IGNITE

INTERNATIONAL BRANDS, LTD.

CSE: BILZ, OTCQX: BILZF

WWW.IGNITE.CO

Management's Discussion and Analysis

For the Three and Nine-Months ended September 30, 2021 and 2020

(This Management Discussion and Analysis, prepared by Management, has not been reviewed by the Company's external auditor)

TABLE OF CONTENTS

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") prepared as at November 29, 2021, reviews the financial condition and results of operations of Ignite International Brands, Ltd. (the "Company" or "Ignite") for the three and nine months period ended September 30, 2021 and 2020 and all other material events up to the date of this report. **The following discussion should be read in conjunction with a) the unaudited condensed interim consolidated financial statements and related notes for the three and nine months period ended September 30, 2021, and b) the annual audited financial statements and related notes of the Company for the year ended December 31, 2020**. These statements can be found under the Company's profile on SEDAR at www.sedar.com.

This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. The financial data included in the discussion provided in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC").

The Company's certifying officers are responsible for ensuring that the unaudited condensed interim consolidated financial statements and MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading considering the circumstances under which it was made. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Ignite's Subordinate Voting Shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates the materiality in this regard referencing all relevant circumstances, including potential market sensitivity.

Unless otherwise indicated, all financial information in this MD&A is reported in Canadian dollars. All references to the Company contained herein include references to its subsidiaries, as applicable, in the context. Additional information relating to the Company is available on SEDAR at www.sedar.com.

ACCOUNTING PERIODS

This MD&A is based on information in the unaudited condensed interim consolidated financial statements and accompanying notes thereto for the three and nine months periods ended September 30, 2021. Comparative amounts in the unaudited condensed interim consolidated financial statements and accompanying notes thereto are for the three and nine months period ended September 30, 2020, and the year-ended December 31, 2020.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Except for statements of historical fact, information contained in this MD&A constitutes “forward-looking statements” within the meaning of Canadian securities legislation that involve inherent risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to Ignite's intended business focus and growth strategy; projected financial performance of the Company; the expected development of the Company’s business, projects, and joint ventures; completion of the Company’s projects that are currently underway, in development or otherwise under consideration; and future liquidity, working capital and capital requirements. Forward-looking statements are necessarily based upon several estimates and assumptions that, while considered reasonable by management, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, operational, competitive, political and social uncertainties; the effects and impacts of the coronavirus disease (COVID-19) pandemic; ability of Ignite to give effect to its business plan; reliance on the "IGNITE" brand which may not prove to be as successful as contemplated; the ability to, and risks associated with unlocking future licensing opportunities with the "IGNITE" brand and the ability of the Company to capture significant market share. Readers are cautioned that the foregoing list of factors that may affect future growth, results and performance is not exhaustive, and undue reliance should not be placed on forward-looking statements. There can be no assurance that any of the forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Ignite disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required by law.

OVERVIEW OF THE BUSINESS

Ignite is a CSE-listed and OTCQX traded company operating in permissible sectors trading under the symbol “BILZ” and “BILZF,” respectively. The Company’s head office is located at 11 Cidermill Avenue, Unit 200, Vaughan, Ontario, Canada L4K 4B6 and its registered and records office is located at 700 West Georgia Street, 25th Floor, Vancouver, British Columbia V7Y 1B3. The Company is a reporting issuer in British Columbia, Alberta, and Ontario.

Ignite is a consumer-packaged goods company, leveraging the IGNITE brand via multiple product platforms in the synthetic and tobacco derived nicotine e-liquid, spirits, apparel, beverage, cannabidiol (“CBD”) and cannabis sectors. The Company is in the process of expanding its business operations which currently includes branding, marketing, licensing, sales, and distribution, across the United Kingdom, the United States, Canada, Mexico, China, South America, the Middle East, Australia, Malaysia, and other strategic global markets. The Company intends to affect its growth through brand leveraging, product development, targeted marketing, and strategic supply chain partnerships in each of these target jurisdictions.

The following table lists the Company's subsidiaries and percentage of holdings:

Name of Subsidiaries	Place of Incorporation	Ownership Interest	Functional Currency	Activity
Ignite International Brands (Canada), Ltd.	Ontario, Canada	100%	CAD	Active
Ignite International Brands (U.K.) Ltd.	London, United Kingdom	100%	GBP	Active
Ignite International, Ltd.	Wyoming, United States	100%	USD	Active
Ignite Spirits, Inc.	Wyoming, United States	100%	USD	Active
Ignite International Brands (Luxembourg) S.A.	Luxembourg City, Luxembourg	100%	EUR	Active
Ignite International Brands SDN. BHD.	Kuala Lumpur, Malaysia	100%	MYR	Active
Ignite Beverages, Inc.	Delaware, United States	100%	USD	Inactive
Ignite Distribution, Inc.	Delaware, United States	100%	USD	Inactive
Ignite Internacional Marcas de Mexico, SA de CV	Guadalajara, Jalisco, Mexico	100%	MXN	Inactive
Ignite Distribution Company, Inc.	Wyoming, United States	50.1%	USD	Dissolved
Ignite International Brands (Ireland), Limited	Dublin, Ireland	100%	EUR	Dissolved

RECENT EVENTS

Subsequent to the period ended September 30, 2021, the Company had the following material events:

On October 1, 2021, the Company issued a short-term USD$1.7MM promissory note (the "II USD$1.7MM Note") to International Investments, Ltd., a company related to Ignite by way of a common member of the Board of Directors for each entity ("II"). The II USD$1.7MM Note matures on December 31, 2021 and bears an interest rate equal to ten percent (10%) per annum, for the term of the note. Principal and interest is due on maturity.

On October 13, 2021, the Company made a strategic decision to discontinue its cannabis operations in Canada to focus on introducing and promoting IGNITE branded vodka, tequila, seltzers, energy drinks, vapes, and apparel products to the Canadian market.

