segments that include Kimoa, SimplyEV, Simply by Klik, House of Lithium and Minimotors – providing consumers with a wide range of high-quality and future-forward products through customer service-focused ecommerce and an expanding network of retail locations. Revolution Brands also recently acquired a majority stake in lifestyle brand Kimoa International LLC ("Kimoa"). Simply EV will be the preferred retailer for Kimoa across the U.S. Visit www.simplyev.com.

In June 2023, Aston Martin's F1 team announced a partnership with Kimoa and Revolution Brands for an Aston Martin clothing line and for the Kimoa logo to be featured on a grandstand.

Onet Global Inc. ("Navier"), based in San Francisco, California

Navier is building long-range, high-speed electric hydrofoiling boats that provide a smooth zero emission ride. It aims to enable clean, efficient, and affordable waterborne transportation for congested coastal cities around the world by reducing small marine vessel operational cost by 90%. Navier was founded by Sampri Bhattacharyya who holds a PhD in mechanical engineering from MIT and has worked on flight control systems at NASA. Navier has partnered with renowned Maine-based shipyard Lyman-Morse to build the Navier 30, its 30-foot, all-electric, hydrofoil-equipped boat.

As America's first electric hydrofoiling craft, and the longest range electric marine craft in the world, N30 is truly a game-changer. It was designed by a team of exceptional engineers and roboticists from MIT, CMU and Berkeley along with America's Cup lead Naval Architect Paul Bieker.

In 2023, Navier announced the start of its pilot program with San Francisco Water Taxi. It will be deploying boats to ferry people around the Bay Area as a demonstration of how smaller hydrofoil craft can help reduce traffic congestion in coastal cities at a fraction of the cost of large ferries with much lower emissions. Navier's "flying water taxis" have captured attention as they glide above the water, offering a silent, swift, and smooth ride with an impressive range of 75 miles on a single eight-hour charge. Navier's vision for the future was further emphasized during a showcase in the San Francisco Bay, demonstrating a strong commitment to revolutionizing waterborne transportation, aligning with the broader goal of making a significant impact by 2035.

In January 2024, Navier announced a new partnership with Stripe. Under the agreement, Stripe will pay Navier to shuttle employees from Larkspur, where a number of them are concentrated, to its office near Oyster Point, both reducing emissions and also saving passengers hours of commuting time.

Investors include Boston-based NextView Ventures and Propeller VC, as well as individuals like Rich Miner, the Cambridge-based co-creator of the Android operating system, and Google co-founder Sergey Brin. Tesla CEO Elon Musk was recently spotted taking the sleek-looking Navier prototype for a test drive in San Francisco Bay. See article [here](#).

The N30 platform is built to fundamentally change the unit economics of moving things and people on the water, thereby enabling a new opportunity for clean, scalable waterborne transportation which was never possible before. The zero-emission Navier 30 will be capable of a range exceeding 75nm at 20 knots and was launched at Art Basel in Miami at the end of 2022. Visit www.navierboat.com.

Switch Holdco Limited ("Switch Motorcycles"), based in Queenstown, New Zealand

Switch Motorcycles is a new wave production electric motorcycle company founded in 2017 which, in early 2020, launched its pre-production prototype - the globally acclaimed eSCRAMBLER™. The product was designed entirely in 3D by ex-Yamaha Japan Advanced Labs and former Flat Tracking champion Michel Riis Eriksen. The eSCRAMBLER™ was the winner of the Bike EXIF 2020 Bike of the Year award. Switch Motorcycles is taking pre-orders, for Q1 2023 delivery, for the eSCRAMBLER™, the world's first production electric scrambler, which powered by a 50 kW (~70 hp) air-cooled IPM electric motor sending power to the rear wheel via a gates carbon belt. The 13kWh LG 21700 li-ion battery pack provides over 150

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kms of range (93 miles). Visit www.switchmotorcycles.com.

Kiwi Campus Inc. ("Kiwibot"), based in Los Angeles, California and Medellin, Colombia

Kiwibot is a leading last-mile robotics delivery platform, developed at the University of California, Berkeley. Founded in 2017 by Felipe Chávez Cortés and Gerard Casale, Kiwibot provides an end-to-end robotic infrastructure to restaurant chains and food delivery aggregators in cities including San Jose, Palo Alto, Miami, and Detroit, using its largely autonomous Kiwibots, which boast proven operational technology with autonomous obstacle avoidance sensors and sidewalk and corner location detectors.

The food delivery market has experienced rapid growth with sales in the US increasing over 5x since 2018. Kiwibot solves the issue of increasingly expensive traditional delivery services by offering lean and cost-effective operations through better unit economics driven by reduced labor costs. Through partnerships with the San Jose Department of Transportation, Shopify, Olo, Ordermark, and others, Kiwibot is directly integrating with over 120 restaurants in San Jose. Through its partnership with Sodexo, Kiwibot has deployed over 500 robots across 26 college campuses in the United States. In December 2022, Kiwibot announced a partnership with Grubhub, a global food delivery service to deploy robots on more college campuses.

In February 2023, Kiwibot announced that it had secured a US\$10M financing facility to expand its Kiwibot fleet. It is operating more than 550 robots in at over 35 locations and universities worldwide. Visit www.kiwibot.com.

Trevor Motorcycles BV ("Trevor"), based in Antwerp, Belgium

Founded in 2020, Trevor has built a fully electric motorcycle with a "less-is-more" design, incorporating the very latest electric vehicle features and technologies in its lightweight and performance dirt bikes. Designed in California, Trevor's first model, the DTRé Stella, styled by ex-Alta designer John McInnis, is clean and modern, with a battery pack that is integrated into the trellis frame and manufactured by Workhorse Speed Shop. Trevor is preparing to ship the first batches of its DTRé Stella electric motorcycle later this year. Visit www.trevormotorcycles.com.

Ristretto Electric, LLC ("Ristretto"), based in Austin, Texas

Ristretto is an electric bike company based in Austin. Its products include beautifully designed, high-performance electric bikes. With a mission to amplify the brand focusing on design, performance, and technology, Ristretto continues to receive notable support from industry leaders. Recently, Evan Sharp, the co-founder and former chief design officer of Pinterest, and Biz Stone, the co-founder of Twitter, have joined Ristretto as investors, infusing their respective expertise in design, creativity, and technology into the company's innovative journey.

In a significant product unveiling, Ristretto introduced its latest innovation, the Ristretto 512 First Edition A20 & A24, at a Launch Premier event in Austin, Texas. CEO Christopher Gerardino led the event, showcasing the new perspective Ristretto is bringing to the micro-mobility space. Visit www.ristrettoelectric.com.

In conjunction with the portfolio disposition and launch of House of Lithium, on November 9, 2021, the Company purchased from House of Lithium 2,000,000 common shares at a price of \$2.00 per share for \$4,000,000. As additional consideration House of Lithium issued to the Company 5,000,000 warrants to purchase an additional common share at a price of \$2.00 for 24 months following the date of issuance, and 2,777,777 warrants to purchase an additional common share at a price of \$3.60 for 24 months following the date of issuance. Both tranches of warrants were later extended for an additional 24 month period. During the year, two of the Company's limited partners ("LPs") were dissolved and 6,488,374 House of Lithium Class A shares valued at \$5,894,208 were transferred to SOL.

In March 2022, House of Lithium completed a private placement equity financing with numerous third-party investors, issuing 1,872,205 shares at \$3.60 per share for gross proceeds of \$6,739,938.

As at November 30, 2023, the Company owned approximately 63% and 65% of the equity of House of Lithium on a basic and fully diluted basis, respectively.

The fair market value of the Company's position in House of Lithium as at November 30, 2023, was \$33,121,208

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(November 30, 2022 - \$49,723,665). The Company estimated the value of House of Lithium's equity using a Net Asset Value approach by summing the fair market value of its investment assets (determined through cost, market, and income-based methods as appropriate) and adjusting for its net cash and debt positions as of the valuation date. A Black-Scholes option pricing model was used to value the warrants. During the year ended November 30, 2023, the Company recorded an unrealized loss of \$23,812,614 (year ended November 30, 2022, unrealized loss: \$35,659,692) on its investment in House of Lithium.

House of Lithium continues to support its portfolio companies and monitor the capital markets landscape for opportunities to maximize shareholder value. Future drivers of change in the Company's investment in House of Lithium include the performance of its portfolio companies and the continued mass adoption of electric and mobility and green technology alternatives.

Fyllo Inc. (Casters Holdings Inc.)

In September 2019, the Company purchased convertible notes with a principal value of US\$400,000 in Casters Holdings Inc. ("Casters") which operates through its subsidiary Fyllo Inc ("Fyllo"). The Company subsequently converted the notes into 1,345,889 shares. In 2021, the Company invested an additional US\$200,000 in Fyllo's Series A2 funding round and approximately US\$4 million in its Series B funding round and US\$4 million in its subsequent approximately US\$40 million Series C funding round.

The fair value of the Company's investment at November 30, 2023 was \$4,162,016 (year ended November 30, 2022: \$11,650,275). During the year ended November 30, 2023, the Company recorded an unrealized loss of \$7,488,259 (year ended November 30, 2022: unrealized loss of \$6,100,142). Fyllo is a digital marketing and data business with a suite of compliance cloud software and services built to overcome the complexities of highly regulated industries. It delivers data, media, retail, and regulatory solutions that enable organizations to streamline compliance, increase efficiencies, and scale with speed. Its omnichannel advertising platform allows customers to run high impact campaigns across desktop, mobile, CTV, and more using enterprise-grade data. It also markets its products to law firms, marketing agencies and other customers that interact or operate in regulated industries.

In 2021, Fyllo purchased DataOwl, a software company that develops customer relationship management ("CRM") and business operating solutions for cannabis dispensaries. Following the integration of the platforms, Fyllo intends to market what it describes as the industry's "first end-to-end marketing solution", combining consumer data, digital advertising, regulatory compliance, CRM, and loyalty programs tied to a business' POS system.

Fyllo has continued to expand its capabilities to drive growth through strategic partnerships and acquisitions. In December 2021, Fyllo announced a partnership with Tremor Video, a leading programmatic video and connected TV platform. In February 2022, Fyllo announced the launch of Jurisdiction Dashboard, a powerful new feature in the Fyllo Regulatory Database. The dashboard, which updates in real-time, provides a complete, strategic view of jurisdiction-level cannabis activity and history, helping users quickly compare jurisdictions, spot trends, and identify and move on data-driven growth opportunities faster. In June 2022, Fyllo acquired NineSixteen, an interactive retail display network that delivers high-impact digital experiences in physical retail locations. Fyllo's business has shifted towards marketing solutions for mainstream brands and other applications for its tools and datasets.

Fyllo has changed its business model over 2023 to concentrate more on contextual targeting and marketing applications, and less on retail and cannabis applications. In January 2024, Jeff Ragovin became the new CEO of Fyllo after several senior management members left. Mr. Ragovin is a serial entrepreneur and founder with a lot of experience in the data and AI space.

Material drivers of fair value include growth in Fyllo's customer base, datasets, and increased demand for regulatory compliance software as well as its continued expansion into new segments by diversifying its product offerings. Future fair value increases may be driven by penetration of Fyllo's tools into other verticals with complex regulatory needs as well as leveraging its datasets to provide digital marketing solutions. The Company's investment was measured at fair value based on the price of the most recent financing where arm's length third parties participated and adjusted for company specific risks associated with ongoing operations. Visit www.hellofyllo.com.

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Captor Capital Corp. (CSE:CPTR)

Captor Capital Corp. ("Captor") is a vertically integrated cannabis investment company listed on the Canadian Securities Exchange, OTC USA and the Frankfurt Stock Exchange. Captor Capital markets and supplies recreational cannabis products, as well as other high demand cannabis-based goods directly to California consumers through its CHAI Cannabis retail locations and online and delivery networks. Captor currently has a number of revenue generating cannabis assets including CHAI Cannabis Co. dispensaries in Santa Cruz and Monterey, CA, as well as CHAI-branded e-commerce and delivery assets.

As at November 30, 2023, the fair market value of this position was \$ 415,092 (year ended November 30, 2022: \$3,579,963). In April 2021, the Company invested \$3.9 million in units of Captor for \$0.95 per unit. Each unit comprised of one share and one half of a share purchase warrant. A full warrant had a term of 2 years and a strike price of \$1.20. As of November 30, 2023, Captor warrants expired. As at November 30, 2023, the Company held 5,188,647 shares. The company's position in Captor was measured at fair value based on the market price of Captor's shares. The material drivers of change in the fair market value include expansion of the retail footprint, potential acquisitions, and the recent downturn in cannabis sector capital markets.

Captor is directly engaged in the cultivation and/or distribution of cannabis in accordance with U.S. state licences, however the Company does not control Captor. Accordingly, the Company's investment in Captor may be considered to be "ancillary industry involvement" as described under Staff Notice 51-352. See "Regulatory Developments – Regulatory Developments in the United States", "Issuers with U.S. Cannabis-Related Assets" and "Risk Factors". To the best of the Company's knowledge, Captor is in compliance with all applicable federal and state guidelines. Visit www.captorcapital.com.

Simply Better Brands Corp. (TSXV:SBBC)

Simply Better Brands Corp. ("SBBC") leads an international omni-channel platform with diversified assets in the emerging plant-based and holistic wellness consumer product categories. Its mission is focused on leading innovation for the informed Millennial and Generation Z populations in the rapidly growing plant-based, natural, and clean ingredient space. SBBC continues to focus on expansion into high-growth consumer product categories including CBD products, plant-based food and beverage, and the global pet care and skin care industries. SBBC's product portfolio includes PureKana, a leader in the CBD oils and tinctures space. It has shown persistent growth and margin defensibility since its founding in 2017.

As at November 30, 2023, the Company held 605,780 shares with a fair market value of \$145,387 (November 30, 2022 – 1,616,525 shares with a fair market value of \$351,608).

On February 23, 2023, SOL Global acquired 3.3 million units of Simply Better Brands at a price of \$0.25 per unit, representing approximately 4.69% of the issued and outstanding common shares of Simply Better Brands for \$825,000. Each unit consists of one common share of Simply Better Brands and one-half of one common share purchase warrant. Each whole warrant is exercisable for a period of two years at an exercise price of \$0.45 per common share. 3.3 million shares were transferred to SOL Global's lender as part of debt/financing fee repayment. The number of warrants is 1,650,000 and as of November 30, 2023 was valued at \$131,644 (November 30, 2022 - \$Nil).

On August 29, 2023, SBBC announced second quarter sales of \$23.6 million while investing in brand growth and capability expansion.

- As a result of TRUBAR exceeding the bar category sales velocities at Costco, TRUBAR was able to access national distribution at Costco during the quarter.
- PureKana, a leading plant-based wellness brand, remained focused on its customer acquisition initiative, adding over 61,925 customers during the quarter and replenishing the sales funnel into a subscription model.

SBBC announced its outlook for 2023:

- Expected consolidated net sales to exceed \$80 million.
- Expected gross margin as a percentage of net sales to be between 58% and 60%

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SBBC's strategic priorities remain to lead consumer-centric innovation and direct customers to its emerging brands by driving category and channel expansion. It continues to focus on improving its working capital position through a number of initiatives including equity and convertible debt private placements, issuance of promissory notes and establishment of lines of credit for its subsidiaries. On June 7, 2022, SBBC terminated the previously announced letter of intent to merge with craft soda company Jones Soda (CSE:JSDA) (OTCQB:JSDA) due to unfavourable market conditions. Key drivers of growth are continued robust customer acquisition for its PureKana product line, and the distribution and expansion of TRUBAR. Visit www.simplybetterbrands.com.

Common C Holdings LP

On August 24, 2021, the Company made an investment of US\$20,000,000 in Common C Holdings LP ("Common Citizen"). Common Citizen focuses on cannabis production, cultivation, processing, retail and wholesale distribution for both the medical and adult market in Michigan and across the United States. Launched in Detroit in 2018, the Common Citizen brand takes a deliberate, people-first approach to its business strategy – from production to retail. Michigan's cannabis market has grown to nearly US\$2.3 billion in sales in 2022 becoming the nation's second largest cannabis market as it continues to expand to meet the surging demand of the nascent recreational market, according to the state's Cannabis Regulatory Agency (CRA).

As at November 30, 2023, the fair value of the Company's investment in Common Citizen was \$3,326,772 (November 30, 2022 - \$13,629,449). During the year-ended November 30, 2023, the Company recorded an unrealized loss of \$10,302,583 (November 30, 2022 - Unrealized loss of \$11,973,239) on its investment in Common Citizen.

Through streamlining management functions, optimizing product mix, economies of scale and scope and other efficiency initiatives, Common Citizen has achieved success in consolidating, vertically integrating and operating in the Michigan market. Consequently, in 2022 Common Citizen achieved significantly improved revenue, gross margin, EBITDA, and adjusted EBITDA vs 2021 on an absolute and per unit basis. However, equity valuations of comparable publicly traded cannabis companies have declined with rising interest rates impacting broader equity markets and frontier industries in particular.

On December 14, 2022, Common Citizen closed its merger with High Life Farms. The merger involved Common Citizen acquiring the stock of High Life Farms using a combination of cash and Common Citizen stock.

On September 14, 2023, The Green Market Report awarded Common Citizen as the Best Cultivator in Michigan. Common Citizen was recognized for its commitment to excellence in cultivation practices and product quality in the state's cannabis industry.

On January 16, 2024, it announced a formal partnership with Lucid Green. The technology-enabled partnership is aimed at enhancing consumer trust and transparency in the cannabis industry. This collaboration will leverage Lucid Green's technology platform to provide consumers with detailed product information, including origin, testing data, and usage guidelines, ensuring transparency and fostering trust in Common Citizen's products.

Common Citizen takes a deliberate, people-first approach to its business strategy and, in concert with its licensed partners, is well-positioned to capture a significant portion of the growing Michigan cannabis market. Future drivers of value in the Company's investment will be driven by the successful acquisition and integration of retail cannabis outlets, vertical integration, and margin expansion related to efficiency initiatives. Visit www.commoncitizen.com.

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Jones Soda Co. (CSE:JSDA)

Jones Soda Co. ("Jones Soda") together with its subsidiaries, develops, produces, markets, and distributes beverages in the United States, Canada, and internationally. Jones Soda offers iconic premium soft drinks, fountain products, co-brand, and private label products. It also sells various products online including soda with customized labels, candies, and wearables. Jones Soda sells and distributes its products through a network of independent distributors, and national and regional retail accounts, as well as through grocery stores, convenience stores, gas stations, and restaurants. It operates 210 Meijer stores in six Midwest states. The Company acquired shares and convertible debt in Jones Soda through private financings as well as through purchases in the open market.

As at November 30, 2023, the Company held 14,796,380 common shares of Jones Soda and 8,855,035 common share purchase warrants. The warrants have a US\$0.625 strike price and are exercisable until February 14, 2024. The fair market value of the Company's position in Jones Soda as at November 30, 2023, was \$2,959,276 (November 30, 2022: \$5,896,251). The fair market value was determined based on the trading price of Jones Soda on November 30, 2023, and the use of the Black-Scholes option pricing model to value the warrants. As at November 30, 2023, the Company owned approximately 22% of Jones Soda on a partially diluted basis. During the year-ended November 30, 2023, the Company recorded an unrealized loss of \$2,936,975 (November 30, 2022: unrealized loss of \$13,243,918) on its investment in Jones Soda.

Third Quarter 2023 Financial Summary vs. Year-Ago Quarter

- Revenue was \$4.5 million compared to \$4.8 million. The third quarter of 2023 included approximately \$220,000 in revenue from the Company's Mary Jones cannabis business.
- Gross profit as a percentage of revenue increased 600 basis points to 32.9% compared to 26.9%.
- Net loss improved to \$0.9 million, or \$(0.01) per share, compared to a net loss of \$1.7 million, or \$(0.02) per share.
- Adjusted EBITDA improved to approximately \$(862,000) compared to \$(980,000).

On June 8, 2023, Jones Soda announced the appointment of David Knight as its new CEO. Mr. Knight previously served as Vice President of Marketing Gatorade International for PepsiCo International, Vice President of Marketing Asia Pacific for Quaker Oats, Vice President of Internal Communications for eBay Inc., and most recently was CEO and Co-Founder of SX Latin Liquors, a start-up company that developed and launched a new innovative product range of Latin spirits, and Chief Beverage Officer for CFH Ltd., where he built a beverage division from the ground up that included CBD beverages. Mr. Knight has a Bachelor of Business, Marketing from the University of New South Wales in Sydney, Australia.

Future changes in fair value may be driven by market conditions, Jones Soda's ability to mitigate inflationary and supply chain pressures, market penetration and development of Jones Soda's core products, and the commercial success of Jones Soda's new cannabis beverage line, Mary Jones. On June 7, 2022, SBBC terminated the previously announced letter of intent to merge with craft soda company Jones Soda due to unfavourable market conditions.

On February 6, 2024, Jones Soda announced it is expanding its Mary Jones cannabis brand into Ontario, Canada, offering 10mg THC-infused sodas in various flavours. Manufactured and distributed through Tilray Brands, the brand plans to explore other cannabis product categories in the Canadian market, with Green Hedge providing sales and marketing support. Mary Jones aims to cater to the growing demand for infused beverages in Canada, leveraging its success in the U.S. market.

Jones Soda is now directly engaged in the cultivation and/or distribution of cannabis in accordance with U.S. state licences, however the Company does not control Jones Soda. Accordingly, the Company's investment in Jones Soda may be considered to be "ancillary industry involvement" as described under Staff Notice 51-352. See "Regulatory Developments – Regulatory Developments in the United States", "Issuers with U.S. Cannabis-Related Assets" and "Risk Factors". To the

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best of the Company's knowledge, Jones Soda is in compliance with all applicable federal and state guidelines. Visit www.jonessoda.com.

Livwrk SOL Wynwood LLC

In July 2021, Livwrk SOL Wynwood LLC ("Livwrk SOL") acquired a 2.4-acre assemblage (the "Property") in the Wynwood area of Miami, Florida. The fair market value of SOL Global's investment in Livwrk SOL as of November 30, 2023, was \$18,498,695 (November 30, 2022 - \$20,963,781). During the year-ended November 30, 2023, the Company recorded an unrealized loss of \$2,710,662 (November 30, 2022: unrealized gain of \$1,697,231) on its investment in the asset.

The Company determined the fair market value using a multi-pronged approach incorporating market-based comps, cap rates, intrinsic valuation methods, and a third-party appraisal of the Property conducted by Colliers International to support a recent preferred equity offering on the Property.

