A copy of this amended and restated preliminary prospectus has been filed with the securities regulatory authorities in the provinces of British Columbia and Ontario but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary prospectus may not be complete and may have to be amended.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus does not constitute a public offering of securities.

The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and except pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person (as that term is defined in Regulation S under the U.S. Securities Act). This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account of benefit of, any U.S Persons.

AMENDED AND RESTATED PRELIMINARY PROSPECTUS

amending and restating the preliminary prospectus dated August 13, 2021

Non-Offering Prospectus **November 15, 2021**

VEGANO FOODS INC.

No securities are being offered pursuant to this Prospectus.

This amended and restated preliminary non-offering prospectus (the "**Prospectus**") is being filed with the securities regulatory authorities in the Provinces of British Columbia and Ontario to enable Vegano Foods Inc. (the "**Company**") to become a "reporting issuer" in the Provinces of British Columbia and Ontario pursuant to applicable securities legislation and to develop an organized market for the common shares of the Company (the "**Common Shares**"). Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds.

There is no market through which the securities of the Company may be sold. This may affect the pricing of the Company's securities in the secondary markets; the transparency and availability of trading prices; the liquidity of the Company's securities and the extent of issuer regulations. See "*Risk Factors*".

The Company has applied to list the Common Shares on the Canadian Securities Exchange (the "**CSE**"). Listing will be subject to the Company fulfilling all the listing requirements of the CSE, including obtaining a receipt for this Prospectus from the British Columbia Securities Commission and meeting certain financial and other requirements. There is no guarantee that the CSE will provide approval for the listing of the Common Shares.

No underwriter or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

An investment in securities of the Company is speculative and involves a high degree of risk. In reviewing this Prospectus, you should carefully consider the matters described under the heading "*Risk Factors*".

The Company's mailing address and principal office is located at Unit 407, 22 East 5th Avenue, Vancouver, V5T 2W9.

As of the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, NEO Exchange INC., a U.S. marketplace, or a marketplace outside of Canada and the U.S. (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Readers should assume that the information appearing in this Prospectus is accurate only as of its date, regardless of its time of delivery. The Company's business, financial condition, results of operations and prospects may have changed since that date.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements and forward-looking information within the meaning of applicable securities legislation ("**forward-looking statements**") about the Company and the development of its business. In some cases, forward-looking statements can be identified by words or phrases such as "may", "might", "will", "should", "could", "expect", "anticipate", "continue", "plan", "seek", "estimate", "indicate", "believe", "intend", "project", "potential", "forecast", "budget", "is/are likely to" or the negative of these terms and other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the listing of its Common Shares on the CSE;
- performance of the Company's products and product candidates;
- supply and demand of the Company's products;
- projections on revenues generated from the sale of the Company's products (or related products);
- regulatory approval and market acceptance of the Company's products;
- growth strategy and opportunities;
- anticipated operating expenses and business operational requirements;
- future funds from operations; and
- expectations regarding the ability to raise capital.

Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner to, including expectations and assumptions relating to the ongoing ability of the Company to source, produce, market and sell its products, the availability of capital to undertake planned expenditures, the acceptance by the CSE of the listing of the Company's Common Shares, the ability of the Company to attract new customers and retain existing customers, the market for the Company's products continuing to grow, the availability and cost of labour and services and prevailing applicable laws remaining unchanged . While the Company considers these material factors and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "*Risk Factors*", which may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such 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.

The forward-looking statements and information contained in this Prospectus are made as of the date hereof and, unless so required by applicable law, the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise. The forward-looking statements and information contained in this Prospectus are expressly qualified by this cautionary statement.

CURRENCY PRESENTATION

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

INTERPRETATION

Unless the context otherwise requires, all references in this Prospectus to "we", "us", "our" or the "Company" refer to Vegano Foods Inc., a British Columbia company**.**

Certain capitalized terms and phrases used in this Prospectus are defined under "*Glossary*". Words importing the singular number include the plural, and vice versa, and words importing any gender include all genders.

MARKET AND INDUSTRY DATA

Market and industry data presented throughout this Prospectus was obtained from third party sources, industry reports and publications, websites and other publicly available information. The Company believes that the market and economic data presented throughout this Prospectus is accurate, however there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and economic data presented throughout this Prospectus are not guaranteed and the Company makes no representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although the Company believes it to be reliable, the Company has not independently verified any of the data from third party sources referred to in this Prospectus, analyzed or verified the underlying studies relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and economic data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs and other limitations and uncertainties.

GLOSSARY

The following is a glossary of certain general terms used in this Prospectus, including the summary hereof. Terms and abbreviations used in the financial statements and management's discussion and analysis included in, or appended to this Prospectus are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**Astle Employment Agreement**" means the executive employment between the Company and Kaylee Astle as COO of the Company.

"**Audit Committee**" means the audit committee of the Company.

"**BCBCA**" means the Business Corporations Act (British Columbia).

"**BRCGS**" is a globally recognized food standards organization that certifies companies' compliance with a number of different standards.

"**BCorp**" means a Certified B Corporation.

"**Board of Directors**" or "**Board**" means the board of directors of the Company.

"**CEO**" means Chief Executive Officer.

"**CFIA**" means The Canadian Food Inspection Agency.

"**CFO**" means Chief Financial Officer.

"**Common Shares**" means common shares in the capital of the Company.

"**Company**" or "**Vegano**" means Vegano Foods Inc., a company incorporated under BCBCA on March 19, 2020.

"**COO**" means Chief Operating Officer.

"**COVID-19**" means the strain of novel coronavirus reported to have surfaced in Wuhan, China, which spread rapidly throughout many countries, and, on March 11, 2020, was declared a pandemic by the World Health Organization.

"**CSE**" means the Canadian Securities Exchange.

"**Facility**" means the Company's purpose-built kitchen, located in Richmond, British Columbia, where all meal kits, prepared meals, and proprietary branded products are prepared.

"**FCG Acquisition**" means the anticipated share purchase of the Friendly Gummy Corporation.

"**Friendly Gummy**" means the Friendly Gummy Corporation, which is in the business of developing and selling vegan, gluten-free chewable gummy supplements.

"**IFRS**" means International Financial Reporting Standards.

"**IT**" means information technology.

"**Landlord**" means the landlord of the Facility.

"**Lease Agreement**" means the lease agreement dated July 10, 2020 between the Company and Landa Oval Development Ltd.

"**Listing**" means the listing of the Company's Common Shares on the CSE.

"**MD&A**" means management's discussion and analysis.

"**Named Executive Officer**" or "**NEO**" means each of the following individuals of the Company:

(a) CEO;

(b) CFO;

(c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for the December 31, 2019 financial year; and

(d) each individual who would be an NEO under paragraph (c) above but for the fact that the individual was neither an executive officer, nor acting in a similar capacity at December 31, 2019.

"**NI 52-110**" means National Instrument 52-110 - *Audit Committees*.

"**NI 58-101**" means National Instrument 58-101 - *Disclosure of Corporate Governance Practices.*

"**Option Plan**" means the rolling incentive stock option plan adopted by the Company under which the Board of Directors may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase Common Shares.

"**Power Employment Agreement**" means the executive employment agreement between the Company and Conor Power as CEO of the Company.

"**Promoter of the Company**" or "**Promoter**" means "promoter" as defined in the *Securities Act* at s 1(1).

"**Prospectus**" means this non-offering prospectus.

"**Regulation S**" means Regulation S promulgated under the *U.S. Securities Act of 1933*, as amended.

"**SKUs**" means stock-keeping units for tracking product details and information.

"**Stripe**" is global online payment processor that provides economic infrastructure technology for businesses to process financial payments.

"**Superbolt**" is a private-owned online tea retailer.

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended.

"**Vegano Protein Powders**" means Vegano's two proprietary branded products: Vegano Chocolate Protein Powder and Vegano Vanilla Protein Powder.

"**Vegano Marketplace**" means a direct-to-consumer marketplace selling proprietary Vegano branded products as well as third party plant-based products.

"**Vegano Marketplace Products**" means proprietary branded products including Vegano Protein Powders as well as other products currently in development.

PROSPECTUS SUMMARY

The following is a summary of the information contained in this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

The Company: The Company is a company incorporated under the BCBCA.

Business of the Company: The Company is a 100% plant-based food technology and products company providing plant-based meal kit and grocery products in British Columbia, Canada. The Company's mission is to change the way people eat by creating a better and easier way to enjoy locally grown, sustainable, plant-based foods, while being as environmentally friendly as possible.

Use of Available Funds: No securities are being offered and no proceeds will be raised pursuant to this Prospectus. The Company's available cash has been used and will continue to be used, to the extent required, to fund its negative cash flow and for the principal purposes set out in this Prospectus. However, there may be circumstances where, for business reasons, a reallocation of funds or further financing may be necessary. See "*Use of Available Funds*".

Directors and Officers of the Company: The Board of Directors of the Company consists of Conor Power, Joel Primus and Julie Daley. The officers of the Company are Conor Power, Chief Executive Officer, Alex McAulay, Chief Financial Officer and Corporate Secretary, and Kaylee Astle, Chief Operating Officer.

Selected Financial Information: The following financial information has been derived from and is qualified in its entirety by the annual financial statements of the Company for the period from incorporation on March 19, 2020 to December 31, 2020 (audited) and notes thereto and the interim financial statements for the nine months ended September 30, 2021 (unaudited) included in this Prospectus as Schedules "A" and "B", respectively, and should be read in conjunction with such financial statements and notes thereto and the related Management's Discussion and Analysis included in this Prospectus in Schedules "A" and "B", respectively. All financial statements of the Company are prepared in accordance with IFRS.

	For the period from incorporation on March 19, 2020 to December 31, 2020 (audited) (C$)	**For the nine months ended September 30, 2021 (C$)**
Revenue	23,178	227,915
Total Expenses	1,070,735	2,565,150
Net Loss	1,152,181	2,712,114
Current Assets	2,352,443	2,400,770
Total Assets	2,552,467	2,909,939
Total Liabilities	807,809	385,056

Shareholders' Equity	1,744,658	2,524,883

See *"Selected Financial Information and Management's Discussion and Analysis"*

Selected *Pro Forma* Consolidated Financial Information:

The following table contains certain unaudited *pro forma* consolidated financial information for the Company and Friendly Gummy as at and for the period ended September 30, 2021 and gives effect to the completion of the FGC Acquisition. This information should be read together with the unaudited interim financial statements of the Company for the nine months ended December 30, 2021, the unaudited interim financial statements of Friendly Gummy for the period ended September 30, 2021, and the *pro forma* financial statements of the Company together with the accompanying notes which are included elsewhere in this prospectus.

	As at and for the period ended September 30, 2021 (unaudited) ($)
Current Assets	4,374,305
Total Assets	4,883,474
Total Liabilities	419,143

See *"Selected Financial Information and Management's Discussion and Analysis"*

Risk Factors:

Due to the nature of the Company's business and the present stage of development of its business, the Company is subject to significant risks. Readers should carefully consider all such risks. The risks described herein are not the only risks that affect the Company. Other risks and uncertainties that the Company does not presently consider to be material, or of which the Company is not presently aware, may become important factors that affect the Company's future business prospectus, financial condition and result of operations.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated under the BCBCA on March 19, 2020 under the name "Vegano Foods Inc.", under the incorporation number BC1244974. The Company has no subsidiaries. On closing of the FDC Acquisition, the Company expects to have one subsidiary, being The Friendly Gummy Company ("**Friendly Gummy**"), a private company incorporated under the BCBCA.

The head office of the Company is located at Unit 407, 22 East 5th Avenue, Vancouver, V5T 2W9. The registered and records office of the Company is located at 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7 Canada. The Company's Facility is located at 130 - 6851 Elmbridge Way Richmond, British Columbia V7C 4N1.

GENERAL DESCRIPTION OF THE BUSINESS

Overview

The Company is a 100% plant-based food technology and product company providing plant-based meals and grocery items in British Columbia, Canada. The Company has built a proprietary technology platform to support the ordering and preparation of meal kits and proprietary branded food products, including sauces, proteins and soups.

The Company currently designs, develops, produces and sells curated meal kits. The Company's meal kits feature proprietary sauces that are prepared in the Facility and included as pre-portioned ingredients in the meal kits. These pre-portioned ingredients will also be packaged and available for sale on the Vegano Marketplace, a direct-to-consumer marketplace selling proprietary Vegano branded products as well as third party plant-based products. The Company is focused on providing innovative, nutritional, natural and low-processed meal kits and food products, specifically developed for consumers seeking plant-based food product solutions. The Company aims to provide products that are delicious, affordable and accessible to both full-time and casual plant-based consumers.

The Company's mission is to change the way people eat by creating a better and easier way to enjoy locally grown, sustainable, plant-based foods, while being environmentally friendly.

History

The Company was incorporated on March 19, 2020. The Company was founded by its CEO, Conor Power.

In June 2020, the Company's beta website was launched and pre-orders were generated. These pre-orders totaled over 1,700 boxes, to be shipped to customers in Metro Vancouver, Vancouver Island, Squamish, Whistler and Pemberton, British Columbia.

In August 2020, the Company completed a 3,840 square foot facility in Richmond, BC. No major renovations were undertaken to move into the facility, as major kitchen appliances and refrigeration already existed in the space.

In September 2020, the Company delivered pre-orders.

In December 2020, the Company completed a seed financing of $1,250,000, launched its website publicly and began accepting meal kit orders.

In January 2021, the Company appointed a CFO and COO.

On January 29, 2021, the Company closed the first tranche of a private placement and issued 10,005,708 Common Shares at a price of $0.25 per Common Share, for gross proceeds of $2,501,427.00 (the "**First Tranche**"). In connection with the First Tranche, the Company also issued 86,400 finder's warrants (the "**Finder's Warrants**") to Canaccord Genuity Corp. ("**Canaccord**"), exercisable to purchase an additional Common Share of the Company at a price of $0.25 per Common Share for a period of two years from closing.

On February 26, 2021, the Company closed the second tranche of a private placement and issued 5,031,000 Common Shares at a price of $0.25 per Common Share, for gross proceeds of $1,257,750.00 (the "**Second Tranche**"). In connection with the Second Tranche, the Company also issued 107,200 Finder's Warrants to Canaccord, exercisable to purchase an additional Common Share of the Company at a price of $0.25 per Common Share for a period of two years from closing.

In May 2021, the Company launched the Vegano Marketplace, a direct-to-consumer online grocery store.

On May 7, 2021, the Company closed the third tranche of a private placement and issued 2,709,507 Common Shares at a price of $0.25 per Common Share, for gross proceeds of $677,376.75 (the "**Third Tranche**").

On June 9, 2021, the Company closed the fourth tranche of a private placement and issued 1,472,000 Common Shares at a price of $0.25 per Common Share, for gross proceeds of $368,000.00 (the "**Fourth Tranche**").

In June 2021, the Company launched Vegano Protein, proprietary Vegano branded products with two SKUs.

Meal Kits

The Company delivers prepared, plant-based meal kits to its customers' doorsteps on a weekly basis.

A customer's weekly delivery includes three fresh plant-based meal kits. Customers have the option to accept the meal kits the Company has selected for delivery or can individually select meals from the Company's meal menu, a custom-built online platform. The meal kits include a combination of fresh produce and pre-portioned ingredients. Customers are expected to provide basic kitchen ingredients such as oil, salt and pepper. Customers will prepare their meals by prepping, chopping and cooking the ingredients.

The Company's menu is created by the Company's Corporate Head Chef and is designed to use fresh, local, seasonal ingredients. New recipes are introduced weekly and feature a variety of cuisines and products, aimed to introduce new ingredients and cooking techniques to customers. Meals are intended to be innovative, nutritious and balanced, and range from low-carb to kid-friendly. Each meal kit comes with concise instructions on how to cook and plate the meal that are intended to be easy to follow. All of the Company's meals are designed to be made in 45 minutes or less.

Chef-designed meals that are currently offered in the meal kits include:

- Roasted Beet Shawarma
- Southwest Polenta Cakes
- Moroccan Eggplant Tagine
- Lazy Kung Pao Noodles
- Indian Buttered Cauliflower
- Grilled Zucchini Spaghetti
- Grilled Summer Veg Gazpacho
- Bulgogi Tempeh Wraps
- Smoked Heirloom Carrots

Proprietary Products

The Company's meal kits feature proprietary sauces that are prepared in the Facility and included as pre-portioned ingredients in the meal kits. These pre-portioned ingredients will also be packaged and available for sale on the Vegano Marketplace, a direct-to-consumer marketplace selling proprietary Vegano branded products as well as third party plant-based products.

In June 2021, the Company launched two proprietary branded products:

- Vegano Chocolate Protein Powder
- Vegano Vanilla Protein Powder (together, the "**Vegano Protein Powders**")

The following proprietary branded products (together with the Vegano Protein Powders, the "**Vegano Marketplace Products**") are currently in development:

- Vegano Greens Blend
- Vegano Caesar Dressing
- Vegano Beet-Miso Dressing
- Vegano Chipotle Mayo Dressing
- Vegano Pesto
- Vegano Yam Cilantro Soup
- Vegano "Cream" of Broccoli Soup
- Vegano Borscht Soup
- Vegano Kale & White Bean Soup
- Vegano Mushroom Veloute
- Vegano Chipotle Corn Chowder

Vegano Marketplace

The Company has launched the Vegano Marketplace (marketplace.veganofoods.com), a direct-to-consumer online grocery store which currently sells a selection of curated third party plant-based products and will also sell proprietary Vegano branded products currently in development.

The goal of the Vegano Marketplace is to combine the product offering of a boutique vegan grocer with a seamless online shopping experience. By delivering the highest quality products with the best service available, the objective is to be the North America's largest online destination for plant-based products.

The Company plans on continuing to expand its marketplace offerings, including providing next-day delivery to certain select areas, providing delivery to Alberta, and launching home marketplace offerings, which will include items such as toilet paper, paper towels, kitchen utensils and various other home products.

FGC Acquisition

The Company has an understanding with the principal shareholder of Friendly Gummy to acquire all of the issued and outstanding shares of Friendly Gummy (the "**FGC Acquisition**"). The Company expects to complete the FGC Acquisition prior to the filing of the final prospectus. The total consideration payable under the FGC Acquisition is 15,500,100 Common Shares of the Company issued at a price of $0.25 per share. The Company also expects that a further 8,450,000 Common Shares of the Company may be issued on the exercise of options and share purchase warrants issued by Friendly Gummy, all of which have an exercise price of $0.25 per share.

Friendly Gummy, which was established in March 2021, is in the business of developing and selling vegan, gluten-free chewable gummy supplements. Its products are expected to be sold through the Vegano Marketplace and through a direct-to-consumer e-commerce platform that has been developed by Friendly Gummy. Friendly Gummy sources its product from a third-party supplier that packages the product with Friendly Gummy branding and will fulfill all product orders made the Friendly Gummy e-commerce platform. In addition to its direct-to-consumer sales strategy, Friendly Gummy has also entered into an agreement with a third-party supplier to provide Friendly Gummy with the right to sell its products to a marketing network established by this third party. Friendly Gummy has the complete sales and marketing infrastructure in place to commence sales of its products, and expects to do so in Q4 2021.

Growth Strategy

The Company believes that it has a significant opportunity to advance its business through a growth strategy focused on expanding market awareness of the benefits of plant-based consumption, sales expansion and the launching of a marketplace for food products. In particular, over the next 12 months the Company is seeking to do the following:

- Grow the Company's customer base of meal kits in Western Canada to above 500 weekly customer orders. Currently, the Company receives 150 weekly customer orders. This will be accomplished through a series of marketing approaches including digital advertising, community events, social media campaigns and partnerships.

- Expand Vegano Marketplace deliveries to Alberta. This will be accomplished by growing the product offering on the Vegano Marketplace and optimizing shipping logistics to ensure products arrive fresh and on time.

See "Business Objectives and Milestones" for a discussion of the time periods and costs expected to be incurred to achieve the Company's primary business objectives over the next 12 months.

Service Area

The Company's service area for its meal kits is currently limited to Metro Vancouver, Vancouver Island, Squamish, Whistler and Pemberton, British Columbia. Over the next 12 months, the Company is planning to expand deliveries to Edmonton and Alberta, which can be served from the existing Facility.

Pricing

The Company's website is a proprietary technology platform to support the ordering and preparation of meal kits. The website also hosts the Vegano Marketplace, its direct-to-consumer online grocery, which currently sells third party plant-based products and will sell proprietary Vegano branded products. In June 2021, the Company launched Vegano Protein Powder on the Vegano Marketplace and the Company anticipates that additional Vegano branded products will be added to the Vegano Marketplace quarterly.

When a customer signs-up for their own password-protected account on the website, they input details such as shipping address, billing address, and credit card information. By creating an account, customers must enrol in one of the Company's three subscription plans:

Subscription Name	2-Person Kit	Family Kit	Guest Access
Details	Weekly meal deliveries and free marketplace deliveries	Weekly meal deliveries and free marketplace deliveries	Access to Vegano's marketplace
Subscription Cost	$69.99 / week	$109.99	N/A
Shipping Cost	Free	Free	$9.99
Features	- 2 servings / meal - 3 meals / week	- 4 servings / meal - 3 meals / week	
Access to the Vegano Marketplace	✓	✓	✓
Free Vegano Marketplace deliveries	✓	✓	X
Weekly meal kit delivery	✓	✓	X

Supply Sources, Ingredients and Packaging

The Company partners with local producers to source the highest quality ingredients for its meal kits and proprietary branded food products. The Company also works with local manufacturers in order to secure inventory for the Vegano Marketplace. Where possible, the Company purchases organic, non-GMO ingredients.

Currently, the Company is working with Yan Bros Food Service, North American Produce, and Gordon Food Services. The Company works closely with multiple distributors in order to obtain the best pricing for raw materials.

The Company does not currently have any written supply agreements in place. However, as most of the raw materials used in the Company's products are generic and readily available in the market from a variety of suppliers, the Company believes that it can make satisfactory alternative arrangements within a reasonable period of time in the event of an interruption of supply. As the Company's production ramps up in the future, the Company expects to implement long-term supply agreements to secure pricing and ensure access for the Company's supply chain. The Company continually evaluates and strives to improve its supply chain process in an effort to increase the Company's sustainability, manufacturing efficiencies and the quality of output while at the same time optimizing costs.

Sales and Marketing

The Company's primary marketing and sales tool is its website, a proprietary technology platform to support the ordering and preparation of meal kits and proprietary branded food products. Through the website, consumers can securely create an account, make their meal kit selections and manage their account. In addition to selecting their weekly meal kit deliveries, customers can also access the Vegano Marketplace.

The Company's website also features a blog, recipe library, FAQ page, and live-chat functionality so that customers can access educational resources and support. The website is mobile optimized, meaning customers can access all website functionality through their mobile device.

The website is used to organically drive traffic through the use of content creation and SEO practices. Further to that, digital advertising on Google, Facebook, and Instagram is utilized to drive additional traffic to the website. Since going live in January 2021, the Company's website has already received over 24,000 unique visitors (as of July 2021).

Social Media

The Company will continue to leverage social media tools such as Instagram, Facebook and YouTube to drive brand awareness. Initiatives such as contests, giveaways, and partnerships have helped grow Vegano's audience on Instagram and Facebook. The Company has also built relationships with local influencers to promote Vegano to their audience. The Company plans to launch a number of video series on YouTube, featuring meal creation, helpful vegan tips, and other content aimed at educating Vegano's audience.

The Digital Experience

The Company intends to build a community around promoting a plant-based lifestyle, which will include media outlets such as podcasts, email newsletters and events.

Regulation

The Company is subject to a wide variety of laws, regulations and orders across all jurisdictions in which it does business, including those laws involving food safety, employment and consumer protection.

Food Safety

The Company and its suppliers must comply with applicable federal and provincial regulations relating to the manufacturing, handling, preparation, and labelling of food products. This includes regulation of the handling and packaging of produce regulated by Health Canada, the Canadian Food Inspection Agency and British Columbia's Ministry of Health. The Company is also subject to pricing requirements with respect to certain products by applicable regulatory authorities or marketing boards. The Company has obtained the approval of Vancouver Coastal Health to operate its food business.

Canada has recently adopted significant portions of the regulations under the Safe Food for Canadians Act, which are in addition to the regulatory regime imposed by the Province of British Columbia. The legislation allows inspectors to monitor and apply food safety both federal and provincial laws to the shipment and handling of goods internationally, nationally, and locally. The Company has selected a courier and shipping provider that adheres to the standards set by these regulations including packaging requirements, and temperature control.

Processing, Storage and Delivery of Foods

The Company relies on the expertise of a Corporate Head Chef, to ensure that the food products held in the Facility are properly processed and stored. The Company stores food products, which are highly perishable, in refrigerated fulfillment centers and ship them to customers inside boxes that are insulated with thermal or corrugated liners and frozen refrigerants to maintain appropriate temperatures in transit.

The Company is subject to applicable federal and provincial regulations relating to the manufacturing, handling, preparation, packaging, and labelling of food products. The Company has a full food safety plan in line with regulation, and as regulation changes, the Company will modify its internal controls and handling as necessary.

The Company will continue to employ the appropriate individuals to oversee Health and Safety compliances all facets of food production and delivery logistics.

Labelling and Nutritional Information

The Company contracts a food consultancy to ensure compliance with regulatory requirements surrounding labelling and nutritional information. The consulting firm ensures that the Company provides clear, accurate, and compliant nutritional information for meal kits and food delivery service. The consulting firm also creates nutritional values tables and lists of ingredients for the Company's proprietary products. Contracting this work ensures that the Company is compliant with Health Canada's standards for labelling products.

COVID-19

At the Company's facilities it has instituted operational and monitoring protocols to ensure the health and safety of its employees and contractors, in consultation with local communities and following the advice of local governments and health authorities in Canada. These protocols include supporting physical distancing or enhanced protection through other means where physical distancing is not practical, increased hygiene practices, enhanced cleaning and disinfecting of high touch areas. The Company continues to monitor developments to mitigate risks related to the COVID-19 pandemic and modify its operations to seek to reduce impacts on the Company's operations and business.

Insurance

The Company has various insurance policies to protect against certain risks of loss consistent with the exposures associated with the nature and scope of the Company's operations. The most significant insurance polices carried are (i) a commercial general liability policy, (ii) an umbrella liability policy, (iii) tenant's liability policy, (iv) a cyber insurance policy, and (v) a commercial property policy for stock, equipment and tenant improvements to our distribution facility. All policies are subject to certain deductibles, limits policy terms and conditions customary for the Company's business.

Operations

The Company's website is a proprietary technology platform to support the ordering and preparation of meal kits. The website also hosts Vegano Marketplace, a direct-to-consumer online grocery store selling proprietary Vegano branded products as well as third party plant-based products.

The following is an overview of the major operations that take place to fulfil customer orders:

Sign-up

Customers are able to sign-up for their own password-protected account on the website. When customers create an account, they input details such as shipping address, billing address, and credit card information. By creating an account, customers must enrol in one of the Company's three subscription plans:

- 2-Person Kit: This membership provides weekly meal deliveries and free marketplace deliveries. Each 2-Person Kit subscription includes three perfectly portioned meals that serve up to two people, eliminating any excess food waste. Additionally, customers can select plant-based essentials from Vegano's Marketplace to be included in their weekly box delivery.

- Family Kit: This membership provides weekly meal deliveries and free marketplace deliveries. Each Family Kit subscription includes three perfectly portioned meals that serve up to four people, eliminating any excess food waste. Additionally, customers can select plant-based essentials from Vegano's Marketplace to be included in their weekly box delivery.
- Guest Access: This membership provides access to Vegano's Marketplace, but requires the customer to pay for their deliveries.

Vegano subscriptions renew weekly, but there is no minimum commitment. Customers can skip a delivery or pause/cancel their subscription at any time.

Meal selection

Each week, members can choose the meals that best suit their personalized needs. The website highlights meals that are "gluten free" or "allergy free" to suit different dietary requirements. If a customer does not make a selection, then their box will be automatically populated with three meals. Meals must be selected or skipped each Sunday by 11:59pm PT for delivery the following week.

Customers also have the option of skipping a week of meal deliveries. This can be done on the website, when the customer is signed into their personal account.

Marketplace selection

Each week, customers can place orders from Vegano's Marketplace. Customers can choose from 1,000's of plant-based grocery products.

Payment

The Company accepts all major credit cards and uses Stripe to process all payments. Stripe is a global online payment processor that is trusted by thousands of businesses across the globe. Charges are incurred in three ways on the Company's website:

- 2-Person Kit and Family Kit Subscription: Every Monday morning at 1:00am PT, customers will be billed for their Premium Membership. If they have skipped a meal, they will not be charged.
- Marketplace Orders: Each time a marketplace order is submitted, the Customer is charged for the products in their shopping cart. If the customer is on a Guest Access Subscription, they are also charged for shipping.