On October 14, 2021, the Company issued a short-term USD$1.9MM promissory note to II (the "II USD$1.8MM Note"). The II USD$1.8MM Note matures on December 31, 2021 and bears an interest rate equal to ten percent (10%) per annum, for the term of the note. Principal and interest is due on maturity.

On October 18, 2021, Ignite's Chief Executive Officer ("CEO") Dan Bilzerian purchased 50,000 Subordinate Voting Shares of the Company in the public market.

On November 1, 2021, the Company executed a five (5) year lease to establish its warehouse operations in Farmers' Branch, Texas. The new facility will allow the Company to cease certain 3PL relationships and engage in its own distribution and fulfillment of wholesale orders. The Company expects to see significant cost reductions, increased profit margins and improvements in operational efficiencies.

On November 3, 2021, the Company announced that sales in the month of October 2021 alone exceeded all of third quarter sales, a Company record for sales revenue. The performance in the month of October can be attributed to international expansion, with significant sales growth to US distributors with significant reach in South America.

HIGHLIGHTS FOR Q3 2021

- Revenue for Q3 2021 of $14.0MM was a significant milestone making it the strongest performing quarter in the Company's history surpassing sales revenue achieved in Q2 2021 by $2.0MM. Revenue for Q3 2021 was $12.6MM higher than Q3 2020, and $11.0MM higher than Q3 2019. The United States market accounted for $28.9MM or 96% of the Company's Q3 YTD 2021 revenues (Q3 YTD 2020; $5.9MM or 90%). The United States market was the top performing market for Ignite throughout the first three quarters of 2021 and has continued to outperform other markets well into Q4 2021.

- Gross profit for Q3 2021 was $3.0MM, an increase $2.5MM or 504% from $0.5MM in Q2 2020 and an increase of $2.2MM or 263% from $0.8MM in Q3 2019. The increased margin largely driven by increased demand in wholesale products, particularly in the nicotine sector.

- Operating expenses for Q3 2021 were $4.4MM, an increase of $2.8MM or 163% from $1.7MM in Q3 2020. The increase is due to a rise in marketing expenses to accommodate new market growth, a requirement for higher bad debt allowances due to a $6.0MM increase in accounts receivable, and an increase in share-based payments.

- Loss from operations for Q3 2021 was $1.5MM, an increase of $0.3MM or 23% when compared to a loss of $1.2MM for Q3 2020. The increase is due to the rise in operating related expenses as noted above.

- Net loss for Q3 2021 was $1.6MM, an improvement of $4.2MM or 72%, compared to a net loss of $5.8MM in Q3 2020.

- EBITDA of -$0.7MM and adjusted EBITDA of -$0.2MM was a significant improvement from -$4.6MM EBITDA and -$2.9MM Adjusted EBITDA in Q3 2020. This was the result of a progressing wholesale channel coupled with continued lean operations.

- Working Capital for Q3 2021 of $24.6MM was up $11.1MM compared to $13.5MM at Q4 2020 with the increase resulting from a $2.9MM private placement, the issuance of new debt, increases in accounts receivable from higher sales, and the conversion of short-term convertible debt to long term debt in Q1 2021. The increase in working capital was partially offset by a $7.6MM increase in accounts payable primarily due to large inventory receipts in Q3 2021.

- On July 2, 2021, the Company executed a strategic marketing alliance agreement with Resorts World Las Vegas, LLC ("RWLV"), the owner of a hotel-casino property, commonly known as "Resorts World Las Vegas" (the "RWLV Alliance"). The RWLV Alliance affords the featuring of IGNITE vodka, energy drinks and apparel on the resort property, along with committed product purchases and in-room availability of IGNITE branded products. All RWLV owned gift shops and Ignite's Pop-Up Space, located on the RWLV property, house IGNITE vapes, energy drinks, vodka, and apparel available for public purchase. The RWLV Alliance presents high visibility of IGNITE branded products in the United States and to world-wide RWLV clients.

- On July 17, 2021, the Company sponsored an online Pay Per View event featuring entertainer and social media celebrity KSI and other entertainers and celebrities (the "KSI Event"). The sponsorship granted the Company certain advertising and promotional rights in connection with the KSI Event for the IGNITE Brand and its related products.

The IGNITE brand was critical to the development, marketing, and successful activation of the KSI Event. Net proceeds to the Company resulting from the KSI Event totaled $0.74MM.

- On July 23, 2021, Ignite's CEO Dan Bilzerian purchased 32,600 Subordinate Voting Shares of the Company in the public market.
- On September 9, 2021, the Company issued two million (2,000,000) of the Company's Subordinate Voting Shares by way of private placement to Brisa Max Holdings VI, LLC for proceeds of $2.9MM.
- On September 10, 2021, the Chief Financial Officer ("CFO"), Paul Dowdall, resigned from the Company and Scott Rohleder was appointed as the Interim CFO. At Q3 2021, Mr. Rohleder held 694,700 of the Company's Subordinate Voting Shares. Mr. Rohleder also holds 500,000 stock options to purchase Subordinate Voting Shares of the Company pursuant to the Ignite's stock option plan which were granted in his capacity as a consultant prior to his appointment as Interim CFO.
- The Company conducted its Annual General Meeting ("AGM") on September 15, 2021 at which time the shareholders of the Company voted in favor of setting the size of the board of directors to five (5), re-electing four (4) of the existing directors, namely, Dan Bilzerian, Lester Lee, Vered Nisim and Greg Gilpin-Payne, and appointing a new independent director, Dr. Pradeep Albert. In connection with Dr. Albert joining the board of directors, the Company granted him stock options to purchase 100,000 Subordinate Voting Shares of the Company pursuant to Ignite's stock option plan.
- During Q3 2021, the Company settled a USD$1.5MM Note owing to II translating to a Canadian equivalent of $1.9MM in principal and $0.05MM in related interest (2020; $nil). The Company also settled interest due on a CAD$1MM Note in the amount of $0.03MM (2020; $nil) and coupon interest due on a $16MM convertible debt owing to II (the "II $16MM Consolidated Debt") in the amount of $0.8MM (2020; $nil).