The project includes total floor area of 922,466 square feet and a total residential unit count of 542 apartments, including a mix of unit types ranging from Studios to 3-Bedrooms – with 186 units under 650 square feet and 356 units that exceed 650 square feet. The project is designed to incorporate a wide array of indoor and outdoor amenities, reflecting the unique scale and culture of the Wynwood area. The prime location of the site provides residents with immediate access to beautifully landscaped parks, a variety of indoor and outdoor dining options including food halls, and top-tier shopping destinations.

The change in the fair value of the Company's investment in Livwrk SOL has been driven by the continued strength of strategically located, large Miami development property values and emergence of Wynwood as a destination neighborhood, offset by a decrease in the Company's stake in Livwrk SOL with other investors funding pre-development costs. Future changes in fair value may be driven by Livwrk SOL's ability to advance development, the continued growth of Miami and Wynwood specifically, and the strength of the broader real estate market and capital markets for real estate development.

Marsico AXS CS LLC

In September 2021, the Company, through a wholly owned subsidiary, invested US\$11.5 million in Marsico CS ("Core Scientific"), an investment vehicle of Colorado-based Marsico Capital Management. Marsico CS was set up as an investment vehicle for the purpose of raising capital and investing in Core Scientific, and subsequently completed its investment in Core Scientific.

Core Scientific is a large-scale net carbon-neutral blockchain infrastructure provider and miner of digital assets in North America. Core Scientific has operated blockchain infrastructure in North America since 2017, using its facilities and intellectual property portfolio of more than 70 patents or applications for digital asset hosted mining and self-mining. Core Scientific operates data centers in Georgia, Kentucky, North Carolina, and North Dakota. Core Scientific's proprietary Minder® fleet management software combines hosting expertise with data analytics to deliver maximum uptime, alerting, monitoring and management of all ASICs and GPUs in Core Scientific's network.

On January 23, 2024, the company successfully completed its Chapter 11 reorganization, emerging from bankruptcy with a strengthened balance sheet. The listing of its common stock, tranche 1 warrants and tranche 2 warrants on the Nasdaq Global Select Market under the symbols CORZ, CORZW and CORZZ, respectively, occurred on January 24, 2024. Core has made significant progress throughout its emergence including paying off its DIP financing, finalizing an oversubscribed \$55 million Equity Rights Offering, as well as self-mining 13,762 bitcoin and ~5,512 bitcoin from hosted miners.

Over 50% of the power used in Core Scientific's operation was generated from non-carbon emitting sources by local power providers pursuant to long-term power contracts. Core Scientific determines whether power is generated from non-emitting energy sources from dispatch reports or grid generation mix reports provided by Core Scientific power

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providers. Based on these reports Core Scientific purchased Green-e certified renewable energy credits ("RECs") to offset 100% of the carbon produced as a result of its contracted power. Core Scientific expects to maintain its 100% net carbon neutrality by increasing its overall use of renewable power and by purchasing RECs when necessary. An intended de-Special Purpose Acquisition Company ("SPAC") transaction between Core Scientific and Power and Digital Infrastructure Acquisition Corp. ("XPDI"), a listed SPAC, was announced in July 2021. The de-SPAC transaction between Core Scientific and XPDI closed in January 2022. The resulting company, named Core Scientific Inc., began trading on the NASDAQ exchange on January 20, 2022.

The Company's position in Core Scientific was valued at the fair market value as of November 30, 2023, by considering the value of both the debt and equity parts of the secured convertible debenture of Core Scientific that Marsico CS owned, as well as the Chapter 11 reorganization plan that was submitted to the bankruptcy court, which showed the value of new securities that would be given to the owners of the original convertible notes that SOL Global invested in through Marsico CS.

The fair market value of the Company's position in Core Scientific as of November 30, 2023, was \$17,861,697 (November 30, 2022- \$8,746,009). During the year-ended November 30, 2023, the Company recorded an unrealized gain of \$9,115,689 (November 30, 2022: unrealized loss - \$12,926,747) on its investment in Core Scientific. The change in value was driven by the high volatility in its share price following its Chapter 11 announcement in November 2022, and its subsequent rally as the price of bitcoin improved. Future changes in fair value will be driven by the cryptocurrency market and popularity of Bitcoin, and Core Scientific's ability to mine for digital assets profitably and efficiently and to attract customers for hosting services, while managing its costs and mitigating inflationary pressures on energy costs.

Visit www.corescientific.com.

Andretti Acquisition Corp. (NYSE:WNNR)

Andretti Acquisition Corp. (NYSE:WNNR) ("Andretti"), a SPAC that was formed for the purpose of effecting a business combination with one or more businesses or entities,] primarily focused on the broadly defined automotive industry. This industry includes, but is not limited to, advanced mobility and related next-generation technologies, premium and performance vehicles, and replacement automotive parts. Two key members of the management team are racing legends Mario and Michael Andretti, and Andretti seeks to focus on opportunities that can benefit from the iconic Andretti brand name.

Management's experience in the auto-racing and automotive space, paired with the Company's varied investments in electric mobility presented a unique opportunity to participate in the SPAC side of the EV market with a top-tier team. The Company co-sponsored the SPAC's initial public offering and received 1,490,923 Class B founders shares that convert to Class A common shares upon closing of a qualifying acquisition. The Company also purchased 3,450,000 warrants that give the right to purchase Class A common shares of Andretti at a US\$11.50 strike price.

On September 6, 2023, Andretti announced that it had entered into a definitive business combination agreement that will result in Zapata AI becoming a U.S. publicly listed company. The announced business combination is expected to close in Q1 2024.

On January 29, 2024, Andretti announced the effectiveness of its registration statement, and the subsequent approval of its business combination with Zapata AI. This milestone marks a significant step forward in the planned merger between Andretti Acquisition Corp. and Zapata AI. The registration statement's effectiveness is a critical development in the process, bringing the companies closer to finalizing their merger and moving forward with their strategic objectives.

The fair value of the Company's investment in Andretti as of November 30, 2023, was \$16,206,883 (November 30, 2022- \$14,063,047). The Company recorded an unrealized gain of \$2,143,836 on its investment in Andretti during the year-ended November 30, 2023 (November 30, 2022: unrealized gain - \$9,708,158). The fair value of the Company's investment in Andretti as of November 30, 2023, was determined based on the sum of the closing trading price of the Company's

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Andretti shares and warrants, which are both publicly traded. The fair value of the shares was discounted for illiquidity and by using contemporary rates of success for SPACs that consummate business combinations beyond the definitive agreement stage.

The increase in fair value of the Company's investment in Andretti was driven by the increase in share price and progression towards a business combination. Future increases in the fair value will be driven by market conditions for SPACs and Andretti successfully executing a qualifying acquisition. Visit www.andrettiacquisition.com.

Build A Rocket Boy Ltd.

Build a Rocket Boy Ltd. ("BARB") is an independent video game company based in Edinburgh, Scotland, founded by Leslie Benzie in 2016 focused on the future of cutting-edge AAA games. Benzie is the highest grossing video game designer, director, and producer of the last two decades, whose games have accumulated \$15bn in aggregate global revenue. Grand Theft Auto (GTA) and Red Dead Redemption are the two most notable franchises he's credited with overseeing.

BARB is currently in production of its inaugural video game, EVERYWHERE, an open world social massively multi-player online game (MMO) set to launch in mid to late 2023. BARB believes the future of entertainment lies at the intersection of video games, user generated content (UGC) and virtual worlds, where a captive venue allows the consumer to shop (e-commerce), watch, listen and socialize within the forum. BARB is pursuing a community-first approach that will be the key driver underlying the success of its accompanying metaverse and igniting the embedded crypto cloud-based economy. Both the AAA game and the metaverse are powered by proprietary tools, technology stack and architecture.

Since inception, BARB has attracted a crop of award-winning seasoned game developers, who now total ~450 across four studios in Edinburgh, Budapest, Los Angeles, and Guangzhou.

On January 17, 2024, it announced it had raised \$110 million in a Series D round of funding ahead of commercial launch. The company has pitched community-driven gaming with an immersive open-world platform. Build a Rocket Boy's Series D round was led by New York-based investment firm RedBird Capital Partners, with participation from NetEase Games, Galaxy Interactive, Endeavor, Alignment Growth, Woodline Partners and GTAM Partners, among others.

On August 23, 2022, BARB was featured at Opening Night Live, the launch party for Gamescom, Europe's largest and preeminent gaming conference. The studio showcased this official teaser trailer for Everywhere, its immersive "freemium" play-to-earn gaming, multimedia and metaverse platform, while offering a more subtle hint toward its standalone AAA game, Mindseye, embedded at the end of the clip.

On September 30, 2023, BARB launched a new official trailer, and announced that it will begin Closed Alpha testing soon, providing a first look at gameplay footage and shows the scale and variety of the game. See the new trailer [here](#).

The fair value of the Company's investment in BARB as of November 30, 2023, was \$2,848,007 (November 30, 2022 - \$2,713,714). The Company recorded an unrealized gain of \$530,293 during the year-ended November 30, 2023 (November 30, 2022: unrealized loss - \$247,790). The Company determined the fair value of its investment in BARB using a market-based approach.

Future drivers of fair value changes include the release and degree of commercial success of BARB's inaugural game, "Everywhere". Visit www.buildarocketboy.com.

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Tokenise International Inc.

Tokenise International Inc. ("Tokenise") aims to develop a fully regulated tokenized-security exchange allowing individuals to participate in fractional ownership or royalties by invested in security tokens.

Tokenise was founded on the understanding that the tokenization of securities and other assets has the potential to transform the accessibility and efficiency of capital markets. The Tokenise Group comprises of a regulated Stock Exchange, a Brokerage and Central Securities Depository to democratize the process of enabling consumers to acquire fractional units in various asset types, to reduce friction and barriers to participation and to empower individuals and institutions around the world to take control of their financial future through a regulated environment.

The Company's investment in Tokenise in May 2021, was driven by the Company's belief in the emergence of tokenization and fractionalization/securitization of new asset-classes as an emerging theme with the increasing popularity of retail investment, combined with the Company's confidence in Tokenise's highly experienced team including founder Michael Kessler, to navigate a complicated regulatory involvement for tokenization.

On June 14, 2023, Tokenise completed a business combination with an arm's-length strategic party, VERO, a next-generation social membership network, allowing the combined entity to offer new opportunities for creators using VERO to monetize their work, and fans to support their favourite creators in new ways.

The fair value of the Company's investment in Tokenise as of November 30, 2023, was \$1,227,347 (November 30, 2022, - \$2,807,496). The Company recorded an unrealized loss of \$1,580,150 during the year-ended November 30, 2023. (November 30, 2022, Unrealized gain - \$125,898). The Company determined the fair value of its investment in Tokenise based on the observed price per share of the recent business combination.

Future drivers of fair value changes include Tokenise's success in launching a regulated tokenized exchange and ability to generate modelled economic results from operating the exchange through attracting users (both individuals/entities seeking to tokenise assets or equity and individuals/entities seeking to buy and/or trade tokenized securities). This will be driven by both the quality and attractive of Tokenise's platform and the broader capital markets and emergence of tokenization. Visit www.tokenise.io

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SELECTED QUARTERLY FINANCIAL INFORMATION (expressed in thousands except per share amounts)

	30-Nov-23	31-Aug-23	31-May-23	28-Feb-23	30-Nov-22	31-Aug-22	31-May-22	28-Feb-22	30-Nov-21	31-Aug-21	31-May-21	28-Feb-21
				\$	\$	\$	\$	\$	\$	\$	\$	\$
Total revenue	(15,996)	(5,969)	2,757	(12,145)	(46,477)	(11,156)	(96,193)	(81,110)	(37,412)	12,513	334,885	249,003
Net (loss) income	(30,831)	(6,919)	(1,169)	(10,809)	(53,435)	(12,497)	(86,668)	(86,688)	(76,607)	(62,367)	64,653	208,128
(Loss) income per share, basic	(0.92)	(0.13)	(0.02)	(0.20)	(1.00)	(0.25)	(1.90)	(1.94)	(1.47)	(1.17)	1.21	3.80
Loss (income) per share, fully diluted	(0.92)	(0.13)	(0.02)	(0.20)	(1.00)	(0.25)	(1.90)	(1.94)	(1.32)	(1.10)	1.14	3.58
Total assets	106,396	132,876	143,053	143,226	153,125	244,618	263,641	358,564	480,491	594,937	599,409	549,380
Working capital surplus	26,044	23,304	30,040	31,265	41,891	160,744	173,039	247,103	361,311	410,669	477,577	419,579

During the twelve most recent quarters the following items have had a significant impact on the Company's results:

- Made significant investments in numerous companies including House of Lithium, Verano Holdings, Common C Holdings, Core Scientific, Florida Real Estate, MedMen, Consortium, CannCure, Heavenly, Engine, DNA Genetics and numerous others.
- Completed a substantial issuer bid, pursuant to which the company cancelled 7,407,404 common shares for an aggregated purchase price of \$30 million.
- Completed a \$50M private placement financing by way of the issue and sale of a senior secured non-convertible debenture. The Debenture would bear an interest rate of 6.0% per annum and mature on June 30, 2022. For further information, please refer to the heading "*Legal claims related to the Debenture commenced by the lender against the Company and commenced by the Company against the lender*" above and subsequently settled with the lender for \$120M.
- Entered into a \$50M single advance non-revolving loan term facility with the a private company for the sole purpose of acquiring all of 1235 Fund LP's rights under the Debenture. On September 3, 2022, the company drew down the \$50M line of credit to pay 1235 Fund LP as part of the legal settlement.
- CannCure entered into a business combination agreement with Bluma pursuant to which CannCure completed a reverse takeover of Bluma on June 11, 2021 and Bluma commenced trading on the CSE on June 15, 2021.
- Verano completed its merger with AltMed and its affiliated companies and concurrently completed a reverse takeover of Majesta and became publicly-listed on the CSE under the ticker CNSX:VRNO. Verano commenced trading on February 17, 2022.

LIQUIDITY AND CAPITAL RESOURCES

As of November 30, 2023, the Company had cash and cash equivalents of \$0.1 million (November 30, 2022: \$0.1) and positive working capital of \$26.0 million (excluding right of asset, leasehold improvements and lease liability) (November 30, 2022: \$47.3 million). The Company's financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business and does not reflect adjustments to assets and liabilities that would be necessary if it were unable to continue as a going concern. For the year ended November 30, 2023, the Company recorded a net loss after tax of \$34,134,104 (Year-end November 30, 2022: loss of \$297,020,051), had positive cash flows from operations and, as it is an investment company, has no regular sources of income other than its investment activities. The Company had a history of operating losses and negative cash flows from operations, with the exception of net income generated for the year ended March 31, 2019 and November 30, 2021. The Company is reliant on net income from continuing operations and capital markets for future funding to meet its ongoing obligations. The application of the going concern concept is dependent on the Company's ability to receive continued financial support from its stakeholders and, ultimately, on the Company's ability to generate profitable operations in the future. These circumstances indicate the existence of material uncertainty may cast significant doubt as to the Company's ability to continues as a going concern.

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SHARE CAPITAL STRUCTURE

The Company's authorized capital consists of an unlimited number of Common Shares without par value. As at the date of this MD&A, there were a total of 54,441,981 Common Shares issued and outstanding. As at March 28, 2024, the Company's issued and outstanding shares, stock options and deferred share units were as follows:

	Amount
Common Shares	54,441,981
Stock options	79,000
Deferred share units	1,538,000
Total fully diluted	56,058,981

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

COMMITMENTS AND CONTINGENCIES

Right of Use Asset and Lease Liability

On May 30, 2020, the Company commenced a new office lease for office space in Miami, Florida, which expires on May 30, 2025, and recorded a lease liability and a corresponding right of use asset in the amounting to \$1,276,775. The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate which was determined to be 9% per annum for similar assets. The right of use asset was initially recorded at the present value of the lease obligation and the Company recorded depreciation of \$117,038 for the year ended November 30, 2023 (2022: \$127,678). On October 31, 2023, the Company terminated the Miami office space lease and accordingly wrote of the right of use asset and lease liability amounting to \$1,035,574 and \$1,147,416 respectively and resulted in a gain of \$111,841.

On August 1, 2021, the Company commenced a new office lease for office space in Toronto, Ontario which expires on September 30, 2024, and recorded a lease liability of \$1,367,377 and a corresponding right of use asset adjusted for prepaid rent in the amount of \$1,559,485. The lease liability was measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate which was determined to be 4.99% per annum for prepaid rent and the Company recorded depreciation of \$466,474 for the year ended November 30, 2023 (2022: \$434,093). This lease expires September 2024.

On March 1, 2021, the Company entered into a dry lease agreement with a third party whereby the Company will use the third party's commercial airplane for M&A and business activities. During the year ended November 30, 2022, the Company was no longer using the airplane and accordingly wrote of the right of use asset amounting to \$372,682 and recorded depreciation of \$828,688. As of November 30, 2023 - \$Nil (2022, the Company written back the liability and recorded termination of the lease for \$636,172).

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Set out below are the carrying amounts of right of use assets and lease liabilities recognized and the movements during the year:

	Right-of-use asset	Lease Liabilities
	\$	\$
As at November 30, 2021	3,686,089	3,802,419
Depreciation	(1,390,459)	-
Termination of lease	(372,682)	(636,172)
Finance Cost	-	122,749
Payments	-	(672,827)
As at November 30, 2022	1,922,948	2,616,169
Depreciation	(583,512)	-
Rentals repaid adjustments	-	(1,238,206)
Miami Lease Termination	(1,035,574)	(1,147,416)
Finance Cost	-	95,805
As at November 30, 2023	303,862	326,352

LEASEHOLD IMPROVEMENTS

As of November 30, 2023, the Company leasehold improvements balance related to Toronto office was \$22,221 (2022: \$532,661 for Miami office and \$100,000 for Toronto office). The Company recorded depreciation expense of \$113,653 for November 30, 2023 (2022 - \$39,135).

Miami office lease termination

On October 31, 2023, the Company terminated the Miami office space lease and accordingly wrote off \$496,787 CDN incurred on Miami office lease renovation costs.

Airplane Improvements

On March 1, 2021, the Company entered into an agreement with a third party whereby the Company will use the third party's commercial airplane for M&A and business activities. The Company will be making monthly payments to third party and the Company chose to upgrade the airplane at the Company's own expense. The Company does not have exclusive right to the asset it is shared with other companies. As of November 30, 2023 - \$Nil (2022, the Company had terminated the agreement with third party spent and incurred a realized loss of \$2,733,632)

Litigation

The Company will record a provision for losses when claims become probable, and the amounts can be reasonably estimated. The Company is subject to various claims, lawsuits and other complaints arising in its ordinary course of business.

On August 8, 2022, Reby and Restanca LLC (Reby's largest shareholder and the party appointed to represent the remaining selling shareholders) brought a claim against House of Lithium in the Delaware Court of Chancery alleging a breach of a stock purchase agreement between Reby and House of Lithium (the "Reby Agreement"). House of Lithium's position is that no such breach under the agreement occurred. The final Debrief took place March 30, 2023, and on June 30, 2023, the court ruled in favour of House of Lithium. Reby is currently appealing the decision. SOL Global is not a party to the action and SOL Global has not been named in any action relating to the Reby Agreement. As at November 30, 2023, the company owned approximately 65.09% of the common shares of House of Lithium on a partially diluted basis.

On July 14, 2022, an external party filed a lawsuit against SOL former management pertaining to sale of the external party's equity shares in a publicly traded company. On June 8, 2023, both parties settled the lawsuit. Total settlement amount was \$250,000 USD. The Company wired \$33,148 CDN (\$25,000 USD) as outlined in the agreement and the remaining \$225,000 USD shall be settled on December 1, 2023, in the form of equity shares. For year-ended November 30, 2023, the Company accrued \$305,390 CDN (\$225,000 USD) as part of accounts payable and accrued liabilities.

The Company is party to certain management contracts. These contracts require additional payments of up to approximately in accrued bonuses of \$1,825,000. Minimum commitments were approximately \$10,150,283 all due within

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one year which includes accrued salary receivables to management of \$1,124,997.

RELATED PARTY TRANSACTIONS

Parties are considered related if one party has the ability, either directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties. The Company has identified its directors and senior officers as key management who are considered to be related parties.

During the year ended November 30, 2023, the Company incurred payroll related costs of \$827,514 CDN (2022 - \$4,866,551) to directors and senior officers as key management. As of November 30, 2023, \$2,949,997 (2022: \$2,122,483) was included in account payable and accrued liabilities related to amounts due to directors and senior officers as key management that had not been paid. As of November 30, 2023, the Company recorded share-based compensation of \$15,438 to directors (2022 - \$23,222 to an officer).

During the year ended November 30, 2023, the Company incurred the following payroll related costs:

	Year ended November 30, 2023	Year ended November 30, 2022
	\$	\$
Salaries and consulting fees	827,514	4,866,551
Share-based payments	15,438	23,222
Total	842,952	4,889,773

Transactions with related parties

Transactions with House of Lithium

On November 9, 2021, the Company announced it had completed the disposition of its electric vehicle and clean technology investment portfolio ("the assets", or collectively "the portfolio") to House of Lithium, an electric mobility platform and climate tech focused spinoff company, preparing for an upcoming public listing. 38,758,776 Class B and 2,000,000 Class B common shares valued at \$2 per share were issued. 5,000,000 warrants exercisable at \$2 for two years, and 2,777,777 warrants exercisable for \$3.60 for two years were issued.

	Cost	FMV
Total assets transferred to HOL – November 30, 2021	66,058,969	26,318,200
Purchase of equity units and warrants – November 30, 2021	4,000,000	2,397,232
Shares transferred from LP's – November 30, 2023	5,894,204	4,405,776
Total	75,953,173	33,121,208

As at November 30, 2023, the Company owned approximately 65.09% of the common shares of House of Lithium on a partially diluted basis. The fair market value of the Company's position in House of Lithium as at November 30, 2023, was \$33,121,208 (2022 - \$49,723,665). As of November 30, 2023, the Company accrued management fee of \$114,081 CDN (2022 - \$300,000) and the Company owed \$1,089,609 CDN (2022 - \$1,619,917)

Transactions with Current Shareholder

During the year-ended November 30, 2023 - \$Nil (November 30, 2022, the company sold 9,598,333 Black Swan shares valued at \$1,805,000 CDN and 1,215,000 Lithium Ionic shares to a current shareholder). During the year-ended November 30, 2023 - \$Nil (November 30, 2022 - The company recorded realized gain of \$946,198 and \$701,223 CDN in Black Swan Graphene and Lithium Ionic transaction).