Supplies

Every Monday, the Company's Corporate Head Chef places produce and grocery orders with vendors. In an effort to meet sustainability goals, the Company only orders enough produce to fill customers' weekly orders. Supplies are received throughout the week.

The Company's current Facility has capacity to service up to 1,500 customers on a weekly basis.

Delivery

The Company currently utilizes a third-party logistics company to deliver all meal kits and marketplace grocery items. The Company does not own any delivery trucks or employ any delivery drivers.

Metro Vancouver customers receive their deliveries on Sunday and Vancouver Island, Whistler, Squamish, and Pemberton customers receive their deliveries on Monday. If a customer isn't home to receive their delivery, the courier will call the customer to arrange another drop-off. Alternatively, they will re-attempt delivery at a later time. All boxes have insulation and cold packs to ensure meal kits and marketplace grocery items stay refrigerated.

Certifications

The Company is not required to obtain licenses or certifications beyond the business license issued by regional authorities. However, the Company is choosing to pursue a number of certifications for a number of reasons. These include:

- Signalling to potential customers that the Company is meeting the highest standards of food safety.
- Signalling to potential customers that the Company is a socially responsible company.
- Ensuring members have confidence in the plant-based nature of the products.
- Ensuring that members who have gluten allergies are confident in the products.

The Company is pursuing the following certifications:

- Certified BCorp (Benefit Corporation): To join the 1,000 global companies that are currently BCorps, the Company is striving to meet rigorous standards of social and environmental performance, accountability, and transparency, in order to become a Certified BCorp. A fundamental challenge for achieving BCorp certification is implementing a zero-waste scheme that ensures there is no waste in the kitchen or after delivery. The Company has already implemented a zero waste policy in the kitchen by using otherwise wasted food products for items such as soups and sauces. *The Company has designed and is testing a zero-waste delivery system that seeks to ensure everything the member receives is either reusable or consumable.

- BRCGS Food Safety, Plant-Based & Gluten-Free: BRCGS is a globally recognized food standards organization that certifies companies compliance with a number of different standards. The Company has decided to pursue the food safety certification to ensure our Facility meets the highest standards. The plant-based and gluten-free certifications will enable the Company to use globally recognized standards branding on our website and product packaging. This will further signal to the market that the Company does everything in its power to offer high quality, safe, and accessible plant-based food.

Sustainability Commitment

Vegano is committed to helping every Canadian adopt a plant-based lifestyle, even if it's just one day a week. Vegano will do this by seeking out the freshest ingredients to create vegan-friendly products accessible to every Canadian. By adopting a more plant-based lifestyle, everyone can make a positive impact on the environment, our bodies, and animal welfare. Many consumers believe they have to sacrifice taste or nutrition when they eat plant-based meals, and Vegano wants to show Canadians that plant-based meals can be delicious, filling, and nutritious.

In order to put these beliefs into practice, the Company has established a number of initiatives and programs:

- Plant-based & less waste: The Company has a zero waste policy in their kitchens — Vegano's perfectly portioned meals minimize food waste and any leftover food at the Facility is used to make soups and sauces, leaving their kitchen completely empty, and ready for the next week's delivery boxes. Canada wastes approximately 2.2 million tonnes of edible food each year, costing Canadians over $17 billion. Vegano is committed to environmental sustainability and also uses post-consumer recycled packaging that can be recycled or composted easily.
- Recycling program: The Company has worked with suppliers to ensure the majority of packaging is recyclable, compostable or made from recycled materials. All of Vegano's meal kit ingredients are packaged in paper bags, which can be composted. All Vegano's meal kits and grocery items are delivered in post-consumer recycled boxes that can be recycled in a residential bin. Further to that, Benefit Corporation (BCorp): To join the 1,000 global companies that are currently BCorps, Vegano is striving to meet rigorous standards of social and environmental performance, accountability, and transparency, in order to become a Certified BCorp.
- Community development: The Company is committed to supporting local by sourcing local. The majority of the Vegano Marketplace is sourced locally.

Employees

As of the date of this Prospectus, the Company has 12 full time and 6 part-time employees. The Company intends to hire additional employees on an as-needed basis.

Employment, Consulting and Management Agreements

Conor Power provides his services as Chief Executive Officer of the Company pursuant to an executive employment agreement dated effective January 1, 2021 (the "**Power Employment Agreement**"), pursuant to which he receives an annual base salary of $225,000. Mr. Power is also entitled to options to acquire additional Common Shares as the Board shall determine, from time to time. He is also entitled to receive benefits under the Company's benefit plans, as adopted from time to time. Mr. Power's base salary is reviewed by the Board and, if deemed appropriate by the Board, adjusted on an annual basis. The Power Employment Agreement Power that his employment may be terminated without cause by the Company upon payment to him, in lieu of all notice requirements or other payments due under the compensation agreement, of an amount equal to 6 months of base salary and the maintenance of any benefits for a period of 6 months. In the event of a "change of control", as defined in the Power Employment Agreement, the 6 months' compensation is increased by one month for each year of service up to a cumulative maximum of an additional 6 months. The Power Employment Agreement contains standard non-compete and confidentiality provisions.

Kaylee Astle provides her services as Chief Operating Officer of the Company pursuant to an executive employment agreement dated effective January 1, 2021 (the "**Astle Employment Agreement**"), pursuant to which she receives an annual base salary of $85,000. On signing of the Astle Employment Agreement, Ms. Astle was also granted 2,650,000 Options at an exercise price of $0.25. Ms. Astle is also entitled to future grants of Options to acquire additional Common Shares as Board shall determine, from time to time. She is also entitled to receive benefits under the Company's benefit plans, as adopted from time to time. Ms. Astle's base salary is reviewed by the Board and, if deemed appropriate by the Board, adjusted on an annual basis. The Astle Employment Agreement provides that her employment may be terminated without cause by the Company upon payment to her, in lieu of all notice requirements or other payments due under the compensation agreement, of an amount equal to 6 months of base salary and the maintenance of any benefits for a period of 6 months. In the event of a "change of control", as defined in the Astle Employment Agreement, the 6 months' compensation is increased by one month for each year of service up to a cumulative maximum of an additional 6 months. The Astle Employment Agreement contains standard non-compete and confidentiality provisions.

Alex McAulay provides his services as Chief Financial Officer of the Company pursuant to a consulting agreement between the Company and ACM Management Inc., of which Mr. McAulay is a principal, dated effective November 30, 2020 (the "**McAulay Consulting Agreement**"). Under the terms of the McAulay Consulting Agreement, the Company will be invoiced for services performed at a rate of $60-$150 per hour, depending on the service. In consideration for his services, Mr. McAulay was also granted 750,000 Options at an exercise price of $0.25, and is also entitled to future grants of Options to acquire additional Common Shares as the Board shall determine, from time to time. The McAulay Consulting Agreement is for a term of one year and will renew at the end of each term for a period of 3 months and contains standard confidentiality provisions.

Facilities

The Company does not own any real estate. Instead, the Company rents its Facility on a month to month basis. Either the Company or the Landlord may terminate the month to month lease by providing the other party with 30 days' prior written notice of termination. The Company is currently under good standing pursuant to the terms of the Lease Agreement. The Company believes that it can secure equivalent space and move its operations from the Facility with little to no disruption in operations if the tenancy is terminated by the Landlord.

The Facility includes 3,840 square feet of space and is considered "as is/where is" and any cost of any renovations, improvements, or fixturing for the purposes of commercial cooking, food packaging and food distribution has been borne by the Company. The Company's current facility has capacity to service up to 1,500 customers on a weekly basis.

The Company and its suppliers must comply with applicable federal and provincial regulations relating to the manufacturing, handling, preparation, and labelling of food products. This includes regulation of the handling and packaging of produce regulated by Health Canada, the Canadian Food Inspection Agency and British Columbia's Ministry of Health. The Company has obtained the approval of Vancouver Coastal Health to operate its food business. The Company is also subject to pricing requirements with respect to certain products by applicable regulatory authorities or marketing boards.

Canada has recently adopted significant portions of the regulations under the Safe Food for Canadians Act, which are in addition to the regulatory regime imposed by the Province of British Columbia. The legislation allows inspectors to monitor and apply food safety both federal and provincial laws to the shipment and handling of goods internationally, nationally, and locally. The Company has selected a courier and shipping provider that adheres to the standards set by these regulations including packaging requirements, and temperature control.

Trends, Commitments and Uncertainties

The most significant trends and uncertainties which could impact the Company's business and financial condition are (i) the impact of the global COVID-19 pandemic on the Company's supply chain and its ability to deliver products due to travel restrictions; (ii) the trend of consumers moving towards a plant-based diet; (iii) federal and provincial government regulation of the food industry, including any changes to the *Food and Drugs Act*, the *Safe Food for Canadians Act*, the *Safe Food For Canadians Regulations*, the *Food Safety Act*, the *Public Health Act* and the *Food Premises Regulation*; and (iv) the ability of the Company to raise adequate capital to carry out its business objectives. There are significant risks associated with the business of the Company, as described above and in section "*Risk Factors*". Readers are strongly encouraged to carefully read all of the risk factors contained in that section.

The Impact of the COVID-19 Pandemic on our Business

The COVID-19 pandemic has resulted in the implementation of significant governmental measures worldwide, including lockdowns, closures, quarantines and travel bans, intended to control the spread of the virus, and has caused severe global disruptions. We commenced our business during the pandemic and have tailored our operations to operate within the government health measures and responses of businesses and consumers to the pandemic.

To date, the production of the Company's meal kits have not been materially impacted by these events. COVID-19 has caused a shift in consumer behaviour around takeout, delivery, and pre-prepared meals. This change has positively impacted the Company by reducing competition due to reduced capacity at restaurants. At the date of this Prospectus, health restrictions in British Columbia have begun to lift, which has not had a material impact on the Company's sales.

To date, the Company has primarily been relying on word of mouth for the sale of its meal kits. Although in-restaurant dining will increase, management does not expect the Company's business to be negatively impacted once COVID-19 health restrictions are fully lifted because the Company will be marketing its products before such time.

At the Company's facilities it has instituted operational and monitoring protocols to ensure the health and safety of its employees and contractors, in consultation with local communities and following the advice of local governments and health authorities in Canada. These protocols include supporting physical distancing or enhanced protection through other means where physical distancing is not practical, increased hygiene practices, enhanced cleaning and disinfecting of high touch areas. The Company continues to monitor developments and mitigate risks related to the COVID-19 pandemic and modify its operations to seek to reduce impacts on the Company's operations and business, which efforts may or may not be successful.

The Market

Plant-Based Market

Vegano operates within the plant-based food market, a rapidly growing and evolving subset of the food industry representing products and/or diets containing no animal-derived ingredients. Vegano believes that the success of the plant-based food market is largely due to growing consumer awareness of the long-term impacts meat consumption has on health, environment, and animal welfare. Furthermore, there has been a recent shift in consumer demographics, as millennials have replaced baby boomers as the largest consumer group in today's society. [1]

In recent years, negative impacts of meat product consumption have become well-publicized, prompting certain consumers to adopt a plant-based lifestyle. The World Health Organization has published a significant amount of literature co-relating meat consumption and the development of cancers and heart disease. Additionally, Vegano believes that diseases such as African swine flu, E. coli, Asian bird flu, mad cow disease and most recently COVID-19 have provoked consumer concern that animal-based products may be unsafe.

There is also growing concern regarding the negative environmental impacts of the global livestock industry, which is responsible for a significant portion of global greenhouse gas emissions, such as nitrous oxide and methane. According to the United States Environmental Protection Agency, in 2018, total gross U.S. greenhouse gas emissions were 6,676.6 million metric tons of carbon dioxide.[2]

Ethical concerns regarding the treatment of animals are also at the forefront for many people, prompting individuals to embrace plant-based diets. Each year, it is estimated that worldwide 70 billion farm animals are now produced for food; with approximately two-thirds being factory farmed.[3] Animal welfare groups have published a range of investigations around mass livestock production, highlighting the issues related to the safety and welfare of animals.[4]

Millennials, a population aged between 25 and 40 years, are health-conscious, broad minded, and actively involved in various physical activities. [5]Given these characteristics, Vegano expects that millennials will trigger heightened demand for plant-based food products. According to Meticulous Market Research, the plant-based food market is expected to grow at a CAGR of 11.9% over the next six years, reaching US $74.2 billion by 2027.[6] Furthermore, certain market analysts are projecting plant-based meat substitutes will capture at least 50% of the meat industry market by 2050, which equates to over US $50 billion in consumer spending on an annual basis. [7]

Meal Kit Market

Meal kits are a newer market in the food industry that bridge the space between home cooked meals, take-out, and restaurants. The grocery and restaurant markets are valued at US $1.3 trillion on an aggregate basis, forming one of the largest subsets of the food industry.[8] The meal kit market is poised to capture a large share of this market as consumer preferences shift away from traditional prepared food options. Meal kit providers deliver fresh ingredients with easy-to-follow recipes straight to the consumer doorstep, offering time efficient, zero waste, and affordable meals. Furthermore, this offering provides accessible, healthy, and nutrient-rich meal alternatives. Vegano believes there is a shift in consumer preferences that indicates a growing interest in cooking and prioritizing experiences over goods and a newfound interest in food composition and source. According to a new report from Grand View Research, the meal kit delivery service market is expected to reach nearly US $20 billion by 2027, representing a compound annual growth rate of almost 13%.[9] With the combined estimate of plant-based products to reach a value of US $74 billion

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[1] Richard Fry, "Millennials overtake Baby Boomers as America's largest generation" (28 April 2020), online: Pew Research Centre <www.pewresearch.org/fact-tank/2020/04/28/millennials-overtake-baby-boomers-as-americas-largest-generation/>.

[2] US, Environmental Protection Agency, Inventory of U.S. Greenhouse Gas Emissions and Sinks, online: <epa.gov/ghgemissions/inventory-us-greenhouse-gas-emissions-and-sinks> (last updated 16 June 2021)

[3] Compassion in World Farming International, Visual Guidelines (November 2018), online: (pdf) <www.ciwf.org.uk/media/7435280/115628_compassion-in-world-farming-international-visual-guidelines-nov-2018.pdf>.

[4] *Ibid*.

[5] Richard Fry, *supra* note 1.

[6] Meticulous Research, Plant Based Food Market : Global Opportunity Analysis and Industry Forecast (2020 - 2027) (September 2020), online: <www.meticulousresearch.com/7.product/plant-based-food-products-market-5108>.

[7] *Ibid*.

[8] Grand View Research, Meal Kit Delivery Services Market Growth & Trends (April 2021), online: <www.grandviewresearch.com/press-release/global-meal-kit-delivery-services-market>.

[9] *Ibid*.

by 2027,[10] Vegano believes it is set to capitalize on the intersection of the growing consumer markets of plant-based food and meal kit delivery.

Online Grocery Market

Vegano operates in a rapidly growing niche of the grocery industry, providing premium plant-based food and beverages with a seamless online shopping experience throughout North America. By 2023, Canadian online grocery purchases are projected to reach US $2.1 billion.[11] Coupled with the rise in demand for plant-based products, there is an opportunity to increase online grocery sales compared to other retail outlets. As online shopping and e-commerce use continues to rise, companies are no longer restricted to brick-and-mortar operations. A surge in smart phones and faster internet speeds have been a large contributor to the mainstream adoption of internet shopping. Furthermore, rising food prices have been supported by increasing incomes and falling unemployment, improving industry revenue and profit margins. This quick shift from brick-and-mortar retail to online shopping is one that IBISWorld predicts will continue, and product categories that were traditionally dominated by brick-and-mortar operations will have the greatest growth in the online and e-commerce space over the next 5 years. [12]

Intellectual Property

The Company's Intellectual Property includes its website and proprietary recipes and products.

The Company's primary marketing and sales tool is its website, a custom-built technology platform to support the ordering and preparation of meal kits and proprietary branded food products. Through the website, consumers can safely create an account, make their meal kit selections and manage their account. In addition to selecting their weekly meal kit deliveries, customers can also access the Vegano Marketplace, the Company's direct-to-consumer marketplace.

The Company's meal kits feature proprietary sauces that are prepared in the Facility and included as pre-portioned ingredients in the meal kits. These pre-portioned ingredients will also be packaged and available for sale on the Vegano Marketplace, a direct-to-consumer marketplace selling proprietary Vegano branded products as well as third party plant-based products.

Competition

The Company's competitors in Canada generally fall within the following categories:

Meal kit companies: These companies offer pre-portioned ingredients and recipes that can be cooked at home. Competitor companies include HelloFresh, GoodFood, FreshPrep and ChefsPlate.

- Vegano's competitive factors: While many of these companies offer vegetarian and vegan options, these meal kit companies still process animal products within their facilities.
- Vegano's disadvantage: Some of the companies in this industry have greater financial resources, more comprehensive product lines, broader market presence, greater production and distribution capabilities, stronger brand recognition and greater marketing resources.

Online grocery marketplaces: These companies offer a direct-to-consumer online grocery store, delivered directly to customers. Competitor companies include Spud, Legends Haul, and Veji.

- Vegano's competitive factors: With the exception of Veji, most of these companies don't offer an exclusively plant-based/vegan grocery offering. Further to that, Vegano offers a personalized delivery experience, including meal kits, which no other competitors currently offer.

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[10] Meticulous Research, *supra* note 6.

[11] IBISWorld, Online Grocery Sales in the US - Market Size 2004-2026 (Updated 6 October 2020), online: <www.ibisworld.com/industry-statistics/market-size/online-grocery-sales-united-states/>.

[12] Daniel Keyes, "The Online Grocery Report : Coronavirus is accelerating US online grocery shopping adoption—here are the market stats, trends and companies to know" (Updated 3 February 2021), online: Insider <www.businessinsider.com/online-grocery-report-2020>.

- Vegano's disadvantage: Some of the companies in this industry may have longer standing relationships with distributors and suppliers, longer operating histories, and more established delivery networks.

Seasonality

Use of the Company's meal delivery services and purchase of products from Vegano Marketplace is expected to be acyclical except for unknown epidemiological events, such as COVID-19, which the Company believes has accelerated use of the Company's services and products.

Economic Dependence

Vegano does not rely on any one available supplier for any part of its supply chain. The Company has multiple food suppliers, and many options for food delivery services. The Company maintains relationships within the supply chain that would allow the Company to pivot on a day's notice to a different food supplier. The Company manages its own list of recipes and meal kit plans, so should the Company face a shortage of one particular food item, the Company could alter the meal plan for that week and thereafter if required.

For food delivery, the Company currently uses two delivery services, but there are many options in the lower mainland for this service and throughout North America once the Company embarks on expansion plans. The Company will also consider starting its own delivery service should price and quality not be up to a satisfactory level.

USE OF AVAILABLE FUNDS

This Prospectus is being filed with the securities regulatory authority in British Columbia to enable the Company to become a "reporting issuer" in British Columbia and Ontario pursuant to applicable securities legislation and to develop an organized market for the Common Shares. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised. All expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company.

Available Funds

As at October 31, 2021, the Company had estimated working capital of approximately $1,850,000.

The Company had negative operating cash flow in its most recent financial year and may have negative operating cash flows in future periods. Available funds, including the net proceeds from any financings completed by the Company, may also be used in part to fund any negative cash flow from operations of the Company.
The Company intends to spend the available funds as follows:

	Funds Available ($)
Working Capital as at October 31, 2021	1,850,000
Total Funds Available	1,850,000
Expenditures:	
Costs Related to Listing	100,000
General and Administrative Expenses for the next 12 months (1)	1,035,000
Grow meal kit customer base (2)	55,000
Expansion of marketplace offerings(3)	140,000
Product Innovation (4)	50,000

Sales and Marketing (5)	170,000
Product Inventory (6)	100,000
Unallocated Working Capital	200,000
TOTAL	1,850,000

(1) Includes $100,000 for professional and filing fees, $310,000 for management and director fees, $30,000 for office expenses, $75,000 for kitchen operations and $520,000 for wages, salaries and non-management consultant fees.
(2) Includes digital advertising of $55,000.
(3) Includes the purchase of a delivery vehicle of $30,000, salaries and wages of $40,000, shipping costs of $20,000, product inventory costs of $30,000, and photography and advertising of $20,000. See "*Business Objectives and Milestones*".
(4) Includes $25,000 in inventory costs, $15,000 in marketing related to new marketplace products and $10,000 in salaries and wages related to development costs. See "*Business Objectives and Milestones*".
(5) Includes $150,000 for marketing initiatives such as community events, influencer partnerships and social media giveaways, and $20,000 in other administrative costs to support these marketing initiatives.
(6) Includes $100,000 for the purchase of additional inventory for the Vegano Marketplace, including new and existing products.

The Company intends to spend the funds available to it as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. Accordingly, while it is currently intended by management that the available funds will be expended as set forth above, actual expenditures may in fact differ from these amounts and allocations (see "*Risk Factors*"). Additionally, there is no assurance that additional capital or types of financing will be available if needed or that these financings will be on terms at least as favorable to the Company as those previously obtained.

Business Objectives and Milestones

The business objectives the Company is proposing to accomplish over the next 12 months are discussed under "Growth Strategy". The following table set out those objectives and lists the milestone event for that objective, anticipated time period for completion and estimated cost. The Company has spent the last 12 months building a technology platform and is in the execution phase of the business currently where all staff are mobilized to execute on the current business strategy.

Business Objective	Milestone Event for the Business Objective	Anticipated Time Period	Estimated Cost
Grow meal kit customer base	Achieve milestone of more than 500 weekly customers	Q2 2022-Q3 2022	$55,000(1)
Expand marketplace offerings	Provide next day delivery for Metro Vancouver based customers	Q4 2021-Q1 2022	$60,000(2)
	Provide delivery to Alberta based customers	Q1 2022	$20,000(3)
	Launch home marketplace offerings	Q4 2021	$60,000(4)
Development of Vegano Marketplace Products	Develop and launch 10 new Vegano Marketplace Products on Vegano Marketplace	Q4 2021-Q1 2022	$50,000(5)

Notes:
(1)Grow meal kit customer base by launching digital advertising campaign at a cost of $55,000.
(2) Providing next day delivery for Metro Vancouver customers requires the purchase of a delivery vehicle of $30,000 and $30,000 in salaries and wages.
(3) Providing delivery to Alberta customers requires identifying and engaging a third-party delivery and logistics service provider who can ensure products arrive fresh and on time. $20,000 is the expected increases in shipping and logistics costs to ship to Alberta.
(4) Launching home marketplace offerings requires selecting and sourcing home product inventories from third party suppliers, adding the products to the Marketplace website, and digital advertising to promote the launch of home marketplace products. Costs include $30,000 in product inventory costs, $20,000 in photography and advertising and $10,000 in salaries and wages.
(5) See *"Proprietary Products"* for a list of proprietary branded products currently under development. Additional

testing, branding and labeling and packaging are to be completed prior to launching on Vegano Marketplace. Costs include $25,000 in inventory costs, $15,000 in marketing related to new marketplace products and $10,000 in salaries and wages related to development costs.

The Company anticipates that it will have sufficient cash available to execute its business plan and to pay its operating and administrative costs for at least twelve months after Listing.

Unallocated Funds

Unallocated funds will be deposited in the Company's bank account and added to the working capital of the Company. The Chief Financial Officer of the Company is responsible for the supervision of all financial assets of the Company. Based on the Company's cash flow requirements, management will determine the appropriate level of liquidity required for operations and will draw down such funds as necessary. There may be circumstances, where for business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

DIVIDENDS OR DISTRIBUTIONS

There are no restrictions in the Company's articles or elsewhere, other than customary general solvency requirements, which would prevent the Company from paying dividends. All of the Company's shares will be entitled to an equal share in any dividends declared and paid.

The Company has not declared or paid any dividends or distributions on its Common Shares since incorporation. The Company currently intends to retain future earnings, if any, for use in its business and does not anticipate paying dividends or distributions in the foreseeable future on its Common Shares. Any determination to pay future dividends or distributions will remain at the discretion of the Board of Directors and will depend on the earnings, financial condition of the Company and such other factors deemed relevant by the Board of Directors.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Financial Information of the Company

The following selected financial information has been derived from and is qualified in its entirety by (i) the audited annual financial statements of the Company for the period of incorporation to December 31, 2020 and the related notes thereto, included in this Prospectus as Schedule "A", (ii) the unaudited interim financial statements for the nine months ended September 30, 2021, included in this Prospectus as Schedule "B", and should be read in conjunction with such financial statements and the related notes thereto, along with the associated MD&A included in Schedules "A" and "B", respectively. All financial statements of the Company are prepared in accordance with IFRS and are expressed in Canadian dollars.

	As at December 31, 2020 and for the period from Incorporation on March 19, 2020 to December 31, 2020 (audited) ($)	**As at September 30, 2021 and for the nine months ended September 30, 2021 (unaudited) ($)**
Cash and cash equivalents	2,275,929	2,223,587
Total Assets	2,552,467	2,909,939
Total Liabilities	807,809	385,056
Total Equity	1,744,658	2,524,883
Loss and Comprehensive Loss for the Period	(1,152,181)	(2,712,114)

Selected Financial Information of Friendly Gummy

The following selected financial information has been derived from and is qualified in its entirety by the audited financial statements of the Company for the period of incorporation to September 30, 2021 and the related notes thereto included in this Prospectus as Schedule "C", and should be read in conjunction with such financial statements and the related notes thereto. All financial statements of the Friendly Gummy are prepared in accordance with IFRS and are expressed in Canadian dollars

	As at September 30, 2021 and for the period from Incorporation to September 30, 2021 (audited) ($)
Cash	11,035
Total Assets	11,035
Total Liabilities	34,086
Total Equity	(23,051)
Loss and Comprehensive Loss for the Period	(69,142)

Selected Pro Forma Financial Information

The following table contains certain unaudited *pro forma* consolidated financial information for the Company and Friendly Gummy as at and for the period ended September 30, 2021 and gives effect to the completion of the FGC Acquisition. This information should be read together with the unaudited interim financial statements of the Company for the nine months ended September 30, 2021, the unaudited interim financial statements of Friendly Gummy for the period ended September 30, 2021, and the *pro forma* financial statements of the Company together with the accompanying notes which are included elsewhere in this prospectus.

	As at and for the period ended September 30, 2021 (unaudited) ($)
Current Assets	2,400,770
Total Assets	2,909,939
Total Liabilities	385,056

Management's Discussion and Analysis

The MD&A of the Company for (i) the period from the date of incorporation on March 19, 2020 to December 31, 2020, and (ii) for the nine months ended September 30, 2021, are attached to this Prospectus in Schedules "A" and "B", respectively.

The MD&A of the Company should be read in conjunction with the respective financial statements and the accompanying notes thereto included in this Prospectus as Schedules "A" and "B". Certain information contained in the MD&A constitutes forward-looking statements. These statements relate to future events or to the Company's future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, level of activity, performance or achievements to be materially different form any future results, levels of activity, performance or achievements expressed or implied by such forward looking statements. See "*Forward Looking Statements*" and "*Risk Factors*".

DESCRIPTION OF SECURITIES

Authorized and Issued Capital

The Company is authorized to issue an unlimited number of Common Shares. At the date of this Prospectus, a total of 56,158,926 Common Shares are issued and outstanding.

Holders of Common Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Company and to receive all notices and other documents required to be sent to shareholders in accordance with the Company's articles, corporate law and the rules of any applicable stock exchange. On a poll, every shareholder has one vote for each Common Share. The holders of Common Shares are entitled to dividends if, as and when declared by the Board and, upon the liquidation, dissolution or winding-up of its affairs or other distribution of its assets for the purpose of winding-up its affairs, to receive, on a pro rata basis, all of the remaining assets of the Company. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking fund or purchase fund provision.

CONSOLIDATED CAPITALIZATION

Consolidated Capitalization

The following table outlines the capitalization of the Company as at September 30, 2021 and the date of this Prospectus. The table should be read in conjunction with the interim unaudited financial statements of the Company and the accompanying notes thereto, included in Schedule "B" to this Prospectus.

Description of the Security	Authorized Amount	Issued and Outstanding as at September 30, 2021	Issued and Outstanding as at the date of this Prospectus
Common Shares	Unlimited	56,158,926 (1)	56,158,926
Options	Up to 10% of outstanding Common Shares (3)	5,600,000(2)	5,600,000(2)
Finder's Warrants (4)	N/A	193,600	193,600

(1) Excluding Common Shares issuable upon exercise of convertible securities outstanding as at September 30, 2021.
(2) 4,900,000 of these Options are exercisable into Common Shares at an exercise price of $0.25 per share until January 1, 2023, 500,000 of these Options are exercisable into Common Shares at an exercise price of $0.25 per share until August 10, 2023 and 200,000 of these Options are exercisable into Common Shares at an exercise price of $0.25 per share until August 10, 2024.
(3) See section "Options to purchase securities" for more details with respect to the authorized number of Options.
(4) These Finder's Warrants are exercisable into Common Shares at an exercise price of $0.25 per share until January 29, 2023 and February 26, 2023.