FINANCIAL PERFORMANCE SUMMARY

NET LOSS AND COMPREHENSIVE LOSS

Net loss

Net loss for Q3 2021 was $1.6MM, a reduction of $4.2MM or 72% from the $5.8MM net loss at Q3 2020. The decrease in net loss is a result of improved sales contributing an incremental $2.5MM in gross profit, offset by a $2.8MM increase in operating expenses, primarily due to non-cash stock based compensation expense reversal in Q3 2020; reduced other expenses of $3.6MM as a result of to a contingent asset write-down of an option to purchase a property that was previously leased by the Company in Q3 2020; and $0.8MM in other income earned from the KSI Event sponsored by the Company.

Net loss for Q3 YTD 2021 was $2.0MM, a reduction of $20.5MM or 91% from the $22.5 net loss for Q3 YTD 2020. The decrease in net loss is due to a $23.5MM or 356% increase in sales revenue which improved gross profit by $6.0MM. The $20.5MM reduction in net loss can also be attributed to a $7.5MM or 41% decrease in operating expenses, a $4.2MM or 64% decrease in other expenses and a $2.8MM or 1,072% increase in other income.

Net loss and comprehensive loss

Net loss and comprehensive loss for Q3 2021 totaled $0.9MM, a reduction of $5.2MM or 85% compared to the loss of $6.1MM for Q3 2020. Included in the Q3 2021 net loss and comprehensive loss is $0.7MM in cumulative translation gains ($0.2MM loss; Q3 2020).

Net loss and comprehensive loss for Q3 YTD 2021 totaled $2.1MM, a reduction of $19.7MM or 91% compared to $21.8MM for Q3 YTD 2020. Included in the Q3 YTD 2021 net loss and comprehensive loss is $0.02MM in cumulative translation loss ($0.7MM gain; Q3 YTD 2020).

REVENUES AND GROSS PROFIT

Revenue

Revenue for Q3 2021 was $14.4MM, an increase of $12.6MM or 730% from $1.7MM in Q3 2020. The increase is the result of an increase in the Company’s wholesale channel sales, particularly in the US market. Geographically, the US represented 99.7% of revenue while Canada represented -0.6%, and the UK accounted for 0.9%.

Revenue for Q3 YTD 2021 was $30.1MM, an increase of $23.5MM or 356% from $6.6MM for Q3 YTD 2020. The increase in the Q3 YTD 2021 is also the result of the increase in the Company’s wholesale channel sales in the US market. Geographically, the US represented 96.1% of total revenue, while Canada represented 2.5%, the UK accounted for 1.3% and the Rest of World represented the remaining 0.1%.

- ***Wholesale revenues***

    - For Q3 2021, wholesale revenue was $13.8MM or 96.3% of the $14.4MM total revenues, an increase of $13.0MM or 1,607% from $0.8MM for Q3 2020. The increase in Q3 2021 can be attributed to increased order sizes from some of Ignite’s key nicotine wholesale customers and the addition of new customers in the United States.

    - For Q3 YTD 2021, the wholesale revenue was $27.7MM or 92.3% of the $30.1MM total revenues, a $24.5MM or 764% increase from $3.2MM for Q3 YTD 2020. The increase for Q3 YTD 2021 can be attributed to the growth in the US market and is a result of the Company continuing to bring on new chain retailers while also expanding its distribution network facilitating further penetration into local specialty retail locations. This growth is primarily a result of the sale of the IGNITE branded nicotine products. The Company has also worked with its major supplier to ensure the availability of IGNITE branded products to ensure adequate supply to its customers. By ensuring availability, the Company’s wholesale customers have expanded their product selections to other product offerings in effort to provide the same product array to their own customers.

- ***E-commerce revenues***

  - For Q3 2021, e-commerce revenue was $0.6MM or 4.3% of the $14.4MM total sales revenue, a decrease of $0.2MM or 23% from $0.8MM for Q3 2020. This decrease can be attributed to the realignment of the Company's focus to the wholesale channel as well as an increase in consumers re-entering in-store shopping as COVID-19 restrictions loosen.

  - For Q3 YTD 2021, e-commerce revenue was $1.5MM or 5.1% of the $30.1MM total sales revenue, a decrease of $1.6MM from $3.2MM for Q3 YTD 2020. While the Company continues to service its online consumers throughout Q3 YTD 2021 by providing a wide array of IGNITE branded products, sales efforts are concentrated on the growth of the Company's wholesale channel which has flourished in the two most recent quarters.

- ***Royalty revenues***

  - For Q3 2021, royalty revenue was -$0.09MM or -0.6% of the $14.4MM total sales revenue, a decrease of $0.2MM or 176% from 0.1MM for Q3 2020. The royalty revenues were the result of a national distribution agreement the Company entered into with Radicle Medical Marijuana Inc. ("Radicle"), a leading white label producer of craft cannabis. The agreement enabled the distribution of IGNITE branded THC products in the Canadian marketplace, resulting in royalty income to the Company. In Q3 2021, management decided to discontinue its THC operations in the Canadian market. Accordingly, the Company honored the return of royalty revenues previously paid resulting in negative royalties for the quarter.

  - For Q3 YTD 2021, royalty revenue was $0.8MM or 2.6% of the $30.1MM total sales revenue, an increase of $0.6MM or 258% from $0.2MM for Q3 YTD 2020. Prior to management's decision to discontinue THC operations in Canada, the increase was mainly due to higher royalties collected in the first half of 2021.