Transactions with Limited Partner ("LPs")

One of the company's Limited Partner (LP) was dissolved as of year-ended November 30, 2022. As part of the dissolution, for the year-ended November 30, 2022, LP transferred promissory note receivable valued at \$2,293,627 CDN receivable from the company's current shareholder and was distributed to the company. Loan receivable had been outstanding for more than two

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years and the company reduced the receivables by 50% or \$1,146,814 CDN. The company has a promissory note payable to the same shareholder. During the year-ended November 30, 2023, the company offset the promissory note payable against receivables with the same shareholder. As part of the dissolution, for year-ended November 30, 2022 LP transferred promissory note receivable from third party valued at \$6,709,178 CDN to the company as required by IFRS 9 the company subsequently measured the loan receivable which was valued at \$330,000 CDN for year-ending November 30, 2022. For the year-ending November 30, 2023, the company impaired the \$330,000 CDN. For the year-ended November 30, 2023 -\$Nil (November 30, 2022., the company recorded realized loss of \$6,379,178 CDN)

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ISSUERS WITH U.S. CANNABIS-RELATED ASSETS

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352, as amended, setting out the Canadian Securities Administrators' disclosure expectations for specific risks facing issuer with direct, indirect or ancillary involvement in activities including the cultivation, possession or distribution of marijuana in the United States ("US Marijuana-Related Activities"). Staff Notice 51-352 establishes minimum disclosure requirements for all issuers with US Marijuana-Related Activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the United States cannabis industry.

All reporting issuers with U.S. Marijuana-Related Activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other applicable disclosure documents, including this MD&A, in order to fairly present all material facts, risks and uncertainties about issuers with U.S. cannabis-related activities. In accordance with Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this MD&A that address the disclosure expectations outlined in Staff Notice 51-352

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Disclosure or Cross-Reference
All Issuers with U.S. Marijuana-Related Activities	Describe the nature of the issuer's involvement in the U.S. marijuana industry and include the disclosures for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	See the discussion of the Company's investments under the heading " <i>Investment Holdings</i> ".
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	See the discussion under the heading " <i>United States Regulatory Risk Around the Cannabis Industry</i> ". See the discussion under the heading " <i>Regulatory Developments</i> ". See the description of risks under the heading " <i>Risk Factors</i> ".
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.	See the discussion under the heading " <i>United States Regulatory Risk Around the Cannabis Industry</i> ". See the discussion under the heading " <i>Regulatory Developments</i> ".
	Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.	See the description of risks under the heading " <i>Risk Factors</i> ".
	Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	See the discussion under the heading " <i>United States Regulatory Risk Around the Cannabis Industry</i> ". See the description of risks under the heading " <i>Risk Factors</i> ".
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.	See the discussion under the heading " <i>United States Regulatory Risk Around the Cannabis Industry</i> ".
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	See the discussion under the heading " <i>United States Regulatory Risk Around the Cannabis Industry</i> ". See the discussion under the heading " <i>Regulatory Developments</i> ".

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Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Disclosure or Cross-Reference
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution.⁽¹⁾	Outline the regulations for U.S. states in which the issuer's investee(s) operate.	See the discussion under the heading " <i>Regulatory Developments</i> ".
	Provide reasonable assurance, through either positive or negative statements (which may include statements that the issuer is not aware of non-compliance), that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's license, business activities or operations.	See the discussion under the heading " <i>United States Regulatory Risk Around the Cannabis Industry</i> ". See "Investment Holdings" See the discussion under the heading " <i>Regulatory Developments</i> ". See the description of risks under the heading "Risk Factors".

Notes:

- (1) Indirect industry involvement arises where an issuer has a non-controlling investment in an entity who is directly involved in the U.S. marijuana industry.

REGULATORY DEVELOPMENTS

The commercial medical cannabis industry is a relatively new industry, and the Company anticipates that such regulations will be subject to change. The Company's operations are subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labeling, advertising, sale, transportation, distribution, storage and disposal of the product candidates and also laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations, and the protection of the environment. While to the knowledge of management, the Company is currently in compliance with all such laws, any changes to such laws, regulations, guidelines, and policies due to matters beyond the control of the Company may adversely affect its operations and performance.

In accordance with Staff Notice 51-352, the Company will evaluate, monitor and reassess the disclosure contained herein, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation.

Regulatory Developments in the United States

In the United States, cannabis is regulated at the state and federal level. To the Company's knowledge, there are to date a total of 44 U.S. states, the District of Columbia, and the territories of Puerto Rico, the U.S. Virgin Islands, Guam, and the Northern Mariana Islands have legalized some form of cannabis for medical use, while 19 states and the District of Columbia have legalized the adult-use of cannabis for recreational purposes. As more and more states legalized medical and/or adult-use cannabis, the federal government attempted to provide clarity on the incongruity between federal prohibition under the Controlled Substances Act of 1970 (the "CSA") and these state-legal regulatory frameworks. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis (other than hemp) continues to be illegal under U.S. federal law, with cannabis categorized as a Schedule I controlled substance under the CSA. The United States has a complex regulatory landscape when it comes to medical cannabis. The CSA regulates the possession, importation, manufacture, distribution and dispensing of controlled substances under United States federal law. Controlled substances are classified into schedules based on their potential for abuse by a patient or other user. Cannabis, other than hemp, is classified as a Schedule I substance under the CSA. Classification of substances under the CSA is determined jointly by the U.S. Drug Enforcement Agency and the U.S. Food and Drug Administration. The United States Department of Justice defines Schedule I drugs, substances, or chemicals as "drugs with no currently accepted medical use and a high potential for abuse." The FDA has approved Epidiolex, which contains a purified form of the drug

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CBD, a non-psychoactive cannabinoid in the cannabis plant, for the treatment of seizures associated with two epilepsy conditions. The FDA has not approved cannabis or cannabis compounds as a safe and effective drug for any other condition.

On August 29, 2013, then Deputy Attorney General, James Cole, authored a memorandum (the "Cole Memorandum") directing that individuals and businesses that rigorously comply with state regulatory provisions in states that have strictly-regulated legalized medical or recreational cannabis programs should not be a prosecutorial priority for violations of federal law. The Cole Memorandum outlined certain priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, 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. Notably, however, the Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority.

The U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") issued a memorandum on February 14, 2014 (the "FinCEN Memorandum") outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum and 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. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("SAR") in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis-related SARs are divided into three categories – cannabis limited, cannabis priority, and cannabis terminated – based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively. On the same day the FinCEN Memorandum was published, the DOJ issued a memorandum (the "2014 Cole Memorandum") directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related conduct.

On January 4, 2018, former Attorney General Jeff Sessions issued a memorandum (the "Sessions Memorandum") that rescinded the Cole Memorandum effective upon its issuance. The Sessions Memorandum rescinded previous nationwide guidance specific to the prosecutorial authority of United States Attorneys relative to cannabis enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principles are included in chapter 9.27.000 of the United States Attorneys' Manual and require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community. As a result of the Sessions Memorandum, federal prosecutors are free to use their discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active federal prosecutors will be in relation to such activities. Furthermore, the Sessions Memorandum did not discuss the treatment of medical cannabis by federal prosecutors. However, former Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memorandum 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 Memorandum and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum is a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance. However, in the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution.

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On November 7, 2018, U.S. Attorney General Jeff Sessions resigned. On February 14, 2019, William Barr was confirmed as U.S. Attorney General. Mr. Barr resigned as Attorney General on December 23, 2021. On March 11, 2022, former Chief Judge of the United States Court of Appeals for the District of Columbia Circuit, Merrick Garland, was sworn in as

Attorney General of the United States. While Attorney General Garland indicated in his confirmation hearing that he did not feel that enforcement of the federal cannabis prohibition against state-licensed business would not be a priority target of the Department of Justice resources, no formal enforcement policy has been issued to date. There is no guarantee 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. If the Department of Justice policy under Attorney General Garland were to aggressively pursue financiers or owners of cannabis-related businesses, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis operations, (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the Controlled Substances Act for aiding and abetting and conspiring to violate the Controlled Substances Act by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis, and/or (iii) the barring of its employees, directors, officers, managers and investors who are not United States citizens from entry into the United States for life. Unless and until the United States Congress amends the Controlled Substances Act with respect to cannabis and the President approves such amendment (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law criminalizing cannabis.

One legislative safeguard for the medical cannabis industry, appended to the federal budget bill, remains in place following the rescission of the Cole Memorandum. For fiscal years 2015, 2016, 2017, 2018, 2019, 2021 and 2022 Consolidated Appropriations Acts (currently referred to as the "Rohrabacher/Blumenauer Amendment", and sometimes referred to as the "Rohrabacher/Farr" or "Joyce/Leahy" Amendment) to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. In 2022, President Biden became the first President to propose a budget with the Rohrabacher/Blumenauer Amendment included. On February 18, 2022, the amendment was renewed through the signing of a stopgap spending bill, effective March 11, 2022.

Nevertheless, for the time being, cannabis remains a Schedule I controlled substance at the federal level. The Federal government of the U.S. has always reserved the right to enforce federal law regarding the sale and disbursement of medical or adult-use cannabis, even if state law sanctions such sale and disbursement. While the Cole Memorandum and the Rohrabacher/Blumenauer Amendment gave medical cannabis operators and investors in states with legal regimes greater certainty regarding federal enforcement as to establish cannabis businesses in those states, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company's business, results of operations, financial condition and prospectus could be materially adversely affected.

There is a growing consensus among cannabis businesses and numerous members of Congress that prosecutorial discretion is not law and temporary legislative riders, such as the Rohrabacher/Blumenauer Amendment, are an inappropriate way to protect lawful medical cannabis businesses. Numerous bills have been introduced in Congress in recent years to decriminalize aspects of state-legal cannabis trades. The Company has observed that each year more congressmen and congresswomen sign on and cosponsor cannabis legalization bills. In light of all this, it is anticipated that the federal government will eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco.

The most comprehensive proposal for reform of federal legislation on cannabis was introduced on July 14, 2022, by Senate Majority Leader Chuck Schumer (D-NY) along with Cory Booker (D-NJ), and Ron Wyden (D-OR) when they released draft legislation titled the Cannabis Administration and Opportunity Act (the "CAOA"). The CAOA removes cannabis from Schedule I of the CSA which would permit its decriminalization and allow the expungement of federal non-violent cannabis crimes. The CAOA would impose a federal tax on cannabis of 10% in its first year of enactment, eventually increasing to

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25% in 5% increments. The taxes raised would be used to petition fund programs to benefit communities disproportionately impacted by the "War on Drugs".

The CAO A enshrines the current State cannabis licensing regimes but introduces additional federal permitting of cannabis wholesalers. Regulatory responsibility for cannabis control would be transferred from the U.S. Drug Enforcement Agency ("DEA") to the Alcohol and Tobacco Tax and Trade Bureau ("TTB"), the Bureau of Alcohol Tobacco Firearms and Explosives ("ATF").

The publication of the CAO A by Democratic congressional leaders represents a significant milestone in the move toward federal legalization of cannabis. While the CAO A indicates that legalization may come with significant federal tax burden, federal legalization will also bring long-awaited benefits to the industry of the removal of the Section 280e tax burden, clarity as to the status of state-licensed cannabis businesses, broad access to the banking and card payment system, increased availability, and reduced cost, of capital.

At the time of the CAO A announcement, Senator Schumer indicated such a bill currently does not have sufficient support in the Congress to pass. Although he originally targeted Spring 2022 for passage of legislation based on the CAO A draft, he is now targeting formal introduction of a revised draft of the CAO A in the Senate for April 2022, and the contents of such revised draft have not yet been disclosed. Therefore, it is unclear whether provisions in the CAO A that are favorable to the cannabis industry, such as preserving the current state regulatory system, will remain in any final legislation. In addition, the CAO A lacks clarity regarding the transition of cannabis control from the DEA to TTB and the FDA, which presents the risk that existing operators may face a period of regulatory uncertainty if legislation similar to the CAO A is enacted. Such uncertainty may impede growth of, and investment in, incumbent cannabis businesses, while exposing them to increased competition from the illicit market.

On December 4, 2021, the House of Representatives passed the Marijuana Opportunity Reinvestment and Expungement Act of 2021 (the "MORE Act"). The MORE Act would provide for the removal of cannabis from the list of controlled substances in the CSA and other federal legislation. It would end the applicability of Section 280E to cannabis businesses but would impose a 5% federal excise tax. The MORE Act was not passed by the Senate prior to the end of the 116th Congress. On May 28, 2022, the MORE Act was reintroduced in the House of Representatives. There is no guarantee the MORE Act will become law in its current form. Overall, there were more than 1500 cannabis-related bills moving through state legislatures and Congress for the 2021 sessions.

There can be no assurance that the CAO A, the MORE Act or similar comprehensive legislation that would de-schedule cannabis and de-criminalize will be passed in the near future or at all. If such legislation is passed, there is no guarantee that it will include provisions that preserve the current state-based cannabis programs under which the Company's subsidiaries operate or that such legislation will otherwise be favorable to the Company and its business.

Reform of Federal Legislation on Industrial Hemp

Additionally, the Agriculture Improvement Act of 2018 (the "2018 Farm Bill") was signed into law by President Trump on December 20, 2018. With the passage of the 2018 Farm Bill, hemp and CBD products with less than .3% THC have been removed from Schedule I of the CSA. This will allow market participants such as the Company to cultivate, process and dispense hemp and certain CBD products (with less than .3% THC) throughout the United States without violating the CSA, and will also serve to open up banking and financial services for hemp and CBD operators. The 2018 Farm Bill explicitly preserved the United States Food and Drug Administration's authority to regulate products containing cannabis or cannabis-derived compounds under the Federal Food, Drug, and Cosmetic Act and Section 351 of the Public Health Service Act. The agency held public commentary workshops and rulemaking proceedings relative to the issuance of regulations to govern the nascent CBD marketplace and products on May 31, 2019. The FDA held a public hearing to determine the safety, manufacturing, product quality, marketing, labeling, and sale of CBD products, and opened the forum to public comments on the matter. In November of 2021, the FDA also held a research conference on cannabinoids and gender to discuss data on how cannabis compounds affect woman and men differently. In a statement released on January 8, 2022, FDA Commissioner Stephen Hahn and Principal Deputy Commissioner Dr. Amy Abernethy noted that "over a short period of time, our society has seen a rapid increase in the interest and availability of cannabidiol (CBD)

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products and other products derived from cannabis. However, we still have a limited understanding of the safety profile of CBD and many other cannabis-derived compounds." In the same statement, Commissioner Hahn committed to developing and refining plans for research projects at the FDA to address the gaps in current CBD data research capabilities. As the FDA continues its rulemaking proceedings, the Company will be an active participant.

To date, three different hemp seed-derived ingredients have received Generally Recognized As Safe ("GRAS") notices from the FDA: hulled hemp seed, hemp seed protein powder, and hemp seed oil. The hemp seed-derived ingredients that are the subject of these GRAS notices contain only trace amounts of THC and CBD, which the seeds may pick up during harvesting and processing when they are in contact with other parts of the plant. Aside from these three hemp seed ingredients, no other cannabis or cannabis-derived ingredients, including ingredients sourced from hemp, have been the subject of a food additive petition, an evaluated GRAS notification, or have otherwise been approved for use in food by the FDA. The FDA's current stated position is that it is a prohibited act under the Federal Food, Drug, and Cosmetic Act to introduce into interstate commerce a food to which CBD or THC has been added, or to market a product containing these ingredients as a dietary supplement.

On June 7, 2018, the Strengthening the Tenth Amendment Through Entrusting States Act (the "STATES Act") was introduced in the Senate by Republican Senator Cory Gardner of Colorado and Democratic Senator Elizabeth Warren of Massachusetts. A companion bill was introduced in the House by Democratic representative Jared Polis of Colorado. The bill provides in relevant part that the provisions of the CSA, as applied to cannabis, "shall not apply to any person acting in compliance with state law relating to the manufacture, production, possession, distribution, dispensation, administration, or delivery of marijuana." Even though cannabis will remain within Schedule I of the CSA under the STATES Act, the bill makes the CSA unenforceable to the extent it conflicts with state law. In essence, the bill extends the limitations afforded by the protection within the federal budget—which prevents the DOJ and the DEA from using funds to enforce federal law against state-legal medical cannabis commercial activity—to both medical and adult-use cannabis activity in all states where it has been legalized. The STATES Act was reintroduced on April 4, 2019, in both the House and the Senate. Since the STATES Act is currently draft legislation, there is no guarantee that the STATES Act will become law in its current form.

On March 18, 2022, the SAFE Banking Act was reintroduced in the House of Representatives. On March 23, 2022, the bill was reintroduced in the Senate as well. The House previously passed the SAFE Banking Act in September 2019, but the measure stalled in the Senate. As written, the SAFE Banking Act would allow financial institutions to provide their services to state-legal cannabis clients and ancillary businesses serving state-legal cannabis businesses without fear of federal sanctions. There is no guarantee the SAFE Banking Act will become law in its current form, if at all.

The States In Which We Invest, Their Legal Framework and How It Affects Our Business

Regulatory Developments in the State of Pennsylvania

The Pennsylvania medical marijuana program was signed into law on April 17, 2016 under Act 16 and provided access to state residents with one or more of 17 qualifying conditions. The state, which consists of over 12 million U.S. citizens and qualifies as the fifth largest population in the U.S., operates as a high-barrier market with very limited market participation. The state originally awarded only twelve (12) licenses to cultivate/process and twenty-seven (27) licenses to operate retail dispensaries (which entitled holders up to three (3) medical dispensary locations). On June 30, 2021, Pennsylvania Governor Tom Wolf signed into law PA House Bill ("HB") 1024, amending Act 16. HB 1024 implemented several changes to Act 16 including but not limited to the ability for grower/processors to obtain and transport bulk post-harvest plant material between grower/processors to process medical marijuana. The amendatory legislation also expanded the list of qualifying conditions, permits limited remediation of cannabis flower, requires the Department of Agriculture to update its list of approved pesticides and expands the number of clinical registrants and affords clinical registrants with the same rights as grower/processors.

There are two principal license categories in Pennsylvania: (1) cultivation/processing and (2) dispensary. All cultivation/processing establishments and dispensaries must register with Pennsylvania Department of Health under the provisions of Act 16 (35 P.S. §§ 10231.101–10231.2110) and Chapters 1141, 1151 and 1161 of the Pennsylvania regulations. Registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. The Pennsylvania Department of Health must renew a permit

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unless it determines the applicant is unlikely to maintain effective control against diversion of medical cannabis and the applicant is unlikely to comply with all laws as prescribed under the Pennsylvania medical marijuana program.

Under applicable laws, the licenses permit the license holder to cultivate, manufacture, process, package, sell and purchase medical marijuana pursuant to the terms of the licenses, which are issued by the Pennsylvania Department of Health under the provisions of Act 16 and Pennsylvania regulations. The medical cultivation/processing licenses permit the licensee to acquire, possess, cultivate, manufacture/process into medical marijuana products and/or medical marijuana-infused products, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries. The retail dispensary licenses permit the license holder to purchase marijuana and marijuana products from cultivation/processing facilities, as well as allow the sale of marijuana and marijuana products.

Pennsylvania Storage / Reporting / Inventory Requirements

A dispensary shall have separate and locked limited access areas for storage of medical marijuana products that are expired, damaged, deteriorated, mislabeled, contaminated, recalled, or whose containers or packaging have been opened or breached until the medical marijuana products are returned to a grower/processor, destroyed or otherwise disposed of as required under § 1151.40 (relating to management and disposal of medical marijuana waste). A dispensary shall maintain all storage areas in a clean and orderly condition and free from infestation by insects, rodents, birds and pests.

A grower/processor shall ensure that a facility has separate and locked limited access areas for storage of seeds, immature medical marijuana plants, medical marijuana plants, medical marijuana and medical marijuana products that are expired, damaged, deteriorated, mislabeled, contaminated, recalled or whose containers or packaging have been opened or breached until the seeds, immature medical marijuana plants, medical marijuana plants, medical marijuana and medical marijuana products are destroyed or otherwise disposed of as required under § 1151.40 (relating to management and disposal of medical marijuana waste). A grower/processor facility shall maintain all storage areas in a clean and orderly condition and free from infestation by insects, rodents, birds and pests.

A grower/processor and dispensary shall use the electronic tracking system prescribed by the Department of Health containing the requirements in section 701 of Act 16 (35 P.S. § 10231.701). Pennsylvania has elected to use MJ Freeway's electronic tracking system.

A dispensary shall maintain the following inventory data in its electronic tracking system; (1) medical marijuana products received from a grower/processor; (2) medical marijuana products dispensed to a patient or caregiver; (3) damaged, defective, expired or contaminated medical marijuana products awaiting return to a grower/processor or awaiting disposal. A dispensary shall establish inventory controls and procedures to conduct monthly inventory reviews and annual comprehensive inventories of medical marijuana products at its facility. A written or electronic record shall be created and maintained of each inventory which includes the date of the inventory, a summary of the inventory findings, and the employee identification numbers and titles or positions of the individuals who conducted the inventory

A grower/processor shall maintain the following inventory data in its electronic tracking system which must include an accounting of and an identifying tracking number for; (1) the number, weight and type of seeds; (2) the number of immature medical marijuana plants; (3) the number of medical marijuana plants; (4) the number of medical marijuana products ready for sale; (5) the number of damaged, defective, expired or contaminated seeds, immature medical marijuana plants, medical marijuana plants, medical marijuana and medical marijuana products awaiting disposal. A grower/processor shall establish inventory controls and procedures to conduct inventory reviews and comprehensive inventories at its facility. The following requirements apply; (1) inventory reviews of medical marijuana plants in the process of growing, and medical marijuana and medical marijuana products that are being stored for future sale shall be conducted monthly; (2) comprehensive inventories of seeds, immature medical marijuana plants, medical marijuana plants, medical marijuana and medical marijuana products shall be conducted at least annually. A written or electronic record shall be created and maintained of each inventory conducted under this requirement that includes the date of the inventory, a summary of the inventory findings, and the employee identification numbers and titles or positions of the individuals who conducted the inventory.

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Pennsylvania Security Requirements

A grower/processor shall have security and surveillance systems, utilizing commercial-grade equipment, to prevent unauthorized entry and to prevent and detect an adverse loss. The security and surveillance systems must include, subject to additional requirements of the Department of Health, (1) a professionally monitored security alarm system that includes: (i) coverage of all facility entrances and exits, (ii) two silent security alarms, (iii) an audible security alarm, (iv) a device capable of sending a prerecorded voice message requesting dispatch to a law enforcement, public safety or emergency services agency, (v) a failure notification system that provides an alert to a designated security person within 5 minutes after the failure, (vi) smoke and fire alarms, (vii) auxiliary power sufficient to maintain operation of specified growing and processing areas for at least 48 hours following a power outage, (viii) the ability to ensure all access doors are not solely controlled by an electronic access panel to prevent locks from becoming released during a power outage, and (ix) motion detectors; (2) a professionally monitored security and surveillance system that is operational 24 hours per day, 7 days per week and records all activity in images capable of clearly revealing facial detail; (3) the ability to display the date and time clearly and accurately; (4) the ability to record and store all images captured by each surveillance camera for a minimum of 2 years in a format that may be easily accessed for investigative purposes; (5) a security alarm system separate from the facility's primary security system covering the limited access area or other room where the recordings under paragraph (4) are stored.

