



**ZOGLO'S INCREDIBLE FOOD CORP.**  
(FORMERLY 1258481 B.C. LTD.)

MANAGEMENT DISCUSSION AND ANALYSIS  
September 30, 2021

## ZOGLO'S INCREDIBLE FOOD CORP.

(FORMERLY 1258481 B.C. LTD.)

Management Discussion & Analysis

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### 1.1 Date

This Management Discussion and Analysis ("MD&A") of Zoglo's Incredible Food Corp. (formerly 1258481 B.C. Ltd.) (or the "Company") has been prepared by management as of November 29, 2021 and should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto of the Company for the nine months ended September 30, 2021 and the audited financial statements and related notes thereto of the Company for the year ended December 31, 2020, which was prepared in accordance with International Accounting Standards using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

This MD&A contains forward-looking information which reflects management's expectations regarding the Company's growth, results of operation, performance and business prospects and opportunities. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "outlook", "forecast" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this MD&A include, but not limited to, the Company's expectation of future activities and results, of its working capital needs and its ability to identify, evaluate and pursue suitable business opportunity. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward-looking statements. Readers should not put undue reliance on forward-looking information.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

### 1.2 Overall Performance

Zoglo's Incredible Food Corp. formerly 1258481 BC Ltd) (the "Company") was incorporated under the laws of the Province of British Columbia on July 23, 2020. On March 29, 2021, the Company changed its name to "Zoglo's Incredible Food Corp." in connection with the closing of a reverse take-over ("RTO") transaction.

On March 23, 2021, the Company completed the RTO transaction with Zoglo's Incredible Food Inc. ("Zoglo") whereby the Company acquired 100% of the issued and outstanding common shares of Zoglo, in exchange for 64,000,000 of common shares of the Company issued to the shareholders of Zoglo (the "Transaction") resulting in Zoglo becoming a wholly owned subsidiary of the Company and the Company will continue on the business of Zoglo. Upon completion of the Transaction, the securities holders of Zoglo became shareholders of the combined entity (the "Resulting Issuer").

Pursuant to the Transaction, the Company issued an aggregate of 64,000,000 common shares of the Company in exchange for all of the issued and outstanding shares of Zoglo and 3,000,000 Restricted Stock Units ("RSU") at a price of \$0.05 per RSU to the Chairman of the Company. Upon closing of the Transaction, the shareholders of Zoglo owned 89.5% of the common shares of the Company and, as a result, the Transaction is considered a reverse acquisition of the Company by Zoglo.

In addition, on completion of the Transaction:

- i) Zoglo optionholders exchanged their Zoglo options for a total of 6,800,000 replacement securities of the Company at an exercise price of \$0.05 per share until March 23, 2026 (the "Replacement Options").

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- ii) Zoglo warrant holders exchanged their Zoglo warrants for a total of 1,000,000 replacement securities of the Company at an exercise price of \$0.10 until March 23, 2026 (the "Replacement Warrants").

In further consideration of the RTO, the Company would assume all obligations from Zoglo to acquire the assets, patents, IP and licensing rights and manufacturing rights (the "Zoglo IP") (the "Acquisition") from Naknik Nahariya Kasher Soglowek Ltd ("Naknik"), a corporation incorporated under the laws of Israel for an aggregate purchase price of \$5,000,000. On July 15, 2021, the Company completed the Acquisition and paid \$2,000,000 in cash and \$3,000,000 paid by way of a non-interest bearing promissory note repaid by the Company in equal installments of \$500,000 every six months until the note is repaid in full. The Company shall not be permitted to sell the Zoglos Products in Israel.

The Resulting Issuer is a plant-based food company that is in the business of designing, developing, producing, distributing, and selling plant-based meat alternative products.

On July 21, 2021, the Company filed a non-offering long form prospectus dated July 20, 2021 (the "Prospectus") in the Provinces of Ontario and British Columbia, to enable the Resulting Issuer to become a "reporting issuer" pursuant to applicable securities legislation. The Company's common shares were approved for listing on the Canadian Securities Exchange ("CSE"), and commenced trading effective July 26, 2021 under the symbol "ZOG".