Gross profit

Gross profit for Q3 2021 was $3.0MM or 21% of revenue, an increase of $2.5MM or 504% from $0.5MM for Q3 2020. The $3.0MM increase is attributable to the $13.0MM increase in wholesale channel revenues that are the result of larger orders from key customers and the addition of new customers.

Gross profit for Q3 YTD 2021 was $8.0MM or 26.5% of revenue, an increase of $6.0MM or 300% from $2.0MM for Q3 YTD 2020. The $6.0MM increase is attributable to the $27.7MM increase in wholesale channel revenues resulting from a strategic focus on expanding distribution networks primarily in the United States.

OPERATING EXPENSES

Total operating expenses

Total operating expenses for Q3 2021 were $4.4MM, an increase of $2.8MM or 164% compared to $1.7MM for Q3 2020.

Total operating expenses for Q3 YTD 2021 were $10.8MM, a decrease of $7.5MM or 41% compared to $18.3MM for Q3 YTD 2020.

Operating expenses for the Company consist of general and administrative costs, share-based payments, marketing and promotion, depreciation and amortization expense and bad debt expense. The variances for the components of operating expenses are described below:

General and administrative costs

General and administrative costs ("G&A") primarily include payroll costs, office and facility expenses, consulting fees, professional fees and travel and accommodation costs.

For Q3 2021 G&A totaled $2.8MM, a decrease of $0.1MM or 3.8% compared to $2.9MM for Q3 2020. The decrease in costs resulted from the changes in expenditures as described below.

For Q3 YTD 2021 G&A totaled $7.9MM, a decrease of $4.3MM or 35% from $12.2MM for Q3 YTD 2020. The decrease in costs resulted from the changes in expenditures as described below.

- *Payroll and benefits*
    - For Q3 2021 payroll and benefits totaled $1.6MM, a decrease of $0.1MM or 3.8% from $1.7MM for Q3 2020. The decrease is a result of minor staffing changes in the Company.
    - For Q3 YTD 2021 payroll and benefits totaled $4.6MM, a decrease of $2.8MM or 38% from $7.4MM for Q3 YTD 2020. The decrease is a result of the Company undergoing staffing reductions in the United States.
- *Professional fees*
    - For Q3 2021 professional fees totaled $0.3MM, an increase of $0.1MM or 74% from $0.2MM for Q3 2020. The slight increase is mainly a result of higher legal expenses incurred in the quarter.
    - For Q3 YTD 2021 professional fees totaled $0.9MM, a decrease of $0.2MM or 16% from $1.1MM for Q3 YTD 2020. The decrease was largely a result of a reduction in audit related costs; at Q3 YTD 2021 audit fees were $0.1MM, a reduction of $0.2MM from $0.3MM at Q3 YTD 2020.
- *Consulting & Advisory fees*
    - For Q3 2021 consulting & advisory fees totaled $0.1MM, a decrease of $0.1MM or 22% from $0.2MM for Q3 2021. The slight decrease is aligned with the Company's initiatives to continue reduction in costs related to outside consultants.
    - For Q3 YTD 2021 consulting & advisory fees totaled $0.4MM, a decrease of $0.1MM or 14% from $0.5MM for Q3 YTD 2021. The is attributed to the Company's initiatives to reduce costs on outside consultants.

- *Travel and accommodations*

  - For Q3 2021 travel and accommodations totaled $0.06MM, an increase of $0.01MM or 10% from $0.05MM for Q3 2020. The increase is a result of travel costs related to an IGNITE brand launch at Resorts World Las Vegas in Q3 2021.

  - For Q3 YTD 2021 travel and accommodations totaled $0.1MM, a decrease of $0.5MM or 82% from $0.6MM for Q3 YTD 2020. The decrease is a result of border closures and event cancellations due to COVID-19 limiting the opportunity for in person meetings and events. The Company continued to limit travel in Q3 YTD 2021 as a safety measure for Ignite employees.

Share based payments

For Q3 2021 share based payments totaled $0.16MM, an increase of $1.9MM or 109% from -$1.8MM for Q3 2020. The increase is due to an option cancellation event of all options in Q3 2020 resulting in reversal of stock-based payments for Q3 2021.

For Q3 YTD 2021 share based payments totaled -$0.1MM, a decrease of $0.1MM from $nil for Q3 YTD 2020. The decrease is a result of a reversal of stock-based payments due to employee forfeitures during Q3 YTD 2021.

Marketing and promotions

For Q3 2021 marketing and promotions totaled $1.1MM, an increase of $0.7MM or 144% from $0.4MM for Q3 2020. In Q3 2021, the Company focused support on expansion of the wholesale channel throughout US by launching its brand at Resorts World Las Vegas and other tradeshow events. Q3 2020 costs were focused on brand awareness activities in social media through influencer marketing and paid online advertising given that the COVID 19 pandemic did not allow for live events.

For Q3 YTD 2021 marketing and promotions totaled $2.2MM, a decrease of $1.6MM or 43% from $3.8MM for Q3 YTD 2020. The decrease can be attributed to the reduction in live events throughout Q3 YTD 2021. As COVID 19 continued to be on the forefront of all decisions surrounding event planning, the Company chose to reduce its live marketing related events and focus efforts on social media and online advertising.

Depreciation and amortization

For Q3 2021 depreciation and amortization totaled $0.05MM, a decrease of $0.08MM or 61% from $0.13MM for Q3 2020. The decrease is due to the disposal of two properties leased by the Company in Q3 2020 and the related leasehold improvements that were classified as right-of-use assets under IFRS 16.