The Department of Health also requires certain inspection and document retention policies as well the installation of commercial-grade, nonresidential steel doors and door locks on each room where seeds, immature medical marijuana plants, medical marijuana plants, medical marijuana and medical marijuana products are stored, and on each external door of the facility.

A dispensary shall have security and surveillance systems, utilizing commercial-grade equipment, to prevent unauthorized entry and to prevent and detect an adverse loss. The security and surveillance system must include, subject to additional requirements of the Department of Health, (1) a professionally monitored security alarm system that includes: (i) coverage of all facility entrances and exits, (ii) two silent security alarms, (iii) an audible security alarm, (iv) a device capable of sending a prerecorded voice message requesting dispatch to a law enforcement, public safety or emergency services agency, (v) a failure notification system that provides an alert to a designated security person within 5 minutes after the failure, (vi) smoke and fire alarms, (vii) auxiliary power sufficient to maintain security and surveillance systems for at least 48 hours following a power outage, (viii) the ability to ensure all access doors are not solely controlled by an electronic access panel to prevent locks from becoming released during a power outage, and (ix) motion detectors;; (2) a professionally-monitored security and surveillance system that is operational 24 hours per day, 7 days per week and records all activity in images capable of clearly revealing facial detail; (3) the ability to clearly and accurately display the date and time; (4) the ability to record and store all images captured by each surveillance camera for a minimum of 2 years in a format that may be easily accessed for investigative purposes; (5) a security alarm system separate from the facility's primary security system covering the limited access area or other room where the recordings under paragraph (4) are stored. The separate security alarm system must meet the same requirements as the facility's primary security alarm system. The Department of Health also requires certain inspection and document retention policies as well as access restrictions for certain personnel to the security system and security records.

Pennsylvania Transportation Requirements

A grower/processor may transport and deliver seeds, immature medical marijuana plants, medical marijuana plants, medical marijuana and medical marijuana products to a medical marijuana organization or an approved laboratory in Pennsylvania in accordance with certain guidelines promulgated by the Department of Health, including but not limited to, requiring (1) the use of a global positioning system to ensure safe, efficient delivery of the seeds, immature medical marijuana plans, medical marijuana plants, medical marijuana and medical marijuana products to a medical marijuana organization or approved laboratory between 7 a.m. and 9 p.m.; and (2) a transport vehicle must be staffed with at least two individuals, at least one of whom must remain with the vehicle at all times that the vehicle contains seeds, immature medical marijuana plans, medical marijuana plants, medical marijuana and medical marijuana products to ensure the security of the products.

A dispensary may transport and deliver medical marijuana products to a medical marijuana organization in Pennsylvania in accordance with certain guidelines promulgated by the Department of Health, including but not limited to, requiring (1) the use of a global positioning system to ensure safe, efficient delivery of the medical marijuana products to a medical

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marijuana organization between 7 a.m. and 9 p.m.; and (2) transport vehicle must be staffed with at least two individuals, at least one of whom must remain with the vehicle at all times that the vehicle contains medical marijuana products to ensure the security of the products.

Pennsylvania Inspections

The Department of Health may conduct announced or unannounced inspections or investigations to determine the medical marijuana organization's compliance with its permit, Act 16, or the regulations. An investigation or inspection may include but is not limited to; (1) inspection of a medical marijuana organization's site, facility, vehicles, books, records, papers, documents, data, and other physical or electronic information; (2) questioning of employees, principals, operators, financial backers, authorized agents of, and any other person or entity providing services to the medical marijuana organization; and (3) inspection of a grower/processor facility's equipment, instruments, tools and machinery that are used to grow, process and package medical marijuana, including containers and labels.

Regulatory Developments in the State of Ohio

HB 523, effective on September 8, 2016, legalized medical marijuana in Ohio. The Ohio Medical Marijuana Control Program ("OMMCP") allows people with certain medical conditions, upon the recommendation of an Ohio licensed physician certified by the State Medical Board, to purchase and use medical marijuana. Though Ohio was required to implement a fully operational OMMCP by September 8, 2018 with a controlled system for cultivation, laboratory testing, physician/patient registration and dispensing, the timeline was delayed until November 2018. The three (3) following state government agencies are responsible for the operation of OMMCP: (1) the Ohio Department of Commerce is responsible for overseeing medical marijuana cultivators, processors and testing laboratories; (2) the State of Ohio Board of Pharmacy ("Ohio Pharmacy Board") is responsible for overseeing medical marijuana retail dispensaries, the registration of medical marijuana patients and caregivers, the approval of new forms of medical marijuana and coordinating the Medical Marijuana Advisory Committee and, (3) the State Medical Board of Ohio is responsible for certifying physicians to recommend medical marijuana and may add to the list of qualifying conditions for which medical marijuana can be recommended. Several forms of medical marijuana are legal in Ohio, these include: inhalation of marijuana through a vaporizer (not direct smoking), oils, tinctures, plant material, edibles, patches and any other forms approved by the Ohio Pharmacy Board.

Ohio Storage Requirements

Ohio has selected METRC as the T&T system. Individual licensees, whether directly or through third-party APIs, are required to push data to the state to meet all reporting requirements. A holder of a processing or cultivation license must track and submit through the inventory tracking system any information the Ohio Department of Commerce determines necessary for maintaining and tracking medical cannabis extracts and products.

A holder of a cultivation license must conduct a weekly inventory of medical cannabis which includes (a) date of inventory; (b) amount of medical cannabis on hand; (c) total count of plants, whether in the flowering, vegetative, or clone phase of growth and organized by room in which the plants are being grown; (d) amount of medical cannabis sold since previous weekly inventory; (e) date, quantity, and method of disposal of medical cannabis; (f) summary of the inventory findings; and (g) name, signature, and title of the employees who conducted the inventory and oversaw the inventory. On an annual basis and as a condition for renewal of a cultivation license, a holder of a cultivation license must conduct a physical, manual inventory of the medical cannabis on hand at the cultivation facility and compare the findings to an annual inventory report generated using the inventory tracking system.

A holder of a processing license must conduct weekly inventory of medical cannabis which includes (a) the date of the inventory, (b) net weight of plant material and the net weight and volume of medical cannabis extract, (c) net weight and unit count of medical cannabis products prepared or packaged for sale to a dispensary, (d) the amount of medical cannabis and medical cannabis products sold since previous weekly inventory; (e) the date, quantity, and method of disposal of any plant material, medical cannabis extract, and medical cannabis products; (f) a summary of the inventory findings; and (g) name, signature and employees who conducted the inventory and oversaw the inventory. On an annual basis and as a condition for renewal of a processing license, a holder of a processing license shall conduct a physical, manual inventory of plant material, medical cannabis extract, and medical cannabis products on hand at the processor and compare the findings to an annual inventory report generated using the inventory tracking system. A holder of a processing license

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must store plant material, medical cannabis extract, and medical cannabis product inventory on the premises in a designated, enclosed, locked area and accessible only by authorized individuals.

A holder of a dispensary license must use the METRC T&T system to push data to the Ohio Board of Pharmacy on a real-time basis. The following data must be transmitted (a) each transaction and each day's beginning inventory, acquisitions, sales, disposal and ending inventory, (b) acquisitions of medical cannabis from a licensed processor or cultivator holding a plant-only processor designation, (c) name and license number of the licensed dispensary employee receiving the medical cannabis and, (d) other information deemed appropriate by the Ohio State Board of Pharmacy. A dispensary's designated representative shall conduct the inventory at least once a week. Records of each day's beginning inventory, acquisitions, sales, disposal and ending inventory shall be kept for a period of three years.

The dispensary licensee must restrict access areas and keep stock of medical cannabis in secured area enclosed by a physical barrier with suitable locks and an alarm system capable of detecting entry at a time when licensed dispensary employees are not present. Medical cannabis must be stored at appropriate temperatures and under appropriate conditions to help ensure that its identity, strength, quality and purity are not adversely affected.

Ohio Security Requirements

All licensees must have a security system that remains operational at all times and that uses commercial grade equipment to prevent and detect diversion, theft or loss of medical cannabis, including (a) a perimeter alarm, (b) motion detectors, and (c) duress and panic alarms. All licensees must also employ a holdup alarm, which means a silent alarm signal generated by the manual activation of a device intended to signal a robbery in progress. Processing and cultivation facilities are also required to have secondary alarm systems installed and monitored by a vendor that differs from the primary alarm system.

Video cameras at a dispensary must be positioned at each point of egress and each point of sale. The cameras must capture the sale, the individuals and the computer monitors used for the sale, approved safes, approved vaults and any area where cannabis is stored, handled or destroyed. Video surveillance recording must operate 24 hours a day, seven days a week. Recording from all video cameras during hours of operation must be made available for immediate viewing by the Ohio State Board of Pharmacy upon request and must be retained for at least six months.

Video cameras at a processing or cultivation facility must be directed at all approved safes, approved vaults, and any other area where plant material, medical cannabis extract, or medical cannabis products are being processed, stored, handled or destroyed. Video surveillance must take place 24 hours a day, seven days a week. Recordings from all video cameras during hours of operation must be readily available for immediate viewing by the Ohio regulatory bodies upon request and must be retained for at least six months. Video recording must be maintained for at least a 45-day period. Video recording must be maintained beyond the 45-day period when the cultivator or processor becomes aware of a pending criminal, civil or administrative investigation or legal proceeding for which a recording may contain relevant information. The cultivator or processor must retain an unaltered copy of the recording until the investigation or proceeding is closed or the entity conducting the investigation or proceeding is closed or the entity conducting the investigation or proceeding notifies the cultivator or processor that it is no longer necessary to retain the recording.

Ohio Reporting Requirements

A holder of a processing license must maintain the following records: (a) samples sent for testing, (b) disposal of products, (c) tracking of inventory, (d) form and types of medical cannabis maintained at the processing facility on a daily basis, (e) production records, including extraction, refining, manufacturing, packaging and labeling, (f) financial records, (g) employee records and (h) purchase invoices, bills of lading, manifests, sales records, copies of bills of sale, and any supporting documents, including the items and/or services purchased, from whom the items were purchased, and the date of purchase. Records must be maintained for five years.

A holder of a cultivation license must maintain the following records: (a) forms and types of medical cannabis maintained at the cultivator on a daily basis; (b) soil amendment, fertilizers, pesticides, or other chemicals applied to the growing medium or plants or used in the process of growing medical cannabis; (c) production records, including planting, harvesting and curing, weighing, and packaging and labeling; (d) financial records; (e) employee records; and (f) purchase invoices, bills of lading, manifests, sales records, copies of bills of sale, and any supporting documents, including the items

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and/or services purchased, from whom the items were purchased, and the date of purchase. Records will be maintained for five years.

A holder of a dispensary license must maintain the following records (a) confidential storage and retrieval of patient information or other medical cannabis records, (b) records of all medical cannabis received, dispensed, sold, destroyed, or used, (c) dispensary operating procedures, (d) a third-party vendor list, (e) monetary transactions, and (f) journals and ledgers. All records relating to the purchase or return, dispensing, distribution, destruction, and sale of medical cannabis must be maintained under appropriate supervision and control to restrict unauthorized access on the licensed premises for a five-year period.

Ohio Transportation Requirements

Medical cannabis entities must maintain a transportation log in METRC containing the names and addresses of the medical cannabis entities sending and receiving the shipment, names and registration numbers of the registered employees transporting the medical cannabis or the products containing medical cannabis, the license plate number and vehicle type that will transport the shipment, the time of departure and estimated time of arrival, the specific delivery route, which includes street names and distances; and the total weight of the shipment and a description of each individual package that is part of the shipment, and the total number of individual packages. Copies of the log described above must be transmitted to the recipient and to the Ohio Department of Commerce through METRC before 11:59 p.m. on the day prior to the trip.

Vehicles transporting medical cannabis or cannabis products must be insured as required by law, store the products in locked compartments, ensure that the products are not visible from outside the vehicle, be staffed with two employees registered with the department (with one remaining with the vehicle at all times) and have access to the 911 emergency system. Vehicles must not be marked with any marks or logos.

Trips must be direct, other than to refuel the vehicle. Drivers must have their employee identification cards on their person at all times and must ensure that delivery times and routes are randomized. A copy of the transportation log must be carried during the trip.

Ohio Inspections Requirements

The submission of an application that results in the issuance of a provisional license or certificate of operation for a cultivator irrevocably gives the Ohio Department of Commerce consent to conduct all inspections necessary to ensure compliance with the cultivator's application, state and local law and regulators. An inspector conducting an inspection pursuant to this rule shall be accompanied by a "type 1" key employee during the inspection. The inspector may review and make copies of records, enter any area of a facility, inspect vehicles, equipment, premises, and question employees, among other actions. Dispensaries are not permitted to deliver cannabis products to the homes of patients or their designated caregivers.

Dispensaries in Ohio are subject to random and unannounced dispensary inspections and medical cannabis testing by the Ohio Board of Pharmacy. The Ohio Board of Pharmacy and its representatives may enter facilities and vehicles where medical cannabis is held and conduct inspections in a reasonable manner each place and all pertinent equipment, containers and materials and data. The Ohio Board of Pharmacy may also obtain any medical cannabis or related products from such facility.

Regulatory Developments in the State of Arizona

In 2010, Arizona passed Ballot Proposition 203, which amended Title 36 to the Arizona Revised Statutes. This amendment added Chapter 28.1, titled the Arizona Medical Marijuana Act (the "AMMA"). The AMMA is codified in Arizona Revised Statutes § 36-2801 et. seq. The AMMA also appointed the Arizona Department of Health Services ("ADHS") as the regulator for the program and authorized ADHS to promulgate, adopt and enforce regulations for the AMMA. These ADHS regulations are embodied in the Arizona Administrative Code Title 9 Chapter 17 (the "Medical Rules"). ARS §36-2801(12) defines a "nonprofit medical marijuana dispensary" as a not-for-profit entity that acquires, possesses, cultivates, manufactures, delivers, transfers, transports, supplies, sells or dispenses marijuana or related supplies and educational materials to cardholders.

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The ADHS has established the medical marijuana program, which includes a vertically integrated license, meaning if allocated a Medical Marijuana Dispensary Registration Certificate (a "Certificate"), entities are authorized to dispense and cultivate medical cannabis. Each Certificate allows the holding entity to operate one on-site cultivation facility, and one off-site cultivation facility which can be located anywhere within the State of Arizona. An entity holding a Certificate is required to file an application to renew with the ADHS on an annual basis, which must also include audited annual financial statements. While a Certificate may not be sold, transferred or otherwise conveyed, Certificate holders typically contract with third parties to provide various services related to the ongoing operation, maintenance, and governance of its dispensary and/or cultivation facility so long as such contracts do not violate the requirements of the AMMA or the medical marijuana program.

The ADHS had until April 2012 to establish a registration application system for patients and nonprofit marijuana dispensaries, as well as a web-based verification platform for use by law officials and dispensaries to verify a patient's status as such. It also specified patients' rights, qualifying medical conditions, and allowed out-of-state medical marijuana patients to maintain their patient status (though not to purchase cannabis). On December 6, 2012, Arizona's first licensed medical marijuana dispensary opened in Glendale. Arizona recently enacted SB 1494, which, among other things will require testing of medical marijuana and require biannual renewal of agent licensure.

To qualify to use medical marijuana under the AMMA, a patient is required to have a debilitating medical condition. Valid medical conditions include HIV, cancer, glaucoma, immune deficiency syndrome, Hepatitis C, Crohn's disease, agitation of Alzheimer's disease, ALS, cachexia/wasting syndrome, muscle spasms, nausea, seizures, severe and chronic pain or another chronic or debilitating condition.

Arizona S.B. 1494 went into effect in August 2019. The bill authorized the ADHS to adopt rules for inspecting medical marijuana dispensaries and created an independent testing regime for marijuana cultivated by a medical marijuana dispensary. Beginning in November 2020, before marijuana is sold, it must be tested for unsafe levels of microbial contamination, heavy metals, pesticides, herbicides, fungicides, growth regulators and residual solvents.

S.B. 1494 also authorized civil penalties of up to \$1,000 per violation (not to exceed \$5,000 in a 30-day period) on medical marijuana dispensaries. The bill makes patient ID cards and medical marijuana dispensary registration certificates expire every two years rather than every year. Regulations implementing S.B. 1494 went into effect on August 27, 2019. In February 2020, the Department began an additional round of rulemaking designed to improve the regulations regarding independent testing. In 2020, Arizona passed Ballot Proposition 207, which amended Title 36 to the Arizona Revised Statutes. This amendment added Chapter 28.2, titled the Smart and Safe Arizona Act (the "SSAA"). The SSAA is codified in Arizona Revised Statutes § 36-2850 et. seq. The SSAA appointed ADHS as the regulator for the program and required ADHS to promulgate, adopt, and enforce regulations for the SSAA. ADHS has published draft rules to administer the Adult-use Marijuana Program to be embodied in the Arizona Administrative Code Title 9 Chapter 18 (the "Adult-use Rules;" together with the Medical Rules, the "Rules"). These Adult-use Rules became effective on January 15, 2021. ARS § 36-2850 defines "marijuana establishment" as an entity licensed by the department to operate all of the following: a single retail location at which the licensee may sell marijuana and marijuana products to consumers, cultivate marijuana and manufacture marijuana products; a single off-site cultivation location at which the licensee may cultivate marijuana, process marijuana and manufacture marijuana products, but from which marijuana and marijuana products may not be transferred or sold to consumers; and a single off-site cultivation location at which the licensee may cultivate marijuana, process marijuana and manufacture marijuana products, but from which marijuana and marijuana products may not be transferred or sold to consumers.

Arizona Medical Marijuana Licensing Requirements

In order for an applicant to receive a Certificate, it must: (i) fill out an application on the form prescribed by ADHS, (ii) submit the applicant's articles of incorporation and by-laws, (iii) submit fingerprints for each principal officer or board member of the applicant for a background check to exclude felonies, (iv) submit a business plan and policies and procedures for inventory control, security, patient education, and patient recordkeeping that are consistent with the AMMA and the Medical Rules to ensure that the dispensary will operate in compliance, and (v) designate an Arizona licensed physician as the Medical Director for the dispensary. Certificates are renewed annually so long as the dispensary is in good standing with ADHS, pays the renewal fee, and submits an independent third-party financial audit.

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Once an applicant has been issued a Certificate, they are allowed to establish one physical retail dispensary location, one cultivation location which is co-located at the dispensary's retail site (if allowed by local zoning) and one additional off-site cultivation location. None of these sites can be operational, however, until the dispensary receives an approval to operate from ADHS for the applicable site. This approval to operate requires: (i) an application on the ADHS form, (ii) demonstration of compliance with local zoning regulations, (iii) a site plan and floor plan for the applicable property, and (iv) an in-person inspection by ADHS of the applicable location to ensure compliance with the Medical Rules and consistency with the dispensary's applicable policies and procedures.

Arizona Adult-use Marijuana Licensing Requirements

In order for an applicant to receive a marijuana facility agent license, it must submit to ADHS (i) the personal identification information prescribed by ADHS including a background check and fingerprints and (ii) the applicable fee as prescribed in the Adult-use Rules. The license must be renewed every two years. A licensee may seek renewal by submitting to ADHS, at least thirty calendar days before the license expiration, (a) information on the license, (b) updated personal information including a criminal records check, and (c) the applicable fee as prescribed in the Adult-use Rules.

ADHS may issue one marijuana establishment license for every 10 pharmacies registered under § 32-1929 and no more than two licenses per county that contains no registered medical marijuana dispensaries, or one license per county that contains one registered medical marijuana dispensary. In the event that more complete and compliant applications are received than ADHS may issue, ADHS will issue the licenses according to criteria prescribed in the Adult-use Rules. The initial round of license applications were due March 9, 2021.

In order for an application to be considered complete and compliant such that an applicant may be considered for a marijuana establishment license, the applicant must (i) pay the appropriate non-refundable fee prescribed by ADHS, (ii) submit the ADHS-prescribed application, (iii) documentation of: facility agent licenses for principal officers and board members, good standing with the Arizona Corporation Commission, zoning compliance, ownership of or permission to use the physical address, and sufficient funds.

Applicants that have a Certificate issued under the Medical Rules, the applicant may apply for a marijuana establishment license by submitting (i) an attestation from each principal officer and board member approving the application, (ii) the license number on the applicant's dispensary registration certificate, (iii) whether the applicant wants to transfer the cultivation site under the registration certificate to the marijuana license, and (iv) the applicable fee.

A holder of a marijuana establishment license may apply for approval to operate a marijuana establishment by submitting, within 18 months after the marijuana establishment license was issued, the following: (i) an application on the form prescribed by ADHS, (ii) documentation of local permission to use the property as a marijuana establishment (such as a certificate of occupancy, special use permit, or a conditional use permit), (iii) a list of activities the establishment is requesting, including cultivation, manufacturing, or preparation of edible products, (iv) a license of the location as a food establishment if preparing edible products, (v) a site plan, and (vi) a floor plan.

Marijuana establishments that received their license through the process for applicants with Certificates may begin operating without submitting the above if the entity holding the license (i) received approval to operate under the Medical Rules and (ii) is operating and available to dispense medical marijuana in accordance with the Medical Rules.

Marijuana establishment licenses must be renewed every two years.

Arizona Security Requirements for Dispensary Facilities

Any dispensary facility (both retail and cultivation) or marijuana establishment must abide by the following security requirements: (i) ensure that access to the facilities is limited to authorized agents of the dispensary who are in possession of a dispensary agent identification card, and (ii) equip the facility with: (a) intrusion alarms and surveillance equipment, (b) exterior and interior lighting to facilitate surveillance, (c) at least one 19-inch monitor for surveillance and a video capable of printing a high resolution still image, (d) high resolution video cameras at all points of sale, entrances, exits, and limited access areas, both in and around the building, (e) 30 days' video storage, (f) failure notifications and battery backups for the security system, and (g) panic buttons inside each building.

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Arizona Dispensing Requirements

In order to dispense medical marijuana to a qualifying patient or designated caregiver, a licensed dispensary is required to (1) verify the qualifying patient's or designated caregiver's identity, (2) offer appropriate patient education or support materials, (3) make available testing results related to the product sought, if requested by the qualifying patient or designated caregiver, (4) enter the qualifying patient's or designated caregiver's registry identification number on the identification card presented into the medical marijuana electronic verification system, (5) verify the validity of the identification card presented, (6) verify that the amount of marijuana product to be dispensed would not cause the qualifying patient to exceed the regulatory limit, and (7) enter information into the medical marijuana electronic verification system regarding the amount of medical marijuana dispensed, whether it was dispensed directly to the qualifying patient or to a caregiver, the date and time of dispensing, the registry identification number of the dispensary agent, and the dispensary's registry identification number.