On November 4, 2021, the Company's shares have been accepted for listing and have commenced trading on the Frankfurt Stock Exchange under the symbol "7UT".

On November 2, 2021, the Company entered into a binding memorandum of understanding ("MOU") with Monday Swiss UK Ltd ("Monday Swiss"), a leading European-based developer and manufacturer of innovative plant-based food alternatives, to acquire 51% interest of Monday Swiss. (See 1.11 *Proposed Transactions*).

The Company's head office and principal address is 361 Connie Crescent, Concord, ON, L4K 5K2. The registered and records office is Suite 1500-1055 West Georgia Street, Vancouver, BC, V6E 4N7.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful identification of viable business projects, its ability to raise equity capital, to obtain loans from related parties, and to attain profitable operations to generate funds and meet current and future obligations. These conditions cast significant doubt on the Company's ability to continue as a going concern. During the period ended September 30, 2021, the Company reported a net loss of \$5,626,875. As at September 30, 2021, the Company had working capital of \$3,383,736 (December 31, 2020 - \$839,915). These conditions cast significant doubt on the Company's ability to continue as a going concern.

In March 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which resulted in a series of public health and emergency measures being put in place to combat the spread of the virus. These measures have caused material disruption to businesses in Canada and globally resulting in an economic slowdown. The duration and impact of COVID-19 continues to be unknown and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods. To date, the Company has not experienced material changes in operations, however, there is no certainty this will continue going forward.

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### Highlights:

- Introduction of 12 new plant-based food products from its Incredible product line into the Canadian retail market and listing its new product line in:
  - Metro Inc. supermarket at 130 locations across Ontario
  - Walmart Canada at select locations
  - Calgary Co-operative Association Limited supermarkets in the Calgary metropolitan area
  - Fresh Co Ltd supermarket at 96 locations across Ontario
  - Foodland, a subsidiary of Sobeys Inc., supermarkets at 136 locations across Ontario
- Appoints Strategic Objectives as the Company's lead public relations agency to assist in managing Zoglo's brand communication, media relations, and digital marketing;
- Partnered with Tree of Life Canada to expand distribution and sale services across Canada;
- Partnered with Quebec-based Clark Drouin Lefebvre Inc., a regional expert with sales coverage in retail and food service sector to accelerate Zoglo's footprint in Quebec;
- Partnered with Classic Touch Foods, a division of Ontario-based Classic Group of Companies to introduce 100% plant-based and vegan offerings that will be made available to both retail and foodservice sectors;
- Appointed Pino Di Cerbo as Chief Culinary Officer;
- Appointed David Jeffs and Bill Ivany to the Board of Directors
- Appointed Paul Del Duca as Chairman of the Board replacing David Sugarman; and
- Commenced trading on the Frankfurt Stock Exchange under the symbol "7UT"

### 1.3 Selected Annual Information

	Date of Incorporation (July 13, 2020) to December 31, 2020
Net Loss	\$ (10,149)
Loss per share	\$ (0.00)
Total assets	\$ 936,305
Total long-term liabilities	Nil
Cash dividends declared per share for each class of share	Nil

### 1.4 Results of Operations

#### Nine months ended September 30, 2021

During the nine months ended September 30, 2021, the Company reported a net loss of \$5,773,774 or \$0.07 per share.

#### **Revenues and profit**

During the nine months ended September 30, 2021, the Company earned \$1,826,006 in revenues from the sale of plant-based food products. Cost of sales totaled \$1,484,975 resulting in gross profit of \$341,028 or 19%.

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### ***General and administrative expenses***

The Company's general and administrative expenses of \$3,639,447 for the nine months ended September 30, 2021 consisted of the following:

Accretion expense of \$37,753 on the \$3,000,000 note payable issued in connection to the acquisition of certain assets from Naknik. The accretion was calculated based on a 15% discount rate over a period of 3 years.