Fully Diluted Share Capital

The following table sets forth the anticipated fully diluted share capital of the Company at the time of Listing.

	Number of Common Shares Issued or Reserved for Issuance	Percentage of Common Shares Issued or Reserved for Issuance (fully-diluted)

Common Shares outstanding as at the date of this Prospectus	56,158,926	90.6%
Common Shares issuable upon exercise of Options	5,600,000	9.0%
Common Shares issuable upon exercise of Finder's Warrants	193,600	0.3%
TOTAL:	61,952,526	100%

Notes:
If the Company completes the FGC Acquisition, the Common Shares outstanding on the date of the Prospectus will be 71,659,026(83.4%), the Common Shares issuable on exercise of Options (excluding Options issued by Friendly Gummy) will be 5,600,000(6.5%), the Common Shares issuable on exercise of Finder's Warrants will be 193,600 (0.2%) and the Common Shares issued on the exercise of options and warrants issued in connection with the FGC Acquisition will be 8,450,000 (9.8%).

OPTIONS TO PURCHASE SECURITIES

Outstanding Options

As of the date of this Prospectus, the Company has 5,600,000 Options outstanding.

Option Plan

A Option Plan was approved by the Company's Board of Directors effective as of August 12, 2021 (the "**Option Plan**", which Option Plan supersedes and replaced the prior stock option plan of the Company dated effective January 1, 2021. The principal purpose of the Option Plan is to advance the interests of the Company by encouraging the directors, employees and consultants of the Company and of its subsidiaries or affiliates, if any, by providing them with the opportunity, through options, to acquire Shares in the share capital of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

The Option Plan is administered by the Board of Directors of the Company, which has full and final authority with respect to the granting of all options thereunder.

Options may be granted under the Option Plan to such service providers of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The exercise prices will be determined by the Board of Directors, but will, in no event, be less than the closing market price of Common Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. All options granted under the Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options granted under the Option Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

The Option Plan will be the sole share option plan utilized by the Company for security-based compensation and long-term incentives. Any Option granted pursuant to an option plan previously adopted by the Board which was outstanding at the time the Option Plan comes into effect will be deemed to have been issued under the Option Plan and will, as of the date the Option Plan comes into effect, be governed by the terms and conditions hereof.

The Option Plan provides that the aggregate number of securities reserved for issuance will be 10% of the number of common shares of the Company issued and outstanding from time to time, being 5,615,892 Common Shares as at the date of this Prospectus, and 7,165,902 Common Shares at Listing, assuming closing of the FGC Acquisition.

The table below summarizes information about the Options outstanding as of the date of this Prospectus:

Optionee	Number of Options	Exercise Price	Expiry Date
Directors and Executive Officers	5,200,000	0.25	January 1, 2023
Employees	200,000	0.25	January 1, 2023
Consultants	200,000	0.25	January 1, 2023

PRIOR SALES

In the 12 month period preceding the date of this Prospectus, the Company issued the following Common Shares:

Date of Issuance	Type of Security	Number of Securities	Issue Price
December 31, 2020	Common Shares	15,795,711	$0.07
January 13, 2021	Common Shares	1,145,000	$0.07
January 29, 2021	Common Shares	10,005,708	$0.25
February 26, 2021	Common Shares	5,031,000	$0.25
May 7, 2021	Common Shares	2,709,507	$0.25
June 9, 2021	Common Shares	1,472,000	$0.25

In the 12 month period preceding the date of this Prospectus, the Company issued the following securities convertible or exchangeable into Common Shares:

Date of Issuance	Type of Security	Number of Securities	Exercise Price
January 1, 2021	Options	4,900,000 (1)	$0.10
February 16, 2021	Options	200,000(1)	$0.10
January 29, 2021	Agents' Warrants	86,400(2)	$0.25
February 26, 2021	Agents' Warrants	107,200 (3)	$0.25
August 10, 2021	Options	5,600,000(5)	$0.25

(1) These Options were issued and subsequently cancelled in exchange for Options issued on August 10, 2021 at an exercise price of $0.25.
(2) These Finder's Warrants are exercisable into Common Shares at an exercise price of $0.25 per share until January 29, 2023.
(3) These Finder's Warrants are exercisable into Common Shares at an exercise price of $0.25 per share until February 26, 2023.
(4) 4,900,000 of these Options are exercisable into Common Shares at an exercise price of $0.25 per share until January 1, 2023, 500,000 of these Options are exercisable into Common Shares at an exercise price of $0.25 per share until August 10, 2023 and 200,000 of these Options are exercisable into Common Shares at an exercise price of $0.25 per share until August 10, 2024.

ESCROWED SECURITIES AND RESALE RESTRICTIONS

As of the date of this Prospectus, none of the Company's securities are held in escrow or are subject to a contractual restriction on transfer.

Pursuant to the policies of the CSE, all securities of the Company held by a principal will be subject to escrow restrictions in accordance with National Policy 46-201 "Escrow for Initial Public Offerings" ("**NP 46-201**"), which provides that all securities of a company owned or controlled by principals will be escrowed at the time of the company's initial public offering, unless the securities held by the principal or issuable to the principal upon conversion of convertible securities held by the principal collectively represent less than 1% of the total issued and outstanding shares of the company after giving effect to the initial public offering.

Under the NP 46-201, a "principal" is defined as:

(a) a person or company who acted as a promoter of the issuer within two years before the IPO prospectus;

(b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the IPO prospectus;

(c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO; or

(d) a 10% holder – a person or company that (i) holds securities carrying more than 10% of the voting rights attached to the issuer's outstanding securities immediately before and immediately after the issuer's IPO and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries.

In connection with the proposed listing of Common Shares on the CSE, there are no securityholders whose Common Shares are anticipated to be held in escrow upon completion of the listing pursuant to NP 46-201, as all principals will hold less than 1% of the voting rights.

16,747,853 Common Shares held by 17 shareholders of the Company are subject to voluntary pooling restrictions whereby such 10% of such Common Shares will be released on the Listing date, with an additional 30% released every three months thereafter.

PRINCIPAL SHAREHOLDERS

As at the date of this Prospectus, 56,158,926 Common Shares are issued and outstanding.

To the knowledge of the Company's directors and officers, the following are the only persons who beneficially own, directly or indirectly, or exercise control or direction over, Common Shares carrying more than 10% of all voting rights attached to all the issued and outstanding Common Shares as of the date of this Prospectus:

Name of Securityholder	Number and Percentage of Common Shares(1)
Lorne Segal	7,142,857 (12.72%)

Notes:

(1) Percentage is based on Common Shares issued and outstanding as of the date of this Prospectus. On Closing of the FGC Acquisition, Mr. Segal will hold less than 10% of the issued and outstanding Common Shares of the Company.

DIRECTORS AND OFFICERS

The following table sets out the name, age, city of residence, position, date of appointment to such position, principal occupations during the last five years, and the number and percentage of Common Shares which are beneficially owned or controlled by each of the current directors and officers of the Company as at the date of this Prospectus. The current directors of the Company are Conor Power, Joel Primus and Julie Daley. The current officers of the Company are Conor Power, Alex McAulay and Kaylee Astle. The Company's directors are expected to hold office until the next annual general meeting of shareholders and are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders.

Name, Age and City of Residence	Position(s) with the Company	Date Appointed to Position(s) with the Company	Principal Occupation(s) During the Last 5 Years	Number and Percentage of Common Shares Held(1)
Conor Power Age 27 North Vancouver, British Columbia	CEO and Director	March 19, 2020	Entrepreneur	66,667 (0.1%)
Alex McAulay Age 37 Vancouver, British Columbia	CFO and Corporate Secretary	November 30, 2020	Owner of ACM Management Inc.	Nil
Kaylee Astle Age 30	COO	January 1, 2021	Management Consultant and	357,142 (0.6%)

Vancouver, British Columbia			Entrepreneur (Co-founder of MobSquad)	
Joel Primus Age 35 Vancouver, British Columbia	Director	August 10, 2021	Entrepreneur and founder of Naked Underwear and Kosan Travel Co.	Nil
Julie Daley Age 34 Aldergrove, British Columbia	Director	August 10, 2021	Chartered Professional Accountant (CPA); Manager of accounting at Anavex Life Sciences Corp. (NASDAQ: AVXL) and previously employee at ACM Management Inc.	Nil

Notes:

(1) Percentage is based on Common Shares issued and outstanding as of the date of this Prospectus.

As of the date of this Prospectus, the directors and officers of the Company, as a group, own or control or exercise direction over 423,809 Common Shares, being less than 1% of the issued and outstanding Common Shares of the Company.

Directors and Officers – Biographies

The following biographies provide information in respect to the directors and officers of the Company.

Conor Power, Age 27 - CEO and Director

Inspired by the plant-based lifestyle movement, founder and CEO of Vegano, Conor Power, wanted to make high-quality, vegan-friendly products more accessible to the general public. In addition to founding Vegano Foods, Conor Power is a venture capitalist who has raised over $20M for various tech and CPG companies, with several successful exits publicly and privately.

Conor has entered into a non-competition and non-disclosure agreement with the Company. It is expected that he will devote approximately 90% of his time to the business of the Company to effectively fulfill his duties as the CEO and Director.

Alex McAulay, Age 37 – CFO

Alex McAulay CPA, CA is an entrepreneur and experienced public company CFO and director. Mr. McAulay's firm, ACM Management Inc., solely dedicated to providing fractional CFO and regulatory guidance to assist companies in going public. Alex has served as the CFO of several listed companies and has assisted dozens of issuers in navigating the public markets.

Alex has entered into a non-disclosure agreement with the Company, and has not entered into a non-competition agreement with the Company. It is expected that he will devote approximately 25% of his time to the business of the Company to effectively fulfill his duties as the CFO.

Kaylee Astle, Age 30 - COO

Kaylee is a start-up fanatic, company-builder, ex-management consultant, and tech entrepreneur. Prior to joining Vegano, Kaylee focused her career on technology, both as a consultant and entrepreneur. While at Deloitte Consulting, Kaylee advised some of Canada's fastest growing start-ups as well as governments and large-scale public organizations. Following her time at Deloitte Consulting, Kaylee co-founded MobSquad, a tech-talent company. Kaylee holds a BCom with High Honours in Accounting and International Business from the Sauder School of Business at the University of British Columbia. In 2020, Kaylee was recognized as BC Top 30 Under 30.

Kaylee has entered into a non-competition and non-disclosure agreement with the Company. It is expected that she will devote approximately 90% of her time to the business of the Company to effectively fulfill her duties as the COO.

Joel Primus, Age 35 - Director

Joel Primus is the founder and creative visionary behind Naked Underwear. He helped raise over $17M, establishing retail distribution at Holt Renfrew, Nordstrom, Hudson Bay, and Bloomingdales. Naked completed a merger with Australian-based industry powerhouse, Bendon Lingerie exiting in 2018. Recently, Joel co-founded Kosan Travel Co., a travel clothing company which launched one of the most successful Kickstarter apparel products of all time - reaching over $1million in sales in 30 days. He was one of the inaugural BC Business top 30 under 30 Entrepreneurs and is also an author and award winning documentary filmmaker. Once an elite long distance runner, he now enjoys daily training, meditation and time with his family on their farm outside of Vancouver.

Joel has not entered into a non-competition or non-disclosure agreement with the Company. It is expected that he will devote approximately 5% of his time to the business of the Company to effectively fulfill his duties as Director.

Julie Daley, Age 34 - Director

Julie Daley is a Chartered Professional Accountant (CPA), with ten years of accounting, controller, and financial reporting experience. Currently, Ms. Daley is the manager of accounting at Anavex Life Sciences Corp. (NASDAQ: AVXL), a clinical-stage biopharmaceutical company based in New York, NY focused on developing treatments for debilitating neurodegenerative and neurodevelopmental diseases. Previously, from October 2015 to July 2021, Ms. Daley provided financial reporting and advisory services to public companies in various industries in the United States and Canada, through her position with ACM Management, Inc. Additionally, she served as interim Chief Financial Officer for Makena Resources Inc. (CSE: MKNA) (April 2018 - April 2019) and Naked Brand Group Inc. (NASDAQ: NAKD) (March 2018 - June 2018) until the completion of their prospective mergers. From September 2011 to April 2015, Ms. Daley was employed with Naked Brand Group Inc., where she worked in the accounting department, including serving as Controller from August 2013 until her departure in April 2015. In September 2015, Ms. Daley wrote her Common Final Examination (CFE) for her CPA designation and was designated in May 2016. Ms. Daley also holds a BBA in Accounting and Economics from the University of the Fraser Valley in Abbotsford, British Columbia.

Julie has not entered into a non-competition or non-disclosure agreement with the Company. It is expected that she will devote approximately 5% of her time to the business of the Company to effectively fulfill her duties as Director.

Committees

The only committee of the Board is the Audit Committee. The Audit Committee consists of Julie Daley (Chair), Joel Primus and Conor Power.

Cease Trade Orders

Except as set out below, to the knowledge of the Company, no existing director or officer of the Company is, at the date of this Prospectus, or was within the past ten years, a director or officer of any other issuer that:

a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person as acting in the capacity as director, chief executive officer or chief financial officer.

Alex McAulay is the Chief Financial Officer of CBD Global Sciences, Inc. (“**CBD Global**”), which is subject to a management cease trade order issued by the Alberta Securities Commission on May 7, 2021 for the delay in the filing of its audited annual financial statements for the year ended December 31, 2020 and related management's discussion and analysis and CEO and CFO certifications by the prescribed filing deadline. The management cease trade order was lifted by the Alberta Securities Commission on September 22, 2021.

A company by the name of Geyser Brands Inc. ("**Geyser**") was subject to a failure to file cease trade order on September 17, 2020, for the failure to file its audited financial statements and related management's discussion and analysis for the year ended March 31, 2020. In a press release dated October 5, 2020, Geyser had disclosed that ACM Management Inc., as represented by Alex McAulay, had agreed to provide Geyser with contract interim Chief Financial Officer Services. Mr. McAulay advises he did not agree to provide Chief Financial Officer services to Geyser and asked Geyser to retract the press release on October 20, 2020.

Bankruptcies

To the knowledge of the Company, no existing director or officer of the Company:

a) is, as at the date of this Prospectus, or has been within the 10 years before the date of this Prospectus, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

b) has, within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Penalties or Sanctions

To the knowledge of the Company, no existing director or officer of the Company has been subject to:

a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Company also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Company have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies provided under British Columbia corporate law. Directors who are in a position of conflict will abstain from voting on any matters relating to the conflicting company. The directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

EXECUTIVE COMPENSATION

In this section "**Named Executive Officer**" or "**NEO**" means each individual who acted as CEO of the Company, or acted in a similar capacity, for any part of the most recently completed financial year, each individual who acted as CFO of the Company, or acted in a similar capacity, for any part of the most recently completed financial year, and each of the three most highly compensated executive officers, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than CDN$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

As of the date of this Prospectus, the NEOs of the Company are Conor Power and Alex McAulay.

Compensation Discussion and Analysis

Executive compensation is intended to be consistent with the Company's business plans, strategies and goals while taking into account various factors and criteria, including competitive factors and the Company's performance. The Company's executive compensation program is intended to provide an appropriate overall compensation package that permits the Company to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Company. The Company's compensation policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results. Compensation for the NEOs is intended to reflect a fair evaluation of overall performance.

The Board of Directors of the Company has not appointed a compensation committee and the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Company's compensation program, recommending compensation of the Company's officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives, is performed by the Board of Directors as a whole. The Board of Directors also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. The Board of Directors reviews compensation of senior management on an annual basis.

When determining individual compensation levels for the Company's NEOs, a variety of factors will be considered including: the overall financial and operating performance of the Company, each NEO's individual performance and contribution towards meeting corporate objectives and each NEO's level of responsibility and length of service.

The Board of Directors considers the following objectives when reviewing annual compensation: (i) retaining individuals critical to the growth and overall success of the Company; (ii) rewarding achievements of individuals; (iii) providing fair and competitive compensation; and (iv) compensating individuals based on their performance.

The base salary review for each NEO is based on an assessment of factors such as current market conditions and particular skills, including leadership ability and management effectiveness, experience, responsibility and proven or expected performance.

The Company is aware that compensation practices can have unintended risk consequences. At the present time, the Board of Directors is satisfied that the current executive compensation program does not encourage the executives to expose the business to inappropriate risk.

Director and NEO Compensation, Excluding Compensation Securities

The Company was not a reporting issuer at any time during its most recently completed financial year. Accordingly, the following table provides a summary of the anticipated compensation to be paid to NEOs and directors for the 12-month period subsequent to the Company becoming a reporting issuer:

Name and Principal Position	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Value of all other compensation ($)	Total Compensation ($)[3]
Conor Power, CEO[1]	$225,000	Nil	Nil	Nil	Nil	Nil
Alex McAulay, CFO[2]	$36,000	Nil	Nil	Nil	Nil	Nil
Joel Primus	$12,000	Nil	Nil	Nil	Nil	Nil
Julie Daley	$12,000	Nil	Nil	Nil	Nil	Nil

Notes:
(1) For the period from incorporation on March 19, 2020 to December 31, 2021, the company paid $211,786 to Conor Power as executive compensation.

(2) For the period from incorporation on March 19, 2020 to December 31, 2021, the company did not pay any compensation to Alex McAulay as executive compensation. Mr. McAulay has been the CFO of the Company since November 30, 2020.
(3) For the period from incorporation on March 19, 2020 to December 31, 2021, the company paid $70,496 to Mr. Luka Petkovic as executive compensation. Mr. Petkovic is not currently a director or officer of the company.
(4) For the period from incorporation on March 19, 2020 to December 31, 2021, the company paid $1,000 to Mr. Justin Kates as director compensation. Mr. Kates is not currently a director or officer of the company.

Options and Other Compensation Securities

The Company does not presently intend to issue any compensation securities to the NEOs and directors for the 12-month period subsequent to the Company becoming a reporting issuer.

Exercise of Compensation Securities by NEOs and Directors

No compensation securities were exercised by NEOs and directors since inception.

Option Plans and Other Incentive Plans

See "*Options to Purchase Securities*" for a summary of the Option Plan.

Employment, Consulting and Management Agreements

Except as disclosed under "*General Description of the Business – Employment, Consulting and Management Agreements*", the Company is not party to any other employment, consulting or management agreement with a NEO or a person performing services of a similar capacity and there are no arrangements for compensation with respect to the termination of NEOs in the event of a change of control.

Pension Plan Benefits

The Company does not anticipate that it will have a pension, retirement or similar plan.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No existing or former director, officer or employee of the Company is or has within 30 days of the date of this Prospectus been indebted to the Company or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or similar agreement provided by the Company, except for routine indebtedness.

AUDIT COMMITTEE

The Audit Committee's Mandate

The purpose of the Audit Committee is to act on behalf of the Board of Directors to oversee all material aspects of the Company's reporting, control, and audit functions, except those specifically related to the responsibilities of another standing committee of the Board. The Audit Committee's role includes a particular focus on the qualitative aspects of financial reporting to shareholders and on the Company's processes for the management of business and financial risk and for compliance with significant applicable legal, ethical, and regulatory requirements.

In addition, the Audit Committee is responsible for: (1) selection and oversight of the Company's independent accountant; (2) establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls and auditing matters; (3) establishing procedures for the confidential, anonymous submission by the Company's employees of concerns regarding accounting and auditing matters; (4) establishing internal financial controls; (5) engaging outside advisors; and (6) funding for the outside auditor and any outside advisors engagement by the Audit Committee.

The Audit Committee's role also includes coordination with other Board committees and maintenance of strong, positive working relationships with management, external and internal auditors, counsel, and other committee advisors.

A copy of the Audit Committee's Charter is attached as Schedule "E" to this Prospectus

Composition of Audit Committee

The Audit Committee is comprised of Julie Daley, Conor Power and Joel Primus. Julie Daley (Chair) and Joel Primus are considered to be "independent" as defined in NI 52-110. Due to his position as CEO of the Company, Conor Power is considered to be a non-independent member of the Audit Committee, as defined in NI 52-110. All members of the Audit Committee are "financially literate" as defined in NI 52-110. For a summary of the experience and education of the Audit Committee members, see "*Directors and Officers – Biographies*".

Reliance on Certain Exemptions

The Company is relying on the exemptions provided for "venture issuers" in section 6.1 of NI 52-1101 with respect to Part 3 – *Compensation of the Audit Committee* and Part 5 – *Reporting Obligations*.

Pre-Approval Policies and Procedures for Non-Audit Service

The Company has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

External Auditor Service Fees

As of the date of this Prospectus, the Company has not been billed by its external auditors. The estimate aggregate fees to be billed to the Company by its external auditors for audit fees for the periods indicated below are as follows:

Financial Period	Audit Fees(1)	Audit-Related Fees(2)	Tax Fees(3)	All Other Fees(4)
December 31, 2020	50,000	nil	nil	nil

Notes:

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" include all other non-audit services.

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day to day management of the Company. The Board of Directors is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making. NI 58-101 establishes corporate governance disclosure requirements which apply to all public companies in Canada. The Company's general approach to corporate governance is summarized below.

Board of Directors

The Board of Directors facilitates its exercise of independent judgement in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board of Directors requires management to provide complete and accurate information with respect to the Company's activities and to provide relevant information concerning the industry in which the Company operates in order to identify and manage risks. The Board of Directors is responsible for monitoring the Company's senior officers, who in turn are responsible for the maintenance of internal controls and management information systems.

NI 52-110 sets out the standard for director independence. Under NI 52-110, a director is "independent" if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment. NI 52-110 also sets out certain situations where a director will automatically be considered to have a material relationship to the Company.

The Board of Directors consists of Conor Power, Joel Primus and Julie Daley. The independent directors are Joel Primus and Julie Daley . The non-independent director is Conor Power, who is also the CEO of the Company.

Other Directorships

The following directors of the Company are currently directors of other reporting issuers (or equivalent in foreign jurisdiction):

Name	Name of Reporting Issuer
Alex McAulay	Ready Set Gold Corp.

Orientation and Continuing Education

The Company has not adopted a formalized process of orientation for new members of the Board of Directors. Orientation of new directors has been and will be conducted on an ad hoc basis through discussions and meetings with other directors, officers and employees where a thorough description of the Company's business, assets, operations and strategic plans and objectives are discussed. Orientation activities have been and will be tailored to the particular needs and experiences of each director and the overall needs of the Board of Directors.

Meetings of the Board of Directors may also include presentations by the Company's management to give the directors additional insight into the Company's business.

Ethical Business Conduct

The Board of Directors has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board of Directors in which the director has an interest, have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Company. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Company's financial statements and any related findings as to the integrity of the financial reporting process.

Nomination of Directors

The Board of Directors does not have a nominations committee or a formal procedure with respect to the nomination of directors. In addition, the Company does not have any defined policy or procedure requirements of shareholders to submit recommendations or nominations for directors, and it has not established any specific or minimum criteria for nominating directors or specific process for evaluating any such nominees. The directors of the Company expect to identify future potential director candidates from recommendations made by its directors, management and shareholders, as appropriate.

Compensation

The Board of Directors is responsible for determining compensation for the officers, employees and non-executive directors of the Company. The Board of Directors annually reviews all forms of compensation paid to officers, employees and non-executive directors, both with regards to the expertise and experience of each individual and in relation to industry peers. See "*Executive Compensation*".

Other Committees of the Board of Directors

The Board of Directors has no committees other than the Audit Committee.

Assessments

The Board of Directors do not, at present, have a formal process in place for assessing the effectiveness of the Board of Directors as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company's size and its stage of development, the Board of Directors considers a formal assessment process to be unnecessary at the present time.

PLAN OF DISTRIBUTION

This is a non-offering Prospectus. No securities are offered pursuant to this Prospectus.

The Company has applied to list the Common Shares on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE, including obtaining a receipt for this Prospectus from the British Columbia Securities Commission and meeting certain financial and other requirements. There is no guarantee that the CSE will provide approval for the listing of the Common Shares.

As at the date of the prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

RISK FACTORS

The following are certain factors relating to the business of the Company, which factors investors should carefully consider before purchasing securities of the Company. In addition, the information set forth elsewhere in this Prospectus should be given special consideration when evaluating an investment in any of the Common Shares or other securities of the Company. These risks, described below, as well as additional risks and uncertainties not presently known to the Company, or that are currently considered immaterial, may impact the Company, operating results, liquidity and financial condition and could have material adverse affects. If any or all of these risks become increasingly significant and threaten the Company as a going concern, investors could lose a portion or all of their investment.

An investment in the Company is speculative. An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Company.

Risks Related to the Business of the Company

Limited Operating History

The Company has a very limited history of operations and is considered a start-up company. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of its early stage of operations.

The Impact of COVID-19

In December 2019, a strain of novel coronavirus (now commonly known as COVID-19) ("**COVID-19**") was reported to have surfaced in Wuhan, China. COVID-19 has since spread rapidly throughout many countries, and, on March 11, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries including, Canada, have imposed unprecedented restrictions on travel, and there have been business closures and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19. The Company's business may be impacted by the recent COVID-19 outbreak. It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. The COVID-19 pandemic has resulted in significant financial market volatility and uncertainty in recent months. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on the Company's ability to access capital, business, results of operations and financial condition, and on the market price of the Common Shares. The extent of this potential disruption on the Company's business cannot be assessed as the full extent of the outbreak and its impact on the global economy cannot be predicted.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company as a Going Concern

The continued operation of the Company as a going concern is dependent upon the Company's ability to generate positive cash flows and/or obtain additional financing sufficient to fund continuing activities and acquisitions. While the Company continues to review its operations in order to identify strategies and tactics to increase revenue streams and financing opportunities, there is no assurance that the Company will be successful in such efforts; if the Company is not successful, it may be required to significantly reduce or limit operations, or no longer operate as a going concern. It is also possible that operating expenses could increase in order to grow the business. If the Company does not significantly increase its revenue to meet these increased operating expenses and/or obtain financing until its revenue meets these operating expenses, its business, financial condition and operating results could be materially adversely affected. The Company cannot be sure when or if it will ever achieve profitability and, if it does, it may not be able to sustain or increase that profitability.

Need for Additional Financing and Possible Dilution

The development of the business of the Company and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Company's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Company. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may become involved in other transactions which conflict with the interests of its directors and officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Negative Operating Cash Flow

The Company's business has incurred losses since its inception. Although the Company expects to become profitable, there is no guarantee that will happen, and the Company may never become profitable. The Company currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future. To date, the Company has not generated any revenues and a large portion of the Company's expenses are fixed, including expenses related to facilities, equipment, contractual commitments and personnel. As a result, the Company expects for its net losses from operations to improve. The Company's ability to generate additional revenues and potential to become profitable will depend largely on its ability to manufacture and market its products and services. There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, the Company cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, the Company may be unable to continue its business.

Internal Controls

One or more material weaknesses in the Company's internal controls over financial reporting could occur or be identified in the future. In addition, because of inherent limitations, the Company's internal controls over financial reporting may not prevent or detect misstatements, and any projections of any evaluation of effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the Company's policies or procedures may deteriorate. If the Company fails to maintain the adequacy of its internal controls, including any failure or difficulty in implementing required new or improved controls, its business and results of operations could be harmed, the Company may not be able to provide reasonable assurance as to its financial results or meet its reporting obligations and there could be a material adverse effect on the price of its securities.

Facilities

The Facility is rented on a month-to-month tenancy and can be terminated by the landlord on 30 days' notice. While the Company believes that it can secure equivalent space to conduct its operations with minimal to no disruption in its services, there is no guarantee that equivalent space can be secured, that the cost of any replacement facility will not be materially more expensive than the rent for the Facility or that there will not be a material disruption in operations as a result of moving facilities.

Increased Costs of Being a Publicly Traded Company

The Company has not been subject to the continuous and timely disclosure requirements of Canadian securities laws or other rules, regulations and policies of the CSE or any other stock exchange. In anticipation of listing, the Company is working with its legal, accounting and financial advisors to identify those areas in which changes should be made to its financial management control systems to manage its obligations as a public company. These areas include corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. The Company has made, and will continue to make, changes in these and other areas, including its internal controls over financial reporting. However, the Company cannot assure purchasers of Common Shares that these and other measures that it might take will be sufficient to allow it to satisfy its obligations as a public company on a timely basis. In addition, compliance with reporting and other requirements applicable to public companies will create additional costs for the Company and will require the time and attention of management. The Company cannot predict the amount of the additional costs that it might incur, the timing of such costs or the impact that management's attention to these matters will have on its business.

Information Systems and Cybersecurity Risks

The Company places significant reliance on its information technology ("**IT**") systems to operate its business and is dependent upon the availability, capacity, reliability and security of its IT infrastructure and its ability to expand and continually update this infrastructure, to conduct daily operations. In the event that the Company is unable to secure its software and hardware, effectively upgrade systems and network infrastructure and take other steps to maintain or improve its systems, the operation of such systems could be interrupted or result in the loss, corruption or release of confidential data.