For Q3 YTD 2021 depreciation and amortization totaled $0.2MM, a decrease of $1.7MM or 92% from $1.9MM for Q3 YTD 2020. The decrease in Q3 YTD 2021 is also due to the disposal of two properties leased by the Company in Q3 YTD 2020 and the related leasehold improvements that were classified as right-of-use assets under IFRS 16.

Bad debt expense

For Q3 2021 bad debt expense totaled $0.3MM, an increase of $0.4MM or 658% from -$0.1MM for Q3 2020.

For Q3 YTD 2021 bad debt expense totaled $0.6MM, an increase of $0.3MM or 105.6% from $0.3MM for Q3 YTD 2020.

The increase in bad debt expense in Q3 2021 and Q3 YTD 2021 is largely a result of the $6.0MM increase in accounts receivable triggering higher accruals for expected credit losses as required under IFRS 9. The Company also realized recovery of bad debts for Q3 2020.

OTHER INCOME AND EXPENSES

Other income

For Q3 2021 other income totaled $0.8MM, an increase of $0.8MM or 100% from Q3 2020. The increase is largely attributed to income earned for an event the Company sponsored called “The KSI Show” featuring KSI who is a UK based YouTube personality, rapper, comedian, and actor, which aired to over 115,000 viewers. The KSI Show prominently featured IGNITE branded products and generated net proceeds of $0.74MM.

For Q3 YTD 2021 other income totaled $3.0MM, an increase of $2.7MM or 1,072% from Q3 YTD 2020. The increase is largely the $0.74MM earned in Q3 2021 from the KSI Show and the inclusion of $1.5MM in debt forgiveness for payroll protection loans that were forgiven in Q2 2021.

Other expenses

For Q3 2021 other expenses totaled $1.0MM, a reduction of $3.6MM or 79% from $4.6MM for Q3 2020. The decrease is due to a $3.4MM contingent loss which was taken in Q3 2020 in relation to an option to purchase a property which was previously leased by the Company. Additional information on the option to purchase can be found in the Company’s most recently filed audited financial statements ending December 31, 2020.

For Q3 YTD 2021 other expenses totaled $2.2MM, a reduction of $4.2MM or 65% from $6.5MM for Q3 YTD 2020. The decrease can be attributed to the $3.4MM contingent loss taken in Q3 2020 in relation to an option to purchase a property as noted above. The decrease is also a reduction in accreted interest expenses related to leases which were disposed by the company during Q3 YTD 2020 and the reduction in interest related to convertible debenture debt.

<<< Remainder of page intentionally left blank >>>

ASSETS

Total assets were $40.1MM at Q3 2021, an increase of $13.6MM or 51.6%, compared to $26.4MM at Q4 2020. The increase is attributed to rises in accounts receivable and inventory deposits which offsets reductions of cash and equivalents, prepaids and inventory.

- ***Cash and equivalents*** were $4.7MM at Q3 2021, a decrease of $0.8MM or 14.6% from $5.5MM at Q4 2020. The decrease in cash is a result of increased accounts receivable and inventory deposits as the Company ramps up for a strong fourth quarter, and payment of coupon interest due on debt related instruments. Offsetting part of this change were proceeds from the increase in sales in Q3 2021. The Company does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements. The Company does not use hedges or other financial derivatives.

- ***Receivables*** were $7.6MM at Q3 2021, an increase of $6.0MM or 375% from $1.6MM at Q4 2020. The increase is attributed to the $12.6MM increase in sales in Q3 2021. Included in the receivables balance are provisions for expected credit losses totaling $0.4MM (2020; $0.15MM), along with accrued rebates totaling $0.02MM (2020; $nil).

- ***Inventory*** was $11.6MM at Q3 2021, a decrease of $0.9MM or 7%, from $12.5MM at Q4 2020. The decrease is a result of the termination of the Company's joint venture, Ignite Distribution Company, Inc., entered into in Q1 2021 which had initial inventory purchases of $5MM. The decrease is also largely the result of the increase in sales with replacement inventory remaining on order at the end of Q3 2021.

- ***Deposits*** were $11.0MM at Q3 2021, an increase of $10.7MM or 2,878% from $0.4MM at Q4 2020. The increase in deposits is directly related to inventory replenishment requirements for products sourced out of China which have a one to two months lead time. As the Company anticipates a record fourth quarter, larger inventory orders were made at the end of Q3 2021 to accommodate expected sales in the upcoming quarter.

- ***Prepaids*** were $1.3MM at Q3 2021, a decrease of $0.8MM or 38% from $2.1MM at Q4 2020. The decrease in prepaid expenses is a result of the occurrence of the related expenditure.

- ***Long-term receivables*** were $3.1MM at Q3 2021, a small increase from $3.0MM at Q4 2020. The receivable is a result of the Company terminating a lease agreement which included a USD$5.0MM property purchase option that was converted to a long-term receivable of USD$2.5MM. This receivable represents the minimum the Company is contractually entitled to receive when the underlying property is sold. Additional information on the Option to Purchase can be found in the Company's most recently filed audited financial statements ending December 31, 2020.

LIABILITIES

Total liabilities were $26.3MM at Q3 2021, an increase of $11.7MM or 80% compared to $14.6MM at Q4 2020. The increase is attributed to an increase in debt related instruments, accounts payable and accrued liabilities and offset by a reduction of short-term convertible debenture debt and long-term loans.