Consulting fees of \$201,926 consisted of fees paid for CFO services, advisory services from two companies with a director and former director in common for sales and product marketing services, and other business development advisory services.

Depreciation of \$110,206 which consisted of \$1,060 from equipment and \$109,146 from the intangible assets purchased from Naknik.

Investor relations costs of \$550,073 to increase investor awareness and communication of the Company's ongoing development.

Marketing fees of \$312,526 for market research analysis, advertisement, and product design costs.

Office and miscellaneous and rent of \$86,085 and 35,400, respectively, for general operating expenses for the Company's operating activities and office located in Ontario.

Professional fees of \$139,925 consisted of legal costs associated to the Company's CSE listing and other general corporate matters.

Regulatory and transfer agent fees of \$36,258 consisted of listing fees for the CSE and transfer agent fees in connection to maintaining the Company's share treasury and escrow arrangements.

Share-based compensation of \$1,892,205 on the vested portion of share options and RSUs granted to directors, employees, and consultants during the period, and warrants granted to a consultant for consulting services rendered.

Wages and benefits of \$197,333 paid to the Company's CEO, COO and support staff.

### ***Other income***

The Company recorded interest income of \$4,838 accrued on its short term GIC investment from cash held in escrow.

### ***Other expenses***

Listing expenses of \$2,480,193 were recorded in connection to the RTO transaction.

There are no comparative period results to report as the Company was incorporated on July 13, 2020 remained inactive for the period to September 30, 2020.

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### Three months ended September 30, 2021

During the three months ended September 30, 2021, the Company reported a net loss of \$1,382,095 or \$0.02 per share.

#### **Revenues and profit**

During the three months ended September 30, 2021, the Company earned \$1,687,686 in revenues from the sale of plant-based food products. Cost of sales totaled \$1,356,348 resulting in gross profit of \$331,338 or 20%.

#### **General and administrative expenses**

The Company's general and administrative expenses for the three months ended September 30, 2021 were \$1,714,760 consisted of the following:

Accretion expense of \$37,753 on the \$3,000,000 note payable issued in connection to the acquisition of certain assets from Naknik.

Consulting fees of \$117,463 consisted of fees paid for CFO services, advisory services from two companies with a director and former director in common for sales and product marketing services, and other business development advisory services.

Depreciation of \$109,676 which consisted of \$530 from equipment and \$109,146 from the intangible assets purchased from Naknik.

Investor relations of \$547,875 to increase investor awareness and communication of the Company's ongoing development.

Marketing fees of \$209,160 for market research analysis, advertisement, and product design costs.

Office and miscellaneous and rent of \$47,950 and 11,100, respectively, for general operating expenses for the Company's operating activities and office located in Ontario.

Professional fees of \$115,623 consisted of legal costs associated to the Company's CSE listing and other general corporate matters.

Regulatory and transfer agent fees of \$36,258 consisted of listing fees for the CSE and transfer agent fees in connection to maintaining the Company's share treasury and escrow arrangements.

Share-based compensation of \$415,474 on the vested portion of share options and RSUs granted to directors, employees, and consultants during the period, and warrants granted to a consultant for consulting services rendered.

Wages and benefits of \$80,015 paid to the Company's CEO, COO and support staff.

#### **Other income**

The Company recorded interest income of \$1,327 accrued on its short term GIC investment from cash held in escrow.

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There are no comparative period results to report as the Company was incorporated on July 13, 2020 remained inactive for the period to September 30, 2020.

### 1.5 Summary of Quarterly Results

The following is a summary of financial information concerning the Company for each of the last available quarters.