The IT systems are subject to a variety of security risks, which are growing in both complexity and frequency and could include potential breakdown, cyber phishing, invasion, virus, cyber-attack, cyber-fraud, security breach, fire, power loss, vandalism, theft and intentional damage and destruction or interruption of its IT systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential fiduciary or proprietary information, in a loss or theft of our financial resources, critical data and information or could result in a loss of control of our technological infrastructure or financial resources.

The Company maintains security policies and procedures that include employee protocols with respect to electronic communications and electronic devices, encryption protection of all computers and portable electronic devices and conducts annual cyber-security assessments. The Company applies technical and process controls in line with industry-accepted standards and best practices to protect its information, assets and systems. However, due to the variety, sophistication and frequency of change in technology, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a material negative effect on the Company's business, financial condition, and results of operations as well as on the Company's reputation.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Any such litigation could be very costly and could distract its management from focusing on operating the Company's business. The existence and/or outcome of any such litigation could harm the Company's business.

Governmental Regulations and Risks

The Company and its suppliers are subject to a wide variety of laws, regulations and orders across all jurisdictions in which they do business, including those laws involving product liability, labour and employment, food safety, intellectual property, privacy, environmental and other matters. Changes to any of the laws, rules, regulations or policies applicable to the Company's business, including tax laws, and laws affecting the production, processing, preparation, distribution, packaging and labelling of food, beverages and general merchandise products, could adversely affect the operations or financial condition or performance of the Company. Failure by the Company or its suppliers to comply with applicable laws, regulations and orders could subject the Company to civil or regulatory actions, investigations or proceedings, including fines, assessments, injunctions, recalls or seizures, which in turn could adversely affect reputation, operations or financial condition or performance of the Company. In the course of complying with changes to laws, the Company could incur significant costs. Changing laws or interpretations of such laws or enhanced enforcement of existing laws could restrict the Company's operations or profitability and thereby threaten the Company's competitive position and ability to efficiently conduct business.

Environmental and Health and Safety Risks

The Company is subject to environmental, health and safety laws and regulations in each jurisdiction in which it operates or is planning to operate. Such regulations govern, among other things, emissions of pollutants into the air, wastewater discharges, waste disposal, the investigation and remediation of soil and groundwater contamination, and the health and safety of the Company's employees. For example, the Company's products and the raw materials used in its production processes are subject to numerous environmental laws and regulations. The Company may be required to obtain environmental permits from governmental authorities for certain of its current or proposed operations. The Company may not have been, nor may it be able to be at all times, in full compliance with such laws, regulations and permits. If the Company violates or fails to comply with these laws, regulations or permits, the Company could be fined or otherwise sanctioned by regulators.

As with other companies engaged in similar activities or that own or operate real property, the Company faces inherent risks of environmental liability at its current and historical production sites. Certain environmental laws impose strict and, in certain circumstances, joint and several liability on current or previous owners or operators of real property for the cost of the investigation, removal or remediation of hazardous substances as well as liability for related damages to natural resources. In addition, the Company may discover new facts or conditions that may change its expectations or be faced with changes in environmental laws or their enforcement that would increase its liabilities. Furthermore, its costs of complying with current and future environmental and health and safety laws, or the Company's liabilities arising from past or future releases of, or exposure to, regulated materials, may have a material adverse effect on its business, financial condition, and results of operations.

Competition

The industry in which the Company operates are intensely competitive. The online grocery industry currently has few major players. The Company faces further competition from numerous brands producing plant-based products, as well as large-scale manufacturers of animal-based products that have integrated plant-based products within their product offering. Many of these companies can be expected to have longer operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company. Some of these competitors and new entrants may have brands that are or become more widely recognized by consumers than the Company's brand, and they may also have substantially greater financial, marketing, technical or other resources. The Company's competitors may also merge or form strategic partnerships. These factors could adversely impact the Company's competitive position. To remain competitive, the Company will require a continued high level of investment in marketing, sales and customer support. The Company may not have sufficient resources to maintain marketing, sales and customer support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Reputation Risk

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on the Company's business, results of operations, financial performance, financial condition, cash flows and growth prospects.

Brand Value

The Company's success largely depends on its ability to maintain and grow the value of the Company's brands. Maintaining, promoting and positioning the Company's brands and reputation will depend on, among other factors, the success of the Company's product offerings, food safety, quality assurance, marketing and merchandising efforts and the Company's ability to provide a consistent, high-quality customer experience, which the Company may not do successfully. The Company may introduce new products or services that customers do not like, which may negatively affect its brand and reputation. Any negative publicity, regardless of its accuracy, could materially adversely affect the business. Brand value is based on perceptions of subjective qualities, and any incident that erodes the loyalty of customers or suppliers, including adverse publicity or a governmental investigation or litigation, could significantly reduce the value of our brand and adversely affect our business, results of operations and financial condition.

Food Industry

The financial performance of the Company is subject to a number of factors that affect the food service industry generally. The Canadian food service industry is intensely competitive with respect to price, value proposition, service, location and food quality. There are many well-established competitors, including those with greater financial and other resources than the Company. Some of the Company's competitors may have brands with longer operating histories or may be better established in markets where the Company operates or may operate in the future. If the Company is unable to successfully compete in the segments of the industry in which it operates, the financial condition and results of operations of the Company may be adversely affected. The Company's business is also affected by factors such as inflation, increased food, labour and benefit costs, and the availability of experienced management and hourly employees may adversely affect the industry in general and the Company in particular. Even if the Company is able to successfully compete with other companies, it may be forced to make changes in one or more of its concepts in order to respond to changes in consumer trends.

Regulation of the Food Industry

The Company's operations are subject to regulation by government agencies including, among others, Health Canada and the CFIA. These agencies regulate the processing, packaging, storage, distribution, advertising, and labeling of our products, including food safety standards. The Company's Facility and products are subject to inspection by federal, provincial, and local authorities. The Company strives to maintain compliance with all laws and regulations and maintain all approvals and licenses relating to our operations. Nevertheless, there can be no assurance that the Company is in compliance with all such laws and regulations, has all necessary approvals, permits and licenses, and will be able to comply with such laws and regulations, or obtain such approvals, permits and licenses, in the future. Failure by the Company to comply with applicable laws and regulations and permits and licenses could subject us to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on our financial condition and results of operations. In addition, enforcement of existing laws and regulations, changes in legal requirements and/or evolving interpretations of existing regulatory requirements may result in increased compliance costs and create other obligations, financial or otherwise, that could adversely affect our business, financial condition or results of operations.

Labelling

In recent years a number of plant-based meat and dairy alternative companies have been the subject of CFIA investigations relating to the use of words such as dairy and meat in connection with plant-based products. In certain instances, the matter was resolved through the use of a hyphenated modifier such as "plant-based" or "dairy-free", but in others, revisions to the labeling of products was required in order to distinguish the products at issue from the conventional understanding of meat and cheese products. While the Company currently believes that its product labels and marketing materials are not misleading or deceptive, there is a risk that the CFIA will take up enforcement action against the Company. Any such review could divert resources from our management and result in increased compliance costs and could have an adverse effect on our business.

Quality Control and Health Concerns

A consumer who improperly handles or cooks the Company's products may suffer a food-borne illness and seek to hold the Company responsible for all damages and suffering resulting from that food-borne illness. The Company's business can be materially and adversely affected by negative publicity resulting from such an illness, injury, cleanliness, poor food quality or safety or any other health concerns or operating issues relating to the Company's facility and products. Such negative publicity or concerns could reduce sales and gross revenues and have a material adverse effect on the Company's business. The Company has a number of procedures in place for managing food safety and quality. Nevertheless, the risk of food borne illness or contamination cannot be completely eliminated. Any outbreak of such illness or contamination at the Company's facility or within the food service industry more generally, or the perception of such an outbreak, could have a material adverse effect on the financial condition and results of operations of the Company.

Product Recalls

Manufacturers and distributors of food products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. There can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if subject to a recall, the reputation of the Company could be harmed. A recall for any reason could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if the products it distributes are alleged to have caused significant loss or injury. In addition, the preparation and sale of the Company's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. Additionally, the Company is exposed to many types of operational risk, including the risk of misconduct and errors by its employees and third party service providers. The Company may be subject to various product liability claims. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company.

There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Liability for Actions of Employees, Contractors and Consultants

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates (i) government regulations; (ii) manufacturing standards; (iii) fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on its business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, the curtailment of the Company's operations or asset seizures, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Innovation Risks

The Company’s growth in part depends on the Company’s ability to develop and market new products and improvements to the Company’s existing products that appeal to consumer preferences. The success of the Company’s innovation and product development efforts is affected by the Company’s ability to anticipate changes in consumer preferences, the capability of our R&D team in developing new recipes and products, including complying with applicable governmental regulations, the success of our management and sales and marketing team in introducing and marketing new products and positive acceptance by consumers. Failure to develop and successfully market and sell new products may inhibit the Company’s growth, sales and profitability.

Evolving Industry

The online purchase of grocery and meal kits is relatively new and rapidly evolving. The Company’s success will depend to a substantial extent on the willingness of consumers to continue, and increase, their consumption of online grocery and meal kits. If demand for online ordering of grocery and meal kits decreases compared to current levels or consumer acceptance does not increase in line with the Company’s expectations, the Company’s business, financial condition, results of operations and prospects could be materially adversely affected. Factors important to maintaining and increasing the number of orders for the Company’s meal kits include the Company’s ability to: (i) attract new consumers; (ii) manage new and existing technologies and sales channels; (iii) increase awareness of its brands through marketing and promotional activities; and (iv) obtain or increase purchases from repeat consumers.

Consumer Trends

The Company’s business is focused on the development, manufacture, marketing and distribution of branded plant-based meal kits and products. Consumer demand could change based on a number of possible factors, including dietary habits and nutritional values, concerns regarding the health effects of ingredients and shifts in preference for various product attributes. If consumer demand for the Company’s products decreases, the Company’s business and financial condition would suffer. In addition, sales of plant-based products are subject to evolving consumer preferences that the Company may not be able to accurately predict or respond to. Consumer trends could change based on a number of possible factors, including economic factors and social trends. A significant shift in consumer demand away from the Company’s products could reduce sales, which would harm the Company’s business and financial condition.

Limited Number of Products

The Company currently offers its products to customers in British Columbia. Some of the Company’s competitors offer a more diverse set of products and in additional markets. There can be no assurance that the Company will be successful in broadening the scope of products offered. Failure to broaden the scope of products offered to potential customers may inhibit the growth of repeat business and harm the operating results of the Company. There also can be no guarantee that the Company will be successful with respect to its current efforts in British Columbia, as well as any further expansion beyond this region or Canada, which may also inhibit the growth of the Company’s business. Expanding the Company’s operations into new markets would subject the Company’s business to new challenges, regulations and risks.

Transportation Disruptions

Due to the perishable and premium nature of the Company’s products, the Company depends on fast and efficient courier services to distribute its product. Utilization of courier services for shipments is subject to risks, including increases in fuel prices, which would increase its shipping costs, and employee strikes and inclement weather, which may impact the ability of providers to provide delivery services that adequately meet shipping needs Interruptions, delays or failures in these courier services could delay or prevent the delivery of products, which may result in significant product inventory losses given the highly perishable nature of our food products and adversely affect the Company’s ability to fulfill customers’ orders and could result in lost sales. Any prolonged disruption of these courier services could have an adverse effect on the financial condition and results of operations of the Company. Rising costs associated with the courier services used by the Company to ship its products may also adversely impact the business of the Company and its ability to operate profitably. In addition, courierinterruptions and delays as a result of the COVID-19 pandemic could impact the Company's ability to deliver orders to customers in a timely manner.

Storage and Delivery of Perishable Foods

The Company's ability to adequately store, maintain and deliver quality perishable foods is critical to the Company's business. The Company stores food products, which are highly perishable, in refrigerated fulfillment centers and ships them to customers inside boxes that are insulated with thermal or corrugate liners and frozen refrigerants to maintain appropriate temperatures in transit and use refrigerated third party delivery trucks to support temperature control for shipments to certain locations. The Company's inability, or the inability of third party courier services, to store, maintain and deliver highly perishable inventory at specific temperatures could result in significant product inventory losses as well as an increased risk of food-borne illnesses and other food safety risks.

Availability, Price and Quality of Raw Materials

Costs of the ingredients and packaging for the Company's products are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, weather conditions, consumer demand and changes in governmental trade and agricultural programs. Volatility in the prices of raw materials and other supplies the Company purchases could increase our cost of sales and reduce the Company's profitability. Moreover, the Company may not be able to implement product price increases to cover any increased costs, or any price increases implemented may result in lower sales volumes. If the Company is not successful in managing its ingredient and packaging costs and unable to increase prices to cover increased costs, or if such price increases reduce sales volumes, then such increases in costs will adversely affect the Company's business, results of operations and financial condition.

Supply Chain Management

Insufficient or delayed supply of products threatens the Company's ability to meet customer demands while over capacity threatens the Company's ability to generate profit. Accordingly, any failure by the Company to properly manage the Company's supply chain could have a material adverse effect on the Company's business, financial condition and results of operations. The Company does not currently have written supply agreements with its suppliers. Because of the absence of such contracts, any of such suppliers could seek to alter or terminate its relationship with the Company at any time, which could result in disruption in the Company's supply chain.

The Company continuously seeks alternative sources of materials and proteins to use in its products, but it may not be successful in diversifying the raw materials it uses in its products. If the Company needs to replace an existing supplier, there can be no assurance that supplies of raw materials will be available when required on acceptable terms, or at all, or that a new supplier would allocate sufficient capacity to the Company in order to meet its requirements, fill its orders in a timely manner or meet its strict quality standards. If the Company is unable to manage its supply chain effectively and ensure that its products are available to meet consumer demand, its operating costs could increase and its profit margins could decrease. Any significant increase in the price of raw materials that cannot be passed on to the customers could have a material adverse effect on the Company's results of operations or financial condition.

Reliance on Key Personnel

The success of the Company is highly dependent upon the ability, expertise, judgment, discretion and good faith of its limited number of senior management personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the Company's lean management structure may be strained as the Company pursues growth opportunities in the future. Any loss of the services of such individuals or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's business, operating results or financial condition.

The Company's future success depends substantially on the continued services of its executive officers, its key research and development personnel and its key growth and extraction personnel. If one or more of its executive officers or key personnel were unable or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Company may lose know-how, key professionals and staff members. These executive officers and key employees could compete with and take customers away.

Payments from Customers and Third Parties

Nearly all of the Company's customers' payments are made by credit card. The Company currently relies exclusively on one third party vendor to provide payment processing services, including the processing of, and our business would be disrupted if this vendor becomes unwilling or unable to provide these services to us and we are unable to find a suitable replacement on a timely basis. The Company is also subject to payment brand operating rules, payment card industry data security standards and certification requirements, which could change or be reinterpreted to make it more difficult or impossible for us to comply. If the Company fails to comply with these rules or requirements, the Company may be subject to fines and higher transaction fees and lose its ability to accept credit card payments from customers, which would make our services less convenient and attractive to our customers and likely result in a substantial reduction in revenue. The Company may also incur losses as a result of claims that the customer did not authorize given purchases, fraud, erroneous transmissions and customers who have closed bank accounts or have insufficient funds in their accounts to satisfy payments owed to us.

Climate Change and Environmental Risks

Governments are moving to introduce climate change legislation and treaties at the international, national, state/province and local levels. Regulation relating to emission levels (such as carbon taxes) and energy use and efficiency is becoming more stringent. This trend could lead to an increased cost of compliance over time, the impact of which is not currently known.

In addition, there is concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. If such climate change has a negative effect on agricultural productivity, the Company may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for the Company's products. The Company can provide no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on its operations.

Disruption at our Facility

Currently, all of our products are manufactured at our Facility. A natural disaster, fire, power interruption, work stoppage or other calamity at the Facility, or at any future facility at which we produce our products, would significantly disrupt our ability to deliver our products and operate our business. If any material amount of our machinery or inventory were damaged, we would be unable to meet our contractual obligations and cannot predict when, if at all, we could replace or repair such machinery, which could materially adversely affect our business, financial condition and results of operations.

Internet Search Algorithms

In order to attract new customers and retain existing customers, it is important that the Company's brands show up prominently in internet search results. Changes to internet search engines' algorithms or terms of service could cause our website to appear less prominently in search results.

Leasing Commercial Space

The Company does not own any real estate. Instead, the Company leases its production and distribution location. Accordingly, the Company is subject to all of the risks associated with leasing, occupying and making tenant improvements to real property, including adverse demographic and competitive changes affecting the location of the property and changes in availability of and contractual terms for leasable commercial and retail space. Changes in areas around the Facility that render the location unsuitable or altogether unavailable due to unforeseen or extraordinary circumstances including as a result of the COVID-19 pandemic could adversely affect the Company's business, results of operation, and financial condition.

Retention of Existing Customers and Attracting New Customers

The Company’s success, and its ability to increase revenue and operate profitably, depends in part on the Company’s ability to acquire new customers and retain existing customers, so that they continue to purchase the Company's products. The Company may fail to acquire or retain customers across due to negative value and quality perceptions, a lack of new and relevant products or failure to deliver customers’ orders in a timely manner. If the Company is unable to cost-effectively acquire new customers, retain existing customers or keep existing customers engaged, the business, financial condition and operating results would be materially adversely affected. Further, if customers do not perceive the Company’s product offerings to be of sufficient value and quality, or if it fails to offer new and relevant product offerings, the Company may not be able to attract or retain customers or engage existing customers so that they continue to purchase products.

If the Company fails to manage its future growth effectively, the business could be materially adversely affected.

Protection of Intellectual Property Rights

The Company may not be able to protect its intellectual property adequately, which may harm the value of its brand. The Company believes that its intellectual property has substantial value and has contributed significantly to the success of the business. The Company’s trademarks are valuable assets that reinforce its brand and consumers’ favorable perception of its products. The Company also relies on unpatented proprietary expertise, recipes and formulations and other trade secrets to develop and maintain its competitive position. The Company’s continued success depends, to a significant degree, upon its ability to protect and preserve its intellectual property, including its trademarks and trade secrets. The Company relies on confidentiality agreements and trademark, trade secret law to protect its intellectual property rights.

The Company’s confidentiality agreements with its consultants, contract employees, suppliers and independent contractors who use its formulations to manufacture its products, generally require that all information made known to them be kept strictly confidential. Nevertheless, trade secrets are difficult to protect. Although the Company attempts to protect its trade secrets, its confidentiality agreements may not effectively prevent disclosure of proprietary information and may not provide an adequate remedy in the event of unauthorized disclosure of such information.

The Company cannot assure purchasers that the steps taken to protect its intellectual property rights are adequate, that its intellectual property rights can be successfully defended and asserted in the future or that third parties will not infringe upon or misappropriate any such rights. In addition, the Company’s trademark rights and related registrations may be challenged in the future and could be canceled or narrowed. Failure to protect trademark rights could prevent the Company in the future from challenging third parties who use names and logos similar to its trademarks, which may in turn cause consumer confusion or negatively affect consumers’ perception of the brand and products. In addition, if the Company does not keep its trade secrets confidential, others may produce products with the Company’s recipes or formulations. Moreover, intellectual property disputes and proceedings and infringement claims may result in a significant distraction for management and significant expense, which may not be recoverable regardless of whether it is successful. Such proceedings may be protracted with no certainty of success, and an adverse outcome could subject the Company to liabilities, force it to cease use of certain trademarks or other intellectual property or force it to enter into licenses with others. Any one of these occurrences may have a material adverse effect on the business, results of operations and financial condition.

Risks Related to the Common Shares

Market for Securities and Volatility of Share Price

No public market exists for the Common Shares. The Company has applied to list the Common Shares on the CSE. In the event of such listing, external factors outside of our control, such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward stocks, may have a significant impact on the market price of the Common Shares. Global stock markets, including the CSE, have experienced extreme price and volume fluctuations from time to time. There can be no assurance that an active or liquid market will develop or be sustained for the Common Shares.

Dividends

The Company has not paid dividends in the past and do not anticipate paying dividends in the near future. The Company intends to retain earnings, if any, to finance the growth and development of the Company's business and, where appropriate, retire debt. The payment of future cash dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

Use of Available Funds

The Company currently intends to use its available funds as described under "*Use of Available Funds*". However, the Board and/or management will have discretion in the actual application of the available funds, and may elect to allocate available funds differently from that described under "*Use of Available Funds*" if they believe it would be in our best interests to do so. Shareholders may not agree with the manner in which the Board and/or management chooses to allocate and spend the available funds. The failure by the Board and/or management to apply these funds effectively could have a material adverse effect on our business, financial condition, results of operations, cash flows or prospects.

Additional Financing

The Company will require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund on-going operations, capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon the Company's business, results of operations, financial condition or prospects.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

PROMOTERS

Conor Power is a Promoter of the Company. For information on the securityholdings and consideration received by the Promoter, see "*Directors and Officers*" and "*Executive Compensation*".

Except as disclosed in this Prospectus, to the best of the Company's knowledge, no person who was a Promoter of the Company within the last two years:

- sold or otherwise transferred any asset to the Company or a subsidiary within the last two years;
- has been a director, CEO or CFO of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;
- has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
- has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or
- has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no legal proceedings material to the Company that the Company is or was a party to, or that any of its property is or was the subject of, since the beginning of the Company's most recently completed financial year. In addition, the Company is not currently aware of any such legal proceedings being contemplated.

Regulatory Actions

From the date of incorporation of the Company to the date of this Prospectus, there have been no: (i) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority; (ii) other penalties or sanctions imposed by a court or regulatory body against the Company necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; and (iii) settlement agreements the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTERESTS OF MANAGEMENTS AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed above under the heading "*Executive Compensation*", no person that is: (i) a Director, Officer or Promoter of the Company; (ii) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Company's outstanding voting securities; or (iii) an associate or affiliate of any of the persons or companies referred to in paragraphs (i) or (ii), has had any material interest, direct or indirect, in any transaction within the three years before the date of this Prospectus that has materially affected or is reasonably expected to materially affect the Company.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The Company's independent auditor is Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, located at 1140 W Pender St #1500-1700, Vancouver, BC V6E 4G1.

Transfer Agent and Registrar

The Company has appointed Endeavor Trust Corporation as the Company's transfer agent and registrar, located at 777 Hornby Street, Suite 702, Vancouver, British Columbia, V6Z 1S4.

MATERIAL CONTRACTS

There are no contracts of the Company, other than contracts entered into in the ordinary course of business, that are material to the Company, other than:

(a) The Power Employment Agreement, dated effective January 1, 2021;

(b) The Astle Employment Agreement, dated effective January 1, 2021; and

(c) The McAulay Consulting Agreement., dated effective November 30, 2021.

Copies of the above-listed material contracts will be available on SEDAR at www.sedar.com.

INTEREST OF EXPERTS

The audited financial statements of the Company included with this prospectus has been subject to audit by and their audit report is included herein. Dale Matheson Carr-Hilton LaBonte LLP has advised that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

FINANCIAL STATEMENTS

The following financial statements are attached to this Prospectus;

1) the financial statements of the Company for the period from incorporation to December 31, 2020 (audited) and notes thereto, attached to this Prospectus as Schedule “A”;

2) the interim financial statements for the nine months ended September 30, 2021 (unaudited), attached to this Prospectus as Schedule “B”;

3) the financial statements of Friendly Gummy for the period from incorporation to September 30, 2021 (audited) and notes thereto, attached to this Prospectus as Schedule “C”; and

4) the unaudited pro forma consolidated financial statements for the Company and Friendly Gummy as at and for the period ended September 30, 2021, which give effect to the completion of the FGC Acquisition, attached to this Prospectus as Schedule “D”.

OTHER MATERIAL FACTS

There are no material facts relating to the Company other than as disclosed herein that are necessary to be disclosed for this Prospectus to contain full, true, and plain disclosure of all material facts.

SCHEDULE "A"

AUDITED ANNUAL FINANCIAL STATEMENTS OF THE COMPANY AND MANAGEMENT'S DISCUSSION AND ANALYSIS

[Attached.]

VEGANO FOODS INC.

Financial Statements

For the period from incorporation on March 19, 2020 to December 31, 2020

(Stated in Canadian dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Vegano Foods Inc.

Opinion

We have audited the financial statements of Vegano Foods Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2020, and the statements of loss and comprehensive loss, shareholders' deficiency and cash flows for the period from incorporation on March 19, 2020 to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the period from incorporation on March 19, 2020 to December 31, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which describes events and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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 materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 International Financial Reporting Standards, 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 Canadian generally accepted auditing standards 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 Canadian generally accepted auditing standards, 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.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

November 15, 2021

VEGANO FOODS INC.
STATEMENT OF FINANCIAL POSITION
(Stated in Canadian dollars)

As at	Notes		December 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents		$	2,275,929
Other receivables	10		55,650
Prepaid expenses	4		18,866
Inventory			1,998
Total current assets			2,352,443
Equipment	5		51,552
Intangible asset	6		148,472
Total assets		$	2,552,467
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and other liabilities	7,11	$	204,932
Deferred revenue	8		59,930
Due to related party	11		51,528
Convertible note	9		491,419
Total liabilities			807,809
Shareholders' equity			
Share capital	10		1,232,110
Obligation to issue shares	10		1,644,810
Reserves	9		19,919
Deficit			(1,152,181)
Total shareholders' equity			1,744,658
Total liabilities and shareholders' equity		$	2,552,467

Nature of operations and going concern	1
Commitment	16
Subsequent events	17

Approved on November 15, 2021:

Conor Power
Director

Julie Daley
Director

VEGANO FOODS INC.
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Stated in Canadian dollars)

	Notes		For the period from incorporation on March 19, 2020 to December 31, 2020
Revenue		$	23,178
Cost of goods sold	12		69,450
Gross profit			(46,272)
Operating expenses			
Advertising and promotion			186,904
Amortization of intangible assets	6		6,455
Consulting fees			382,222
Foreign exchange loss			2,402
Depreciation of equipment	5		4,309
General and administrative expenses			137,839
Management fees	11		302,115
Professional fees			12,344
Travel expenses			36,145
			1,070,735
Other expenses			
Accretion expense on convertible note	9		11,338
Finance costs	9		23,836
Net loss and comprehensive loss		$	(1,152,181)
Basic and diluted weighted average number of common shares outstanding			20,055,037
Basic and diluted loss per common share		$	(0.06)

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

VEGANO FOODS INC.
STATEMENT OF SHAREHOLDERS' DEFICIENCY
FOR THE PERIOD FROM INCORPORATION ON MARCH 19, 2020 TO DECEMBER 31, 2020
(Stated in Canadian dollars)

	Number of shares	Common shares	Obligation to issue shares	Reserves	Accumulated deficit	Total Shareholders' equity
Balance, March 19, 2020	-	$ -	$ -	$ -	$ -	$ -
Issuance of incorporation shares	20,000,000	2,000	-	-	-	2,000
Allocation of additional capital contribution	-	138,000	-	-	-	138,000
Share issued for cash, net of issuance costs	15,795,711	1,092,110	-	-	-	1,092,110
Share subscription proceeds received in advance	-	-	1,644,810	-	-	1,644,810
Equity component of convertible note issued	-	-	-	19,919	-	19,919
Net loss	-	-	-		(1,152,181)	(1,152,181)
Balance, December 31, 2020	**35,795,711**	**$ 1,232,110**	**$ 1,644,810**	**$ 19,919**	**$ (1,152,181)**	**$ 1,744,658**

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

VEGANO FOODS INC.
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM INCORPORATION ON MARCH 19, 2020 TO DECEMBER 31, 2020
(Stated in Canadian dollars)

		For the period from incorporation on March 19, 2020 to December 31, 2020
Operating activities		
Net loss	$	(1,152,181)
Items not affecting cash:		
Accretion expense on convertible note		11,338
Amortization of intangible asset		6,455
Depreciation of equipment		4,309
Finance costs		23,836
Non-cash working capital items:		
Other receivables		(55,650)
Prepaid expenses		(18,866)
Inventory		(1,998)
Accounts payable and other liabilities		181,096
Deferred revenue		59,930
Net cash used in operating activities		**(941,731)**
Investing activities		
Acquisition of property and equipment		(55,861)
Acquisition of intangible assets		(154,927)
Net cash used in investing activities		**(210,788)**
Financing activities		
Proceeds from issuance of shares		1,232,110
Subscription proceeds received for shares to be issued		1,644,810
Proceeds from issuance of convertible notes		500,000
Increase in due to related party		51,528
Net cash provided by financing activities		**3,428,448**
Change in cash		**2,275,929**
Cash, Beginning		**-**
Cash, Ending	$	**2,275,929**

1. NATURE OF OPERATIONS AND GOING CONCERN

Vegano Foods Inc. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on March 19, 2020. The Company's principal activity relates to the sales and delivery of vegan meal kits to end customers. The registered office of the Company is 1055 West Georgia Street, Suite 1500, Vancouver BC V6E 4N7, Canada.