Arizona Storage Requirements

Any dispensary facility (both retail and cultivation) or marijuana establishment must abide by the following requirements for the storage of product: (i) product must be stored in an area that is separate from areas used to store toxic and flammable materials, (ii) product must be stored in a manner that is clean and sanitary, (iii) product must be protected from flies, dust, dirt, and any other contamination, and (iv) surfaces and objects used in the handling and storage of product must be cleaned daily.

Additionally, the Rules establish strict inventory protocols for tracking product from "seed to sale," which requires product to be traceable to the original plants used to grow the cannabis used in the product. These requirements include (1) daily updated inventory amounts of marijuana products, (2) acquisitions of medical marijuana from qualifying patients or designated caregivers, (3) acquisitions of medical marijuana from other dispensaries, (4) information related to batches of marijuana cultivated by the licensee, (5) information regarding provision of medical marijuana to other dispensaries, (6) information relating to required testing of marijuana products, and (7) the disposition of marijuana products determined not to be dispensed to a patient or to be included in manufacturing a marijuana product. Licensed dispensaries are additionally required to keep records regarding qualifying patients that: (1) include dated entries from registered dispensary agents regarding dispensing, (2) are safeguarded against unauthorized access and tampering, (3) include documentation of requests by qualifying patients and caregivers regarding marijuana products and educational materials.

Arizona Transportation Requirements

Dispensaries may transport medical cannabis and marijuana establishments may transport adult-use cannabis between their own sites or between their sites and another dispensary's site and must comply with the following Rules: (i) prior to transportation, the dispensary agent must complete a trip plan showing: (a) the name of the dispensary agent in charge of transporting the cannabis, (b) the date and start time of the trip, (c) a description of the cannabis, cannabis plants, or cannabis paraphernalia being transported; and (d) the anticipated route of transportation, including any anticipated stops during the trip; (ii) during transport the dispensary agent shall: (a) carry a copy of the trip plan at all times, (b) use a vehicle with no medical cannabis identification, (c) have a means of communicating with the dispensary, and (d) ensure that no cannabis is visible, and (iii) dispensaries must maintain trip plan records for at least two years.

Arizona Adult-use Operating Requirements

Marijuana establishments must (i) ensure that the retail location is operating and available at least 30 hours a week between the hours of 7:00 a.m. and 10:00 p.m. within 18 months after receiving the marijuana establishment license, (ii) develop, implement and regularly review and update, no less than once every 12 months, policies related to job descriptions and employment contracts, training of facility agents, and inventory control, (iii) ensure all principal officers, board members, employees, and volunteers maintain valid marijuana facility agent licenses and keep them in their possession when working with marijuana, (iv) inform ADHS within 10 days when a marijuana facility agent is no longer employed or volunteering with the marijuana establishment, (v) document loss or theft and (vi) post the marijuana establishment's approval to operate, the license, hours of operation, and the applicable ADHS-prescribed warning signs.

Marijuana products to be sold at a marijuana establishment's retail location must (i) comply with the packaging and labeling requirements in the SSAA, (ii) be labeled with the appropriate product information and warnings as prescribed by ADHS, and (iii) be placed in child-resistant packaging. Prior to selling or transferring any marijuana product to a

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consumer, the marijuana facility agent must (i) verify the consumer's age, (ii) make available the results of testing of the marijuana if requested, and (iii) ensure that the amount to be sold or transferred does not exceed one ounce, with not more than 5 grams being in the form of a marijuana concentrate.

A marijuana establishment that prepares, sells, or transfers marijuana-infused edible food products shall (i) obtain a license or permit as a food establishment under 9 A.A.C. 8, Article 1, (ii) ensure that the products are prepared according to the applicable requirements in 9 A.A.C. 8, Article 1, whether prepared on-site or by another marijuana establishment, and (iii) ensure that any sold products (a) are sold in accordance with 9 A.A.C. 8, Article 1, (b) contain no more total THC than 10 mg per serving or 100 mg per package, and (c) if packaged as more than one serving, are scored or delineated into standard serving size and consistent in THC disbursement.

Arizona Inspections and Enforcement

ADHS may inspect a medical facility at any time upon five (5) days' notice to the dispensary. However, if someone has alleged that the dispensary is not in compliance with the AMMA or the Medical Rules, ADHS may conduct an unannounced inspection. ADHS will provide written notice to the dispensary of any violations found during any inspection and the dispensary then has 20 working days to take corrective action and notify ADHS.

ADHS must revoke a Certificate if a dispensary: (i) operates before obtaining approval to operate a dispensary from ADHS, (ii) dispenses, delivers, or otherwise transfers cannabis to an entity other than another licensed dispensary, a qualifying patient with a valid registry identification card, a designated caregiver with a valid registry identification card, or a laboratory with a valid laboratory registration certificate, (iii) acquires usable cannabis or mature cannabis plants from any entity other than another licensed dispensary, a qualifying patient with a valid registry identification card, or a designated caregiver with a valid registry identification card, or (iv) if a principal officer or board member has been convicted of an excluded felony offense.

ADHS may revoke a Certificate if a dispensary does not: (i) comply with the requirements of AMMA or the Medical Rules, (ii) implement the policies and procedures or comply with the statements provided to ADHS with the dispensary's application. ADHS may inspect an adult-use facility at any time during regular hours of operation. ADHS must make at least one unannounced visit annually to each licensed facility.

ADHS may suspend or revoke a marijuana establishment license if (i) the marijuana establishment (a) provides false or misleading information to ADHS, (b) operates before obtaining approval to operate from ADHS, (c) diverts marijuana to an individual or entity not allowed to possess marijuana, or (d) acquires marijuana from an individual or entity not allowed to possess marijuana; (ii) a principal officer or board member (a) has been convicted of an excluded felony offense, or (b) provides false or misleading information to ADHS; (iii) the marijuana establishment does not (a) comply with the requirements in the SSAA or the Adult-use Rules, or (b) implement the policies or procedures or comply with the statements provided to ADHS in the marijuana establishment's application.

Regulatory Developments in the State of New York

In July 2014, the New York Legislature and Governor enacted the Compassionate Care Act (the "CCA") to provide a comprehensive, safe and effective medical cannabis program. The CCA provides access to the program to certified patients who suffer from one of 14 qualifying serious conditions including, debilitating or life-threatening conditions including cancer, HIV/AIDS, ALS and chronic pain. Certified patients must also have one of the following associated or complicating conditions: cachexia or wasting syndrome, severe or chronic pain, severe nausea, seizures, or severe or persistent muscle spasms, post-traumatic stress disorder, or opioid use disorder (if enrolled in a treatment program pursuant to Article 32 of the Mental Hygiene Law).

Pursuant to the CCA, only a limited number of product offerings are allowed including metered liquid or oil preparations, solid and semi-solid preparations (e.g. capsules, chewable and effervescent tablets), metered ground plant preparations, and topical forms and transdermal patches. Smoking medical cannabis is not allowed. Medical cannabis may not be incorporated into the food products unless approved by the Commissioner of Health and smoking of cannabis flower is prohibited. According to the Cowen report, Charting Cannabis: A U.S. State Level Deep Dive, published February 19, 2020, there were 35 open dispensaries in New York as of the end of 2019.

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On March 31, 2021, New York became the 16th state to legalize the adult-use of cannabis with the enactment of Senate Bill S854A, also known as The Marihuana Regulation and Taxation Act (the "MRTA"). Under MRTA, the current medical cannabis program is set to undergo several changes. A new Office of Cannabis Management-an independent agency operating as part of the New York State Liquor Authority-will be responsible for regulating the adult-use cannabis market as well as the existing medical cannabis and hemp programs, and will be overseen by a new five-member Cannabis Control Board. The list of medical conditions covered under the CCA will be widened to include additional qualifying conditions, medical patients will no longer be restricted from smoking medical cannabis, and the current limit on cannabis supply for medical patients will be doubled. Medical cannabis license holders may also be allowed to double their existing number of dispensaries for up to a total of eight dispensaries, but no more than three of the dispensary locations will be permitted to serve as adult-use cannabis retail stores. The legislation takes effect immediately, though full implementation will not occur until the Cannabis Control Board develops regulations for the adult-use cannabis program. It is currently expected that full implementation could take between 18 months to two years. On January 24, 2022, the Office of Cannabis Management announced the launch of a new Medical Cannabis Program certification and registration system expanding the existing medical cannabis program. Moving forward, the program will allow the certification of a patient by a practitioner for any condition that the practitioner believes can be treated with medical cannabis.

On February 22, 2022 Governor Kathy Hochul signed into law S.8084-A/A.9283-A creating a new Adult-Use Conditional Cultivator license, authorizing eligible hemp growers to apply for a license to grow cannabis containing over 0.3% THC for the upcoming adult-use market. To be eligible to apply, the hemp grower must have been authorized to grow hemp under the Department of Agriculture and Markets Industrial Hemp Research Pilot Program and meet certain other requirements.

New York Licenses

The New York Department of Health ("NYDOH") approves entities to operate as "registered organizations" under the CCA. Each registered organization is vertically integrated and can operate one cultivation/processing facility and up to four dispensaries.

Licenses under New York's medical cannabis program are valid for two years from the date of issuance and registered organizations are required to submit a renewal application not more than six months nor less than four months prior to expiration. Registered organizations must ensure that no medical cannabis product is sold, delivered, transported or distributed by a producer from or to a location outside of New York.

New York Record-Keeping/Reporting

The NYDOH uses the BioTrack THC T&T system to track medical cannabis activity. Each month, each registered organization is required to file reports with the NYDOH which provides information showing all medical cannabis products dispensed during the month. All other data shall be pulled from the T&T system. The data must include (a) documentation, including lot numbers where applicable, of all materials used in the manufacturing of the approved medical cannabis product to allow tracking of the materials including but not limited to soil, soil amendment, nutrients, hydroponic materials, fertilizers, growth promoters, pesticides, fungicides, and herbicides, (b) cultivation, manufacturing, packaging and labeling production records, and (c) laboratory testing results. The records are required to be maintained for a period of five years.

New York Inventory/Storage Requirements

A record of all approved medical cannabis products that have been dispensed must be filed with the NYDOH electronically through BioTrack THC no later than 24 hours after the medical cannabis product was dispensed to the certified patient or designated caregiver. The information filed must include (a) a serial number for each approved medical cannabis product dispensed to the certified patient or designated caregiver, (b) an identification number for the registered organization's dispensing facility, (c) the patient's name, date of birth and sex, (d) the patient's address, including street, city, state and zip code, (e) the patient's registry identification card number, (f) if applicable, the designated caregiver's name and registry identification number, (g) the date the approved medical cannabis was filled by the dispensing facility, (h) the medical cannabis product drug code number, (i) the number of days of supply dispensed, (j) the registered practitioner's Drug Enforcement Administration number, (k) the date the written certification was issued by the registered practitioner, and (l) the payment method.

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All cannabis must be stored in a secure area or location within the registered organization accessible only to a minimum number of employees essential for efficient operation and in such a manner as approved by the NYDOH in advance, to prevent diversion, theft or loss and against physical, chemical and microbial contamination and deterioration. Cannabis must be returned to its secure location immediately after completion of manufacture, distribution, transfer or analysis.

New York Security Requirements

All facilities operated by a registered organization, including any manufacturing facility and dispensing facility, must have a security system to prevent and detect diversion, theft or loss of cannabis and/or medical cannabis products, utilizing commercial grade equipment which includes, at a minimum (a) a perimeter alarm, (b) motion detectors, (c) video cameras in all areas that may contain cannabis and at all points of entry and exit, (d) a duress alarm, (e) a panic alarm, (f) a holdup alarm, (g) an automatic voice dialer, (h) a failure notification system, and (i) the ability to remain operational during a power outage.

The manufacturing and dispensing facilities' cameras must have the ability to product a clear color still photo that is a minimum of 9600 dpi from any camera image and must be directed at all approved safes, approved vaults, dispensing areas, cannabis sales areas and any other area where cannabis is manufactured, stored, handled, dispensed or disposed of. The manufacturing and dispensing facilities must angle the cameras to allow for the capture of clear and certain identification of any person entering or exiting the facilities. The surveillance cameras must record 24 hours a day, seven days a week. Recordings from all video cameras must include a date and time stamp embedded on all recordings and must be readily available for immediate viewing by a state authorized representative upon request and must be retained for at least 90 days. A registered organization must test the security and surveillance equipment no less than semi-annually at each manufacturing and dispensing facility that is operated under the registered organization's registration. Records of security tests must be maintained for five years and be made available for inspection by the NYDOH.

New York Transportation Requirements

Prior to transporting any medical cannabis, a registered organization must complete a shipping manifest using a form determined by NYDOH. A copy of the shipping manifest must be transmitted to the destination that will receive the products and to NYDOH at least two business days prior to transport unless otherwise expressly approved NYDOH. The registered organization shall maintain all shipping manifests and make them available to the department for inspection upon request, for a period of 5 years.

Approved medical cannabis products must be transported in a locked storage compartment that is part of the vehicle transporting the cannabis and in a storage compartment that is not visible from outside the vehicle. An employee of a registered organization, when transporting approved medical cannabis products must (a) travel directly to his or her destination(s) and may not make any unnecessary stops in between, (b) ensure that all approved medical cannabis product delivery times are randomized, (c) appoint each transport vehicle with a minimum of two employees where at least one transport team member remains with the vehicle at all times that the vehicle contains cannabis, (d) have access to a secure form of communication with employees at the registered organization's manufacturing facility at all times that the vehicle contains cannabis, (e) possess a copy of the shipping manifest at all times when transporting or delivering approved medical cannabis products, and (f) keep the manifest in a safe compartment for a minimum of five years.

New York Inspections

Medical cannabis facilities in New York must make its books, records and manufacturing and dispensing facilities available to the NYDOH or its authorized representatives for monitoring, on-site inspection, and audit purposes, including but not limited to periodic inspections and/or evaluations of facilities, methods, procedures, materials, staff and equipment to assess compliance with requirements of the CCA and the regulations promulgated thereunder.

Regulatory Developments in the State of Massachusetts

The Massachusetts Medical Use of Marijuana Program (the "MA Program") was formed pursuant to the Act for the Humanitarian Medical Use of Marijuana (the "MA ACT"). The MA Program allows registered persons to purchase medical cannabis and applies to any patient, personal caregiver, Medical Marijuana Treatment Center (each, a "MTC"), and MTC agent that qualifies and registers under the MA Program. To qualify, patients must suffer from a debilitating condition as defined by the MA Program. Currently there are eight conditions that allow a patient to acquire cannabis in

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Massachusetts, including AIDS/HIV, ALS, cancer and Crohn's disease. The MA Program is administrated by the Cannabis Control Commission of Massachusetts (the "CCC").

In November 2016, Massachusetts voted affirmatively on a ballot petition to legalize and regulate cannabis for adult-use. The Massachusetts legislature amended the law on December 28, 2016, delaying the date adult-use cannabis sales would begin by six months. The delay allowed the legislature to clarify how municipal land-use regulations would treat the cultivation of cannabis and authorized a study of related issues. After further debate, the state House of Representatives and state Senate approved H.3818 which became Chapter 55 of the Acts of 2017, An Act to Ensure Safe Access to Marijuana, and established the CCC. The CCC consists of five commissioners and regulates both the Adult Use and Medical Use of Marijuana programs. Sales of adult-use cannabis in Massachusetts started in July 2018. Adult-use cannabis in Massachusetts is regulated under M.G.L. ch. 94G and 935 CMR 500 et seq.

Under the MA Program, MTCs are heavily regulated. Vertically integrated MTCs grow, process, and dispense their own cannabis. As such, each MTC is required to have a retail facility as well as cultivation and processing operations, although retail operations may be separate from grow and cultivation operations. An MTC's cultivation location may be in a different municipality or county than its retail facility.

The MA Program mandates a comprehensive application process for MTCs. Each Registered Marijuana Dispensary (each, a "RMD") applicant must submit a Certificate of Good Standing, comprehensive financial statements, a character competency assessment, and employment and education histories of the senior partners and individuals responsible for the day-to-day security and operation of the MTC. Municipalities may individually determine what local permits or licenses are required if an MTC wishes to establish an operation within its boundaries.

Massachusetts Licenses

Each Massachusetts dispensary, grower and processor license is valid for one year and must be renewed no later than 60 calendar days prior to expiration. As in other states where cannabis is legal, the CCC can deny licenses and renewals for multiple reasons, including (per 935 CMR 500.400) (1) failure to complete the application process within the required time period; (2) submission of deceptive, misleading, or fraudulent information, (3) an indication of an inability to maintain and operate a compliant cannabis establishment, (4) determination of unsuitability pursuant to, for example, certain criminal convictions, (5) failure to comply with cannabis license control limitations, (6) rejection of revocation of another cannabis license in Massachusetts or elsewhere; or (7) any other ground that serves the purposes of the law. Revocations can also be based on (per 935 CMR 500.450) (1) failure to submit or implement a plan of correction; (2) attempting to assign ownership to another entity or making other significant changes without proper permission, (3) lack of responsible operation of a cannabis establishment, (4) maintaining a substandard level of compliance with applicable statutory and regulatory requirements, (5) financial insolvency; (6) failure to cooperate with law enforcement, (7) violation of the safety, health, or welfare of the public; or (8) committing, permitting, aiding, or abetting of any illegal practices in the operation of the cannabis establishment. Additionally, license holders must ensure that no cannabis is sold, delivered, or distributed by a producer from or to a location outside of the state.

Regulation of the Adult-Use Cannabis Market in Massachusetts

Adult-use cannabis has been legal in Massachusetts since December 15, 2016, following a ballot initiative in November of that year. The CCC, a regulatory body created in 2018, licenses adult-use cultivation, processing and dispensary facilities (collectively, "Marijuana Establishments" or "MEs") pursuant to 935 CMR 500.000 et seq. The first adult-use cannabis facilities in Massachusetts began operating in November 2018.

Massachusetts Licensing Requirements (Adult-Use)

Applicants must submit proof of being an entity registered to do business in Massachusetts, as well as a list of all people and entities having direct or indirect control of the business, documentation of any such people or entities' other business interests, details of the amounts and sources of capital resources, and documentation of a bond or escrow account. Furthermore, the applicant must provide a specific address for the location of the establishment, proof of a property interest in that address, documentation that the applicant has a "host community agreement" with the municipality, and documentation that the applicant has held at least one community outreach meeting. The applicant must also provide a description of plans to ensure that the cannabis establishment will be compliant with all applicable laws and regulations, and also a specific plan to positively impact areas of disproportionate impact (geographical locations in the state which

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have had historically high rates of arrest, conviction, and incarceration related to cannabis crimes). The application also requires payment of a fee.

All individuals identified as having direct or indirect control in the license must undergo an extensive background check that includes criminal, civil, and regulatory records; certain criminal convictions, civil actions, or regulatory infractions may trigger a finding of unsuitability

Each license applicant must submit detailed information about its business registration, certificates of good standing, and a plan to obtain liability insurance. The application must include a detailed business plan, a detailed summary of operating policies and procedures addressing issues like security, storage, prevention of diversion, transportation, inventory practices, recordkeeping, and a specific diversity plan demonstrating promotion of equity among people of color, women, veterans, persons with disabilities, and LGBTQ+ individuals. Such plans must have specific goals and measurable outcomes that will be monitored and updated through the entire existence of the cannabis establishment.

Pursuant to 935 CMR 500.050, no person or entity may own or have direct or indirect control over more than three licenses in each Marijuana Establishment category (i.e., cannabis retailer, cannabis cultivator, cannabis product manufacturer). Additionally, there is a 100,000 square foot cultivation canopy restriction for adult-use licenses.

Massachusetts Dispensary Requirements (Adult-Use)

Cannabis retailers may purchase, transport, sell, repack, or otherwise transfer cannabis and cannabis products to consumers. On-site consumption is prohibited. All permitted cannabis-related activities must take place solely at the licensed address.

All cannabis establishment employees must receive at least eight hours of training annually. A total of four hours of training shall be from Responsible Vendor Training Program courses established under 935 CMR 500.105(2)(b). The remaining four hours may be conducted in-house by the cannabis establishment as on-the-job training.

All cannabis establishments must have written operating procedures addressing security measures, employee security policies, descriptions of operating hours and after-hours contact information, storage and waste disposal, product descriptions, price list, recordkeeping, quality control, staffing, emergency procedures, alcohol/smoke/drug-free workplace policies, confidential information handling, plans for immediate dismissal of employees who divert cannabis, engage in unsafe practices or are convicted of certain crimes, board of directors and members list, cash handling, prevention of diversion, energy efficiency, and workplace safety. Retail establishments must also have plans to check the identification of each customer both upon entering the store and again at the point of sale. No one under 21 is permitted to purchase cannabis or to be on the premises. Retail stores must ensure that customers purchase no more than one ounce of cannabis (or its equivalent in other forms) per day. Retailers also have the right to refuse sales to customers, for example, those that appear to be impaired by the influence of substances.

The retail point of sale system must be approved by both the CCC and the state Department of Revenue. It must be integrated with Metrc, the state's seed-to-sale tracking system. The system must also be audited on a monthly basis to ensure that no additional software has been installed that could alter sales data. Cannabis retailers must have available extensive consumer education materials, including in languages other than English.