- ***Accounts payable and accrued liabilities*** totaled $10.8MM at Q3 2021, an increase of $7.6MM or 232% from $3.3MM at Q4 2020. The increase mainly stems from inventory received but not yet invoiced by the vendor. This coincides with the Company's efforts to ramp up inventory for the expected growth in sales in the fourth quarter.
- ***Short-term Convertible Debt*** at Q3 2021 was $nil, a decrease of $5.2MM or 100% from $5.2MM at Q3 2020. The decrease was a result of the consolidation of all short and long-term convertible debt owing to International Investments, Ltd. ("II"), a lender to the Company into one convertible long-term debenture (the "II $16MM Convertible Debt").
- ***Short-term Loans*** at Q3 2021 was $0.8MM, an increase of $0.8MM or 100% from $nil at Q4 2020. On June 10, 2021, the Company issued a short-term promissory note for $1,000,000 to II. The Company paid $0.2MM on the principal plus all related interest reducing the note outstanding note to $0.8MM at Q3 2021.
- ***Long-term loans*** were $nil at Q3 2021, a decrease of $1.6MM or 100% from $1.6MM at Q4 2020. The decrease is the result of a recognition of loan forgiveness for the Company's PPP loans totaling $1.6MM.
- ***Long-term Convertible Debt*** at Q3 2021 was $14.7MM, an increase of $10.2MM or 142% from $4.5MM at Q4 2020. The was a result of the issuance of the II $16MM Convertible Debt, and the extinguishment of all pre-existing convertible debt owing to II. Detailed information regarding the extinguishments and the issuance of the II $16MM Convertible Debt can be found in the Company's most recently filed audited financial statements ending December 31, 2020, which can be found at www.sedar.com.

SHAREHOLDERS EQUITY

Shareholder's equity totaled $13.7MM at Q3 2021, an increase of $1.9MM or 16% from $11.8MM at Q4 2020. The increase is predominantly due to a private placement closed by the Company on September 8, 2021 for 2,000,000 Subordinate Voting Shares of the Company for proceeds of $2.9MM. This is offset by the $2.0MM loss (2020; $22.4MM) for the period ending September 30, 2021.

<<< Remainder of page intentionally left blank >>>

WORKING CAPITAL

Working capital of the Company (defined as current assets less current liabilities) was $24.6MM at Q3 2021, an increase of $11.1MM or 83%, compared to $13.5MM at Q4 2020. The increase is largely due to sales increases in Q3 producing higher revenue collections and a $6.0MM increase in accounts receivable. The increase in working capital is also attributed to the two million (2,000,000) Subordinate Voting Share private placement generating proceeds of $2.9MM, the issuance of a $1.0MM promissory note, and the consolidation of short-term convertible debt to long term convertible debt in the latter part of Q1 2021. The Company also increased deposits on inventory purchases in order to prepare for an expected strong fourth quarter, increasing deposits on inventory by $10.7MM over the $0.4MM in deposits at Q4 2020. The increase in working capital was partially offset in Q3 2021 by a $7.6MM increase in accounts payable and accrued liabilities for inventory receipts received during the period.

The Company will need to continue and anticipates continued sales growth in order to meet its operating cost requirements. Additionally, the Company is confident in its ability to secure additional funding from historical lenders of the Company should working capital needs arise.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes information derived from the Company's financial statements for each of the nine most recently completed quarters:

Quarter Ended	Revenues	Cost of goods sold	Gross profit	Net income (loss)	Net income (loss) per share [1]
	$	$	$	$	$
September 30, 2021	14,364,133	11,396,724	2,967,409	(1,640,741)	(0.01)
June 30, 2021	12,049,900	8,067,319	3,982,581	(524,525)	(0.00)
March 31, 2021	3,651,029	2,648,288	1,002,741	118,786	0.00
December 31, 2020	10,078,631	5,736,460	4,342,171	3,011,790	0.01
September 30, 2020	1,729,843	1,238,578	491,265	(5,842,118)	(0.02)
June 30, 2020	3,170,827	2,305,591	865,236	(7,636,004)	(0.03)
March 31, 2020	1,694,658	1,066,191	628,467	(9,061,040)	(0.03)
December 31, 2019	2,673,368	2,722,783	(49,415)	(33,626,303)	(0.13)
September 30, 2019	3,388,238	2,571,821	816,417	(13,069,025)	(0.12)

[1] *Fully diluted loss per share amounts are not shown as they would be anti-dilutive.*

The Company has incurred significant operating costs relating to the start-up of its operations over the last nine quarters including expenses related to commercial activations, brand development and brand awareness initiatives. During Q3 2021, the Company continued to generate revenues from sales of various IGNITE branded products and also continued its efforts to reduce operating costs.

LIQUIDITY AND CAPITAL RESOURCES

The main sources of liquidity are the Company's cash and cash equivalents, other working capital, and debt issuances.

At Q3 YTD 2021, the Company generated negative cash flows from operations totaling $12.4MM, an improvement of $12.1MM from -$24.6MM at Q3 YTD 2020. The negative cash flow is heavily driven by the $10.7MM in cash used for deposits, compared to a reduction of $1.1MM in cash used on deposits for Q3 YTD 2020. The Company used cash to provide deposits on inventory mainly in Q3 2021 in preparation for expected high volume sales in Q4 2021. The negative cash flow is also attributed to an increase of $6.0MM in accounts receivable (Q3 YTD 2020; $0.3MM). The increase is the result of the high volume of sales totaling $30.1MM for Q3 YTD 2021, an increase of $23.5MM when compared to $6.6MM for Q3 YTD 2020 sales. The Company has provided 30 day payment terms for select customers. Certain activities offset the cash used in operations including had an increase in cash from operations for accounts payable and accrued liabilities of $7.6MM for Q3 YTD 2021 (Q3 YTD 2020; decrease $1.1MM). This increase in accounts payable and accrued liabilities is largely due to receipts of inventory in Q3 2021 as the Company prepares for record sales in Q4 2021.

At Q3 2021, the Company had $16MM in convertible debt (the "II 16MM Convertible Debt") outstanding that matures on June 30, 2022 and accrues interest at a rate of 10% per annum, with interest due quarterly commencing June 30, 2021. While outstanding, the lender has the right to convert the balance of principal and accrued interest outstanding into Subordinate Voting Shares of the Company at $1.25 per subordinate voting share. At Q3 YTD 2021, the Company settled two quarterly instalments totaling $0.8MM and the coupon interest due on the II $16MM Convertible Debt was $nil (Q3 2020; $nil).