Quarter ended	Revenue	Loss	Loss per share
September 30, 2021	\$ 1,687,686	\$ (1,382,095)	\$ (0.02)
June 30, 2021	42,317	(1,800,468)	(0.03)
March 31, 2021	96,003	(2,591,211)	(0.04)
December 31, 2020	Nil	(10,149)	(0.00)
September 30, 2020	Nil	Nil	(0.00)

Over the past fiscal quarters, the significant variances were as follows:

Quarter Ended	Summary of Results
September 30, 2021	The Company earned an increase in revenue due to new customer contracts while operating expense maintained a steady level compared to the previous quarter.
March 31, 2021 and June 30, 2021	Loss included share-based payment in connection to stock options, RSUs, and warrants granted and listing expenses in connection to the RTO
December 31, 2020	Loss consists primarily of professional fees accrued for the Company's fiscal year end audit.
September 30, 2020	The Company was incorporated on July 13, 2020 with no activities in the quarter.

### 1.6 Liquidity and Capital Resources

The Company reported a working capital of \$3,644,253 (December 31, 2020 - \$839,915) at September 30, 2021. As at September 30, 2021, the Company had cash and cash equivalents of \$2,938,713 (December 31, 2020 - \$839,657), trades and other receivables of \$1,887,441 (December 31, 2020 - \$10,407), trade payables of \$1,063,001 (December 31, 2020 - \$96,390), and current portion of note payable of \$739,483 (December 31, 2020 - \$Nil).

The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

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### 1.7 Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

### 1.8 Risk and Uncertainties

The Company's financial instruments consist of cash, trade receivables, trade payables, and note payable. These financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk and other market risk.

#### *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

As at September 30, 2021, the Company had cash and cash equivalents of \$2,938,713 (December 31, 2020 - \$839,657), and current liabilities of \$1,802,484 (December 31, 2020 - \$96,390). Management will need to raise additional funds in order to continue operations.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

#### (a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

#### (b) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases are denominated and the functional currency of the Company. The functional currency of the Company is the Canadian dollar. The currency in which purchase transactions are denominated is Israeli shekels. The Company does not currently hedge its currency risk, and is therefore subject to gains or losses due to fluctuations in that currency.

#### (c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices. The Company closely monitors individual equity movements to determine the appropriate course of action to be taken by the Company.



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### 1.9 Transactions with Related Parties

Key management personnel includes persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise of the directors of the Company, executive and non-executive, and officers.

The remuneration of the key management personnel during the nine months ended September 30, 2021 were as follows:

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	September 30, 2021	
Officers remuneration (i)	\$	191,866
Advisory fees (ii)		127,500
Share-based compensation (v)(vi)		461,489
Total	\$	780,855

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Transactions with key management and other related party transactions:

(i) During the nine months ended September 30, 2021, the Company paid or accrued salaries, consulting fees, and health benefits totalling \$191,866 to the officers of the Company.

(ii) The Company entered into two advisory agreements with the following related parties:

- a. with Canadian Endernational Limited, a company with a director and significant shareholder in common, for consulting services with respect to sales, marketing and relationship management services in exchange for \$120,000 per year, payable monthly. The advisory agreement is for a term of one year and will automatically renew annually unless terminated.

During the nine months ended September 30, 2021, the Company paid \$90,000 in consulting fees pursuant to this agreement.

- b. with The Canadian Triloon Corporation, a company with a former director in common and the spouse of a director and significant shareholder of the Company, for consulting services with respect to packaging, marketing and product advisory services in exchange for \$50,000 per year, payable monthly. The advisory agreement is for a term of one year and will automatically renew annually unless terminated.

During the nine months ended September 30, 2021, the Company paid \$37,500 in consulting fees pursuant to this agreement.

(iii) During the nine months ended September 30, 2021, the Company incurred revenues totalling \$138,321, and paid rent totalling \$27,000 to Foodfest International 2000 Inc. ("Foodfest"), a company whose CEO is a director and significant shareholder of the Company.

As at September 30, 2021, \$1,889 was included in trade and other receivables for the sale of food products and cash advances to Foodfest. In addition, as at September 30, 2021, \$1,446 was due to Foodfest for expenses incurred on the Company's behalf. This amount was included in trade payables and accrued liabilities.