Massachusetts Security and Storage Requirements (Adult-Use)

Each Marijuana Establishment must implement sufficient safety measures to deter and prevent unauthorized entrance into areas containing cannabis and theft of cannabis at the establishment. Security measures taken by the establishments to protect the premises, employees, consumers and general public must include, but not be limited to, the following:

- positively identifying individuals seeking access to the premises of the Cannabis Establishment or to whom or cannabis products are being transported pursuant to 935 CMR 500.105(13) to limit access solely to individuals 21 years of age or older;
- adopting procedures to prevent loitering and ensure that only individuals engaging in activity expressly or by necessary implication permitted by the regulations and its enabling statute are allowed to remain on the premises;
- disposing of cannabis in accordance with 935 CMR 500.105(12) in excess of the quantity required for normal, efficient operation as established within 935 CMR 500.105;

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- securing all entrances to the Marijuana Establishment to prevent unauthorized access;
- establishing limited access areas pursuant to 935 CMR 500.110(4), which shall be accessible only to specifically authorized personnel limited to include only the minimum number of employees essential for efficient operation;
- storing all finished cannabis products in a secure, locked safe or vault in such a manner as to prevent diversion, theft and loss;
- keeping all safes, vaults, and any other equipment or areas used for the production, cultivation, harvesting, processing or storage of cannabis products securely locked and protected from entry, except for the actual time required to remove or replace cannabis;
- keeping all locks and security equipment in good working order;
- prohibiting keys, if any, from being left in the locks or stored or placed in a location accessible to persons other than specifically authorized personnel;
- prohibiting accessibility of security measures, such as combination numbers, passwords or electronic or biometric security systems, to persons other than specifically authorized personnel;
- ensuring that the outside perimeter of the Marijuana Establishment is sufficiently lit to facilitate surveillance, where applicable;
- ensuring that all cannabis products are kept out of plain sight and are not visible from a public place without the use of binoculars, optical aids or aircraft;
- developing emergency policies and procedures for securing all product following any instance of diversion, theft or loss of cannabis, and conduct an assessment to determine whether additional safeguards are necessary;
- developing sufficient additional safeguards as required by the CCC for Marijuana Establishments that present special security concerns;
- establishing procedures for safe cash handling and cash transportation to financial institutions to prevent theft, loss and associated risks to the safety of employees, customers and the general public;
- sharing the establishment's floor layout with law enforcement and as required by the municipality to identify the use of any flammable or combustible solvents, chemicals, or other such materials in use; and
- sharing the Marijuana Establishment's security plan and procedures with law enforcement authorities and fire services and periodically updating law enforcement authorities and fire services if the plans or procedures are modified in a material way.

Cannabis must be stored in special limited access areas, and alarm systems must meet certain technical requirements, including a failure notification system, perimeter alarms on all entry and exit points, duress/panic alarms, and video surveillance in all areas where cannabis or cash is kept and at all points of entry and exit. The surveillance system must have the ability to record footage 24 hours a day and to retain such footage for at least 90 days. The systems must be angled so as to allow for the capture of clear identification of any person entering or existing the establishment and must be able to remain operational for a minimum of four hours in the event of a power outage. Regular audits are required every 30 days.

Massachusetts Transportation Requirements (Adult-Use)

Cannabis products may only be transported between licensed MEs by registered Marijuana Establishment agents. A licensed cannabis transporter may contract with a licensed Marijuana Establishment to transport that licensee's cannabis products to other licensed establishments. The originating and receiving licensed establishments shall ensure that all transported cannabis products are linked to METRC, Massachusetts' seed-to-sale tracking program. For the purposes of tracking, seeds and clones will be properly tracked and labeled in a form and manner determined by the CCC. Any cannabis product that is undeliverable or is refused by the destination Marijuana Establishment shall be transported back to the originating establishment. All vehicles transporting cannabis products shall be staffed with a minimum of two Marijuana Establishment agents. At least one agent shall remain with the vehicle at all times that the vehicle contains cannabis or cannabis products. Prior to the products leaving a Marijuana Establishment for the purpose of transporting cannabis products, the originating Marijuana Establishment must weigh, inventory, and account for, on video, all cannabis products to be transported. Within eight hours after arrival at the destination Marijuana Establishment, the destination establishment must re-weigh, re-inventory, and account for, on video, all cannabis products transported. When videotaping the weighing, inventorying, and accounting of cannabis products before transportation or after receipt, the video must show each product being weighed, the weight, and the manifest. Cannabis products must be packaged in

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sealed, labeled, and tamper or child-resistant packaging prior to and during transportation. In the case of an emergency stop during the transportation of cannabis products, a log must be maintained describing the reason for the stop, the duration, the location, and any activities of personnel exiting the vehicle. A Marijuana Establishment or a cannabis transporter transporting cannabis products is required to ensure that all transportation times and routes are randomized. An establishment or transporter transporting cannabis products shall ensure that all transport routes remain within Massachusetts. All vehicles and transportation equipment used in the transportation of cannabis products or edibles requiring temperature control for safety must be designed, maintained, and equipped as necessary to provide adequate temperature control to prevent the cannabis products or edibles from becoming unsafe during transportation, consistent with applicable requirements pursuant to 21 CFR 1.908(c).

Vehicles used for transport must be owned or leased by the Marijuana Establishment or transporter, and they must be properly registered, inspected, and insured in Massachusetts. All vehicles must be equipped with a video system that includes at least one camera in the storage area and at least one camera in the driver area. All cameras must remain functional throughout the entire transportation process. All vehicles must also be equipped with an alarm system, and functioning heating and air conditioning. Cannabis may not be visible from outside the vehicle, and it must be transported in a secure, locked storage compartment. The vehicle may not have any external markings indicating that it is used to transport cannabis. Each vehicle must have a global positioning system, and any agent transporting cannabis must have access to a secure form of communication with the originating location. Firearms are forbidden inside the vehicle or on the person of an agent. Each transport must have a manifest filled out in triplicate.

Massachusetts CCC Inspections

The CCC or its agents may inspect a Marijuana Establishment and affiliated vehicles at any time without prior notice in order to determine compliance with all applicable laws and regulations. All areas of a Marijuana Establishment, all Marijuana Establishment agents and activities, and all records are subject to such inspection. Marijuana establishments must immediately upon request make available to the CCC all information that may be relevant to a CCC inspection, or an investigation of any incident or complaint. A Marijuana Establishment must make all reasonable efforts to facilitate the CCC's inspection, or investigation of any incident or complaint, including the taking of samples, photographs, video or other recordings by the CCC or its agents, and to facilitate the CCC's interviews of Marijuana Establishment agents. During an inspection, the CCC may direct a Marijuana Establishment to test cannabis for contaminants as specified by the CCC, including but not limited to mold, mildew, heavy metals, plant-growth regulators, and the presence of pesticides not approved for use on cannabis by the Massachusetts Department of Agricultural Resources.

Moreover, the CCC is authorized to conduct a secret shopper program in retail establishments to ensure compliance with all applicable laws and regulations.

Regulatory Developments in the State of Washington

Washington has authorized the cultivation, possession, processing, wholesaling, and retail sale of marijuana by certain licensed Washington businesses. The Washington State Liquor and Cannabis Board ("WSLCB") regulates Washington's marijuana regulatory program. Every individual with an ownership or equity interest, with a right to receive a percentage of gross or net profits, or who exercises control over a licensed marijuana operator must apply for licensing with the WSLCB and be approved. Each applicant must be over 21 years of age and a Washington resident for a minimum of 6 months prior to the application for licensure.

An applicant must provide the WSLCB with the applicant's organizational and operational documents, including the entity's operating agreement and a detailed operating plan, in order to verify that the proposed business meets the minimum requirements for licensing. Any change in the initial ownership of a cannabis entity must receive prior approval through the WSLCB and undergoes a review of the same rigor and breadth as an initial application.

Regulatory Developments in the State of Maryland

The Maryland Medical Cannabis Commission (the "Maryland MCC") grants medical cannabis grower, processor, dispensary and transportation licenses. A licensee may hold a license in each category to obtain vertical integration. The applicant must first seek pre-approval from the Maryland MCC to be granted a license. As part of the pre-approval application, the applicant must submit information related to its operations; safety and security; medical cannabis professionalism; retail management factors; business and economic factors; and other additional factors that may apply.

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Dispensary licenses in Maryland are renewed every six years. Before expiry, licensees are required to submit a renewal application. While renewals are granted every six years, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license.

Maryland Licensing Requirements

To become a licensed medical cannabis dispensary, each applicant must submit an application detailing the location of the proposed dispensary, the personal details of each principal officer or director, and operating procedures the dispensary will use. Owners, members, shareholders, officers, and directors of dispensary holding a 5% or greater interest in the company must undergo a criminal and financial background checks. Employees, volunteers and personnel who will be working in the dispensary with access to the non-public areas are required to undergo background checks and register as a dispensary agent with the Maryland MCC.

Maryland Reporting Requirements

Once licensed, the medical cannabis dispensary is required to submit to the Maryland MCC quarterly reports including the following information: (i) the number of patients served; (ii) the county of residence of each patient served; (iii) the medical condition for which medical cannabis was recommended; (iv) the type and amount of medical cannabis dispensed; and (v) if available, a summary of clinical outcomes, including adverse events and any cases of suspected diversion. The medical cannabis dispensary must not include any patient personal information in the quarterly report.

Maryland Inspections

Licensees must be inspected by the Maryland MCC prior to receiving approval from the Maryland MCC to be authorized to begin cultivation, processing, and dispensing. Licensees are eligible to apply to renew their license every two years during which time a full inspection of the facility is performed. Spot-inspections may be performed at the dispensary at any time and without advance notice.

Maryland Safety and Security Requirements

As part of the medical cannabis dispensary application, the applicant must provide information about the dispensary's operating procedures consistent with the oversight regulations established by the Maryland MCC, including the following: (i) storage of cannabis and products containing cannabis only in enclosed and locked facilities; (ii) security features and procedures; (iii) how the dispensary will prevent diversion; and (iv) safety procedures. As part of the safety and security requirements, the applicant must detail how the premises will be constructed to prevent unauthorized entry, including a designation of a secured room meeting high-security requirements. The applicant must describe how it would train all registered dispensary agents on safety procedures, including responding to: (i) a medical emergency; (ii) a fire; (iii) a chemical spill; and (iv) a threatening event including: (a) an armed robbery, (b) an invasion, (c) a burglary, or (d) any other criminal incident.

The applicant must describe its security and surveillance plan with information including the following: (i) an alarm system that covers perimeter entry points, windows, and portals at the premises that: (a) will be continuously monitored; (b) detects smoke and fire capabilities; (c) detects power loss capabilities; (d) includes panic alarm devices mounted at convenient, readily-accessible locations through the licensed premises; (e) inclusion of a second, independent alarm system to protect where records are stored on- and off-site and where any secure room holds medical cannabis; (f) equipped with auxiliary power to continue operation for at least 48 hours; (ii) a video surveillance system that: (a) records continuously for 24 hours per day for 365 days a year without interruption, (b) has cameras in fixed places that allow for the clear facial identification and of activities in the controlled areas of the premises, including where medical cannabis is packaged, tested, processed, stored, or dispensed, (c) has the capability of recording clear images and displays the time and date of the recording, and (d) demonstrates a plan for retention of recordings for at least 30 days.

Following issuance of a license, no major renovation or modification may be undertaken without notification to the Maryland MCC. Other than while the dispensary is open for business and one hour before and one hour after, the medical cannabis inventory must be stored in the secure room.

Medical cannabis products are subject to testing for contaminants by an independent testing laboratory. In November 2019, the Maryland MCC mandated enhanced testing requirements for vape cartridges and disposable vape pens. Such

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products must be screened for vitamin E acetate, and any product found to contain vitamin E acetate is prohibited from being sold to patients.

Maryland Operating Requirements

As part of the dispensary application, the applicant must provide information about the dispensary's operations, including the following: (i) communication systems; (ii) facility odor mitigation; and (iii) back-up systems for cultivation and processing systems. The applicant must establish a standard operating procedure of the receipt, storage, packaging, labelling, handling, tracking, and dispensing of products containing medical cannabis and medical cannabis waste.

In addition, the applicant must provide information about the dispensary's medical cannabis professionalism, including the following information: (i) experience, knowledge, and training in training dispensary agents in the science and use of medical cannabis; and (ii) use of a clinical director (optional). The applicant must also provide information about the dispensary's retail management operations, including the following: (i) a detailed plan to preserve the quality of the medical cannabis; (ii) a plan to minimize any negative impact on the surrounding community and businesses; (iii) a detailed inventory control plan; and (iv) a detailed medical cannabis waste disposal plan.

The business and economic factors of the dispensary business must also be detailed, including the following information: (i) a business plan demonstrating a likelihood of success, demonstrating sufficient business ability and experience on the part of the applicant, and providing for appropriate employee working conditions, benefits, and training; (ii) demonstration of adequate capitalization; and (iii) a detailed plan evidencing how the dispensary will enforce the alcohol and drug free workplace policy.

Additional information the applicant must also provide includes the following: (i) demonstration of Maryland residency among the owners and investors; (ii) evidence that the applicant is not in arrears regarding any tax obligation in Maryland or other jurisdictions; and (iii) the medical cannabis extracts and medical cannabis-infused products proposed to be dispensed with proposed cannabinoid profiles, including varieties with high CBD content, and the varieties of routes of administration.

Maryland Record Keeping and Inventory Tracking

Maryland requires use of a seed-to-sale tracking system software operated by Metrc LLC ("METRC"). Licensees must create and use a perpetual inventory control system that identifies and tracks the stock of medical cannabis from the time it is delivered or produced to the time it is delivered to a patient or qualified caregiver. The applicant must describe how it will assure the integrity of the electronic manifest and inventory control system and that a cannabis transportation agent will continue the chain of custody to a dispensary agent. In May 2020, Maryland amended the medical marijuana statutes to authorize a parent or legal guardian of a medical cannabis patient under 18 to designate up to two additional adults to be caregiver and authorizing the patient to obtain medical cannabis from certain school personnel.

The applicant must retain attendance records and ensure dispensary agents are trained on the record retention and standard operating procedure. Maryland MCC regulators have the authority to audit the records of licensees to ensure they comport with the reporting in METRC.

Maryland Dispensing

In order to dispense medical cannabis, a licensed dispensary is required to comply with various dispensing requirements: (1) require presentment of a written certification from a qualifying patient or caregiver, (2) query the MMCC's date network to verify that the patient is currently registered and has a certification from a provider, as well as the amount of medical cannabis that has already been dispensed pursuant to the written certification (3) dispense no more than a 30 day supply, (4) refuse to dispense medical cannabis if the patient or caregiver appears to be under the influence of drugs or alcohol. Registered patients and caregivers are required to provide attestations relating to their knowledge of the status of medical cannabis under Maryland and Federal law, as well as limitations on use of medical cannabis, such as keeping away from children and refraining from transfer to any other person.

Maryland Transportation

Only licensed medical cannabis growers, processors, or authorized secure transportation companies may transport business-to-business packages containing medical cannabis. Dispensaries are not authorized to pick up medical cannabis

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products from licensed growers or processors. Owners and employees of secure transportation companies must register as transportation agents with the Maryland MCC by undergoing criminal and financial background checks, and they must carry identification cards evidencing they hold current registration at all times while in possession of medical cannabis. Transportation agents must possess a current, valid driver's license and may not wear any clothing or symbols that indicate ownership or possession of medical cannabis while on duty. Medical cannabis transport vehicles must be approved by the Maryland MCC and shall display current registration from the state, be insured, and may not display any sign or illustration related to medical cannabis or a licensee.

Electronic manifests must accompany shipments to record the chain of custody and includes (i) the name and address of the shipping licensee; (ii) the shipping licensee's shipment identification number; (iii) the weight and description of each individual package that is part of the shipment, and the total number of individual packages; (iv) the name of the licensee agent that prepared the shipment; (v) the name and address of the receiving licensee; (vi) any special handling or storage instructions; (vii) the date and time the shipment was prepared; (viii) the date and time the package was placed in the secure transport vehicle; and (ix) a listing of any other people who had custody or control over the shipment, and the person's identity, circumstances, duration and disposition.

Dispensary licensees in Maryland are authorized to perform home delivery directly to patients. To do so, the dispensary must (i) independently verify the patient's identification and registration status, (ii) enter the transaction in METRC prior to delivery; (iii) perform the delivery through a registered dispensary agent; and (iv) confirm the transaction otherwise complies with other requirements regarding sale of medical cannabis under applicable regulations. All home deliveries must be performed using a properly registered and insured secure medical cannabis transport vehicle. The vehicle may not bear any markings related to medical cannabis.

Regulatory Developments in the State of Texas

Regulatory Framework Texas initially limited the scope of authorization of cannabis for medical purposes to the cultivation, processing, and dispensing of low-THC cannabis prescribed to epilepsy patients. In May 2019, the Texas legislature passed a bill that significantly expanded the Texas Compassionate Use Act. It was subsequently signed into law by the Governor. The May 2019 law increased legal access to medical cannabis products containing up to 0.5 percent THC for patients coping with a broader list of chronic medical conditions and diseases including epilepsy, a seizure disorder, multiple sclerosis, spasticity, amyotrophic lateral sclerosis, autism and terminal cancer. Compassionate Use Act. The Texas Legislature enacted the Texas Compassionate Use Act, found in Chapter 169 of the Texas Occupations Code and Chapter 487 of the Texas Health and Safety Code, in 2015. The Texas Compassionate Use Act directs the Texas Department of Public Safety ("DPS") to create a secure registry of Texas-licensed physicians who are authorized to treat qualifying conditions by prescribing low-THC cannabis to qualified, registered patients who have been diagnosed with epilepsy, a seizure disorder, multiple sclerosis, spasticity, amyotrophic lateral sclerosis (ALS), autism, terminal cancer, or an incurable neurodegenerative disease. In addition, the bill required DPS to license at least three dispensing organizations by September 1, 2017, should they meet the requirements. The license authorizes the organizations to cultivate, process and dispense low-THC cannabis to prescribed patients.

Regulatory Developments in the State of Colorado

Colorado's medical cannabis program was introduced in November 2000, when 54% of voters approved "Amendment 20". Colorado became the first state in the nation to legalize adult-use cannabis when 55% of voters approved "Amendment 64" in November 2012. The first adult-use dispensaries opened in January 2014. As of January 1, 2020, medical and adult use marijuana are regulated together under a single statute – the Colorado Marijuana Code.

Under the Colorado Marijuana Code, the Colorado Department of Revenue Marijuana Enforcement Division is empowered to grant licenses to both adult use and medical marijuana businesses, including cultivation facilities, products manufacturers, testing facilities, transporters, researchers and developers, and (in the adult use context) accelerator cultivators, accelerator stores, and hospitality businesses. Cannabis businesses must also comply with local licensing requirements. Colorado localities are allowed to limit or prohibit the operation of marijuana businesses.

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Colorado Security Requirements

All marijuana businesses in Colorado are required to (1) create and enforce limited access areas for the protection of marijuana and marijuana products, (2) maintain security alarm systems installed and maintained by a licensed alarm installation company, as well as approved locks and surveillance equipment, (3) follow all applicable laws regarding waste disposal (including cannabis-containing wastes), (4) implement an inventory tracking system used for inventory tracking and recordkeeping, (5) comply with both state and local requirements as to hours of operation, (6) comply with sanitary requirements applicable to employees and production spaces, including sanitation audits, (7) comply with recordkeeping requirements, and (8) maintain and provide procedures for dealing with product recalls.

Cultivation facilities are additionally required to (1) provide and maintain copies of standard operating procedures for cultivation, harvesting, drying, curing, trimming, packaging, storing, and sampling, (2) comply with requirements related to pesticides, and (3) comply with additional sanitary and product safety requirements. Marijuana products manufacturers are required to (1) comply with labeling and dosing requirements related to standardized doses of marijuana, (2) comply with specific prohibitions regarding the shapes, colors, and similar characteristics of edible products, refrain from use of prohibited additives and ingredients, (3) maintain and provide standard operating procedures related to manufacturing of each category of products. Marijuana dispensaries are subject to additional requirements regarding (1) methods of accepting orders, (2) payments by customers, and (3) identification of customers.

Colorado Inspection Requirements

The Marijuana Enforcement Division and local licensing authorities may conduct announced or unannounced inspections of licensees to determine compliance with applicable laws and regulations. Licensees may also be subject to inspection of the licensed premises by the local fire department, building inspector, or code enforcement officer to confirm that no health or safety concerns are present.

Colorado Reporting Requirements

Colorado uses METRC as the Marijuana Enforcement Division's marijuana inventory tracking system for all medical and adult use licensees. Marijuana is required to be tracked and reported with specific data points from seed to sale through METRC for compliance purposes under Colorado marijuana laws and regulations. This tracking is conducted by using electronic tags on plants and shipments between licensees and facilities.

Regulatory Developments in the State of Nevada

Nevada's medical cannabis program was introduced in June 2013 when the legislature passed SB374, legalizing the medicinal use of cannabis for certified patients. The first dispensaries opened to patients in August 2015. In November 2016, Nevada voters approved Question 2 with 55% of the vote, legalizing adult-use cannabis in the state. Adult-use sales launched on July 1, 2018. The market is divided into five classes of licenses: dispensaries, cultivators, distribution, product manufacturing, and testing. Licenses are tied to the locality in which they were awarded. As of March 31, 2021, there were approximately 81 operational dispensaries, 152 operational cultivators, and 108 operational processors. Extracted oils, edibles, and flower products are permitted. Wholesaling is permitted.

Regulatory Developments in the State of Delaware

Medical marijuana was legalized in 2011 with the passage of the Medical Marijuana Act (SB 17). Medical patients may possess up to six ounces of marijuana obtained from licensed dispensaries. Maximum THC concentration is not specified in the legislation. Qualifying conditions are physician-diagnosed ailments that can be treated by medical cannabis. Patients may apply for a Delaware Medical Marijuana ID Card.

Delaware's medical marijuana program is governed by the Delaware Medical Marijuana Act, 16 Del. C. § 4901A et seq., and the Department of Health and Social Services' (the "Department") implementing regulations, CDR 16-4000-4470. The program authorizes registered qualified patients with a debilitating medical condition to use marijuana. "Debilitating medical condition" includes: (a) terminal illness, cancer, HIV, AIDS, decompensated cirrhosis, amyotrophic lateral sclerosis, agitation of Alzheimer's disease, PTSD, intractable epilepsy, seizure disorder, glaucoma, chronic debilitating migraines; (b) a chronic or debilitating disease or medical condition or its treatment that produces cachexia or wasting syndrome; severe, debilitating pain that has not responded to previously prescribed medication or surgical measures for

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more than 3 months or for which other treatment options produced serious side effects; intractable nausea; seizures; severe and persistent muscle spasms, including those characteristic of multiple sclerosis; and (c) other medical conditions or treatments that may be added by the Department. Citizens may petition the Department to add conditions or treatments to the list of debilitating medical conditions.

The medical marijuana program creates a licensing regime for medical marijuana compassion centers ("Compassion Centers"). Compassion Centers must be operated on a not-for-profit basis. Once registered, a Compassion Center may acquire, possess, cultivate, manufacture, deliver, transfer, transport, supply, or dispense marijuana strictly for the purpose of assisting registered patients or their designated caregivers with the medical use of marijuana.

Compassion Centers' registrations expire every two years. A renewal application must be submitted between 90 and 30 days prior to the expiration of the current registration certificate.