At Q3 2021, the Company had one short term loan outstanding for a net amount of $0.8MM (the "II CAD$1MM Note") (Q3 2020; $nil). The initial loan value was $1.0MM with interest accruing at a rate of 10% per annum and maturing on December 15, 2021. During Q3 2021, the Company paid $0.2MM in principal and $0.01MM in related in interest on the II CAD$1MM Note.

During Q3 2021, the Company settled a USD$1.5MM note, which bore an interest rate of 10% per annum (the "II USD$1.5MM Note") that was initially issued on May 24, 2021. The Canadian translated amount of $1.9MM in principal and $0.5MM in related interest thereon was paid in its entirety.

On September 8, 2021, the Company closed a private placement for two million (2,000,000) Subordinate Voting Shares of the Company for proceeds of $2.9MM.

There are no off-balance sheet arrangements as at Q3 2021 ($nil; Q3 2020).

The Company's financial success is reliant on management's ability to identify and evaluate opportunities to expand its business operations which currently includes branding, marketing, licensing, sales and distribution across the United States, Canada, Mexico, South America, Malaysia, the United Kingdom, China, the Middle East, Australia, and other international jurisdictions. The Company will rely heavily on its ability to generate revenue from the sale of its products to fund its operations. Capital funding or debt issuance may be a requirement should operating expenses exceed cash generated from product sales. There can be no assurances that the Company will be able to obtain adequate funding or that the terms of such financing will be favorable.

NON-IFRS FINANCIAL MEASURES

Management uses net loss and comprehensive loss as presented in the consolidated statements of net loss and comprehensive loss as well as "EBITDA" and "Adjusted EBITDA" as a measure to assess performance of the Company. EBITDA is another financial measure and is reconciled to net loss and comprehensive loss below under "Results of Operations" as a supplemental financial measure to further assist readers in assessing the Company's ability to generate income from operations before considering the Company's financing decisions, depreciation of property, plant and equipment and amortization of right of use assets and intangible assets. EBITDA comprises net income or loss for the period adding back, interest and taxes, depreciation, and amortization. Adjusted EBITDA comprises net income or loss for the period adding back, net income or loss for the period adding back, interest and taxes, depreciation, and amortization, as well as non-cash expenses such as share-based compensation, exchange gain/loss, bad debt and other items that are not in the normal course of the business.

EBITDA and Adjusted EBITDA does not represent the actual cash provided by the operating activities nor are these supplements a recognized measure of financial performance under IFRS. Readers are cautioned that these measures should not be considered as a replacement for those as per the consolidated financial statements prepared under IFRS. The Company's definitions of this non IFRS financial measure may differ from those used by other companies. As there are no standardized methods of calculating non-IFRS measures, the Company's approaches may differ from those used by other companies in the industry and may not be comparable as a result. Accordingly, these non-IFRS measures are intended to provide additional information and should not be considered independently or in substitution for measures prepared in accordance with IFRS.

The Company calculates EBITDA and Adjusted EBITDA as follows:

	3 months Ended 30-Sep-21	3 months Ended 30-Sep-20	9 months Ended 30-Sep-21	9 months Ended 30-Sep-20
	$	$	**$**	$
Net Loss for the Period	**(1,640,741)**	(5,842,118)	**(2,046,733)**	(22,545,114)
Interest income	(2,872)	(5,679)	(6,508)	(9,148)
Interest expense	72,583	26,877	279,732	236,078
Interest accretion	806,237	1,128,578	1,856,323	2,739,211
Depreciation and Amortization	50,045	126,801	150,097	1,924,134
Income tax	3,869	(30)	3,869	5,921
EBITDA	**(710,879)**	(4,565,571)	**236,780**	(17,648,918)
Share based payments	155,518	(1,763,710)	(124,977)	11,671
Exchange gain/loss	102,748	(634)	100,146	31,412
Investment Gain	(34,942)	225,000	(230,944)	(90,000)
Debt Forgiveness	-	-	(1,558,136)	-
Gain on debt extinguishment	-	-	(79,444)	-
Gain on disposal of capital assets	-	(177,148)	(22,130)	158,402
Bad debt expense	321,318	(57,567)	572,893	278,601
Gain/Loss on Contingent Assets	-	3,385,250	-	3,385,250
Inventory Impairment	-	70,140	-	70,140
Adjusted EBITDA	**(166,236)**	(2,884,240)	**(1,105,811)**	(13,803,442)

RELATED PARTY TRANSACTION

KEY MANAGEMENT PERSONNEL:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of certain executive and non-executive members of the Company's Board of Directors and corporate officers. Remuneration attributed to key management personnel can be summarized as follows:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	$	$	$	$
Management salaries, bonuses, and other benefits	335,077	271,255	997,599	875,130
Share-based payment – management	175,660	-	498,656	-
Share-based payments – directors	78,221	-	122,003	-
Total	**588,958**	271,255	**1,618,258**	875,130

AMOUNTS DUE TO/FROM RELATED PARTIES

At Q3 2021, the Company had the following amounts due to individuals or entities related to the Company:

- $1,426 is due to individual related parties for operational expenses paid on behalf of the Company (2020; $0.02MM).
- $16.0MM is due to International Investments, Ltd., a company related to Ignite by way of a common member of the Board of Directors ("II"), in relation to the II $16MM Consolidated Debt. The Company has included $14.7MM in long-term convertible debenture liability and $2.1MM in contributed surplus on the statement of financial position.
- $0.8MM is due to II in relation to the II CAD$1MM Note, which is included in short-term loans on the statement of financial position (2020; $nil).