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and settle its obligations in the normal course of business. In its first period of operations, the Company incurred a net loss of $1,152,181 and has not generated significant cash flows from operations. These conditions cast significant doubt about the Company's ability to continue as a going concern. The Company is dependent on its ability to develop profitable operations and to continue to raise adequate financing from external sources to carry out its business objectives. These financial statements do not give effect to the adjustments in the carrying value of assets and liabilities, and in the classifications used in the statement of financial position that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have 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 Interpretations Committee ("IFRIC"). These financial statements have been prepared on an accrual basis except for cash flow information and are based on historical costs except for certain financial instruments which are measured at fair value.

The financial statements were approved and authorized for issuance on November 15, 2021 by the Board of Directors.

Basis of measurement

These financial statements are expressed in Canadian dollars, which is the Company's functional currency and have been prepared on a historical cost basis except for financial instruments that have been measured at fair value.

Use of accounting estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from these estimates, and as such, the estimates and underlying assumptions are reviewed on an ongoing basis. Key estimates made by management with respect to the areas noted have been disclosed in the notes to these financial statements as appropriate.

Economic recoverability of intangible assets

The Company has determined that intangible asset costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets is determined using estimates relating to the useful life of the intangible asset.

2. BASIS OF PRESENTATION (CONTINUED)

Useful lives of equipment and intangible assets

Judgement is necessary in determining the date at which equipment and intangible assets are available for their intended use. Also, at each reporting date, management determines whether equipment and intangible assets present indicators of impairment. For the purposes of its analysis, management uses its judgement considering factors such as the economic environment and the market in which the Company operates, budget forecasts and physical obsolescence.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement. Any changes to the timing of the realization or settlement of these items could impact their value.

Use of judgements

Judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements are outlined below.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and to meet its liabilities for the ensuing year, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

Cash and cash equivalent comprise cash held in financial institutions and funds held with online payment service providers.

(b) Inventory

Inventory is comprised of food supplies and are measured at the lower of cost and net realizable value. The cost of inventories is determined using the first-in, first-out method. Cost includes acquisition costs net of discounts, and other costs incurred to bring inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

(c) Equipment

Equipment is recorded at cost and carried net of accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, and any costs directly attributable to bringing the asset to the location and condition necessary for operation. The depreciation expense is calculated using the straight-line method over five years, which is the estimated useful life of the asset.

Repairs and maintenance costs are expensed as incurred. However, expenditures on major maintenance rebuilds or overhauls are capitalized when it is probable that the expenditures will extend the productive capacity or useful life of an asset. Depreciation methods, useful lives and residual values are reviewed at each financial period end and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments

Recognition, classification and measurement

A financial asset is recognized in the statements of financial position when the Company has a contractual right to receive cash or other financial assets from another entity. At initial recognition, all financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 contains three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL"). As at December 31, 2020, the Company had no financial assets measured at FVTPL or at FVTOCI.

Financial assets measured at amortized cost are initially recognized at fair value plus transaction costs directly attributable to these assets. Subsequently, the carrying amount of such assets are measured using the effective interest method, net of impairment loss. The Company has classified its cash and cash equivalents as financial assets measured at amortized cost.

All financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments. At initial recognition, the Company classifies its financial liabilities into one of the following categories: measured at amortized cost or measured at FVTPL. As at December 31, 2020, the Company had no financial liabilities measured at FVTPL.

Financial liabilities measured at amortized cost are initially recognized at fair value net of transaction costs associated to the issuance of such instruments. Subsequently, the financial liabilities are measured at amortized cost based on the effective interest rate method. The Company has classified its accounts payable and other liabilities, and due to related parties as financial liabilities measured at amortized cost.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Company has a legal right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of financial assets

At each reporting date, the Company assesses whether a financial asset or a group of financial assets are impaired. A financial asset or group of financial assets is deemed to be impaired if there is objective evidence that one or more events that has occurred after the initial recognition of the asset has a negative impact on the estimated future cash flows of the financial asset or group of financial assets.

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

Impairment of financial assets (continued)

In assessing collective impairment, the Company estimates the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment of the impacts of the current economic and credit conditions on the losses.

Losses are recognized in the statements of loss and comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statements of comprehensive loss.

(e) Intangible assets

Intangible assets are recognized when it is probable that the use of the asset will generate future economic benefits and the costs of the asset can be determined reliably. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in net loss as incurred.

Intangible assets that have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets include costs directly attributable to the development of the Company’s website as well as recipes purchased from third party vendors.

Amortization is recognized in profit and loss on a straight-line basis over the estimated useful lives of the finite life of intangible assets. Intangible assets in development are not amortized and reflect the cost of developing the intangible asset, which are not yet available for their intended use. Intangible assets in development will start to be depreciated when they are available for their intended use. The estimated useful life for the current year is as follows:

Asset	Period
Website	2 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

(f) Revenue recognition

Revenue is recognized using a five-step recognition and measurement model.

Meal kits

Revenue is recognized after the meal kits are delivered to the customers. Payments are collected from the customers via online payment processing platforms at the time of sales. The amount of revenue recognized is measured based on the prices stated on the customer orders, net of discounts. Advance payments received for undelivered meal kits are deferred.

Gift cards

The Company offers the option to purchase gift cards to its customers. The gift cards do not have expiration dates. Gift card balances are initially recorded as unearned revenue when payments are collected from the customer at the time of sales. Revenue from gift cards is recognized when the gift card is redeemed, and the associated services or products are rendered or delivered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cost of goods sold

Cost of goods sold includes the expenses incurred to prepare and deliver the meal kits, including ingredient costs, direct labour costs, packing and delivery costs, and other direct costs.

(h) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset or cash generating unit ("CGU") may be impaired. If any indication of impairment exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset or CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, an appropriate valuation model is used. The Company has CGUs against which impairment can be tested. The Company has indefinite life intangible assets for the period from incorporation on March 19, 2020 to December 31, 2020.

Impairment losses in respect of continuing operations are recognized in the statement of loss and comprehensive loss in those expense categories consistent with the function and nature of the impaired asset.

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously-recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the non-financial asset's or CGU's recoverable amount. A previously-recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the non-financial asset's recoverable amount since the last impairment loss was recognized. Any such reversal is limited so that the carrying amount of the non-financial asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the non-financial asset in prior periods. Such reversal is recognized in the statement of loss and comprehensive loss.

(i) Share capital

The Company engages in equity financing transactions to obtain the necessary funds to continue its operations. These equity financing transactions may involve issuance of common shares. Common shares are classified as equity and the proceeds received in connection with the share subscription agreement are recognized as an increase in equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from shareholders' equity, net of tax.

(j) Loss per share

Basic loss per share is calculated by dividing the net income or loss attributable to the common shareholders of the Company by the weighted average number of common shares outstanding and reduced by any shares held in escrow during the reporting period. Diluted loss per share is calculated by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding, all additional common shares that would have been outstanding if potentially dilutive instruments were converted and reduced by any shares held in escrow. As at December 31, 2020, there are no dilutive instruments outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Income taxes

Income tax is recognized in profit or loss to the extent that it relates to items recognized in other comprehensive income, or directly in equity, in which case the related tax is recognized in other comprehensive income, or directly in equity, as appropriate.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position asset and liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. The amount of deferred tax asset or liability is determined using enacted or substantively enacted tax rates at the date of the statement of financial position.

(l) 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 of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(m) Leases

When the Company enters into an agreement that meets the definition of a lease, it recognizes a right-of-use asset and a least liability at the lease commencement date.

The lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or the Company’s incremental borrowing rate, if the implicit interest rate cannot be readily determined. Lease liabilities are subsequently reduced by the lease payments, net of interests calculated using the effective interest method.

The right of use of asset is initially recognized and measured at the initial amount of lease liability, adjusted for lease payments made prior to commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle the underlying asset or to restore the underlying asset or the site on which it is located. Right of use assets are subsequently depreciated over the remaining term of the lease and are measured at cost less accumulated depreciation and impairment.

The Company has determined that its lease meets the criteria of a short-term lease, defined as a lease that has lease term of 12 months or less without any purchase options. The Company has elected to apply the exemption for all short-term leases, whereby the lease payments associated with the short-term leases are expensed in the statement of loss and comprehensive loss on a straight-line basis over the lease term.

(Stated in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Foreign currency translation

Foreign currency transactions are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities - at the effective exchange rate at the date of the statement of financial position;

(ii) Non-monetary assets and liabilities – at the prevailing exchange rate at the time of the acquisition of assets or assumption of liabilities for items measured at cost, or revalued at the effective exchange rate at the date of the statement of financial position for items measured at fair value; and

(iii) Revenue and expense items - at the prevailing exchange rate at the transaction date

4. PREPAID EXPENSES

		December 31, 2020
Retainers and prepayments for services	$	11,474
Security deposits		7,392
Total prepaid expenses	**$**	**18,866**

5. EQUIPMENT

		Kitchen equipment
Cost		
Balance, March 19, 2020	$	-
Additions		55,861
Balance, December 31, 2020	**$**	**55,861**
Accumulated Depreciation		
Balance, March 19, 2020	$	-
Depreciation		4,309
Balance, December 31, 2020	**$**	**4,309**
Net book value		
At December 31, 2020	**$**	**51,552**

6. INTANGIBLE ASSET

		Website
Cost		
Balance, March 19, 2020	$	-
Additions		154,927
Balance at December 31, 2020	**$**	**154,927**
Accumulated Depreciation		
Balance, March 19, 2020	$	-
Amortization		6,455
Balance at December 31, 2020	**$**	**6,455**
Net book value		
Balance at December 31, 2020	**$**	**148,472**

(Stated in Canadian dollars)

7. ACCOUNTS PAYABLE AND OTHER LIABILITIES

		December 31, 2020
Accounts payable	$	26,509
Accrued liabilities		149,087
Sales tax payable		5,500
Accrued interest on convertible note (Note 9)		23,836
	$	**204,932**

8. DEFERRED REVENUE

As at December 31, 2020, the Company has deferred $56,945 and $2,985 of cash collected in advance for undelivered meal kits and unredeemed gift cards, respectively.

9. CONVERTIBLE NOTE

On July 10, 2020, the Company issued an unsecured convertible note bearing interest at 10% with a face value of $500,000 and a maturity date of May 5, 2021 to an officer of the Company. The note is convertible into common shares of the Company at the option of the holder at any time prior to the maturity date at $0.25 per share. The interest accrued is payable to the lender on the maturity date and is not convertible.

The Company determined the fair value of the debt component of the convertible note to be $480,081 on the date of issuance, using a market interest rate of 15%. The residual value of $19,919 was allocated to the equity component of the note.

As at December 31, 2020, $23,836 of accrued interest on the convertible note was included in accounts payable and accrued liabilities (Note 7).

Between July 10 to December 31, 2020, the Company recognized accretion expense on the debt component of the convertible note in amount of $11,338. As at December 31, 2020, the carrying value of the debt component is $491,419.

10. SHARE CAPITAL

a) Shares Issued

An unlimited number of common shares without par value.

b) Shares Issued

As at December 31, 2020, the Company had 35,795,711 common shares issued and outstanding.

During the period from incorporation on March 19, 2020 to December 31, 2020, the Company issued common shares as follows:

- On March 19, 2020, the Company issued 20,000,000 common shares at a price of $0.0001 per share for proceeds of $2,000.

- During the period ended December 31, 2020, the founders made total capital contributions of $138,000 to the Company. On December 31, 2020, the capital contributions were allocated to 6,900,000 of the Company's outstanding shares.

10. SHARE CAPITAL (CONTINUED)

b) Shares Issued (continued)

- On December 31, 2020, the Company issued 15,795,711 common shares at a price of $0.07 per share for proceeds of $1,105,700 in connection to a non-brokered private placement. In relation to the private placement, the Company incurred share issuance costs of $13,590.

c) Obligation to issue shares

As at December 31, 2020, the Company was obligated to issue 6,579,240 common shares in exchange for $1,644,810 of cash proceeds received. Subsequent to the period ended December 31, 2020, the Company issued all of these shares under three private placement tranches completed on January 29, 2021, February 26, 2021, and June 9, 2021.

d) Subscription proceeds receivable

As at December 31, 2020, the Company has total subscription proceeds receivable of $55,650 for 795,000 common shares issued under the private placement tranche completed on December 31, 2020. Subsequent to the period ended, the Company received $55,000 of these subscription proceeds.

11. RELATED PARTY TRANSACTIONS AND BALANCES

Key management compensation

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 members of the Company's Board of Directors and corporate officers. During the period from March 19, 2020 to December 31, 2020, the Company paid or accrued $302,115 in management fees to directors and key management personnel.

Related party transactions and balances

As at December 31, 2020, accounts payable and other liabilities consisted of $13,243 in management fees and expense reimbursements owed to related parties. These amounts are non-interest bearing, unsecured and due on demand.

As at December 31, 2020, an amount of $51,528 is due to an officer of the Company. The amount is non-interest bearing, unsecured and payable on demand.

On July 10, 2020, the Company issued an unsecured convertible note bearing interest at 10% with a face value of $500,000 and a maturity date of May 5, 2021 to an officer of the Company (Note 9). As at December 31, 2020, the carrying value of the note is $491,419 and the accrued interest on the note is $23,836.

During the period from March 19, 2020 to December 31, 2020, the Company received $1,618 from an officer and a director for meal kit subscriptions. As at December 31, 2020, the Company recognized revenue of $1,128 from meal kits delivered to these officer and director and recorded $490 of undelivered meal kits as deferred revenue.

(Stated in Canadian dollars)

12. COST OF GOODS SOLD

		December 31, 2020
Ingredients	$	27,388
Direct labour		15,721
Delivery and packaging		22,711
Other direct costs		3,630
	$	**69,450**

13. INCOME TAXES

A reconciliation of income taxes at the 27% statutory rate with the reported taxes is as follows:

		December 31, 2020
Net loss for the period	$	(1,152,181)
Expected recovery at the statutory rate		(311,089)
Permanent differences and others		1,777
Share issuance costs		(3,669)
Change in unrecognized deductible temporary differences		312,981
Income tax expense (recovery) per financial statements	$	-
Current income tax expense	$	-
Deferred income tax expense	$	-

Deferred income taxes result primarily from temporary differences in the recognition of certain expense items for financial and income tax reporting purposes. Significant components of the Company's potential deferred tax assets and liabilities are as follows:

		December 31, 2020
Deferred tax assets and liabilities		
Non-capital loss available for future period		310,741
Share issuance costs		2,935
Equipment		(1,392)
Intangible assets		697
Unrecognized deferred tax assets		(312,981)
Net deferred tax assets	$	-

The Company has available non-capital losses of $1,150,000 that may be carried forward to apply against future tax years' income for income tax purposes and will expire in 2040.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and sustain the future development of its business. The capital structure of the Company comprises of all components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

(Stated in Canadian dollars)

15. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the degree to which the inputs used to estimate the fair values are observable:

- Level 1 – Unadjusted quoted price in active market for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);
- Level 3 - inputs for the asset or liability that are not based on observable marker data.

The fair values of all financial instruments of the Company approximate their carrying values due to their short-term nature.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank and reputable online payment processing platforms. As the Company's cash is held by only one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

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 manages liquidity by maintaining adequate cash balances and by raising equity financings. The Company has no assurance that such financings will be available on favorable terms. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares.

As at December 31, 2020, the Company had cash of $2,275,929 to settle current liabilities of $807,809 which fall due for payment within twelve months of the statement of financial position. All of the Company's contractual obligations are current and due within one year. All of the Company's financial liabilities are due on demand.

16. COMMITMENT

Lease

The Company leases its premise under a short-term lease that expires on July 6, 2021, after which date the lease may continue on a month-to-month basis.

The minimum contractual annual lease payments for the next fiscal year is as follows:

2021	$22,480

During the period ended December 31, 2020, the Company recognized an expense of $20,748 in connection with the lease payments for the premise lease.

17. SUBSEQUENT EVENTS

On January 1, 2021, the Company granted 3,600,000 stock options to officers of the Company pursuant to the stock option plan. Each option is exercisable for one common share of the Company for a period of two years from grant date, at an exercise price of $0.10. These options will vest over a one-year period with 25% vesting every quarter from grant date.

On January 13, 2021, the Company issued 1,145,000 common shares at a price of $0.07 per share for gross proceeds of $80,150 in connection to a non-brokered private placement.

On January 29, 2021, the Company issued 10,005,708 common shares at a price of $0.25 per share for gross proceeds of $2,501,427 in connection to a non-brokered private placement. The Company incurred professional fees of $9,440, $21,600 finders' fees paid in cash and issued 86,400 warrants to an agent for services rendered in conjunction with the private placement. Each warrant is exercisable to purchase one common share of the Company for a period of two years from closing of the private placement tranche, at an exercise price of $0.25 per share.

On February 1, 2021, the Company purchased 2,500,000 Class A common shares of Superbolt Tea Inc.("Superbolt"), a privately-owned online tea retailer, for a total transaction price of $250,000. The Company has no significant influence nor control over Superbolt subsequent to the transaction.

On February 16, 2021, the Company granted 200,000 stock option to an employee of the Company pursuant to the stock option plan. Each option is exercisable for one common share of the Company for a period of three years from grant date, at an exercise price of $0.10. These options will vest over a three-year period with 25% vesting every year from grant date.

On February 26, 2021, the Company issued 5,031,000 common shares at a price of $0.25 per share for gross proceeds of $1,257,750 in connection to a non-brokered private placement. The Company paid $26,800 cash fees and issued 107,200 warrants to an agent for services rendered in conjunction with the private placement. Each warrant is exercisable to purchase one common share of the Company for a period of two years from closing of the private placement tranche, at an exercise price of $0.25 per share.

On May 5, 2021, the Company repaid the convertible note previously issued on July 10, 2020 with total cash payment of $540,959, which comprises of the principal amount of $500,000 and accrued interest of $40,959.

On May 7, 2021, the Company issued 2,709,507 common shares at a price of $0.25 per share for gross proceeds of $677,380 in connection to a non-brokered private placement.

On June 9, 2021, the Company issued 1,472,000 common shares at a price of $0.25 per share for gross proceeds of $368,000 in connection to a non-brokered private placement.

On July 20, 2021, the Company issued an unsecured and non-interest bearing promissory note with a face value of $25,000 and is repayable on demand to a third-party investor. On the same date, the Company approved a purchase and sale agreement between the aforementioned investor and an officer of the Company whereby the officer agreed to purchase the beneficial interest in the promissory note from such investor.

17. SUBSEQUENT EVENTS (CONTINUED)

On August 10, 2021, the Company cancelled 3,800,000 stock options.

On August 10, 2021, the Company granted 4,900,000 stock options with an exercise price of $0.25 and expiry date of January 1, 2023. The stock options immediately vested upon grant.

On August 10, 2021, the Company granted 400,000 stock options with an exercise price of $0.25 and expiry date of August 10, 2023. The stock options immediately vested upon grant.

On August 10, 2021, the Company granted 300,000 stock options with an exercise price of $0.25 and expiry date of August 10, 2024. 10% of these stock options vested immediately upon grant, and 22.5% of the stock options vest every six months over a period of 24 months.

On September 1, 2021, the Company purchased 500,000 Class B non-voting shares of Superbolt for a total transaction price of $100,000. The Company has no significant influence nor control over Superbolt subsequent to the transaction.

INTRODUCTION

The following management's discussion and analysis ("MD&A") is dated November 15, 2021, provides information concerning the financial condition and results of operations of Vegano Foods Inc. ("Vegano" or the "Company") for the period ended December 31, 2020. The following MD&A should be read in conjunction with the Company's annual audited financial statements for the period from incorporation on March 19, 2020 to December 31, 2020 and the notes thereto. The Company's financial statements and financial information included in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise stated, all dollar figures included therein and the following MD&A are presented in Canadian dollars.

Additional information relating to the Company is available on the Company's website at www.veganofoods.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("**forward-looking information**"). Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward- looking information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under section Risks and Uncertainties in this MD&A.

In some cases, forward-looking information can be identified by the use of forward-looking terminology such as"anticipate", "believe", "expects" or "does not expect", "estimates", "outlook", "prospects"; "projection", "intends", "believes", "should", "will", "would" or the negative of these terms, and similar expressions intended to identify forward looking statements. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. There can ne no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information 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 information.

OVERVIEW

Vegano Foods Inc. was incorporated under the Business Corporation Act of British Columbia on March 19, 2020. The registered office of the Company is located at 1055 West Georgia Street, Suite 1500, Vancouver BC V6E 4N7, Canada. The Company's business is providing plant-based meal kits in British Columbia, Canada through its proprietary technology platform.

PRINCIPAL PRODUCTS AND SERVICES

Meal Kits

The Company offers a selection of plant-based meal kits on a subscription base through its custom-built online platform www.veganofoods.com, which are delivered to the customers on a weekly basis. The meal kits are able to accommodate the following dietary preferences: vegan, vegetarian, and gluten-free. After the official launch in December 2020, and with new subscribers joining rapidly, the Company currently has 400 active users on the online platform. The meal kits are available for delivery to Metro Vancouver, Vancouver Island, Squamish, Whistler and Pemberton, British Columbia.

Vegano uses high-quality ingredients sourced from local farmers and producers to ensure that its meal kits are delivered fresh to subscribers every week. The meals can be prepared in less than 45 minutes. The meal kit sales allow the Company to capitalize on the demands for home delivery of fresh and plant-based, ready-to-cook ingredients that have been emerging in the market and secure a recurring income stream.

As of the date of this MD&A, the Company has successfully launched two additional principal product lines:

Prepared Meals

The Company has recently added prepared meals for selected menu items. The ready to eat dishes can be ordered through third-party delivery platforms such as SkiptheDishes and DoorDash.

Vegano Marketplace

The Company has successfully launched a vegan marketplace, accessible through the Company's website, offering large selection of vegan grocery items with e-commerce shopping experience. The marketplace features Vegano proprietary branded supplement products as well as vegan, gluten-free, and vegetarian products from well-know plant-based brands, with the objective of aiming to become the world's largest online destination for plant-based food products.

HIGHLIGHTS AND DEVELOPMENTS

During the period ended December 31, 2020,

- The Company launched its online platform offering meal kits, with the goal of being the largest one-stop-shop for plant-based meal kits, prepared meals and grocery items.
- The Company received $140,000 cash in capital contributions from the founders of the Company.
- The Company successfully completed a private placement tranche for gross proceeds of $1,105,700 and issued 15,795,711 common shares at a price of $0.07 per share.
- The Company issued an unsecured convertible note bearing interest at 10% with a face value of $500,000 and a maturity date of May 5, 2021 to the CEO of the Company.

RESULT OF OPERATIONS

Selected Annual Information

		For the period ended from incorporation to December 31, 2020 or as at December 31, 2020
Revenue	$	23,178
Net loss and comprehensive loss for the period		(1,152,181)
Basic and diluted loss per share		(0.06)
Total assets		2,552,467
Total liabilities		807,809

Revenue

During the period ended December 31, 2020, the Company recognized revenue of $23,178 from the provision and delivery of plant-based meal kits. The Company pre-launched its beta website and accepted pre-orders for its meal kits in June 2020 and delivered a number of the pre-orders in September and December 2020. In December 2020, the Company officially launched its custom website www.VeganoFoods.com. The Company projected its subscription monthly revenue growth rate to be 14% based on the expected rate of new subscribers and subscriber to meal kit order conversion rate.

Cost of goods sold and gross profit

Cost of goods sold consists of costs of ingredients, direct labour, packaging and shipping, and other direct costs. During the period ended December 31, 2020, the Company incurred $69,450 in costs of goods sold and a negative gross margin of $46,272, or 199%. The negative gross margin resulted from the Company offering their meal kits at a discount price during the beta launch for market testing purposes. The Company also assumed shipping costs on the deliveries of these meal kit subscriptions, which further increased the negative gross loss. The Company anticipates turning a gross profit in the next two years as the meal kits are charged at the standard rates and more orders are produced and delivered for improved economy of scale.

Operating expenses

The Company incurred operating expenses of $1,070,735 during the period ended December 31, 2020.

		For the period ended from incorporation on March 19, 2020 to December 31, 2020
Advertising and promotion	$	186,904
Amortization of intangible assets		6,455
Consulting fees		382,222
Foreign exchange loss		2,402
Depreciation of equipment		4,309
General and administrative expenses		137,839
Management fees		302,115
Professional fees		12,344
Travel expenses		36,145
Total operating expenses	**$**	**1,070,735**

The Company's operating expenses for the period ended December 31, 2020 included the following:

- Advertising and promotion of $186,904, which comprises costs of branding and logo creation, photoshoots, marketing campaigns, market and industry research and strategy consulting, and promotional items to promote the Company's brand name and products.

- Consulting fees of $382,222, which comprise fees for recipe creation, direction consulting for meal kit packaging design and online presentation, product placement, public event planning and direct marketing services.

- General and administrative expenses of $137,839 consist of expenses relating to business activities such as occupancy costs, repair and maintenance of rental premise and equipment, kitchen and office supplies, utilities, and meals and entertainment.

- Management fees of $302,115 consist of compensation to key management personnel and director fees. Refer to section "Related party transactions" for further details.

- Professional fees of $12,344 comprise legal expenses on incorporation and general corporate matters, and accounting fees.

- Travel expenses of $36,145 consist of expenses incurred for travel and accommodation on business trips.

The Company also incurred finance costs of $23,836, representing the accrued interest on the convertible note issued to the CEO of the Company, bearing interest at 10% per annum.

Summary of quarterly results

Three months ended,	**Quarter**	**Total revenue**	**Net loss**	**Basic and diluted net loss per share**
December 31, 2020	Q4	$ 15,489	$ (456,371)	$ (0.02)
September 30, 2020	Q3	7,689	(544,523)	(0.03)
June 30, 2020	Q2	-	(117,787)	(0.01)
Period ended from incorporation to March 31, 2020	Q1	-	(33,500)	(0.00)

Quarter to quarter fluctuations were due to the following:

- Fluctuations in advertising and market expenses due to the Company entered into two contracts for private event hosting, design direction, preparation of presentation materials, and direct marketing effective for six months from July 2020 to December 2020.
- Fluctuations in consulting fees over the quarters due to the non-recurring consulting services on projects such as recipe creation, website content creation, market research and business development consulting.
- Fluctuations in general and administrative expenses due to the increase in occupancy costs as the Company entered into a lease agreement for kitchen space in July 2020. Additional repair and maintenance costs were incurred in the third quarter of 2020 to make the kitchen space ready for use.

Additional disclosure for venture issuers without significant revenue

The material components of general and administrative expenses have been disclosed for the period from incorporation to December 31, 2020 under section "Results of Operations".

Off-balance sheet arrangement

As at the date of this MD&A, the Company has not entered into any off-balance sheet arrangements.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the Company's cash flows for the period ended December 31, 2020 and 2019:

		For the period from incorporation on March 19, 2020 to December 31, 2020
Cash used in operating activities, net	$	(941,731)
Cash used in investing activities		(210,788)
Cash generated by financing activities		3,428,448
Increase (decrease in cash)		2,275,929
Cash, beginning of year		-
Cash, end of year	**$**	**2,275,929**

The Company consumed net cash of $941,731 in operating activities. As the Company is in its early-stage and only started carrying on business in its current capacity in September 2020, cash used to fund the development of its operations in the past nine months exceeded the cash inflows from revenue that it generated. As a result, the Company has relied on its ability to raise financing through the issuance of equity securities to obtain sufficient cash flows. There is no certainty that equity financing will continue to be available at the times and in the amounts required to fund the Company's future activities.

Cash used in investing activities for the period was for the acquisition of kitchen equipment and the development costs of veganofoods.com custom website launched in December 2020.

Cash generated by financing activities for the period came from the proceeds on issuance of shares under private placement for gross proceeds of $1,644,810 and the issuance of a convertible note with a face value of $500,000 to the CEO of the Company. Refer to section "Highlights and Developments" for the details of proceeds received under private placement financing and from issuance of the convertible note.

Although the Company anticipates it will have positive cash flows from operating activities in future periods, to the extent that the Company has negative cash flows in any future periods, certain of the net proceeds from the financing may be used to fund such negative cash flows from operating activities, if any.

As at December 31, 2020, the Company had working capital of $1,544,634. The Company believes that it has sufficient cash resources to fund its operations for the next twelve months.