Delaware Security, Storage, and Transportation Requirements

Compassion Centers must store marijuana in a locked area with adequate security. The adequacy of security is to be determined based on the quantity of usable marijuana on hand, the Compassion Center's inventory system, the number of people with access to the marijuana, the location of the Compassion Center, the scope and sustainability of the alarm system, and the root cause analysis of any prior breaches. Compassion Centers are also subject to detailed security and inventory-management requirements. A Compassion Center must implement appropriate security and safety measures to deter and prevent the unauthorized entrance into areas containing marijuana and the theft of marijuana. This includes access and entry limitations; maintaining a fully operational alarm system with immediate automatic notification to alert local authorities of a security breach; maintaining a log of security inspections and tests, alarm activations, and security breaches; and instituting a 24/7 video surveillance system covering areas in which marijuana is handled. The Department has also instituted a number of inventory controls. Compassion Centers must utilize a bar-coding inventory control system to track sales and inventory data; store marijuana in a locked area with adequate security; and conduct and document monthly inventory reviews and bi-annual comprehensive inventory reviews.

A registered Compassion Center agent must have documentation when transporting marijuana on behalf of the registered Compassion Center that specifies the amount of marijuana being transported, the date the marijuana is being transported, the registry ID certificate number of the registered Compassion Center or registered safety compliance facility, and a contact number to verify that the marijuana is being transported on behalf of the registered Compassion Center or registered safety compliance facility.

Delaware Inspections

Compassion Centers are also subject to inspections by the Department's Office of Medical Marijuana. These inspections may include: a review of the Compassion Center's financial and dispensing records; a review of the physical facility; an inspection for pesticides, fungus, or mold; and random sampling of marijuana plants. Moreover, the Department or an independent auditor with which it contracts shall at all times have access to all books and records kept by any Compassion Center.

Regulatory Developments in Washington, D.C.

Washington, D.C.'s medical marijuana program is governed by D.C. Code § 7-1671.01 et seq. and the Department of Health's implementing regulations, CDCR 22-C100 et seq. The program authorizes patients with a qualifying medical or dental condition to use marijuana via inhalation, ingestion, or other means. Qualifying medical conditions include chemotherapy, the use of azidothymidine or protease inhibitors, radiotherapy, or any other treatment, as determined by rulemaking, whose side effects require treatment through the administration of medical marijuana in the same manner as a qualifying medical or dental condition. The program also authorizes patients from other states to purchase medical marijuana in Washington, D.C. An emergency rulemaking action from the Mayor's Office expanded the number of states whose medical cards the program will accept to include any state or U.S. territory that has an active medical marijuana program and issues either a card or state-issued document evidencing the patient's participation in the program. An emergency rulemaking action by the Council of the District of Columbia on November 2, 2021, provided for the issuance of two-year registrations cards to qualifying patients and caregiver for the purpose of attracting and keeping qualified patients and their caregivers in the legal medical cannabis market.

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The medical marijuana program creates licensing regimes for dispensaries and cultivation centers. A dispensary registered to operate in the District of Columbia may (a) possess and sell medical marijuana to registered qualified patients and caregivers; and (b) manufacture, purchase, possess, and distribute paraphernalia and cigarette rolling papers to registered qualified patients and caregivers. A cultivation center registered to operate in the District of Columbia may: (a) possess, manufacture, grow, cultivate, and distribute medical marijuana for sale to registered dispensaries; and (b) manufacture, purchase, possess, and distribute paraphernalia and cigarette rolling papers to registered dispensaries. The number of dispensaries in the District of Columbia is capped at 7, with discretion for the mayor to increase the number to 8, while the number of cultivation centers is capped at 10. Currently, there are seven dispensaries and eight cultivation centers. There are also pending application processes for an additional dispensary license, two additional cultivation centers, and two testing laboratories. Columbia Care submitted a letter of intent to apply the additional dispensary license and was approved. The application period ran from Monday, November 29, 2021, through Monday, March 28, 2022.

Before issuing or renewing a registration or permit for either a business applicant or an individual applicant, the Director of the Alcoholic Beverage Regulation Administration ("ABRA") shall determine that the applicant meets all of the following criteria: the applicant is of good character and generally fit for the responsibilities of registration; the applicant is at least twenty-one (21) years of age; the applicant has not been convicted of any felony before filing the application; the applicant has not been convicted of a misdemeanor for a drug-related offense before filing the application; the applicant has paid the annual fee; the applicant is not a licensed physician making patient recommendations; the applicant is not a person whose authority to be a caregiver or qualified patient has been revoked by the ABRA; and the applicant has complied with the relevant laws and regulations. The application process is extensive and requires dispensaries to submit information about the proposed facility; a security plan; an inventory plan; a product safety and labeling plan; a business and marketing plan; comments from a neighborhood commission; and an educational materials plan. Cultivation centers must similarly submit information about the proposed facility; a security plan; a cultivation plan; a product safety and labeling plan; a business plan; comments from a neighborhood commission; and an environmental plan.

Applicants' leadership team and personnel are also subject to scrutiny during the application process. Applicants must identify all of its directors, officers, members, or incorporators on its application. Those individuals and other agents of the applicant must submit to a registration process which includes (a) written statements or evidence establishing to the satisfaction of the ABRA that the applicant meets all of the registration qualifications; (b) a copy of the applicant's medical marijuana training and education certificate, and (c) a criminal background check. An applicant's managers and employees are subject to a similar registration process that involves a criminal background check.

Washington, D.C. Security, Storage, and Transportation Requirements

Dispensaries and cultivation centers must comply with a number of security measures. Medical marijuana located on the premises must be stored in a separate storage area which is securely closed and locked when the establishment is prohibited from operating or is closed. The storage area shall have a volumetric intrusion detection device(s) installed and connected to the facility intrusion detection system. A cultivation center or dispensary must also install and use a highly secured safe for overnight storage of any processed marijuana, transaction records, and cash on the registered premises. A dispensary or cultivation center must operate and maintain in good working order a 24/7 closed-circuit television surveillance system on the premises that complies with several minimum standards, including: (1) the system must visually record and monitor the entire facility including entrances and exits, parking lots, limited access areas, and areas where medical marijuana is cultivated, stored, dispensed, or destroyed; (2) cameras must be adequate for the lighting, produce digital, time stamped video, and capable of producing a DVD; (3) the system must be in good working order, and malfunctions must be reported; (4) footage must be stored for 30 days. Upon request, recordings must be turned over to police or the Department. A dispensary or cultivation center must also install, maintain, and use a professionally monitored robbery and burglary alarm system meeting certain requirements.

Unused surplus marijuana must be weighed, documented, and submitted to the police for destruction. Stolen or lost marijuana must be reported to the police within 24 hours of becoming aware of the theft or loss.

In order to transport marijuana within the district, a cultivation center must obtain a transport permit from the ABRA. Each vehicle used for the transportation of marijuana must have its own original permit. Only cultivation center employees, directors, officers, members, incorporators, agents, or contracted agents may transport marijuana.

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Washington D.C. Operational Requirements

Applicants for a cultivation center or dispensary must submit a proposed staffing plan; a proposed security plan meeting a number of criteria specified in CDCR 22-C5406.2 or C5405.2, respectively; a cultivation plan that covers where medical marijuana will be cultivated and stored (for cultivators); a product safety and labeling plan that satisfies several criteria specified in CDCR 22-C 5607; a written statement regarding the suitability of the proposed facility for the medical marijuana operation; and a notarized written statement from the applicant that they have read the District of Columbia's medical marijuana law and have knowledge of the District of Columbia and federal laws relating to marijuana. Two or more cultivation centers may operate in the same building, provided that they maintain separate books and records and their own secure premises. And, a cultivation center and a dispensary may operate in the same building so long as they have the same ownership, maintain separate books and records, maintain separate secure space, and provided that patients and caregivers are prohibited from entering the cultivation area.

Washington D.C. Inspections

The ABRA may conduct announced and unannounced investigations and inspections of cultivation centers and dispensaries. During such inspections and investigations, the ABRA may review the cultivation center's confidential records, and failure by a dispensary or cultivation center to provide the ABRA with immediate access to requested information may result in a civil fine and further sanctions.

Regulatory Developments in the State of Florida

Although recreational use of cannabis is criminalized at the state level, medical cannabis is now legal under the Florida Constitution. The process of legalization began in 2014. On June 16, 2014, the Florida state governor signed Senate Bill 1030, also known as the Compassionate Medical Cannabis Act of 2014 (the "CMCA"), which was the first legal medical cannabis program in the State's history. The CMCA legalized low THC for medical patients suffering from cancer or "a physical medical condition that chronically produces symptoms of seizures", such as epilepsy, "or severe and persistent muscle spasms". The CMCA required physician approval and determination that no other satisfactory alternative treatment options exist for that patient. The CMCA also authorized medical centers to conduct research on low THC cannabis. On November 8, 2016, Florida voters approved the Florida Medical Marijuana Legalization Initiative, Amendment 2 ("Amendment 2"), ballot measure with 71% of the vote. Amendment 2 protects qualifying patients, caregivers, physicians, and medical cannabis dispensaries and their staff from criminal prosecution or civil sanctions under Florida law. Pursuant to Amendment 2, qualified patients who have been diagnosed with debilitating medical conditions and have been evaluated by a qualified physician may be prescribed medical cannabis. Amendment 2 also expanded the definition of debilitating diseases to include 12 conditions including HIV/AIDS, Crohn's disease, post-traumatic stress disorder and any medical condition that the physician believes will benefit from the use of medical cannabis. Amendment 2 became effective on January 3, 2017. Amendment 2 provides a regulatory framework that requires licensed producers, which are defined as Medical Marijuana Treatment Centers ("MMTCs"), to cultivate, process and dispense medical cannabis in a vertically integrated marketplace. On June 9, 2017, the Florida House of Representatives and Florida Senate passed respective legislation to implement the expanded program by replacing large portions of the existing Compassionate Use Act, which officially became law on June 23, 2017. The Florida Department of Health, Office of Medical Marijuana Use (the "OMMU"), is the organization responsible for the regulation of Florida's medical cannabis program. Specifically, the OMMU writes and implements the Department's rules for medical cannabis, oversees the statewide medical cannabis patient database, and licenses Florida businesses to cultivate, process and dispense medical cannabis to qualified patients.

The Company is a publicly traded company with access to both Canadian and US capital markets. The Company's business requires compliance with many laws and regulations. As a public company, the Company has obtained legal advice from both Canadian & US lawyers regarding compliance with applicable state regulatory frameworks and potential exposure and implications arising from the U.S. federal law. As of November 30, 2022, 26% of the Company's investment portfolio is represented by companies with either direct, indirect or ancillary involvement with the US cannabis industry.

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Issuer Licenses in Florida

Cresco Labs, Inc., operating under the Sunnyside brand, is the holder of a vertically-integrated MMTC license issued by the Florida Department of Health, Office of Medical Marijuana Use, pursuant to Florida Statutes section 381.986. Cresco's MMTC license grants it the right to cultivate, process and dispense medical cannabis and medical cannabis products throughout the state of Florida, to operate licensed dispensaries in the State of Florida and to effectuate state wide delivery of medical cannabis and medical cannabis products and related approved activities. On April 14, 2022, Cresco acquired One Plant Florida's MMTC license and associated assets, including cultivation facilities in Ruskin and Indiantown and 8 dispensing facilities. As of November 26, 2022, Cresco operated 12 dispensing facility in Florida.

Florida Licenses and Regulations

Cannabis is illegal in Florida for recreational use. However, medical use of cannabis in Florida was legalized in 2016 by way of a constitutional amendment appearing on the ballot as Amendment 2, which was approved with 71% of the vote. The State of Florida Statutes 381.986 provides a regulatory framework that requires licensed producers, statutorily defined as MMTCs, to cultivate, process and dispense medical cannabis in a vertically integrated marketplace. Only licensed MMTCs can sell and dispense medical cannabis; medical cannabis may not be purchased from any vendor other than a MMTC. MMTC licenses are issued by the OMMU. Applicants for licenses are required to provide comprehensive business plans with demonstrated knowledge and experience on execution, detailed facility plans, forecasted performance and robust financial resources. The applicant's technical ability on plant and medical cannabis cultivation, infrastructure, processing, dispensing and safety are also assessed. Each MMTC must receive authorization at three stages, (i) cultivation authorization, (ii) processing authorization and (iii) dispensing authorization, prior to dispensing medical cannabis.

License holders are only permitted to hold one MMTC license pursuant to the State of Florida Statutes. However, each license allows for the cultivation, processing and dispensing of medical cannabis products. Originally, each MMTC was permitted to open up to 25 dispensaries statewide. With each additional 100,000 qualified patients that registered for the program, the dispensary cap for each MMTC increased by five dispensaries. On April 1, 2021, the cap on the number of dispensaries that could be opened and operated by a license holder expired. As of November 26, 2022, there were 644,173 qualified patients with an approved medical ID card, 22 approved MMTCs and 384 approved retail dispensing locations.

Each licensee is required to cultivate, process and dispense medical cannabis. The license permits the sale of derivative products produced from extracted cannabis plant oil as medical cannabis to qualified patients to treat certain medical conditions in the State of Florida, which conditions are delineated in Florida Statutes section 381.986.

On March 18, 2019, Florida Governor Ron DeSantis signed Florida Senate Bill 182 (2019) ("SB 182") into law, repealing the previous ban on smoking medical cannabis. SB 182 also allows patients to receive up to 2.5 ounces of whole flower cannabis every 35 days as recommended by their doctor and requires patients under the age of 18 to have a terminal condition and to get a second opinion from a pediatrician before smoking medical cannabis. On April 1, 2019, the State legalized the dispensing of whole flower cannabis products and pre-rolled cannabis joints.

Under its license, Cresco Labs, Inc. is permitted to sell cannabis to those patients who are entered into Florida's electronic medical cannabis use registry by a qualified physician and possess a state-issued medical cannabis identification card. The physician determines patient eligibility as well as the routes of administration (e.g. topical, oral, inhalation) and number of milligrams per day a patient is able to obtain under the program. An MMTC may not dispense more than a 70-day supply of cannabis within a 70-day period to a qualified patient or caregiver, except an MMTC may

not dispense more than a 35-day supply of cannabis in a form for smoking within a 35-day period. The MMTC employee who dispenses the cannabis must enter into the registry his or her name or unique employee identifier. The MMTC must verify that: (i) the qualified patient and the caregiver, if applicable, each has an active registration in the registry and active and valid medical cannabis use registry identification card, (ii) the amount and type of cannabis dispensed matches the physician certification in the registry for the qualified patient, and (iii) the physician certification has not already been filled. An MMTC may not dispense to a qualified patient younger than 18 years of age, only to such patient's caregiver. An MMTC may not dispense or sell any other type of cannabis, alcohol, or illicit drug-related product, except

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a cannabis delivery device as specified in the physician certification. An MMTC must, upon dispensing, record in the registry: (i) the date, time, quantity and form of cannabis dispensed, (ii) the type of cannabis delivery device dispensed, and (iii) the name and registry identification number of the qualified patient or caregiver to whom the cannabis delivery device was dispensed. An MMTC must ensure that patient records are not visible to anyone other than the patient, caregiver, and MMTC employees.

Licenses issued by the OMMU may be renewed biennially so long as the licensee meets requirements of Florida Statute 381.986 and pays a renewal fee. One Plant Florida (the prior MMTC license holder) timely submitted its biennial renewal on February 28, 2021, and the OMMU approved the renewal on June 2, 2021. Applicants must demonstrate (and licensed MMTCs must maintain) that: (i) they have been registered to do business in the State of Florida for the previous five years, (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture & Consumer Services, (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis, (iv) they have the ability to secure the premises, resources, and personnel necessary to operate as an MMTC, (v) they have the ability to maintain accountability of all raw materials, finished products, and any by-products to prevent diversion or unlawful access to or possession of these substances, (vi) they have an infrastructure reasonably located to dispense cannabis to registered qualified patients statewide or regionally as determined by the OMMU, (vii) they have the financial ability to maintain operations for the duration of the two-year approval cycle, including the provision of certified financial statements to the Department, (viii) all owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, and ensure that a medical director is employed to supervise the activities of the MMTC, and (ix) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees. Upon approval of the application by the OMMU, the applicant must post a performance bond of up to US\$5 million, which may be reduced to US\$2 million by meeting certain criteria such as a minimum patient count of 1,000 patients.

Several of Cresco Labs, Inc and its subsidiaries' licenses are subject to renewal on an annual or periodic basis; however, they are generally renewed, as a matter of course, if the license holder continues to operate in compliance with applicable legislation and regulations and without any material change to its operations. While the Cresco Labs, Inc (and its subsidiaries') compliance controls have been developed to mitigate the risk of any material violations of any license it holds arising, there is no assurance that the Cresco Labs, Inc (or its subsidiaries') licenses will be renewed by each applicable regulatory authority in the future in a timely manner.

Florida Reporting Requirements

The OMMU requires that any licensee establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the OMMU to data. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of certain events, including when cannabis seeds are planted, when cannabis plants are harvested and destroyed, and when cannabis is transported, sold, stolen, diverted, or lost. Each MMTC shall use the seed-to-sale tracking system established by the OMMU or integrate its own seed-to-sale tracking system with the seed-to-sale tracking system established by the OMMU. The OMMU also maintains a patient and physician registry and the licensee must comply with all requirements and regulations relative to providing required data or proof of key events to said system. The State of Florida requires all MMTCs to abide by representations made in their original application to the State of Florida. Any changes or expansions must be requested pursuant to and in accordance with a variance process.

Florida Security and Transportation

With respect to security requirements for cultivation, processing and dispensing facilities, a MMTC must maintain a fully operational security alarm system that secures all entry points and perimeter windows, and is equipped with motion detectors, pressure switches, duress, panic and hold-up alarms. The MMTC must also have a 24-hour video surveillance system with the following features: (a) cameras positioned for the clear identification of persons and activities in controlled areas including growing, processing, storage, disposal and point-of-sale rooms, (b) cameras fixed on entrances and exits to the premises, which shall record from both indoor and outdoor, or ingress and egress, vantage points, and (c) ability to record images clearly and accurately together with the time and date. MMTCs must retain video surveillance recordings for at least 45 days, or longer upon the request of law enforcement. Facilities may not display

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products or dispense cannabis or cannabis delivery devices in the waiting area and may not dispense cannabis from its premises between the hours of 9:00 p.m. and 7:00 a.m. However, it may perform all other operations and deliver cannabis to qualified patients 24 hours a day.

Cannabis must be stored in a secured, locked room or a vault. A MMTC must have at least two employees, or two employees of a security agency, on the premises at all times where cultivation, processing, or storing of cannabis occurs. MMTC employees must wear a photographic identification badge and visitors must wear a visitor pass at all times on the premises.

A cannabis transportation manifest must be maintained in any vehicle transporting cannabis or a cannabis delivery device. The manifest must be generated from the MMTC's seed-to-sale tracking system. The manifest must include the following information: (i) departure date and time; (ii) name, address and license number of the originating MMTC; (iii) name and address of the receiving entity; (iv) the quantity, form and delivery device of the cannabis; (v) arrival date and time; (vi) the make, model and license plate of the delivery vehicle; and (vii) the name and signatures of the MMTC delivery employees. Further, a copy of the transportation manifest must be provided to the recipient of the delivery. Each MMTC must retain copies of all cannabis transportation manifests for at least three years. Cannabis and cannabis delivery devices must be locked in a separate compartment or container within the vehicle and employees transporting cannabis or cannabis delivery devices must always have their employee identification on their person. Lastly, at least two people must be in a vehicle transporting cannabis, and at least one person must remain in the vehicle while the cannabis is physically delivered.

The business premises of Cresco's operating locations are targets for theft. While the company has implemented security measures at each location and continues to monitor and improve its security measures, its cultivation, processing and dispensary facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and the CannCure fell victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers or cultivation and processing equipment could have a material adverse impact on the business, financial condition and results of operation of the CannCure.

As the CannCure's business involves the movement and transfer of cash which is collected from dispensaries or patients/customers and deposited into its bank, there is a risk of theft or robbery during the transport of cash. The company has engaged a security firm to provide security in the transport and movement of large amounts of cash. Employees sometimes transport cash and/or products and each employee has a panic button in their vehicle and, if requested, may be escorted by armed guards. While the CannCure has taken robust steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

Florida Inspections

The OMMU may conduct announced or unannounced inspections of MMTCs to assess compliance with applicable laws and regulations. The OMMU is required to inspect a MMTC upon receiving a complaint or notice that the MMTC has dispensed cannabis containing mold, bacteria, or other contaminants that have caused or which may cause an adverse effect to humans or the environment. The OMMU is required to conduct at least a biennial inspection of each MMTC to evaluate the MMTC's records, personnel, equipment, security, sanitation practices, and quality assurance practices.

To the knowledge of management of the Company, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Florida.

Regulatory Developments in the State of California

Cannabis is legal in California for both medical and adult (recreational) use. Medical cannabis first became legal in 1996 when voters passed the Compassionate Use Act. Cannabis became legal for adult use (over 21 years of age) in 2016 when voters passed the Adult Use of Marijuana Act. Cannabis was previously regulated at the state level by three different agencies: the Department of Food and Agriculture regulated cultivation; the Department of Public Health regulated manufacturing; and the Bureau of Cannabis Control, within the Department of Consumer Affairs, regulated distribution, testing, and the retail sale of cannabis. As of July 12, 2022, all regulatory powers and duties relating to cannabis were

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transferred from the aforementioned agencies to the newly created Department of Cannabis Control (DCC). DCC has combined the regulations from the three agencies into a single consolidate set of regulations.

Cities and counties are authorized to pass ordinances that regulate the time, place, and manner in which a cannabis business may operate within the city or county. The ordinances may be more specific than, but may not contradict, state law. In addition, nine local jurisdictions have adopted "equity ordinances" that help certain qualified applicants in various ways, such as faster application processes, help operating the business, and direct financial support. An applicant must have obtained local approval prior to applying for a license from DCC.

The Medical and Adult Use Cannabis Regulation and Safety Act (MAUCRSA) is the state-level regulatory framework that governs all aspects of cannabis business operations. The MAUCRSA governs the issuance of licenses; the tracking and tracing of cannabis; the cultivation, manufacturing, distribution, transportation, testing, delivery, and retail sale of cannabis; packaging and labeling of products; and advertising, among other things. The MAUCRSA, also includes enforcement provisions and creates the Cannabis Control Appeals Panel to allow any person aggrieved by a DCC decision to seek review of the decision.

DCC is authorized to issue over 20 different types of cannabis licenses that address cultivation, manufacturing, testing, distributing, retailing, and the operation of a cannabis microbusinesses. Licenses are designated as either adult use or medical licenses. The MAUCRSA allows adults over 21 to cultivate up to six plants for personal use, subject to local approval.

During the 2022 legislative session, the MAUCRSA was modified to include additional criteria to renew provisional licenses (formerly called temporary licenses) and to phase out provisional licenses. Under the new law, no provisional licenses will be in effect after January 1, 2026.