RELATED PARTY TRANSACTIONS

During Q3 YTD 2021, the Company entered the following transactions with related parties:

- On January 27, 2021, the Company issued a convertible debenture to II for proceeds of $3.2MM (the "II $3.2MM Convertible Debenture") to assist with product inventory demands in Q1 2021
- On February 4, 2021, the Company issued a convertible debenture to II for proceeds of $1.0MM (the "II $1MM Convertible Debenture") to assist with product inventory demands in Q1 2021.
- As part of a debt consolidation, on March 31, 2021, the Company issued a single convertible debenture for $16.0MM ("II $16MM Consolidated Debt") which included an incremental $1.0MM in convertible debt. The debt consolidation extinguished all convertible debt and related interest thereon previously issued to II.

- On May 24, 2021, the Company issued a short-term promissory note for USD$1.5MM to II (the "II USD$1.5MM Note") in order to facilitate a USD$1.5MM sponsorship for the KSI Event. The principal balance accrued interest at a rate of 10% per annum, with the principal and interest due on September 30, 2021.
- On June 10, 2021, the Company issued a short-term promissory note for $1.0MM to II (the "II CAD$1MM Note") in order to accommodate inventory purchases to meet expected sales volume. The principal balance accrued interest at a rate of 10% per annum, with the principal and interest due on July 31, 2021.
- On July 6, 2021, the CEO purchased 32,600 Subordinate Voting Shares of the Company in the public market.
- On August 26, 2021, the Company settled the May 24, 2021 II USD$1.5MM Note that was issued in relation to the sponsorship for the KSI Event translating to Canadian $1.9MM in principle and $0.04MM in related interest.
- On September 28, 2021, the Company renewed an annual trademark and copyright license agreement resulting in USD$0.05MM payable to a company owned by the CEO.
- During the period ended September 30, 2021, the Company settled coupon interest due on the II $16MM Consolidated Debt in the amount of $0.8MM (2020; $nil).
- During the period ended September 30, 2021, the Company settled interest due on the CAD$1MM Note in the amount of $0.03 (2020; $nil).

During the year ended December 31, 2020, the Company entered the following transaction with related parties:

- II, issued a USD$0.02MM non-interest-bearing promissory note to Ignite Social, LLC and incurred USD$0.03MM in Ignite Social expenses paid by the Company. These amounts were deemed uncollectible and written off to bad debt during the period.
- The Company paid annual licensing fees of USD$0.05MM to a company owned by the CEO.
- The Company, in connection with the Shared Services Agreement ("SSA"), paid on behalf of Blitz NV ("Blitz"), a company related to the CEO, USD$0.06MM for salaries.
- The Company incurred $0.3MM in marketing and other expenses reimbursed to Blitz.
- The Company acquired all the non-controlling interests in Ignite Distro.
- The Company cancelled 2,100,000 stock options previously issued to related parties. 1,600,000 of these options were reissued.
- The Company entered into a series of purchase agreements with the CEO of the Company, and the Holder of the Series A and Series B Convertible Debentures (the "Seller") to settle the Series A and Series B Convertible Debentures in the amount of $20.0MM, resulting in the issuance of 200,000 proportionate voting shares issued to the CEO and Chairman.
- The CEO of the Company subscribed for, and the Company issued to the CEO, 50,000 proportionate voting shares for net proceeds of $5.0MM.
- On November 9, 2020, the Company issued a short-term promissory note for $1.0MM to IIC Management Company, Ltd ("IIC"), a lender related to the Company. The principal balance accrued interest at a rate of 10% per annum, with the principal and interest due on December 31, 2020. On December 21, 2020, the IIC CA$1MM Prom Note and $0.01MM in related interest thereon was paid in full.
- As of December 31, 2020, II had principal and interest due to it of $10.7MM as of Q4 2020 and made purchases of product from Ignite of $5.9MM in 2020.

SECURITIES OUTSTANDING

As at Q3 2021 and the date of this management discussion and analysis, the Company had the following shares issued and outstanding:

Shares	Subordinate Voting Shares	Proportionate Voting Shares	As Converted
	#	#	#
Balance, December 31, 2020	**107,967,933**	**998,625**	**307,692,933**
Issuance, private placement	2,000,000	-	2,000,000
Shares Outstanding, September 30, 2021	**109,967,933**	**998,625**	**309,692,933**

As at Q3 2021 and the date of this management discussion and analysis, the Company had the following securities outstanding which are exercisable for subordinate voting shares:

Security	Securities Exercisable At September 30, 2021	Total Securities Outstanding At September 30, 2021	Securities Exercisable At December 31, 2020	Total Securities Outstanding At December 31, 2020
	#	#	#	#
Stock options	40,000	5,055,000	55,781	4,870,000
Warrants	5,000,000	5,000,000	5,000,000	5,000,000

RISKS AND UNCERTAINTIES

As stated in other sections of this document, the Company's sales have grown primarily in the vape channel in which the company utilizes wholesale distributors to reach the consumer. Some distributors have exclusive territories which are closely evaluated based upon sales performance. The Company believes that there are ample distributors to replace underperforming distributors.

The Company also has an exclusive manufacturing agreement to produce its nicotine vape devices which is its fastest growing channel. The primary risk is the ability for the manufacturer to keep up with manufacturing demand. The Company has mitigated this risk through consistent demand planning discussions with the manufacturer to ensure that procurement of raw materials and labor are executed to timely meet the company's order needs.

In addition, the Company previously announced that it will no longer sell in the Canadian cannabis market which has eliminated it reliance on any cultivators, processors, or distributors within this channel. The Company has no cannabis sales in any markets outside of Canada.

Additional risks and uncertainties can be referenced in the section entitled "Risk Management" in the Company's year-end audited MD&A ending December 31, 2020, which can be found under the Company's profile on SEDAR at www.sedar.com.