RELATED PARTY DISCLOSURES

The Company has determined that related parties consist of the Company's Directors and its senior officers who are responsible for planning, directing and controlling the activities of the Company. As at the date of this MD&A, the directors and officers of the Company are:

- Conor Power, CEO and Director (appointed on March 19, 2020)
- Justin Kates, Director (appointed on March 19, 2020; resigned on December 18, 2020)
- Alexander McAulay, CFO (appointed on November 30, 2020)
- Kaylee Astle, COO (appointed on January 1, 2021)
- Luka Petkovic, VP of Sales (appointed on March 19, 2020)
- Julie Daley, Director (appointed on August 10, 2021)
- Joel Primus, Director (appointed on August 10, 2021)

Related party transactions

During the year ended December 31, 2020, the Company incurred charges with directors and officers recorded as follows:

		Cash fees
Conor Power	$	211,786
Justin Kates		1,000
Kaylee Astle		18,833
Luka Petkovic		70,496
Total	**$**	**302,115**

Related party balances

As at December 31, 2020, included in accounts payable and accrued liabilities are $6,497 and $6,746 of consulting fees owed to Kaylee Astle, COO and Luka Petkovic, VP of Sales, respectively. The amounts are unsecured, non-interest bearing and are due on demand.

As at December 31, 2020, the Company obtained a loan of $51,528 from Conor Power, CEO. The amount is non-interest bearing, unsecured and payable on demand.

On July 10, 2020, the Company issued an unsecured convertible note bearing interest at 10% with a face value of $500,000 and a maturity date of May 5, 2021 to Conor Power, CEO. As at December 31, 2020, the carrying value of the note is $491,419 and the accrued interest on the note is $23,836.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value. As at the date of this MD&A, the Company had a total of 56,158,926 issued and outstanding common shares. The total agent warrants outstanding were 193,600; the total exercisable options outstanding were 5,280,000. If all of these warrants and options were exercised, they would represent an additional 5,473,600, common shares to be issued for issued and fully diluted total of 61,632,526 common shares.

NON-IFRS FINANCIAL MEASURES

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. Non-IFRS measures including "Working Capital" (calculated as current assets less current liabilities) were used in order to facilitate operating performance comparisons from period to period and to prepare annual operating budgets and forecasts.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the period ended from incorporation to December 31, 2020.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingencies at the date of the Company's financial statements, and revenue and expenses during the reporting period. Estimates and assumptions are subject to uncertainty and actual results could significantly differ from those estimated. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant estimates in the Company's financial statements include the following:

- Economic recoverability of intangible assets
- Useful lives of equipment and intangible assets
- Recovery of deferred tax assets

The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;

Actual results could differ from management's best estimates as additional information could become available in the future and may have an impact on future periods.

RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the degree to which the inputs used to estimate the fair values are observable:

- Level 1 – Unadjusted quoted price in active market for identical assets or liabilities;

- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);

- Level 3 - inputs for the asset or liability that are not based on observable market data.

The fair values of all financial instruments of the Company approximate their carrying values due to their short-term nature.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank and reputable online payment processing platforms. As the Company's cash is held by only one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

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 manages liquidity by maintaining adequate cash balances and by raising equity financings. The Company has no assurance that such financings will be available on favorable terms. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares.

As at December 31, 2020, the Company had cash of $2,275,929 to settle current liabilities of $807,809 which fall due for payment within twelve months of the statement of financial position. All of the Company's contractual obligations are current and due within one year. All of the Company's financial liabilities are due on demand.

Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and sustain the future development of its business. The capital structure of the Company comprises of all components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

RISKS AND UNCERTAINTIES

The following are certain risk factors and uncertainties relating to the business of the Company. These risks, described below, as well as additional risks and uncertainties not presently known to the Company, or that are currently considered immaterial, may impact the Company, operating results, liquidity and financial condition and could have material adverse affects. If any or all of these risks become increasingly significant and threaten the Company as a going concern. Refer to the Risk Factors section of the Prospectus to which this MD&A is attached to for additional risks.

Limited Operating History

The Company has a very limited history of operations and is considered a start-up company. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of its early stage of operations.

Negative Operating Cash Flow

The Company's business has incurred losses since its inception. Although the Company expects to become profitable, there is no guarantee that will happen, and the Company may never become profitable. The Company currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future. To date, the Company has not generated any revenues and a large portion of the Company's expenses are fixed, including expenses related to facilities, equipment, contractual commitments and personnel. As a result, the Company expects for its net losses from operations to improve. The Company's ability to generate additional revenues and potential to become profitable will depend largely on its ability to manufacture and market its products and services. There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, the Company cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, the Company may be unable to continue its business.

Dependence on Key Personnel and Consultants

The success of the Company will be largely dependent upon the performance of its management and key employees. Failure by the Company to retain or to attract and retain additional key employees with necessary skills could have a materially adverse impact upon the Company's growth and profitability. These individuals, and the contributions they will make, are important to the future operations and success of the Company. The unexpected loss or departure of any of the key officers, employees or consultants of the Company could be detrimental to the Company's future operations. The Company's success will depend in part on its ability to attract and retain qualified personnel, as they are needed. The competition for highly skilled technical, management, sales and other employees is high in the Company's industry and the cost of hiring and retaining such personnel has been increasing. There can be no assurance that the Company will be able to engage the services of such personnel or retain the Company's current personnel.

Subsequent events

On January 1, 2021, the Company granted 3,600,000 stock options to officers of the Company pursuant to the stock option plan. Each option is exercisable for one common share of the Company for a period of two years from grant date, at an exercise price of $0.10. These options will vest over a one-year period with 25% vests every quarter from grant date.

On January 13, 2021, the Company issued 1,145,000 common shares at a price of $0.07 per share for gross proceeds of $80,150 in connection to a non-brokered private placement.

On January 29, 2021, the Company issued 10,005,708 common shares at a price of $0.25 per share for gross proceeds of $2,501,427 in connection to a non-brokered private placement. The Company incurred professional fees of $9,440, $21,600 finders' fees paid in cash and issued 86,400 warrants to an agent for services rendered in conjunction with the private placement. Each warrant is exercisable to purchase one common share of the Company for a period of two years from closing of the private placement tranche, at an exercise price of $0.25 per share.

On February 1, 2021, the Company purchased 2,500,000 common shares of Superbolt Tea Inc.("Superbolt"), a privately-owned online tea retailer, for a total transaction price of $250,000. The Company has no significant influence nor control over Superbolt subsequent to the transaction.

On February 16, 2021, the Company granted 200,000 stock option to an employee of the Company pursuant to the stock option plan. Each option is exercisable for one common share of the Company for a period of three years from grant date, at an exercise price of $0.10. These options will vest over a three-year period with 25% vests every year from grant date.

On February 26, 2021, the Company issued 5,031,000 common shares at a price of $0.25 per share for gross proceeds of $1,257,750 in connection to a non-brokered private placement. The Company paid $26,800 cash fees and issued 107,200 warrants to an agent for services rendered in conjunction with the private placement. Each warrant is exercisable to purchase one common share of the Company for a period of two years from closing of the private placement tranche, at an exercise price of $0.25 per share.

On May 5, 2021, the Company settled the convertible note previously issued on July 10, 2020 with total cash payment of $540,959, which comprises of the principal amount of $500,000 and accrued interest of $40,959.

On May 7, 2021, the Company issued 2,709,507 common shares at a price of $0.25 per share for gross proceeds of $677,380 in connection to a non-brokered private placement.

On June 9, 2021, the Company issued 1,472,000 common shares at a price of $0.25 per share for gross proceeds of $368,000 in connection to a non-brokered private placement.

On July 20, 2021, the Company issued an unsecured and non-interest bearing promissory note with a face value of $25,000 and is repayable on demand to a third-party investor. On the same date, the Company approved a purchase and sale agreement between the aforementioned investor and an officer of the Company whereby the officer agreed to purchase the beneficial interest in the promissory note from such investor.

On August 10, 2021, the Company cancelled 3,800,000 stock options.

On August 10, 2021, the Company granted 4,900,000 stock options with an exercise price of $0.25 and expiry date of January 1, 2023. The stock options immediately vested upon grant.

On August 10, 2021, the Company granted 400,000 stock options with an exercise price of $0.25 and expiry date of August 10, 2023. The stock options immediately vested upon grant.

On August 10, 2021, the Company granted 300,000 stock options with an exercise price of $0.25 and expiry date of August 10, 2024. 10% of these stock options vested immediately upon grant, and 22.5% of the stock options vest every six months over a period of 24 months.

On September 1, 2021, the Company purchased 500,000 Class B non-voting shares of Superbolt for a total transaction price of $100,000. The Company has no significant influence nor control over Superbolt subsequent to the transaction.

SCHEDULE "B"

INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND MANAGEMENT'S DISCUSSION AND ANALYSIS

[Attached.]

VEGANO FOODS INC.

Condensed Interim Financial Statements

For the three and nine months ended September 30, 2021

(Stated in Canadian dollars)

(Unaudited)

VEGANO FOODS INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian dollars)

As at	**Notes**		**September 30, 2021** (Unaudited)		**December 31, 2020**
ASSETS					
Current assets					
Cash and cash equivalents	4	$	2,223,587	$	2,275,929
Other receivables	5		66,884		55,650
Prepaid expenses	6		48,323		18,866
Inventory	7		61,976		1,998
Total current assets			2,400,770		2,352,443
Investment	8		350,000		-
Equipment	9		68,795		51,552
Intangible asset	10		90,374		148,472
Total assets		$	2,909,939	$	2,552,467
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and other liabilities	11,18	$	292,469	$	204,932
Deferred revenue	12		71,606		59,930
Convertible note	13		-		491,419
Loans payable	14		20,981		51,528
Total liabilities			385,056		807,809
Shareholders' equity					
Share capital	15		5,957,617		1,232,110
Obligation to issue shares	15		-		1,644,810
Reserves	15,16,17		431,561		19,919
Deficit			(3,864,295)		(1,152,181)
Total shareholders' equity			2,524,883		1,744,658
Total liabilities and shareholders' equity		$	2,909,939	$	2,552,467

Nature of operations and going concern	1
Commitments	22

Approved and authorized by the Board of Directors on November 15, 2021:

Conor Power
Conor Power

Julie Daley
Julie Daley

VEGANO FOODS INC.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Stated in Canadian dollars)
(Unaudited)

	Notes	For the three months ended September 30, 2021	For the three months ended September 30, 2020	For the nine months ended September 30, 2021	For the period from incorporation on March 19, 2020 to September 30, 2020
Revenue	12	$ 126,520	$ 11,650	$ 227,915	$ 11,650
Cost of goods sold	19	203,327	21,121	349,176	21,121
Gross profit (loss)		(76,807)	(9,471)	(121,261)	(9,471)
Operating expenses					
Advertising and promotion		85,335	119,727	262,644	154,563
Amortization of intangible assets	10	19,366	-	58,098	-
Consulting fees		44,252	209,257	216,370	238,782
Depreciation of equipment	9	4,006	1,423	10,843	1,423
Foreign exchange loss		143	2,411	1,266	2,411
General and administrative		213,073	81,340	474,389	89,022
Professional fees	18	165,815	803	310,122	803
Salaries and benefits	18	216,058	128,908	660,228	201,170
Share-based compensation	16,18	283,898	-	386,397	-
Travel expenses		24,317	25,400	184,793	32,382
		1,056,263	569,269	2,565,150	720,556
Other expenses					
Accretion expense on convertible note	13	-	5,463	8,581	5,463
Finance costs	13	-	11,233	17,122	11,233
Net loss and comprehensive loss		$ (1,133,070)	$ (595,436)	$ (2,712,114)	$ (746,723)
Weighted average number of common shares outstanding		56,158,926	20,000,000	51,893,084	20,000,000
Basic and diluted loss per common share		$ (0.02)	$ (0.03)	$ (0.05)	$ (0.04)

VEGANO FOODS INC.
CONDENSED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
(Stated in Canadian dollars)
(Unaudited)

	Number of shares	Share capital	Obligation to issue shares	Reserves	Deficit	Total shareholders' equity
Balance, March 19, 2020	-	$ -	$ -	$ -	$ -	$ -
Issuance of incorporation shares	20,000,000	2,000	-	-	-	2,000
Allocation of additional capital contribution	-	138,000	-	-	-	138,000
Share subscription proceeds received in advance	-	-	1,300,600	-	-	1,300,600
Equity component of convertible note issued	-	-	-	19,919	-	19,919
Net loss	-	-	-	-	(746,723)	(746,723)
Balance, September 30, 2020	20,000,000	$ 140,000	$ 1,300,600	$ 19,919	$ (746,723)	$ 713,796
Balance, January 1, 2021	**35,795,711**	**$ 1,232,110**	**$ 1,644,810**	**$ 19,919**	**$ (1,152,181)**	**$ 1,744,658**
Share issued under private placement, net of issuance costs	20,363,215	4,750,752	(1,644,810)	-	-	3,105,942
Share-based compensation	-	-	-	386,397	-	386,397
Warrants issued to agents	-	(25,245)	-	25,245	-	-
Net loss	-	-	-	-	(2,712,114)	(2,712,114)
Balance, September 30, 2021	**56,158,926**	**$ 5,957,617**	**$ -**	**$ 431,561**	**$ (3,864,295)**	**$ 2,524,883**

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

VEGANO FOODS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Stated in Canadian dollars)
(Unaudited)

		For the nine months ended September 30, 2021		For the period from incorporation on March 19, 2020 to September 30, 2020
Operating activities				
Net loss	$	(2,712,114)	$	(746,723)
Items not affecting cash:				
Accretion expense on convertible note		8,581		5,463
Amortization of intangible asset		58,098		-
Depreciation of equipment		10,843		1,423
Finance costs		17,122		11,233
Share-based compensation		386,397		-
Non-cash working capital items:				
Other receivables		(11,234)		-
Prepaid expenses		(29,457)		(108,329)
Inventory		(59,978)		-
Accounts payable and other liabilities		111,374		76,200
Deferred revenue		11,676		66,667
Net cash used in operating activities		(2,208,692)		(694,066)
Investing activities				
Purchase of equipment		(28,086)		(55,861)
Acquisition of investment		(350,000)		-
Acquisition of intangible asset		-		(68,096)
Net cash used in investing activities		(378,086)		(123,957)
Financing activities				
Proceeds from issuance of shares		3,239,894		140,000
Share issuance costs		(133,952)		-
Subscription proceeds received for shares to be issued		-		1,300,600
Proceeds from issuance of convertible note		-		500,000
Repayment of convertible note		(540,959)		-
Proceeds from (repayment of) loans payable		(30,547)		51,528
Net cash provided by financing activities		2,534,436		1,992,128
Change in cash and cash equivalents		(52,342)		1,174,105
Cash and cash equivalents, beginning		2,275,929		-
Cash and cash equivalents, ending	**$**	**2,223,587**	**$**	**1,174,105**

Supplementary cash flow information				
Interests paid	**$**	40,959	**$**	-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Vegano Foods Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on March 19, 2020. The Company’s principal activities relate to the sales and delivery of vegan meal kits and grocery staples to end customers. The registered office of the Company is 1055 West Georgia Street, Suite 1500, Vancouver BC V6E 4N7, Canada.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and settle its obligations in the normal course of business. As at September 30, 2021, the Company has not generated profits or positive cash flows from operations. These conditions cast significant doubt about the Company’s ability to continue as a going concern. The Company is dependent on its ability to develop profitable operations and to continue to raise adequate financing from external sources to carry out its business objectives. These financial statements do not give effect to the adjustments in the carrying value of assets and liabilities, and in the classifications used in the statements of financial position that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with the International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The notes presented in these condensed interim financial statements include only significant events and transactions occurring since the Company’s last fiscal period end and they do not include all the information required in the Company’s most recent annual financial statements. Except as noted below, these condensed interim financial statements follow the same accounting policies and methods of application as the Company’s annual financial statements and should be read in conjunction with the Company’s annual financial statements for the period ended December 31, 2020, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB. There have been no significant changes in judgement or estimates from those disclosed in the financial statements for the period ended December 31, 2020, except as noted below.

The unaudited condensed interim financial statements were approved and authorized for issuance on November 15, 2021 by the Board of Directors.

Basis of measurement

These condensed interim financial statements are expressed in Canadian dollars, which is the Company’s functional currency. These unaudited condensed interim financial statements have been prepared on an accrual basis and are based on historical costs except for certain financial instruments which are measured at fair value.

2. BASIS OF PRESENTATION (CONTINUED)

Use of accounting estimates and significant management judgements

The preparation of the financial statements in accordance with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from these estimates, and as such, the estimates and underlying assumptions are reviewed on an ongoing basis. Key estimates made by management with respect to the areas noted have been disclosed in the notes to these financial statements as appropriate. Other than noted below, the accounting estimates and significant management judgements applied in the preparation of the Company's condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the period ended December 31, 2020.

Share-based payments

Estimating fair value for share-based payment transactions, including stock options and compensatory warrants, requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, risk-free interest rate, expected forfeiture rate and dividend yield of the equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

Other than noted below, the accounting policies applied in these condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the period ended December 31, 2020.

Cash and cash equivalents

Cash is comprised of cash at bank, funds held in trust accounts and funds held with online payment service providers. Cash equivalents are short-term, highly liquid investments with maturities within one year when acquired. Included in the Company's cash equivalents is a one year Guaranteed Investment Certificate ("GIC"), as disclosed in Note 4.

Share-based payments

The Company operates a stock option plan to provide incentives to employees. Share-based payments to employees are measured at the fair value of the instruments granted and the related expenses are amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to equity reserves. The fair value of equity instruments granted is determined using the Black–Scholes Option Pricing Model. The number of equity instruments expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(Stated in Canadian dollars)

4. CASH AND CASH EQUIVALENTS

		September 30, 2021		December 31, 2020
Cash	$	2,153,587	$	2,275,929
Funds held in trust		50,000		-
Total cash		2,203,587		2,275,929
GIC		20,000		-
Total cash and cash equivalents	**$**	**2,223,587**	**$**	**2,275,929**

Funds held in trust represent a legal retainer held by the Company's legal counsel as at September 30, 2021.

On March 8, 2021, the Company invested $20,000 in a one-year cashable GIC. The GIC has a maturity date of March 8, 2022 and earns interest at a rate of $0.25% per annum.

5. OTHER RECEIVABLES

		September 30, 2021		December 31, 2020
Subscription proceeds receivable (Note 15)	$	650	$	55,650
Advance to a related party (Note 18)		10,968		-
Sales tax receivable		55,266		-
Total other receivables	**$**	**66,884**	**$**	**55,650**

Advance to a related party represents an amount due from an officer of the Company that is non-interest bearing, unsecured and is due on demand (Note 18).

6. PREPAID EXPENSES

		September 30, 2021		December 31, 2020
Prepaid insurance	$	753	$	-
Retainers and prepayments for services		35,757		11,474
Security deposits		8,196		7,392
Prepaid membership		3,617		-
Total prepaid expenses	**$**	**48,323**	**$**	**18,866**

7. INVENTORY

Inventory is comprised of packaging materials, raw materials for the preparation of meal kits, and grocery staples held for resale by the Company.

		September 30, 2021		December 31, 2020
Packaging materials	$	38,988	$	-
Grocery staples		21,703		-
Raw materials		1,285		1,998
Total Inventory	**$**	**61,976**	**$**	**1,998**

(Stated in Canadian dollars)

8. INVESTMENT

During the nine months ended September 30, 2021, the Company entered into subscription agreements with Superbolt Tea Inc. ("Superbolt"), a privately-owned online tea retailer. The Company paid $350,000 in exchange for 2,500,000 Class A common shares (at a price of $0.10 per share) and 500,000 Class B non-voting shares (at a price of $0.20 per share) of Superbolt. The Company accounts for its investment in Superbolt as a long-term investment. Management has assessed that the Company has no control, nor significant influence over Superbolt as the Company holds approximately 11% of the voting rights and has no participation in Superbolt's policy-making processes.

On initial recognition, the fair value of the shares of Superbolt was determined to be equal to the transaction price for a total of $350,000.

As at September 30, 2021, the fair value of the investment is determined to be $350,000, as discussed in Note 21. No gain or loss has been recognized in profit and loss.

9. EQUIPMENT

		Kitchen equipment		Computer equipment		Total
Cost						
Balance, March 19, 2020	$	-	$	-	$	-
Additions		55,861		-		55,861
Balance, December 31, 2020	**$**	**55,861**	**$**	**-**	**$**	**55,861**
Additions		**-**		28,086		28,086
Balance, September 30, 2021	**$**	**55,861**	**$**	**28,086**	**$**	**83,947**
Accumulated Depreciation						
Balance, March 19, 2020	$	-	$	-	$	-
Depreciation		4,309		-		4,309
Balance, December 31, 2020		**4,309**		**-**		**4,309**
Depreciation		8,380		2,463		10,843
Balance, September 30, 2021	**$**	**12,689**	**$**	**2,463**	**$**	**15,152**
Net book value						
At December 31, 2020	**$**	**51,552**	**$**	**-**	**$**	**51,552**
At September 30, 2021	**$**	**43,172**	**$**	**25,623**	**$**	**68,795**

(Stated in Canadian dollars)

10. INTANGIBLE ASSET

		Website
Cost		
Balance, March 19, 2020	$	-
Additions		154,927
Balance at December 31, 2020 and September 30, 2021	**$**	**154,927**
Accumulated Depreciation		
Balance, March 19, 2020	$	-
Amortization		6,455
Balance at December 31, 2020		**6,455**
Amortization		58,098
Balance at September 30, 2021	**$**	**64,553**
Net book value		
Balance at December 31, 2020	**$**	**148,472**
Balance at September 30, 2021	**$**	**90,374**

All of the costs capitalized to the website are considered to be internally generated intangible assets.

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

		September 30, 2021		December 31, 2020
Accounts payable	$	101,585	$	26,509
Accrued liabilities		109,895		149,087
Payroll liabilities		80,989		-
Sales tax payable		-		5,500
Accrued interest on convertible note (Note 13)		-		23,836
	$	**292,469**	**$**	**204,932**

12. REVENUE

The Company generates revenue from the sale and delivery of vegan meal kits and grocery staples to its customers. Revenue is generated in one primary geographical market, being Canada, and is recognized upon delivery of purchase orders to customers.

Revenue recognized by the Company is summarized in the table below.

		Nine months ended September 30, 2021		Period from incorporation on March 19, 2020 to September 30, 2020
Meal kits	$	192,901	$	11,650
Grocery staples via Marketplace		35,014		-
	$	**227,915**	**$**	**11,650**

(Stated in Canadian dollars)

12. REVENUE (CONTINUED)

The balance of deferred revenue is summarized in the table below.

	Meal kits	Grocery staples via Marketplace	Gift cards	Total
Balance, March 19, 2020	$ -	$	$ -	$ -
Additions to deferred revenue	56,945	-	2,985	59,930
Balance, December 31, 2020	**56,945**	**-**	**2,985**	**59,930**
Additions to deferred revenue	20,312	2,685	29,905	52,902
Revenue earned during the period	(17,167)	-	(24,059)	(41,226)
Balance, September 30, 2021	**$ 60,090**	**$ 2,685**	**$ 8,831**	**$ 71,606**

13. CONVERTIBLE NOTE

On July 10, 2020, the Company issued an unsecured convertible note bearing interest at 10% with a face value of $500,000 and a maturity date of May 5, 2021 to an officer of the Company. The note is convertible into common shares of the Company at the option of the holder at any time prior to the maturity date at $0.25 per share. The interest accrued is payable to the lender on the maturity date and is not convertible.

The Company determined the fair value of the debt component of the convertible note to be $500,000 on the date of issuance, using a market interest rate of 15%. The residual value of $19,919 was allocated to the equity component of the note.

The convertible note matured on May 5, 2021. During the nine months ended September 30, 2021, the Company repaid the principal amount of $500,000 and the accrued interest of $40,959, for a total cash payment of $540,959. As at September 30, 2021, the carrying value of the convertible note is $nil (December 31, 2020 - $491,419) and $nil (December 31, 2020 - $23,836) of accrued interest on the convertible note was included in accounts payable and other liabilities.

During the nine months ended September 30, 2021, the Company recognized accretion expense on the debt component of the convertible note in amount of $8,581 (September 30, 2020 - $5,463) and recorded finance costs of $17,122 (September 30, 2020 - $11,233) for accrued interest.

14. LOANS PAYABLE

As at September 30, 2021, the Company had loans payable to arm's length parties in the gross amount of $6,171 (December 31, 2020 - $nil). The loans are non-interest bearing, unsecured and payable on demand.

As at September 30, 2021, an amount of $14,810 (December 31, 2020 - $51,528) is due to an officer of the Company (Note 18).

15. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value.

15. SHARE CAPITAL (CONTINUED)

b) Shares Issued

As at September 30, 2021, the Company had 56,158,926 common shares issued and outstanding.

During the nine months ended September 30, 2021, the Company issued common shares as follows:

- On January 13, 2021, the Company issued 1,145,000 common shares at $0.07 per share for gross proceeds of $80,150 in connection with a non-brokered private placement.

- On January 29, 2021, the Company issued 10,005,708 common shares at $0.25 per share for gross proceeds of $2,501,427 in connection with a non-brokered private placement. The Company incurred $21,600 finders' fees paid in cash and issued 86,400 warrants to an agent for services rendered in conjunction with the private placement. Each warrant is exercisable to purchase one common share of the Company for a period of two years from closing of the private placement tranche, at an exercise price of $0.25 per share. The fair value of warrants issued to agents was determined to be $11,257.

- On February 26, 2021, the Company issued 5,031,000 common shares at $0.25 per share for gross proceeds of $1,257,750 in connection with a non-brokered private placement. The Company paid $26,800 finders' fees in cash and issued 107,200 warrants to an agent for services rendered in conjunction with the private placement. Each warrant is exercisable to purchase one common share of the Company for a period of two years from closing of the private placement tranche, at an exercise price of $0.25 per share. The fair value of warrants issued to agents was determined to be $13,988.

- On May 7, 2021, the Company issued 2,709,507 common shares at $0.25 per share for gross proceeds of $677,377 in connection with a non-brokered private placement.

- On June 9, 2021, the Company issued 1,472,000 common shares at a price of $0.25 per share for gross proceeds of $368,000 in connection with a non-brokered private placement.

In addition to the payments and securities issued to agents, the Company incurred $85,552 of legal fees in connection with the private placement tranches.

During the period from incorporation on March 19, 2020 to September 30, 2020, the Company issued common shares as follows:

- On March 19, 2020, the Company issued 20,000,000 common shares at $0.0001 per share for proceeds of $2,000.

- As at September 30, 2020, the founders of the Company made total capital contributions of $138,000 to the Company, which were subsequently allocated to 6,900,000 of the Company's outstanding shares on December 31, 2020.

15. SHARE CAPITAL (CONTINUED)

c) Obligation to issue shares

As at December 31, 2020, the Company was obligated to issue 6,579,240 common shares in exchange for $1,644,810 of cash proceeds received. The common shares were issued during the nine months ended September 30, 2021, resulting in a balance of obligations to issue shares of $nil as at September 30, 2021.

As at September 30, 2020, the Company was obligated to issue 18,500,000 common shares in exchange for $1,300,600 of cash proceeds received in advance. Subsequent to the period ended, the Company issued all of these shares under a private placement tranche completed on December 31, 2020.

d) Subscription proceeds receivable

As at September 30, 2021, the Company has total subscription proceeds receivable of $650 (December 31, 2020 - $55,650) for 9,285 (December 31, 2020 – 795,000) common shares issued under private placement tranches. The amount is included in other receivables (Note 5)

16. OPTIONS

On January 1, 2021, the Company adopted the Stock Option plan (the “Plan”) with the purpose of providing incentives to directors, officers, employees and consultants. The Plan allows the Company to issue up to 10% of its outstanding common shares as stock options.

Stock option activity during the nine months ended September 30, 2021 is summarized below:

- On January 1, 2021, the Company granted 3,600,000 stock options with an exercise price of $0.10 and an expiry date of January 1, 2023. 25% of these stock options vest every three months over a period of one year.

- On February 16, 2021, the Company granted 200,000 stock options with an exercise price of $0.10 and an expiry date of February 16, 2024. 25% of these stock options vested immediately upon grant, and 25% of the stock options vest each year over a period of 36 months.

- On August 10, 2021, the Company cancelled 3,800,000 stock options representing all outstanding stock options.

- On August 10, 2021, the Company granted 4,900,000 stock options with an exercise price of $0.25 and expiry date of January 1, 2023. The stock options immediately vested upon grant. The stock option grant was accounted for as replacement and modification of stock options previously granted on January 1, 2021.

- On August 10, 2021, the Company granted 400,000 stock options with an exercise price of $0.25 and expiry date of August 10, 2023. The stock options immediately vested upon grant. 200,000 stock options included in the stock option grant were accounted for as replacement and modification of stock options previously granted on February 16, 2021.

- On August 10, 2021, the Company granted 300,000 stock options with an exercise price of $0.25 and expiry date of August 10, 2024. 10% of these stock options vested immediately upon grant, and 22.5% of the stock options vest every six months over a period of 24 months.

(Stated in Canadian dollars)

16. OPTIONS (CONTINUED)

Stock option activity for the period from incorporation on March 19, 2020 to September 30, 2021 is summarized in the table below.