California License Types

Once an operator obtains local approval, the operator must obtain state licenses before conducting any commercial marijuana activity. There are 12 different license types that cover all commercial activity. License types 1-3 authorize the cultivation of medical and/or adult-use marijuana plants. Type 4 licenses are for nurseries that cultivate and sell clones and "teens" (immature marijuana plants that have established roots but require further vegetation prior to being sent into the flowering period). Type 6 and 7 licenses authorize manufacturers to process marijuana biomass into certain value-added products such as shatter or marijuana distillate oil with the use of volatile or non-volatile solvents, depending on the license type. Type 8 licenses are held by testing facilities who test samples of marijuana products and generate "certificates of analysis," which include important information regarding the potency of products and whether products have passed or failed certain threshold tests for pesticide and microbiological contamination. Type 9 licenses are issued to "non-storefront" retailers, commonly called delivery services, who bring marijuana products directly to customers and patients at their residences or other chosen delivery location. Type 10 licenses are issued to storefront retailers, or dispensaries, which are open to the public and sell marijuana products onsite. Type 11 licenses are known as "Transport-Only" distribution licenses, and they allow the distributor to transport marijuana and marijuana products between licensees, but not to retailers. Type 12 licenses are issued to distributors who move marijuana and marijuana products to all license types, including retailers.

In September 2018, the Governor of California approved the Senate Bill 1459 ("SB-1459"). SB-1459 created a new scheme of provisional licenses for cannabis operators. This provisional licensing scheme was essentially intended to replace the temporary licensing scheme. SB-1459 was necessary because the three main state cannabis licensing agencies - the Bureau of Cannabis Control ("BCC"), California Department of Public Health, and California Department of Food and Agriculture - and localities which issue permits to cannabis operators, were all backlogged with numerous applications and couldn't process all of the applications in time for applicants to get operational in 2018. The steps, per SB-1459 to obtain a provisional license are as follows: (1) an applicant must hold or previously have held a temporary license for the same commercial cannabis activity for which it seeks a provisional, and (2) the applicant must submit a completed annual license application and proof that California Environmental Quality Act compliance is underway. Provisional licenses last for 12 months and can be issued through the end of 2019.

Retail Compliance in California

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California requires that certain warnings, images, and content information be printed on all marijuana packaging. BCC regulations also include certain requirements about tamper-evident and child-resistant packaging. Distributors and retailers are responsible for confirming that products are properly labeled and packaged before they are sold to a customer. Consumers aged 21 and up may purchase marijuana in California from a dispensary with an "adult-use" license. Some localities still only allow medicinal dispensaries.

Consumers aged 18 and up with a valid physician's recommendation may purchase marijuana from a medicinal-only dispensary or an adult-use dispensary. Consumers without valid physician's recommendations may not purchase marijuana from a medicinal-only dispensary. All marijuana businesses are prohibited from hiring employees under the age of 21.

California Record-keeping/Reporting

Licensees are required to maintain records for at least seven years from the date a record is created. These records include: (a) a cultivation plan, (b) all supporting documentation for data or information input into the T&T system, (c) all unique identifiers ("UID") assigned to product in inventory and all unassigned UIDs, (d) financial records related to the licensed commercial cannabis activity, including bank statements, tax records, sales invoices and receipts, and records of transport and transfer to other licensed facilities, (e) records related to employee training for the T&T system, and (f) permits, licenses, and other local authorizations to conduct the licensee's commercial cannabis activity.

California Inventory/Storage

Each licensee is required to assign an account manager to oversee the T&T system. The account manager is fully trained on the system and is accountable to record all commercial cannabis activities accurately and completely. The licensee is expected to correct any data that is entered into the T&T system in error within three business days of discovery of the error.

The licensee is required to report information in the T&T system for each transfer of cannabis or non-manufactured cannabis products to, or cannabis or non-manufactured cannabis products received from, other licensed operators. Licensees must use the T&T system for all inventory tracking activities at a licensed premise, including, but not limited to, reconciling all on-premise and in-transit cannabis or non-manufactured cannabis product inventories at least once every 14 business days. The licensee must store cannabis and cannabis products in a secure place with locked doors.

California Security

A licensee is required to maintain an alarm system capable of detecting and signaling the presence of a threat requiring urgent attention and to which law enforcement are expected to respond. A licensee must also ensure a professionally qualified alarm company operator or one of its registered alarm agents installs, maintains, monitors, and responds to the alarm system.

The manufacturing and cultivation of cannabis must use a digital video surveillance system which runs 24 hours a day, seven days a week and effectively and clearly records images of the area under surveillance. Each camera must be placed in a location that clearly records activity occurring within 20 feet of all points of entry and exit on the licensed premises. The areas that will be recorded on the video surveillance system should include the following: (a) areas where cannabis goods are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved within the premises, (b) limited-access areas, (c) security rooms, and (d) areas storing a surveillance-system storage device with at least one camera recording the access points to the secured surveillance recording area. Surveillance recordings must be kept for a minimum of 90 days.

California Transportation

Transporting cannabis goods between licensees and a licensed facility may only be performed by persons holding a distributor license. The vehicle or trailer used must not contain any markings or features on the exterior which may indicate or identify the contents or purpose. All cannabis products must be locked in a box, container, or cage that is secured to the inside of the vehicle or trailer. When left unattended, vehicles must be locked and secured. At a minimum, the vehicle must be equipped with an alarm system, motion detectors, pressure switches, duress, panic, and hold-up alarm.

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California Inspections

All licensees are subject to annual and random inspections of their premises. Cultivators may be inspected by the California Department of Fish and Wildlife, the California Regional Water Quality Control Boards, and the California Department of Food and Agriculture. Manufacturers are subject to inspection by the California Department of Public Health, and Retailers, Distributors, Testing Laboratories, and Delivery services are subject to inspection by the Bureau of Cannabis Control. Inspections can result in notices to correct, or notices of violation, fines, or other disciplinary action by the inspecting agency.

Marijuana Taxes in California

Several types of taxes are imposed in California for adult use sale. As of January 1, 2021, the California Department of Tax and Fee Administration raised the tax rate on wholesale cannabis from 60% to 80%. Cultivators have the choice of being taxed at \$9.65, per dry-weight ounce of cannabis flowers or \$1.35 per ounce of wet-weight plants. Further, cultivators are required to pay \$2.87 per ounce for cannabis leaves. California also imposes an excise tax of 15%. Cities and counties apply their sales tax along with the state's excise and many cities and counties have also authorized the imposition of special cannabis business taxes which can range from 2% to 10% of gross receipts of the business.

To the knowledge of management of the Company, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in California.

Regulatory Developments in the State of Illinois

Cannabis is legal in Illinois for both medical and recreational use. Medical cannabis first became legal on January 1, 2014, following the passage of Compassionate Use of Medical Cannabis Pilot Program Act. Cannabis became legal for recreational use (21 years of age and older) on January 1, 2021, following the passage of the Cannabis Regulation and Tax Act. Multiple state agencies have regulatory oversight of the state's cannabis program. The Department of Agriculture regulates cultivation centers, craft growers, infusers, and transporting organizations. The Department of Financial and Professional Regulation regulates dispensing organizations. The Department of Public Health administers the registry of patients. The Department of Revenue is responsible for enforcing and collecting taxes associated with the sale of cannabis.

No local government unit may enact ordinances conflict with state cannabis laws; except that local government units may enact ordinances governing the time, place, manner, and number of cannabis business establishment operations, including prohibiting, or significantly limiting a cannabis business establishment location.

Illinois' comprehensive regulatory framework includes a licensing process for recreational use and medical cannabis businesses, operational requirements and standards for licensees, packaging and labeling requirements, advertising restrictions, and enforcement provisions. Illinois law authorizes the following classes of licenses: cannabis cultivation centers, craft growers, infusers, transporters, and dispensing organizations. Cannabis testing facilities are issued registrations. There is a cap on the number of licenses (other than transporters) that the state may issue. A person or entity may have an interest in up to three cultivation licenses, three craft grower licenses, three infuser licenses, and ten dispensing licenses. Registered qualifying patients may cultivate cannabis for personal use subject to certain restrictions, including limitations on the number and size of plants.

Regulatory Developments in the State of Michigan

Cannabis is legal in Michigan for both medical and adult (recreational) use. Medical cannabis was initially legalized in 2008 following the passage of the Michigan Compassionate Care Initiative. After an extensive legal battle, the Michigan Supreme Court determined in 2013 that the Michigan Compassionate Care Initiative did not allow for the operation of medical cannabis dispensaries. In 2016, the legislature passed a series of laws that legalized medical cannabis dispensaries and regulated growing and processing facilities. In 2018, voters passed the Michigan Regulation and Taxation of Marihuana Act ("MRTMA"). The MRTMA abolished the Bureau of Marijuana Regulation, which previously regulated cannabis in Michigan, and transferred all regulatory authority to the newly created Marijuana Regulatory Agency ("MRA").

The MRA regulates both medical and adult use of cannabis. The Medical Marijuana Facilities Licensing Act ("MMFLA") governs the medical use of cannabis in Michigan. The MRTMA governs the adult use of cannabis in Michigan. The

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Marijuana Tracking Act establishes a statewide seed-to-sale monitoring system. The MMFLA authorizes Class A, B, and C grower licenses, processor licenses, provisioning center licenses, secure transporter licenses, and safety compliance facility licenses. The MRTMA authorizes retailer licenses, safety compliance facility licenses, secure transporter licenses, processor licenses, microbusiness licenses, and Class A, B, and C grower licenses. The MRMTA allows individuals 21 years or older to possess up to 12 cannabis plants for personal use.

No cannabis license will be issued to an applicant unless the city, township, or village in which the proposed facility will be operated has adopted an ordinance authorizing that type of facility. Cities, townships, and villages may adopt ordinances that limit the number of facilities and adopt other ordinances relating to cannabis, except that no ordinance may regulate the purity or pricing of cannabis.

RISK FACTORS

There are a number of risk factors that could cause future results to differ materially from those described in this MD&A. The risks and uncertainties described herein are not the only ones the Company faces but are those the Company currently believes to be material. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business.

The following are certain risk factors relating to the business of the Company which may cause future results to differ materially from those currently anticipated by management of the Company. If any of the following risks actually occur: (i) shareholders of SOL Global could lose all or part of their investment; (ii) the business, financial condition, liquidity, results of operations and prospects of SOL Global could be materially adversely affected; and (iii) the ability of SOL Global to implement its future plans could be adversely affected.

- The Company will require additional financing from time to time in order to pursue its business objectives and fund its ongoing and future operations and the failure to raise such capital on satisfactory terms or at all could result in the delay or postponement of current business objectives or the going out of business.
- Funding may be difficult to obtain given the fact that part of the Company's business is materially investing into cannabis companies in the United States of America, where federally cannabis is illegal by virtue of the fact that it is categorized as a Schedule I controlled substance under the U.S. Controlled Substances Act.
- Servicing the Company's debt will require a significant amount of cash, and the Company may not have significant cash flow from the Company's business to pay the Company's debt.
- The outbreak of the novel strain of coronavirus, "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown, as is the efficacy of the government and central bank interventions. The severity and impact on the financial results and condition of the Company and its operations in future periods cannot be estimated. COVID-19 may affect the ability to raise capital.
- If additional funds are raised by the Company through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution.
- Laws, regulations and the policies with respect to the enforcement of such laws and regulations affecting the U.S. cannabis industry are constantly changing, which could detrimentally affect the Company's current or proposed business operations.
- There are risks inherent in investing in the United States cannabis industry.
- Inconsistent public opinion and perception regarding the medical-use and adult-use marijuana industry may affect the reputation of the Company.
- The market price of securities of companies involved in the cannabis industry (such as the Company) have historically been very volatile and subject to wide fluctuations in response to various factors, many of which are beyond the Company's control. Such volatility, whether resulting from external market forces or as a result of the Company's failure to meet expectations, downward revision in analysts' estimates or other adverse changes,

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could negative affect the market price of the Company's securities or impair the liquidity of the Company's securities.

- The U.S. federal government's approach to the enforcement of cannabis laws may be subject to change or may not proceed as previously outlined.
- The states in which the Company's investee companies operate may change their approach to either enforcement of cannabis laws or adversely change their laws altogether. This may have the effect of eroding the value of their businesses.
- The business of the Company, while believed to be compliant with applicable U.S. state and local laws, currently are illegal under U.S. federal law, and existing state or federal regulatory bodies could impose additional regulatory restrictions which may make it difficult for the Company or its investee companies to continue doing business as presently conducted.
- The Company may have difficulty accessing the service of banks or other essential services or third party service providers, which may make it difficult to operate and counterparties with whom the Company or its investee companies currently does business may suspend or withdraw services.
- U.S. border officers could deny entry into the United States to non-U.S. citizens who are employees of or investors in companies with cannabis operations in the United States or Canada.
- Certain events or developments in the cannabis business generally may affect the Company's business, its reputation or the market price of the Company's securities.
- Adverse publicity resulting from litigation may impact the reputation of the Company.
- Potentially significant costs resulting from litigation may affect the financial position of the Company.
- The Company may become party to litigation or regulatory proceedings which could negatively affect the Company's business, financial condition and results of operations, or harm the Company's reputation. Such risks could arise regardless of the ultimate outcome of the litigation or regulatory proceedings.
- The Company has and may continue to invest in securities of private companies which may limit the Company's ability to sell or otherwise transfer those securities and realize value.
- The Company may hold minority interests in such companies, which may limit the Company's ability to sell or otherwise transfer those securities and/or direct management decisions of such companies.
- There is no assurance that an investment in the Company's securities will earn any positive return.
- Parties with whom the Company does business may perceive themselves as being exposed to reputational risk because of their relationship with the Company and may refuse to do business with the Company.
- Conflicts of interest may arise between the Company and the Company's directors and officers.
- The Company's investments in the United States may be subject to heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the United States.
- Up until the fiscal year ended March 31, 2019, the Company had incurred significant operating losses since inception. The Company may not be able to achieve or maintain profitability and may incur significant losses in the future.
- The Company must be able to service its outstanding debt.
- The requirements of being a public company may strain the Company's resources, result in more litigation and divert the attention of the Company's management.
- Any failure by the Company to maintain effective internal controls over financial reporting could have an adverse effect on the Company.
- The Company's success depends on the ability, expertise, judgment, discretion, reliance on and good faith of its senior management, and the loss of services of such individuals, or an inability of the Company to attract, retain and motivate sufficient numbers of qualified senior management or skilled personnel could adversely affect the Company's business, financial condition and results of operations.
- Prior to obtaining regulatory approval for the sale of product candidates, the Company or companies that the Company has invested in must conduct pre-clinical testing and clinical trials, the results of which are uncertain and may not be favourable and are subject to delay, suspension or termination by the Company, the companies that the Company has invested in or other regulatory authorities for a variety of reasons.
- Investees ability to compete and grow will depend on having access at a reasonable cost and in a timely manner to skilled labour, equipment, parts and components and no assurance can be provided that such resources will be available on favourable terms or at all.

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- The Company or companies that the Company has invested in may face intense competition from other companies, some of which may have longer operating histories, more financial resources and manufacturing and marketing experience.
- A decision to declare dividends in the future will be made at the discretion of the board of directors, and will depend on financial results, cash requirements, contractual restrictions and other factors that they may deem relevant. The Company currently has no dividends on record and may not pay any dividends in the foreseeable future. In addition, any dividends paid could be subject to tax and, potentially, withholdings.
- The Company or companies that the Company has invested in may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls and the inability to manage growth could adversely affect its business, financial condition and results of operations.
- The success of the companies in which the Company has invested in depends in part on their ability to protect their ideas and technology, and no assurance can be given that they will be able to adequately protect their intellectual property in all relevant jurisdictions or that they will be successful in defending their intellectual property against claims by third parties that such intellectual property is invalid or infringes upon the intellectual property of others.
- The Company's investments in the United States are subject to applicable anti-money laundering laws and regulations in the United States and Canada.
- The Company relies on the operators of the companies to which it invests to execute their respective business plans and operations. There is no assurance that these companies will be able to execute their business and strategic plans as contemplated or at all
- Cannabis cultivation operations of certain companies to which the Company has invested are subject to risks inherent in an agricultural business, are vulnerable to rising energy costs and dependent upon key inputs.
- The cannabis industry is highly regulated and the Company or the companies in which it invests, as applicable, may not always succeed in complying fully with all applicable regulatory requirements in all jurisdictions where the Company or the companies in which it invests carries on business.
- Cannabis pricing and supply regulation may adversely affect the Company's business or that of the companies in which it invests.
- The sale of cannabis products is subject to stringent regulatory limitations on advertising and marketing activities.

CRITICAL ACCOUNTING ESTIMATES

Use of Judgement, Estimates and Assumptions

The preparation of the Company's financial statements in accordance with IFRS requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. Judgments, estimates and assumptions affect the Company's reported amounts of assets, liabilities, and items in net income or loss, and related disclosure. Estimates are based on various assumptions that the Company believes are reasonable under the circumstances. These estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amounts of items in net earnings or loss that are not apparent from other sources. The Company evaluates its estimates on an ongoing basis. Actual results may differ from the Company's estimates. Certain areas of significant judgement include: the valuation of private company investments, the assessment of impairment of the Company's investments, the estimation of income taxes payable and deferred income tax payable, the values of warrants and options and judgement with respect to legal claims.

Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

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FINANCIAL RISK MANAGEMENT

The Company is exposed to certain financial risks. The impact on the Company's financial statements are summarized below:

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favourable prices. The market risks to which the Company is exposed are equity price risk and interest rate risk.

- **Equity price risk** - Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market or the cannabis sub-market. The Company's investments are subject to fluctuations in fair value arising from changes in the equity market. As at November 30, 2023, a 30% change in closing trade price of the Company's equity investment portfolio would impact net loss by \$30,735,536 (November 30, 2022: \$43,507,111).
- **Interest rate risk** - Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents, promissory notes and convertible debts held. The change in fair value of the Company's cash and cash equivalents, promissory notes and convertible debts held, due to changes of interest rates, is considered low.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency risk. The Company holds financial instruments that are denominated in a currency other than the Canadian dollar. A significant portion of the Company's cash outflows are in United States Dollars. In addition, numerous of the Company's investments are denominated in foreign currencies. During the year-ended November 30, 2023, a 10% change in foreign currencies held would have resulted in a change in loss by \$6,429 (November 30, 2022: \$5,880). During the year-ended November 30, 2023, the Company recognized a foreign currency exchange loss of \$20,637 (November 30, 2022: gain of \$605,018).

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its obligations as they become due. A company's ability to continue as a going concern is dependent on receiving continued financial support from its stakeholders and, ultimately, on the ability to generate continued and sustainable profitable operations. The Company generates cash flow from the disposal of investments, financing activities, fees and dividend and interest income. The Company primarily invests in equity and debt instruments of various public and private companies. Due to a lack of an active market, the return on the disposal of investments in non-publicly traded companies may differ significantly from the carrying value of these investments. As of November 30, 2023, the Company's contractual cash flows, which were payable under financial liabilities consists of accounts payables and accrued liabilities as well as income tax payable with payments due in less than one year. The Company's financial assets are classified as being convertible into cash in less than one year. Management is of the opinion that sufficient working capital is available from its financings, its operations and its divestitures to meet the Company's liabilities and commitments as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Given the relatively small size of the Company's staff, senior management and the Board are actively involved in the review, planning and approval of significant expenditures and commitments. The Company's financial liabilities are due within the next 12 months. A payment schedule of the Company's lease obligations is disclosed in note 15.

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Concentration risk

Concentration risk is the risk that any single investment or group of investments will have the potential to materially affect the Company's operating results. As at November 30, 2023, the Company has invested in common shares, convertible debentures, and warrants of public and private companies in the cannabis and non-cannabis sectors. The allocation between public and private companies is as follows:

	Cost \$	Fair value \$	Fair Value Percentage %
Public company common shares	35,619,426	3,834,599	4%
Private company common shares	234,336,571	77,815,385	76%
Warrants held in public companies	4,350,485	2,303,107	2%
Commercial Asset	15,170,102	18,498,695	18%
	289,476,584	102,451,786	100%

As at November 30, 2023, 65% (November 30, 2022: 55%) of the total fair value of the Company's investments were United States based companies while 34% (November 30, 2022: 43%) and 1% (November 30, 2022: 2%) of the total fair value of the Company's investments were in Canada and UK, respectively.

The primary goals of the Company's risk management programs are to ensure that the outcomes of activities involving elements of risk are consistent with the Company's objectives and risk tolerance. The Company's investment strategy requires a level of risk in exchange for an above average return on investment. The Company plans to maintain an appropriate risk and reward balance while protecting the Company's financial operations from events that have the potential to materially impair its financial strength. Balancing risk and reward is achieved through aligning risk tolerance with the Company's business strategy, diversifying risk, pricing appropriately for risk, mitigating risk through preventative controls and transferring risk to third parties. The Company considers its shareholders' equity as its capital. The Company has no externally imposed capital requirements

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has two types of financial assets that are subject to the expected credit loss model: (a) other receivables from government agency and third parties; and (b) promissory notes. While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified credit risk and impairment loss is immaterial, as these funds are held with reputable financial institutions. The Company applies the simplified approach to providing for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all promissory notes and other receivables while ECL calculation based on stage assessment has been performed for promissory notes. Below is a summary of credit ratings of debt instruments including convertible debentures and promissory notes held by the Company as part of its investment portfolio.

Credit Ratings	Percentage of Total Convertible Debentures and Promissory Notes(%)	Percentage of Total Investments (%)
Unrated (Private Convertible Debt/Promissory Notes)	100.0%	0.02%
	100.0%	0.02%

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CHANGES TO MANAGEMENT AND THE BOARD OF DIRECTORS

The following changes to management and Board have occurred since November 30, 2021:

- On February 8, 2022, Alex Spiro resigned from the Board.
- On April 25, 2022, Andrew DeFrancesco was terminated as CEO/Chairman.
- On April 25, 2022, Kevin Taylor was appointed as CEO/Chairman.
- On February 27, 2023, Kevin Taylor resigned as CEO and Director.
- On February 27, 2023, Paul Kania was appointed as Interim CEO replacing Kevin Taylor.
- On February 27, 2023, Olivier Centner resigned as Director.
- On February 27, 2023, Deena Siblock and Mehdi Azodi were appointed to the Board to replace Olivier Centner and Kevin Taylor.
- On June 7, 2023, Jason Batista was appointed to the Board to replace Arena Prado Acosta.
- On January 9, 2024, John Zorbas was appointed to the Board.

LISTING OF KEY COMPANY PERSONNEL AS OF THE DATE OF THIS MD&A

- **Board of Directors:** Mehdi Azodi (independent), Jason Batista (independent), John Zorbas (independent) and Deena Siblock (Vice President and Corporate Secretary).
- **Senior Officer:** Paul Kania, (Interim Chief Executive Officer/Chief Financial Officer).