(iv) As at September 30, 2021, \$738,097 (December 31, 2020 - \$86,241) was due to Naknik, a company controlled by a former director of the Company and the spouse of a director and significant shareholder of the Company, for inventory purchased. The amounts were non-interest bearing and repayable within 90 days following the receipt of the product. This amount was included in trade payable. During the nine

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months ended September 30, 2021, the Company purchased inventory totalling \$820,701 (December 31, 2020 - \$86,241) from Naknik.

- (v) During the period ended September 30, 2021, share based compensation expense of \$216,403 was recorded on the vested portion of 1,200,000 stock options granted to directors and officers of the Company.
- (vi) During the period ended September 30, 2021, share based compensation expense of \$245,086 was recorded on 1,000,000 vested RSUs granted to the Chairman of the Company.
- (vii) During the period ended September 30, 2021, the Company owed \$5,000 (December 31, 2020 - \$Nil) to the Company's COO for a cancelled share purchase. This amount was included in trades and other payables. The amount was repaid subsequent to September 30, 2021

### 1.10 Subsequent Events

Subsequent to September 30, 2021:

- i) The Company's shares have been accepted for listing and have commenced trading on the Frankfurt Stock Exchange under the symbol "7UT".
- ii) The Company granted 2,300,000 incentive stock options to certain directors and officers of the Company. Each Option is exercisable for one common share in the capital of the Company (a "Share") at an exercise price of \$0.265 per Share for a period of five years. The stock options will vest in full in one year and are subject to the terms of the Company's Stock Option Plan, any necessary regulatory approvals and applicable securities law hold periods.

### 1.11 Proposed Transactions

On November 2, 2021, the Company entered into a binding MOU to acquire a 51% interest in Monday Swiss (the "Proposed Acquisition").

The MOU supersedes the non-binding letter of intent to acquire a 50.5% interest in Monday Swiss dated July 30, 2021.

Pursuant to the terms of the MOU, the Company will acquire a 51% interest in Monday Swiss in consideration for the issuance of 9,000,000 common shares of the Company (the "Payment Shares") at a deemed price of \$0.30 per Payment Share and will pay \$1,717,500 (the "Cash Payment"). The Payment Shares and Cash Payment will be made in three tranches beginning on the closing of the Proposed Acquisition (the "Closing Date") and ending in April, 2022. In addition, the Company will make a loan to Monday Swiss on the Closing Date in the amount of \$1,102,500 to fund the development of Monday Swiss' business.

The Proposed Acquisition remains subject to certain closing conditions including, without limitation, (a) the receipt by the Company of any necessary corporate and regulatory approval; (b) entering into a definitive agreement in respect of the Proposed Acquisition (the "Definitive Agreement"); and (c) each party's representations and warranties in the Definitive Agreement being true and correct in all aspects as of the Closing Date, and each party meeting its terms and conditions and completing its covenants and obligations as contained therein. There can be no guarantees that the Proposed Acquisition will be completed as contemplated or at all.

### 1.12 Critical Accounting Estimates

Not applicable to venture issuers.

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### 1.13 Changes in Accounting Policies including Initial Adoption

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. Our significant accounting policies are set out in Note 3 of the financial statements of the Company, as at and for the nine months ended September 30, 2021.

### 1.14 Financial Instruments and Other Instruments

The Company's financial instruments at September 30, 2021 are as follows:

	<i>Level 1</i>		<i>Level 2</i>		<i>Level 3</i>
<b>Financial assets</b>					
Cash and cash equivalents	\$	2,938,713	\$	–	\$ –
Trade receivables	\$	–	\$	1,758,955	\$ –
<b>Financial liabilities</b>					
Trade payables	\$	–	\$	1,063,001	\$ –
Note payable	\$	–	\$	2,403,609	\$ –

### 1.15 Other Requirements

Summary of Outstanding Share Data as of November 29, 2021:

Authorized: Unlimited number of common shares without par value.

Issued and outstanding:	103,187,100
Options:	5,400,000
Warrants:	750,000
Agents' warrants:	811,300
RSUs:	1,000,000

On behalf of the Board of Directors, thank you for your continued support.

*“Spence Walker”*

**Spence Walker**

CFO