	Number of Options		Weighted Average Exercise Price
Outstanding at March 19, 2020 and December 31, 2020	-	$	-
Granted	9,400,000		0.19
Cancelled	(3,800,000)		0.10
Outstanding at September 30, 2021	5,600,000	$	0.25

As at September 30, 2021, the following stock options were outstanding and exercisable:

Outstanding	Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
4,900,000	4,900,000	$0.25	1.25	January 1, 2023
400,000	400,000	$0.25	1.86	August 10, 2023
300,000	30,000	$0.25	2.86	August 10, 2024
5,600,000	5,330,000			

The following weighted average assumptions were used to estimate the weighted average grant date fair value of stock options granted during the nine months ended September 30, 2021:

	Nine months ended September 30, 2021
Risk-free interest rate	0.30%
Expected life (years)	1.90
Annualized volatility	100%
Dividend yield	0%

During the nine months ended September 30, 2021, the Company recorded share-based compensation of $386,397 (September 30, 2020 - $nil) related to the fair value of options vested in the period.

17. WARRANTS

During the nine months ended September 30, 2021, the Company granted warrants as compensation to agents in connection with completing private placement financings (Note 15).

	Number of Warrants		Weighted Average Exercise Price
Outstanding at March 19, 2020 and December 31, 2020	-	$	-
Issued	193,600		0.25
Outstanding at September 30, 2021	193,600	$	0.25

(Stated in Canadian dollars)

17. WARRANTS (CONTINUED)

The following weighted average assumptions were used to estimate the fair value of warrants issued during the nine months ended September 30, 2021:

	Nine months ended September 30, 2021
Risk-free interest rate	0.23%
Expected life (years)	2.0
Annualized volatility	100%
Dividend yield	0%

As at September 30, 2021, the following warrants were outstanding:

Outstanding	Exercise Price	Remaining Life (Years)	Expiry Date
86,400	$0.25	1.33	January 29, 2023
107,200	$0.25	1.41	February26, 2023
193,600			

18. RELATED PARTY TRANSACTIONS AND BALANCES

Key management compensation

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 members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel is summarized in the table below.

	Nine months ended September 30, 2021	Period from incorporation on March 19, 2020 to September 30, 2020
Salaries and benefits	$ 370,940	$ 193,731
Share-based compensation (Note 16)	321,577	-
	$ 692,517	**$ 193,731**

Related party transactions and balances

During the nine months ended September 30, 2021, the Company incurred accounting fees of $121,116 to a company controlled by the Chief Financial Officer (September 30, 2020 - $nil).

As at September 30, 2021, amounts due to related parties included in accounts payable and other liabilities consisted of $45,292 (December 31, 2020 - $13,243) in management fees and expense reimbursements owed to related parties. These amounts are non-interest bearing, unsecured and due on demand.

As at September 30, 2021, the amount due to a related party included in other receivables consisted of $10,968 (December 31, 2020 - $nil) in advances to a related party (Note 5). This amount is non-interest bearing, unsecured and is due on demand.

(Stated in Canadian dollars)

18. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Related party transactions and balances (continued)

As at September 30, 2021, included in loans payable is $14,810 (December 31, 2020 - $51,528) due to an officer of the Company (Note 14). The amount is non-interest bearing, unsecured and payable on demand.

On July 10, 2020, the Company issued an unsecured convertible note bearing interest at 10% with a face value of $500,000 and a maturity date of May 5, 2021 to an officer of the Company (Note 13). On May 5, 2021, the Company repaid the convertible note with total cash payment of $540,959, which comprises the principal amount of $500,000 and accrued interest of $40,959.

19. COST OF GOODS SOLD

		Nine months ended September 30, 2021		Period from incorporation on March 19, 2020 to September 30, 2020
Ingredients	$	121,654	$	12,309
Direct labour		98,414		1,853
Delivery and packaging		82,047		5,650
Merchandise		36,305		-
Other direct costs		10,756		1,309
	$	**349,176**	**$**	**21,121**

20. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and sustain the future development of its business. The capital structure of the Company comprises of all components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the degree to which the inputs used to estimate the fair values are observable:

- Level 1 – Unadjusted quoted price in active market for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);
- Level 3 - inputs for the asset or liability that are not based on observable marker data.

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The fair values of all financial instruments of the Company approximate their carrying values due to their short-term nature.

The investment in Superbolt held by the Company is considered to represent a level 3 fair value measurement. Due to the lack of recent observable market data and no significant changes in Superbolt's performance or its business environment have occurred, the Company determines that cost of the investment represents its approximate fair value as at September 30, 2021. As at September 30, 2021, the fair value of the investment is $350,000 (December 31, 2020 - $nil).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and cash equivalents held in bank accounts. The majority of cash and cash equivalents are deposited in bank accounts held with a major bank and reputable online payment processing platforms. As the Company's cash and cash equivalents is held by only one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

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 manages liquidity by maintaining adequate cash balances and by raising equity financings. The Company has no assurance that such financings will be available on favorable terms. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares.

As at September 30, 2021, the Company had cash and cash equivalents of $2,223,587 to settle current liabilities of $385,056 which fall due for payment within twelve months of the statement of financial position. All of the Company's contractual obligations are current and due within one year. All of the Company's financial liabilities are due on demand.

22. COMMITMENTS

Leases

During the nine months ended September 30, 2021, the Company entered into a premise lease for an office space with a term of one-year that expires on February 8, 2022, after which date the lease may continue on a month-to-month basis. During the nine months ended September 30, 2021, the Company terminated the lease contract; and as a result, the amount due for the remainder of the lease became due immediately. As at September 30, 2021, accounts payable and other liabilities includes $25,833 with respect to the lease contract.

As at September 30, 2021, the Company was under a short-term lease for a kitchen space that expires on July 6, 2022, after which date the lease may continue on a month-to-month basis. As at September 30,2021 the Company is continuing on a month-to-month basis.

During the nine months ended September 30, 2021, the Company recognized total rent expense, included in general and administrative expense, of $148,309 (September 30, 2020 - $nil) in connection with short-term lease contracts.

VEGANO FOODS INC.
Management Discussion and Analysis
For the three and nine months ended September 30, 2021
(expressed in Canadian dollars)

INTRODUCTION

The following management's discussion and analysis ("MD&A") is dated November 15, 2021, provides information concerning the financial condition and results of operations of Vegano Foods Inc. ("Vegano" or the "Company") for the three and nine months ended September 30, 2021. The following MD&A should be read in conjunction with the Company's condensed interim financial statements for the three and nine months ended September 30, 2021 and the annual audited financial statements for the period from incorporation on March 19, 2020 to December 31, 2020 and the notes thereto. The Company's financial statements and financial information included in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise stated, all dollar figures included therein and the following MD&A are presented in Canadian dollars.

Additional information relating to the Company is available on the Company's website at www.veganofoods.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("**forward-looking information**"). Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward- looking information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under section Risks and Uncertainties in this MD&A.

In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "anticipate", "believe", "expects" or "does not expect", "estimates", "outlook", "prospects"; "projection", "intends", "believes", "should", "will", "would" or the negative of these terms, and similar expressions intended to identify forward looking statements. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information 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 information.

OVERVIEW

Vegano Foods Inc. was incorporated under the Business Corporation Act of British Columbia on March 19, 2020. The registered office of the Company is located at 1055 West Georgia Street, Suite 1500, Vancouver BC V6E 4N7, Canada. The Company's business is providing plant-based meal kits in British Columbia, Canada and the sale and delivery of vegan grocery staples to end customers through its proprietary technology platform.

PRINCIPAL PRODUCTS AND SERVICES

Meal Kits

The Company offers a selection of plant-based meal kits on a subscription base through its custom-built online platform www.veganofoods.com, which are delivered to the customers on a weekly basis. The meal kits are able to accommodate the following dietary preferences: vegan, vegetarian, and gluten-free. The meal kits are available for delivery to Metro Vancouver, Vancouver Island, Squamish, Whistler and Pemberton, British Columbia.

Vegano uses high-quality ingredients sourced from local farmers and producers to ensure that its meal kits are delivered fresh to subscribers every week. The meals can be prepared in less than 45 minutes. The meal kit sales allow the Company to capitalize on the demands for home delivery of fresh and plant-based, ready-to-cook ingredients that have been emerging in the market and secure a recurring income stream.

In May 2021, the Company has successfully launched two additional principal product lines:

Prepared Meals

The Company has recently added prepared meals for selected menu items. The ready to eat dishes can be ordered through third-party delivery platforms such as SkiptheDishes and DoorDash.

Vegano Marketplace

The Company has successfully launched a vegan marketplace, accessible through the Company's website, offering a large selection of vegan grocery items with e-commerce shopping experience. The marketplace features Vegano proprietary branded supplement products as well as vegan, gluten-free, and vegetarian products from well-know plant-based brands, with the objective of aiming to become the world's largest online destination for plant-based food products.

HIGHLIGHTS AND DEVELOPMENTS

During the nine months ended September 30, 2021:

- The Company purchased 2,500,000 Class A common shares (at a price of $0.10 per share) and 500,000 Class-B non-voting shares (at a price of $0.20 per share) of Superbolt Tea Inc. ("Superbolt"), a privately-owned online tea retailer, for a total investment of $350,000. The Company does not have significant influence or control over Superbolt or its operations.

- The Company successfully completed a private placement tranche of 1,145,000 common shares at a price of $0.07 per share for total gross proceeds of $80,150.

- The Company successfully completed four private placement tranches at a price of $0.25 as follows:

    - Issuance of 10,005,708 common shares for gross proceeds of $2,501,427 on January 29, 2021.

- Issuance of 5,031,000 common shares for gross proceeds of $1,257,750 on February 26, 2021.
- Issuance of 2,709,507 common shares for gross proceeds of $677,377 on May 7, 2021.
- Issuance of 1,472,000 common shares for gross proceeds of $368,000 on June 9, 2021.

RESULTS OF OPERATIONS

Balance sheet data

As at		September 30, 2021		December 31, 2020
Total assets	$	2,909,939	$	2,552,467
Total liabilities		385,056		807,809
Shareholders' equity		2,524,883		1,744,658

Income statement data

		Nine months ended September 30, 2021		Period from incorporation on March 19, 2020 to September 30, 2020
Revenue	$	227,915	$	11,650
Cost of goods sold		349,176		21,121
Net loss and comprehensive loss for the period		(2,712,114)		(746,723)
Basic and diluted loss per share		(0.05)		(0.04)

Revenue

During the nine months ended September 30, 2021, the Company recognized revenue of $227,915, compared to revenue of $11,650 for the period from incorporation on March 19, 2020 to September 30, 2020. With the official launch of its online platform www.VeganoFoods.com in December 2020, the Company was able to attract new subscribers and completed weekly deliveries throughout the period ended September 30, 2021 which totaled $192,901. In addition, the Company launched the Vegano Marketplace and generated revenue of $35,014 related to the sale of vegan grocery items. Revenue of $11,650 was generated for the period ended September 30, 2020 as the Company delivered its first meal kits towards the end of the period.

Cost of goods sold and gross profit (loss)

Cost of goods sold consists of costs of ingredients, direct labour, packaging and shipping, merchandise, and other direct costs. During the nine months ended September 30, 2021, the Company incurred $349,176 (2020 - $21,121) in costs of goods sold and a negative gross margin of $121,261 (2020 - $9,471) or 53% (2020 - 81%) of total revenue. The negative gross margin was due to additional direct labour and packacing materials procured in anticipation of higher sales volume. A portion of the meal kits delivered during the period were subscribed during the beta launch at a discount price. The Company anticipates turning a gross profit in the next two years as the meal kits are charged at the standard rates and the economy of scale is improved as the volume of orders increases.

Operating expenses

		Nine months ended September 30, 2021		Period from incorporation on March 19, 2020 to September 30, 2020
Advertising and promotion	$	262,644	$	154,563
Amortization of intangible assets		58,098		-
Consulting fees		216,370		238,782
Depreciation of equipment		10,843		1,423
Foreign exchange loss		1,266		2,411
General and administrative		474,389		89,022
Professional fees		310,122		803
Salaries and benefits		660,228		201,170
Share-based compensation		386,397		-
Travel expenses		184,793		32,382
Total operating expenses	**$**	**2,565,150**	**$**	**720,556**

The increase in operating expenses of $1,844,594 for the nine months ended September 30, 2021 compared to the period from incorporation on March 19, 2020 to September 30, 2020 is explained by operations launching in December 2020 and ramping up thereafter. In addition, the period ended on September 30, 2021 reflects nine months of active operations where the period ended on September 30, 2020 reflects nine months of early start-up activity. Variances within expense items are summarized as follows:

- Increase in advertising and promotion of $108,081 was due to media, public relations, photo and video shoots, promotional giveaways and marketing activities incurred in the first nine months of 2021. Additional financing raised allowed the Company to focus on advertising and marketing initiatives to improve the Company's foothold in the market.

- Increase in amortization of intangible assets of $58,098 was due to the amortization of the Company's website that was launched in December 2020. No amortization expense was recognized in the prior period as the website was not ready for use as of September 30, 2020.

- General and administrative expenses consist of expenses relating to business activities such as occupancy costs for kitchen and office spaces, costs for website maintenance and user interface development, kitchen and office supplies, utilities, and meals and entertainment. The increase in general and administrative expenses of $385,367 is due to the Company expanding operations significantly from December 2020 onward.

- Professional fees of $310,122 for the nine months ended September 30, 2021 are comprised of legal fees in connection with the initial public offering and potential acquisitions, corporate secretarial services, and accounting and audit fees for the preparation and the audit of yearend and quarterly financial reporting. During the startup period to September 30, 2020 only bookkeeping fees were incurred.

- Increase in salaries and benefits of $459,058 was due to the Company hiring fulltime management and staff during the nine months ended September 30, 2021 whereas only director and management fees to founders and officers of the Company were incurred in the period ended September 30, 2020.

- Consulting fees are comprised of various services including office management, management consultation supports, creative direction and brand development, acquisition target and market research. In the nine months ended September 30, 2020, the Company incurred costs for recipe creation, direction consulting for meal kit packaging design, product placement, public event planning, direct marketing services and office management services in preparation for the December 2020 launch.

- Share-based compensation expense of $386,397 represents the fair value of stock options granted during the nine months ended September 30, 2021. No stock options were granted or outstanding during the period ended September 30, 2020.

- Increase in travel expenses of $152,411 reflects airfare and accommodation incurred for the purposes of business development subsequent to launch and financing.

Other expenses

Net loss for the nine months ended September 30, 2021 includes accretion expense and finance costs of $8,581 (2020 - $5,463) and $17,122 (2020 - $11,233), respectively, related to a convertible note issued to the CEO of the Company on July 10, 2020. Refer to "Related Party Disclosures".

Third Quarter

		Three months ended September 30, 2021		**Three months ended September 30, 2020**
Revenue	$	126,520	$	11,650
Cost of goods sold		203,327		21,121
Net loss and comprehensive loss for the period		(1,133,070)		(595,436)
Basic and diluted loss per share		(0.02)		(0.03)

Revenue

During the three months ended September 30, 2021, the Company recognized revenue of $126,520 compared to revenue of $11,650 for the three months ended September 30, 2020. During the three months ended September 30, 2021, the Company was able to attract new subscribers to the online platform and completed weekly deliveries in addition to fulfilled Vegano Marketplace sales orders. During the three months ended September 30, 2020, the Company delivered its first meal kits as part of its beta launch.

Cost of goods sold and gross profit (loss)

Cost of goods sold consists of costs of ingredients, direct labour, packaging and shipping, merchandise and other direct costs. During the three months ended September 30, 2021, the Company incurred $203,327 (2020 - $21,121) in costs of goods sold and a negative gross margin of $76,807 (2020 - $9,471), or 61% (2020 – 81%) of total revenue. The negative gross margin was due to additional direct labour and packing materials procured in anticipation of higher sales volumes. A portion of the meal kits delivered during the period were subscribed during the beta launch at a discount price. The Company anticipates turning a gross profit in the next two years as the meal kits are charged at the standard rates and the economy of scale is improved as the volume of orders increases.

Operating expenses

		Three months ended September 30, 2021		Three months ended September 30, 2020
Advertising and promotion	$	85,335	$	119,727
Amortization of intangible assets		19,366		-
Consulting fees		44,252		209,257
Depreciation of equipment		4,006		1,423
Foreign exchange loss		143		2,411
General and administrative		213,073		81,340
Professional fees		165,815		803
Salaries and benefits		216,058		128,908
Share-based compensation		283,898		-
Travel expenses		24,317		25,400
Total operating expenses	**$**	**1,056,263**	**$**	**569,269**

The increase in operating expenses of $486,994 for the three months ended September 30, 2021 compared to the same period of the prior year is explained by operations launching in December 2020 and ramping up thereafter. Variances within expense items are summarized as follows:

- Decrease in advertising and promotion of $34,392 was due to reduced marketing efforts as the Company successfully launched both the meal kit subscription service and Vegano marketplace in prior periods.

- Increase in amortization of intangible assets of $19,366 was due to the amortization of the Company's website that was launched in December 2020. No amortization expense was recognized in the prior period as the website was not ready for use as of September 30, 2020.

- Consulting fees of $44,252 for the three months ended September 30, 2021 are comprised of various services including office management, management consultation supports, creative direction and brand development, acquisition target and market research. In the three months ended September 30, 2020, the Company incurred costs for recipe creation, direction consulting for meal kit packaging design, product placement, public event planning, direct marketing services and office management services in preparation for the December 2020 launch.

- General and administrative expenses consist of expenses relating to business activities such as occupancy costs for kitchen and office spaces, costs for website maintenance and user interface development, kitchen and office supplies, utilities, and meals and entertainment. The increase in general and administrative expenses of $131,733 is due to the Company expanding operations significantly from December 2020 onward.

- Professional fees of $165,815 for the three months ended September 30, 2021 are comprised of legal fees in connection with the initial public offering and potential acquisitions, corporate secretarial services, and accounting fees for the preparation and the audit of yearend and quarterly financial reporting. Only bookkeeping fees were incurred during the startup period to September 30, 2020.

- Increase in salaries and benefits of $87,150 was due to the Company hiring fulltime management and staff in 2021 whereas only director and management fees to founders and officers were incurred during the three months ended September 30, 2020.

- Share-based compensation expense of $283,898 represents the fair value of stock options which vested during the period ended September 30, 2021. No stock options were granted or outstanding during the period ended September 30, 2020.

Other expenses

Net loss for the three months ended September 30, 2020 includes accretion expense and finance costs of $5,436 and $11,233, respectively, related to a convertible note issued to the CEO of the Company on July 10, 2020. Refer to "Related Party Disclosures". No loans were outstanding during the three months ended September 30, 2021.

SUMMARY OF QUARTERLY RESULTS

Three months ended,	Quarter	Total revenue	Net loss	Basic and diluted net loss per share
September 30, 2021	Q3	$ 126,520	$ (1,133,070)	$ (0.02)
June 30, 2021	Q2	51,321	(715,868)	(0.01)
March 31, 2021	Q1	50,074	(863,176)	(0.03)
December 31, 2020	Q4	11,528	(405,458)	(0.02)
September 30, 2020	Q3	11,650	(595,436)	(0.03)
June 30, 2020	Q2	-	(117,787)	(0.01)
Period ended from incorporation to March 31, 2020	Q1	-	(33,500)	(0.00)

Quarter to quarter fluctuations were due to the following:

- Total revenue has generally increased each quarter as the number of subscribers and weekly deliveries of meal kits grows. In addition, Vegano Marketplace launched in May 2021, adding a revenue stream.

- The need for advertising and marketing services often vary over the quarters as the Company expands business operations and launches new product lines. The Company incurred the most advertising and marketing expenses in Q3 2020 and Q1 2021 to raise brand awareness as the Company officially launched the Vegano platform in December 2020.

- Fluctuations in consulting fees over the quarters were due to the changes in business needs and timing of project implementation each quarter. The highest consulting fees were incurred in Q3 and Q4 2020 for business operations, as the Company only started to hire core management in February 2021.

- General and administrative expenses have been increasing over the quarters due to an increase in business activities. The Company entered into leases for the kitchen in July 2020 and for office facilities in February and May 2021. In addition, higher office expenses were incurred as the Company hired new office staff in the first quarter of 2021. Furthermore, there are fluctuations in the website costs between quarters, depending on the timing of the Company launching new features and offerings on the custom-built online platform.

- Fluctuations in professional fees is due to the additional legal costs associated with the drafting of the prospectus and accounting and audit fees that were not incurred in quarters ended in fiscal 2020.

- Fluctuations in salaries and benefits were due to the Company hiring additional personnel to accommodate for the increase in business needs and demands for meal kits and marketplace services. The Company relied on services provided by external consultants throughout fiscal 2020.

- Traveling increased in the first half of fiscal 2021 due to reduced traveling restrictions.

- Share-based compensation expense fluctuates with the timing of stock options granted to officers and employees and the underlying terms.

OFF BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company has not entered into any off-balance sheet arrangements.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the Company's cash flows for the nine months ended September 30, 2021 and for the period from incorporation on March 19, 2020 to September 30, 2020:

		Nine months ended September 30, 2021		Period from incorporation on March 19, 2020 to September 30, 2020
Cash used in operating activities	$	(2,208,692)	$	(694,066)
Cash used in investing activities		(378,086)		(123,957)
Cash provided by financing activities		2,534,436		1,992,128
Increase in cash		(52,342)		1,174,105
Cash, beginning of period		2,275,929		-
Cash, end of period	**$**	**2,223,587**	**$**	**1,174,105**

During the nine months ended September 30, 2021, the Company used cash of $2,208,692 in operating activities. As the Company is in its early-stage and only started carrying on business in its current capacity as of December 2020, the cash used to fund the development of its operations exceeded the cash inflows from revenue that it generated. As a result, the Company has relied on its ability to raise financing through the issuance of equity securities to obtain sufficient cash flows. There is no certainty that equity financing will continue to be available at the times and in the amounts required to fund the Company's future activities.

Cash used in investing activities for the nine months ended September 30, 2021 related to the investment in Superbolt of $350,000 and purchase of equipment of $21,086. During the period from incorporation on March 19, 2020 to September 30, 2020, the Company acquired intangible assets of $68,096 and equipment of $55,861 which comprised investing activities for that period.

Cash generated by financing activities for the nine months ended September 30, 2021 came from the proceeds on issuance of shares under five private placement tranches for total proceeds, net of issuance costs, of $3,105,942. Refer to section "Highlights and Developments" for the details of proceeds received under private placement financing. The cash generated by financing activities was net against the repayment of $540,959 to Conor Power, CEO of the Company, for the principal and interest on the convertible note that matured on May 5, 2021 and other loan repayments of $30,547. During the period from incorporation on March 19, 2020 to September 30, 2020, the Company received $1,440,600 for common shares issued or to be issued, $500,000 for the issuance of a convertible note, and $51,528 from other loans.

Although the Company anticipates it will have positive cash flows from operating activities in future periods, to the extent that the Company has negative cash flows in any future periods, certain of the net proceeds from the financing may be used to fund such negative cash flows from operating activities, if any.

As at September 30, 2021, the Company had working capital of $2,015,714 (December 31, 2020 - $1,544,634). The Company believes that it has sufficient cash resources to fund its operations for the next twelve months.

RELATED PARTY DISCLOSURES

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 members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel are summarized in the table below.

		For the nine months ended September 30, 2021		**For the period from incorporation on March 19, 2020 to September 30, 2020**
Salaries and benefits(1)	$	370,940	$	193,731
Share-based payments		321,577		-
Total	**$**	**692,517**	**$**	**193,731**

(1) Conor Power, CEO - $241,320 (2020 - $141,190); Kaylee Astle, COO - $75,242 (2020 - $nil); Company controlled by Kaylee Astle, COO - $14,166 (2020 - $nil); Luka Petkovic, former VP of Sales - $40,212 (2020 - $51,541); Justin Kates, former director - $nil (2020 - $1,000)

During the nine months ended September 30, 2021, the Company incurred accounting fees of $121,116 to a company controlled by Alex McAulay, CFO (September 30, 2020 - $nil).

As at September 30, 2021, accounts payable and other liabilities include $8,654 (December 31, 2020 - $nil) due to Conor Power, CEO for salaries and benefits. The amount is non-interest bearing, unsecured and due on demand.

As at September 30, 2021, accounts payable and other liabilities include $9,584 (December 31, 2020 - $6,497) due to Kaylee Astle, COO for consulting fees and expense reimbursements. The amount is non-interest bearing, unsecured and due on demand.

As at September 30, 2021, accounts payable and other liabilities include $27,054 (December 31, 2020 - $nil) due to a company controlled by Alex McAulay, CFO for accounting fees. The amount is non-interest bearing, unsecured and due on demand.

As at September 30, 2021, accounts payable and other liabilities include $nil (December 31, 2020 - $6,746) due to a company controlled by Luka Petkovic, former VP Sales for consulting fees. The amount was non-interest bearing, unsecured and due on demand.

As at September 30, 2021, the amount due to a related party included in other receivables consisted of $10,968 (December 31, 2020 - $nil) in advances to Conor Power, CEO. This amount is non-interest bearing, unsecured and is due on demand.

As at September 30, 2021, included in loans payable is $14,810 (December 31, 2020 - $51,528) due to Conor Power, CEO. The amount is non-interest bearing, unsecured and payable on demand.

On July 10, 2020, the Company issued an unsecured convertible note bearing interest at 10% with a face value of $500,000 and a maturity date of May 5, 2021 to Conor Power, CEO. On May 5, 2021, the Company repaid the convertible note with total cash payment of $540,959, which comprises the principal amount of $500,000 and accrued interest of $40,959.

All transactions with related parties were intended to be carried on the same basis as they would have occurred if the transaction was with an arm's length party.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value.

The Company has securities outstanding as follows:

	September 30, 2021	Date of Report
Common shares	56,158,926	56,158,926
Stock options	5,600,000	5,600,000
Warrants	193,600	193,600
Total – fully diluted	**61,952,526**	**61,952,526**

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the period ended from incorporation to December 31, 2020 and to the condensed interim financial statements for the three and nine months ended September 30, 2021.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingencies at the date of the Company's financial statements, and revenue and expenses during the reporting period. Estimates and assumptions are subject to uncertainty and actual results could significantly differ from those estimated. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant estimates in the Company's financial statements include the following:

- Economic recoverability of intangible assets
- Useful lives of equipment and intangible assets
- Fair value of share-based payments

The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty

Actual results could differ from management's best estimates as additional information could become available in the future and may have an impact on future periods.

RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the degree to which the inputs used to estimate the fair values are observable:

- Level 1 – Unadjusted quoted price in active market for identical assets or liabilities;

- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);

- Level 3 - inputs for the asset or liability that are not based on observable market data.

The fair values of all financial instruments of the Company approximate their carrying values due to their short-term nature, with the exception of the interest in Superbolt.

The interest in Superbolt held by the Company is considered to represent a level 3 fair value measurement. Due to the lack of recent observable market data and no significant changes in Superbolt's performance or its business environment have occurred, the Company determines that cost of the investment represents its approximate fair value as at September 30, 2021. As at September 30, 2021, the fair value of the investment is $350,000 (December 31, 2020 - $nil).

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank and reputable online payment processing platforms. As the Company's cash is held by only one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

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 manages liquidity by maintaining adequate cash balances and by raising equity financings. The Company has no assurance that such financings will be available on favorable terms. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares.

As at September 30, 2021, the Company had cash and cash equivalents of $2,223,587 to settle current liabilities of $385,056 which fall due for payment within twelve months of the statement of financial position. All of the Company's contractual obligations are current and due within one year. All of the Company's financial liabilities are due on demand.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and sustain the future development of its business. The capital structure of the Company comprises of all components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

RISKS AND UNCERTAINTIES

The following are certain risk factors and uncertainties relating to the business of the Company. These risks, described below, as well as additional risks and uncertainties not presently known to the Company, or that are currently considered immaterial, may impact the Company, operating results, liquidity and financial condition and could have material adverse affects. If any or all of these risks become increasingly significant and threaten the Company as a going concern. Refer to the Risk Factors section of the Final Prospectus.

Limited Operating History

The Company has a very limited history of operations and is considered a start-up company. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of its early stage of operations.

Negative Operating Cash Flow

The Company's business has incurred losses since its inception. Although the Company expects to become profitable, there is no guarantee that will happen, and the Company may never become profitable. The Company currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future. To date, the Company has not generated positive net income and a large portion of the Company's expenses are fixed, including expenses related to facilities, equipment, contractual commitments and personnel. As a result, the Company expects for its net losses from operations to improve. The Company's ability to generate additional revenues and potential to become profitable will depend largely on its ability to manufacture and market its products and services. There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, the Company cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, the Company may be unable to continue its business.

Dependence on Key Personnel and Consultants

The success of the Company will be largely dependent upon the performance of its management and key employees. Failure by the Company to retain or to attract and retain additional key employees with necessary skills could have a materially adverse impact upon the Company's growth and profitability. These individuals, and the contributions they will make, are important to the future operations and success of the Company. The unexpected loss or departure of any of the key officers, employees or consultants of the Company could be detrimental to the Company's future operations. The Company's success will depend in part on its ability to attract and retain qualified personnel, as they are needed. The competition for highly skilled technical, management, sales and other employees is high in the Company's industry and the cost of hiring and retaining such personnel has been increasing. There can be no assurance that the Company will be able to engage the services of such personnel or retain the Company's current personnel.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

SCHEDULE "C"

AUDITED FINANCIAL STATEMENTS OF FRIENDLY GUMMY

[Attached.]

THE FRIENDLY GUMMY COMPANY INC.

Financial Statements

Period from incorporation on March 21, 2021 to September 30, 2021

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The Friendly Gummy Company Inc.

Opinion

We have audited the financial statements of The Friendly Gummy Company Inc. (the "Company"), which comprise the statement of financial position as at September 30, 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation on March 21, 2021 to September 30, 2021, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2021, and its financial performance and its cash flows for the period from incorporation on March 21, 2021 to September 30, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 to the financial statements, which describes events or conditions that 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.

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 International Financial Reporting Standards, 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 Canadian generally accepted auditing standards 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 Canadian generally accepted auditing standards, 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.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

November 12, 2021

MOORE

An independent firm
associated with Moore
Global Network Limited

The Friendly Gummy Company Inc.

Statement of Financial Position
(Expressed in Canadian dollars)

	Notes	September 30, 2021
		$
Assets		
Current		
Cash		11,035
Total assets		11,035
Liabilities		
Current		
Trade payable and accrued liabilities	3	34,086
Total liabilities		34,086
Shareholders' equity		
Share capital	5	43,514
Reserve	5,6,7	2,577
Deficit		(69,142)
Total shareholders' equity		(23,051)
Total liabilities and shareholders' equity		11,035
Nature of operations and going concern	1	

Approved and authorized for issue on behalf of the Board of Directors on November 12, 2021

"Arduino Petreccia"

Director, Arduino Petreccia

The accompanying notes are an integral part of these financial statements

The Friendly Gummy Company Inc.
Statement of Loss and Comprehensive loss
(Expressed in Canadian dollars)

	Notes	Period from incorporation on March 21, 2021 to September 30, 2021
		$
Operating expenses		
Advertising and promotion		197
Office and administration		2,327
Professional and consulting		42,463
Research and development		9,177
Share-based payments	6	587
Website cost	2	14,391
		69,142
Net and comprehensive loss		(69,142)

The accompanying notes are an integral part of these financial statements

The Friendly Gummy Company Inc.
Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Common shares		Reserve	Deficit	Total
	Amount	Value ($)	$	$	$
Shares issued for cash	15,500,100	50,711	1,990	-	52,701
Share issuance costs	-	(7,197)	-	-	(7,197)
Share-based payments	-	-	587	-	587
Net loss	-	-	-	(69,142)	(69,142)
Balance, September 30, 2021	15,500,100	43,514	2,577	(69,142)	(23,051)

The accompanying notes are an integral part of these financial statements

The Friendly Gummy Company Inc.

Statement of Cash Flows
(Expressed in Canadian dollars)

	Period from incorporation on March 21, 2021 to September 30, 2021
	$
Operating activities	
Net loss	(69,142)
Items not affecting cash:	
Share-based payments	587
	(68,555)
Changes in non-cash working capital items:	
Trade payable and accrued liabilities	34,086
Cash used in operating activities	(34,469)
Financing activities	
Proceeds from issuance of shares	52,701
Share issuance costs	(7,197)
Cash provided by financing activities	45,504
Increase in cash	11,035
Cash, beginning	-
Cash, ending	11,035

The accompanying notes are an integral part of these financial statements

1) Nature of operations and going concern

The Friendly Gummy Company Inc. (the "Company") was incorporated under the Business Corporations Act in British Columbia on March 21, 2021. The registered record office of the Company is 900 – 885 West Georgia Street, Vancouver, BC, V6C 3H1.

The Company develops vegan, gluten-free and chewable gummy supplements.

The Company has incurred a net deficit of $69,142 from inception that has primarily been funded through financing activities. The Company will need to raise additional capital during the next twelve months and beyond to support current operations and planned development. These factors indicate the existence of a material uncertainty that may cast significant doubt as to the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand and through private placements of common shares. These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2) Summary of significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Issues Committee ("IFRIC"). The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

These financial statements were authorized for issue by the sole director on November 12, 2021.

(b) Basis of presentation

These financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements are presented in Canadian dollars, unless otherwise noted.

(c) Functional and presentation currency

The financial statements are presented in Canadian dollars which is the functional currency of the Company.

2) Summary of significant accounting policies (continued)

(d) Use of estimates and judgments

The preparation of these financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Actual results could differ from these estimates.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

i. The Company uses the Black-Scholes option pricing model to value options and warrants granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual.

ii. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Significant Judgments

Judgments made by management include the factors used to determine the assessment of whether the going concern assumption is appropriate. The assessment of the going concern assumption requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

i. The assessment of the Company's ability to continue as a going concern and its ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

ii. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollar is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.

2) Summary of significant accounting policies (continued)

(e) Financial instruments

Financial instruments are accounted for in accordance with IFRS 9 *Financial Instruments: Classification and Measurement*. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The following table shows classification of the financial assets and liabilities:

Financial asset / liability	IFRS 9 Classification
Cash	FVTPL
Trade payable and accrued liabilities	Amortized cost

Financial assets
On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment of financial assets
IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to an estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2) Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

Financial liabilities
Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade payables and due to related parties are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are generally recognized in profit or loss.

(f) Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset or use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. As at September 30, 2021, the company had not recognized any internally-generated intangible assets.

(g) Intangible assets

Intangible assets are cost less accumulated depreciation. All website cost incurred during the preliminary project stage, including planning and research, are expensed as incurred, as well as any costs incurred for content development. As at September 30, 2021, the Company has incurred $14,391 website cost and has yet to capitalize the expense as assets due to its preliminary project stage.

(h) Foreign currency translation

In determining the functional currency of the Company, the following was considered:

- the currency that mainly influences the cost of labour, services and other costs of exploration and evaluation activities; and
- the currency used to maintain the amounts charged by operating activities
- the currency used to raise additional capital for working capital

2) Summary of significant accounting policies (continued)

(h) Foreign currency translation (continued)

Translation of foreign currency transactions

Transactions in foreign currencies are translated using the exchange rate prevailing at the date of the transaction. At each reporting date, foreign currency denominated monetary assets and liabilities are translated at year-end exchange rates. Exchange differences arising from the transactions are recorded in profit or loss for the period, except for exchange differences relating to borrowings hedging net investments denominated in the consolidated subsidiaries' currency. These differences are recognized in other comprehensive income as currency translation differences until the disposal of the net investment. Exchange differences arising from operating transactions are recorded in operating profit for the period; exchange differences related to financing transactions are recognized as finance costs or income, or in other comprehensive income.

Translation of foreign operations

The assets and liabilities of a foreign operation, including goodwill and fair value adjustments arising from the acquisition, are translated in Canadian dollars at year-end exchange rates. Income and expenses, and cash flows of a foreign operation are translated in Canadian dollars using average exchange rates. Differences resulting from translating foreign operations are reported as translation differences in equity. When a foreign operation is disposed of, the translation differences previously recognized in equity are reclassified to profit or loss.

(i) Share-based payments

The Company may receive or acquire goods or services in a share-based transaction. The Company recognizes a corresponding increase in equity if the goods or services were received in an equity-settled share-based payment transaction, or a liability if the goods or services were acquired in a cash-settled share-based payment transaction. For equity-settled share-based payment transactions, the Company measures the goods or services received and the corresponding increase in equity directly at the fair value of the goods or services received, unless the fair value of the goods or services received cannot be estimated reliably, the Company measures their value and the corresponding increase in equity by reference to the fair value of the equity instruments issued.

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to equity reserve. The fair value of options is determined using the Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Any consideration paid by plan participants on the exercise of stock options is credited to share capital.

2) Summary of significant accounting policies (continued)

(j) Share capital

The Company records proceeds from share issued net of issuance costs and any tax effects. Common shares issued for consideration other than cash are valued based on their market value at the date the common shares are issued.

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the warrants issued in the private placements is determined to be the more easily measurable component and they were valued at the fair value, as determined using the Black-Scholes pricing model. The balance, if any, was allocated to the common shares. Any fair value attributed to the warrants is recorded as reserve.

(k) Income taxes

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is recognized on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that future taxable income will be available to allow all or part of the temporary differences to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted and are expected to apply by the end of the reporting period. Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(Expressed in Canadian dollar)

3) Accounts payable and accrued liabilities

	September 30, 2021 $
Trade payables	14,966
Accrued liabilities	19,120
Total	34,086

4) Related party transactions and balances

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 members of the Company's sole director. The remuneration of directors and key management personnel during the period from incorporation on March 21, 2021 to September 30, 2021 was $nil.

5) Share capital

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Issued

During the period from incorporation on March 21, 2021 to September 30, 2021, the Company entered into the following share capital transactions:

- On April 26, 2021, the Company completed non-brokered private placement offering consisting of 15,000,000 units at a price of $0.0034 per unit for $51,000 proceeds. Each unit consists of one common share and one-half share purchase warrant, exercisable at $0.50 expiring five years after the date of issuance or one year after the date that the Company listed on a recognized North American stock exchange, whichever happen earlier. The warrants were valued at $1,926 using the residual method.
- On June 3, 2021, the Company completed non-brokered private placement offering consisting of 500,000 units at a price of $0.0034 per unit for $1,700 proceeds. Each unit consists of one common share and one-half share purchase warrant, exercisable at $0.50 expiring five years after the date of issuance or one year after the date that the Company listed on a recognized North American stock exchange, whichever happen earlier. The warrants were valued at $64 using the residual method.

- The share issuance costs associated with these transactions amounted to $7,197.

(Expressed in Canadian dollar)

6) Stock options

During the period from incorporation on March 21, 2021 to September 30, 2021, the Company adopted an incentive stock option plan. Pursuant to the Company's stock option plan, directors may authorize the granting of options to directors, officers, employees and consultants of the Company. The expiry date for each option is determined by the sole director at the time such option is granted. All options under the plan are non-assignable, non-transferrable and only exercisable by the optionee.

A summary of the changes in the share options are presented below:

	Options outstanding	Weighted average exercise price
	#	$
At March 21, 2021	-	-
Granted	700,000	0.25
Exercised	-	-
At September 30, 2021	700,000	0.25

<u>During the period from incorporation on March 21, 2021 to September 30, 2021</u>

- On April 27, 2021, the Company granted 700,000 options with an exercise price of $0.25 to a consultant. The options are exercisable for a period of three years. All of the options granted vested immediately at the date of grant. The fair value of the options on date of grant was $587 estimated using the Black-Scholes option pricing model.

The estimated grant date fair value of the options granted during the period ended September 30, 2021 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	September 30, 2021
Risk-free interest rate	0.31%
Expected life (years)	3.0
Annualized volatility	150%
Dividend rate	0%

7) Share purchase warrants

A summary of the changes in the share purchase warrants are presented below:

	Warrants outstanding	Weighted average exercise price
	#	$
At March 21, 2021	-	-
Issued	7,750,000	0.50
At September 30, 2021	7,750,000	0.50

The following table summarizes information about the share purchase warrants outstanding and exercisable at September 30, 2021:

7) Share purchase warrants (continued)

Exercise price	Number of shares purchase warrants outstanding	Weighted average remaining contractual life
$	#	
0.50	7,750,000	4.58

8) Financial instruments

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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.

The carrying value of the Company's financial assets and liabilities including cash and trade and other payables included in the statement of financial position at September 30, 2021 approximate their fair value due to their short terms to maturity.

Financial risks

The Company's activities expose it to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are credit risk, foreign exchange risk, liquidity risk and interest rate risk.

The sole director has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis. There have been no significant changes in the Company's exposure to these financial risks for the period from incorporation on March 21, 2021 to September 30, 2021.

Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its holdings of cash. Cash is held with major Canadian bank. Management believes the risk of loss to be minimal.

Liquidity risk
Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

8) Financial instruments

Interest rate risk
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in interest rate. The Company determined there is no material exposure related to interest rate risk as the financial liability is non-interest bearing.

Foreign currency risk
The Company's functional and reporting currency is the Canadian dollar. During the period from incorporation on March 21, 2021 to September 30, 2021, most purchases are paid on behalf of the Company by a consultant and are reimbursable in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

9) Capital management

The Company's objective when managing capital is to maintain a flexible capital structure for its projects for the benefit of its stakeholders. The Company's main source of funds is from its ability to raise public and/or private equity or loan financing. The Company manages the capital structure and makes appropriate adjustments to it based upon changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

The Company's investment policy is to invest its available cash in Canadian chartered banks. All its funds are available for project and corporate objectives.

The Company considers cash to include amounts held in banks. The Company places its cash with institutions of high credit worthiness.

The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian dollar)

10) Income taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2021
	$
Net loss	(69,142)
Statutory income tax rate	27.00%
Expected income tax (recovery)	(18,668)
Permanent Difference	158
Share issue cost	(1,943)
Other	779
Change in unrecognized deductible temporary differences and other	19,674
Total income tax recovery	-

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	2021
	$
Deferred tax assets (liabilities)	
Non-capital losses	18,119
Share issue costs and other	1,555
	19,674
Unrecognized deferred tax assets	(19,674)
Net deferred tax assets	-

SCHEDULE "D"

PRO FORMA FINANCIAL STATEMENTS
OF THE COMPANY AND FRIENDLY GUMMY

[Attached.]

VEGANO FOODS INC.
Pro Forma Consolidated Statement of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

As at		Vegano Foods Inc. September 30, 2021		The Friendly Gummy Company Inc. September 30, 2021		Pro forma adjustments	Notes		Pro forma consolidated
ASSETS									
Current assets									
Cash and cash equivalents	$	2,223,587	$	11,035	$	(150,000)	3(b)	$	2,084,622
Other receivables		66,884		-		-			66,884
Prepaid expenses		48,323		-		-			48,323
Inventory		61,976		-		-			61,976
		2,400,770		11,035		150,000			2,261,805
Investment		350,000		-		-			350,000
Equipment		68,795		-		-			68,795
Intangible asset		90,374		-		-			90,374
TOTAL ASSETS	$	**2,909,939**	$	**11,035**	$	**150,000**		$	**2,770,974**
LIABILITIES									
Current liabilities									
Accounts payable and other liabilities	$	292,469	$	34,086	$	-		$	326,555
Deferred revenue		71,606		-		-			71,606
Loans payable		20,981		-		-			20,981
TOTAL LIABILITIES	$	385,056	$	34,086	$	-		$	419,142
SHAREHOLDERS' EQUITY									
Share capital	$	5,957,617	$	43,514	$	3,831,511	3(a)	$	9,832,642
Reserves		431,561		2,577		(2,577)	3(a)		1,726,380
						1,294,819	3(a)		
Deficit		(3,864,295)		(69,142)		69,142	3(a)		(9,207,190)
						(5,192,895)	3(a)		
						(150,000)	3(b)		
TOTAL SHAREHOLDERS' EQUITY	$	**2,524,883**	$	**(23,051)**	$	**150,000**		$	**2,351,832**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$	**2,909,939**	$	**11,035**	$	**150,000**		$	**2,770,974**

1. BASIS OF PRESENTATION AND PREPARATION

Vegano Food Inc. (the “Company” “Vegano”) was incorporated under the Business Corporations Act of British Columbia on March 19, 2020. The Company’s principal activities relate to the sales and delivery of vegan meal kits and grocery staples to end customers. The registered office of the Company is 1055 West Georgia Street, Suite 1500, Vancouver BC V6E 4N7, Canada.

The Friendly Gummy Company Inc. (“Friendly Gummy”) was incorporated under the Business Corporations Act of British Columbia on March 21, 2021. Friendly Gummy’s principal activities relate to the development and sale of vegan, gluten-free and chewable gummy supplements. The registered office of Friendly Gummy is 885 West Georgia Street, Suite 900, Vancouver BC V6C 3H1, Canada.

The unaudited pro forma consolidated statement of financial position as at September 30, 2021, gives effect to the acquisition of Friendly Gummy (the “FGC Acquisition”) as if it had occurred as at September 30, 2021, and has been prepared by management for inclusion in Vegano’s non-offering prospectus (the “Prospectus”) to be dated on or about November 12, 2021.

The unaudited pro forma consolidated statement of financial position is the result of combining the unaudited interim statement of financial position of Vegano as at September 30, 2021 and the audited statement of financial position of Friendly Gummy as at September 30, 2021.

The unaudited pro forma consolidated statement of financial position has been prepared for illustrative purposes only and may not be indicative of the combined entities’ financial position that would have occurred if the FGC Acquisition had been in effect at the date indicated. Actual amounts recorded upon consummation of the FGC Acquisition will likely differ from those recorded in the unaudited pro forma consolidated statement of financial position. The pro forma adjustments and allocations of the purchase price are based in part on estimates of the fair value of assets acquired and liabilities to be assumed. The final purchase price allocation will be completed after asset and liability valuations are finalized as of the date of the completion of the FGC Acquisition. The actual fair values of the assets and liabilities will be determined as of the effective date of the FGC Acquisition and may differ materially from the amounts disclosed in the assumed pro forma purchase price allocation because of changes in fair value of the assets and liabilities up to the date of effective date of the FGC Acquisition, and as further analysis is completed.

Consequently, the actual allocation of the purchase price may result in different adjustments than those in the unaudited pro forma consolidated statement of financial position. Similarly, the calculation and allocation of the purchase price has been prepared on a preliminary basis and is subject to change between the time such preliminary estimations were made and closing as a result of a number of factors.

The unaudited pro forma consolidated statement of financial position has been prepared in accordance with Vegano’s and Friendly Gummy’s accounting policies, as disclosed in Vegano’s audited financial statements for the year ended December 31, 2020, and Friendly Gummy’s audited financial statements for the period from incorporation on March 21, 2021 to September 30, 2021. There are no material differences in accounting policies between Vegano and Friendly Gummy.

The unaudited pro forma consolidated statement of financial position has been compiled from information derived from (i) Vegano’s unaudited condensed interim financial statements for the nine months ended September 30, 2021; and (ii) Friendly Gummy’s audited financial statements for the period from incorporation on March 21, 2021 to September 30, 2021; both of which were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, and included elsewhere in the Prospectus.

It is management of Vegano’s opinion that the unaudited pro forma consolidated statement of financial include all adjustments required for the fair presentation, in all material respects, of the transactions described in Note 3 in accordance with IFRS.

(Expressed in Canadian dollars)

2. SUMMARY OF PROPOSED TRANSACTION

Vegano has an understanding with the principal shareholder of Friendly Gummy to acquire all of the issued and outstanding shares of Friendly Gummy to complete the FGC Acquisition. The management of Vegano and Friendly Gummy expects to complete the FGC Acquisition prior to the filing of the final Prospectus. The total consideration payable under the FGC Acquisition is 15,500,100 common shares of Vegano issued at a price of $0.25 per common share. Vegano also expects that a further 8,450,000 common shares of Vegano may be issued on the exercise of options and share purchase warrants issued by Friendly Gummy, which have an exercise price of $0.25 and $0.50 per share respectively.

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The pro forma consolidated statement of financial position was prepared based on the following assumptions and adjustments:

a) Vegano will acquire all of the issued and outstanding common shares and control of Friendly Gummy by issuing 15,500,100 common shares. The FGC Acquisition is considered a purchase of Friendly Gummy's net assets by the shareholders of Vegano.

   The FGC Acquisition will be accounted for in accordance with guidance provided in IFRS 2, "Share-Based Payment" and IFRS 3, "Business Combinations". As Friendly Gummy did not qualify as a business according to the definition in IFRS 3, the FGC Acquisition does not constitute a business combination; rather it is treated as an issuance of shares by Vegano for the net assets of Friendly Gummy.

   The purchase price is allocated as follows:

Fair value of Vegano shares (15,500,100 common shares at approximately $0.25 per share)	$	3,875,025
Fair value of replacement options and warrants		1,294,819
Total consideration	$	5,169,844
Net Assets (Liabilities) of Friendly Gummy:		
Cash	$	11,035
Liabilities		(34,086)
Total net assets	$	(23,051)
Transaction cost	$	5,192,895

   The estimated fair value of the Vegano shares issued to the shareholders of Friendly Gummy of $3,875,025 is based on an estimated fair value of approximately $0.25 per share as at the transaction closing date. For the purpose of the pro forma consolidated statement of financial position, fair value of the common shares was based on the most recent subscription price of Vegano. The estimated fair value of the consideration is $5,192,895 higher than the fair value of the net liabilities acquired. This amount will be recorded as a transaction cost.

   Fair value of outstanding stock options and warrants continuing from Friendly Gummy into the Resulting Issuer has been estimated on the Transaction date using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free rate of 0.90%, expected annual volatility of 100% and expected life in years of 4.04 years.

b) In connection with the completion of the FGC Acquisition, Vegano is expected to incur approximately $150,000 of professional fees.

(Expressed in Canadian dollars)

4. PRO FORMA CAPITALIZATION

	Number of Shares		Amounts
Opening balance	56,158,926	$	5,957,617
Equity of Friendly Gummy	15,500,100		43,514
Elimination of Friendly Gummy's equity	-		(43,514)
Shares acquired of Friendly Gummy – Note 3(a)	(15,500,100)		-
Shares issued for the FGC Acquisition – Note 3(a)	15,500,100		3,875,025
Total	71,659,026	$	9,832,642

Following the completion of the FGC Acquisition, there will be warrants to purchase 193,600 common shares and stock options to purchase an additional 5,600,000 common shares resulting in fully diluted Vegano common shares of 77,452,626.

5. INCOME TAX

The effective consolidated pro forma tax rate is expected to approximate 27%.

SCHEDULE "E"

AUDIT COMMITTEE CHARTER

I. PURPOSE

This charter sets out the Audit Committee's purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board of Directors (the "**Board**") of Vegano Foods Inc. (the "**Company**"), annual evaluation and compliance with this charter. The primary responsibility of the Audit Committee is that of oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with tax and securities laws and regulations as well as whistle blowing procedures. The Audit Committee is also responsible for the other matters as set out in this charter and/or such other matters as may be directed by the Board from time to time. The Audit Committee should exercise continuous oversight of developments in these areas.

II. COMPOSITION

A. A majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company, as defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), provided that should the Company become listed on a more senior exchange, each member of the Audit Committee will also satisfy the independence requirements of such exchange and of NI 52-110.

B. The Audit Committee will consist of at least three members, all of whom must be directors of the Company. Upon graduating to a more senior stock exchange, if required under the rules or policies of such exchange, each member of the Audit Committee will also satisfy the financial literacy requirements of such exchange and of NI 52-110.

C. The Chair of the Audit Committee will be appointed by the Board.

III. AUTHORITY

A. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

1. engage, set and pay the compensation for independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, and any such consultants or professional advisors so retained by the Audit Committee will report directly to the Audit Committee;
2. communicate directly with management and any internal auditor, and with the external auditor without management involvement; and
3. incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, which expenses will be paid for by the Company.

IV. DUTIES AND RESPONSIBILITIES

A. The duties and responsibilities of the Audit Committee include:

1. recommending to the Board the external auditor to be nominated by the Board;

2. recommending to the Board the compensation of the external auditor to be paid by the Company in connection with (i) preparing and issuing the audit report on the Company's financial statements, and (ii) performing other audit, review or attestation services;

3. reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Audit Committee);

4. overseeing the work of the external auditor;

5. ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include disclosure of all engagements (and fees related thereto) for non-audit services provided to Company;

6. ensuring that the external auditor is in good standing with the Canadian Public Accountability Board by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues;

7. ensuring that the external auditor meets the rotation requirements for partners and staff assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each professional with respect to the appropriate regulatory rotation requirements and plans to transition new partners and staff onto the audit engagement as various audit team members' rotation periods expire;

8. reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("**MD&A**"), including the appropriateness of the Company's accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) and obtaining reasonable assurance that the financial statements are presented fairly in accordance with IFRS and the MD&A is in compliance with appropriate regulatory requirements;

9. reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the financial statements of the Company and its subsidiaries;

10. reviewing and discussing with management and the external auditor the external auditor's written communications to the Audit Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements;

11. reviewing and discussing with management and the external auditor all earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies prior to such information being disclosed;

12. reviewing the external auditor's report to the shareholders on the Company's annual financial statements;

13. reporting on and recommending to the Board the approval of the annual financial statements and the external auditor's report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, prior to the dissemination of these documents to shareholders, regulators, analysts and the public;

14. satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditors, that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements that such information is fairly presented;

15. overseeing the adequacy of the Company's system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management's remediation of identified weaknesses;

16. reviewing with management and the external auditors the integrity of disclosure controls and internal controls over financial reporting;

17. reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company and assessing, as part of its internal controls responsibility, the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board;

18. satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company's legal advisors on the functioning of the disclosure compliance system, (including any significant instances of non-compliance with such system) in order to satisfy itself that such system may be reasonably relied upon;

19. resolving disputes between management and the external auditor regarding financial reporting;

20. establishing procedures for:

    a) the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto, and

    b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

21. reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;

22. pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;

23. overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities;

24. establishing procedures for:

    a) reviewing the adequacy of the Company's insurance coverage, including the Directors' and Officers' insurance coverage;

    b) reviewing activities, organizational structure, and qualifications of the Chief Financial Officer ("**CFO**") and the staff in the financial reporting area and ensuring that matters related to succession planning within the Company are raised for consideration at the Board;

    c) obtaining reasonable assurance as to the integrity of the Chief Executive Officer ("**CEO**") and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company;

    d) reviewing fraud prevention policies and programs, and monitoring their implementation;

    e) reviewing regular reports from management and others (e.g., external auditors, legal counsel) with respect to the Company's compliance with laws and regulations having a material impact on the financial statements including:

        i. tax and financial reporting laws and regulations;

        ii. legal withholding requirements;

        iii. environmental protection laws and regulations;

        iv. other laws and regulations which expose directors to liability; and

B. A regular part of Audit Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Audit Committee will regularly canvass the Audit Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Audit Committee on a timely basis.

C. On an annual basis the Audit Committee shall review and assess the adequacy of this charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Audit Committee charter to the Board for its approval.

D. On an annual basis, the Audit Committee shall require the Company's Chief Executive Officer and Chief Financial Officer to evaluate, or cause to be evaluated under their supervision, the effectiveness of the Company's disclosure controls and procedures and internal control over financial reporting as at the Company's financial year end date and to report the results of their evaluation to the Audit Committee prior to the Audit Committee approving the Company's annual financial statements.

V. TERM

The members of the Audit Committee shall be appointed by designation of the Board and shall continue to be a member thereof until the earlier of (i) the Board, at its discretion, decides to remove the member from the Committee, or (ii) the expiration of his or her term of office as a Director. Vacancies at any time occurring shall be filled by designation of the Board.

VI. MEETINGS

The Committee shall meet at least once per year or more frequently as circumstances dictate. A majority of the members appearing at a duly convened meeting shall constitute a quorum and the Committee shall maintain minutes or other records of its meetings and activities. The Chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, and making regular reports to the Board. These documents will be shared with the Board as needed to discharge the Committee's delegated responsibilities and stored in a centralized electronic archive administered by the Corporate Secretary. In case of absence of the Chair, the participating Audit Committee members will designate an interim Chair. The Committee may invite members of Management or others to attend their meetings and they will be asked to step-out during sensitive conversations. As part of its responsibility to foster open communication, the Committee should meet at least annually with each of the CEO and Chief Financial Officer in separate executive sessions to discuss any matters that the Committee or the executive officers believe should be discussed privately with the Committee.

VII. REPORTS

A. The Audit Committee will report, at least annually, to the Board regarding the Audit Committee's examinations and recommendations.

B. The Audit Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

VIII. MINUTES

A. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

IX. ANNUAL PERFORMANCE EVALUATION

A. The Board will conduct an annual performance evaluation of the Audit Committee, taking into account the charter, to determine the effectiveness of the Committee.

This charter was adopted by the Board effective August 11, 2021.

CERTIFICATE OF THE COMPANY

Dated: November 15, 2021

This amended and restated preliminary prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Company as required by the securities legislation of British Columbia and Ontario.

(Signed) "Conor Power"	*(Signed) "Alex McAulay"*
Conor Power, Chief Executive Officer	Alex McAulay, Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) "Julie Daley"	*(Signed) "Joel Primus"*
Julie Daley, Director	Joel Primus, Director

CERTIFICATE OF THE PROMOTER

Dated: November 15, 2021

This amended and restated preliminary prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Company as required by the securities legislation of British Columbia and Ontario.

(Signed) "Conor Power"

Conor Power, Promoter