

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**Item 1 Name and Address of Company**

Vegano Foods Inc. (“Vegano” or the “Company”)  
1040 West Georgia Street, Unit 415  
Vancouver, British Columbia, V6E 4H1

**Item 2 Date of Material Change**

June 20, 2022

**Item 3 News Release**

A news release dated June 21, 2022 was disseminated and filed on the Company’s SEDAR profile at <http://www.sedar.com/> and posted to the Company’s disclosure hall with the Canadian Securities Exchange (“CSE”).

**Item 4 Summary of Material Change**

Vegano Foods Inc. completed the acquisition of all of the outstanding securities of SMPL Oats Ltd. (“SMPL”) by way of a three-cornered amalgamation carried out pursuant to the *Business Corporations Act* (British Columbia) (the “Amalgamation”) and pursuant to the terms of the definitive agreement (the “Amalgamation Agreement”) among the Company, 1355441 BC Ltd., a wholly owned subsidiary of the Company and SMPL. The Company issued to the former shareholders of SMPL, 0.893612552643442 of one common share in the capital of the Company (each, a “Vegano Share”) for each common share of SMPL (each, a “SMPL Share”) acquired by the Company. The corporation resulting from the Amalgamation, is named “SMPL Oats Ltd.”, is a wholly-owned subsidiary of the Company and will carry on the business of SMPL.

**Item 5 Full Description of Material Change**

**5.1 Full Description of Material Change**

**Acquisition strategy for Vegano**

The Vegano online marketplace is a unique platform offering plant-based foods. Vegano intends to purchase and make investments into brands consumers are seeking out on its platform. Vegano’s acquisition of SMPL represents the first such acquisition. The acquisition of SMPL is the Company’s first, and it marks a critical milestone in the development of a vertical distribution model that can scale opportunities on its unique plant-based foods Shopify marketplace.

**About SMPL Oats Ltd.**

SMPL is a beverage company that specializes in creating innovative oat milk that is dairy-free, gluten-free, nut-free and plant-based. SMPL focuses on the health beverage market segment.

**Transaction Terms**

In consideration for all outstanding shares capital of SMPL, the Company issued an aggregate of 28,678,680 Vegano Shares. In addition, the Company reserved for issuance 116,169 Vegano Shares to be issued to the holders of special warrants of SMPL (the “SMPL Special Warrants”) on conversion of such SMPL Special Warrants at the election of the holder. Vegano also reserved for issuance (i) 12,771,023 Vegano Shares for issue on exercise of common share purchase warrants of SMPL, (ii) 6,828,553 Vegano Shares

for issue on exercise of common share purchase warrants issued to former holders of SMPL Special Warrants, and (iii) 116,169 Vegano Shares for issue on exercise of common share purchase warrants to be issued to holders of SMPL Special Warrants on conversion of such SMPL Special Warrants at the election of the holder.

The acquisition of SMPL does not constitute a fundamental change for the Company, nor has it resulted in a change of control of the Company, within the meaning provided by the policies of the CSE. A copy of the Amalgamation Agreement was filed under the Company's profile at [www.sedar.com](http://www.sedar.com).

Further details of the Transaction can be found in the Company's news release dated June 21, 2022 which is attached to this report.

### **Related Party Disclosure**

The following supplementary information is provided in accordance with Section 5.2 MI 61-101.

- (a) a description of the transaction and its material terms:

The Transaction and its material terms are described above.

- (b) the purpose and business reasons for the transaction:

The purpose of the Transaction was to acquire SMPL and its product line. The Transaction represents the first acquisition made by Vegano, as it seeks to acquire products being sold and to be sold through its online market place.

- (c) the anticipated effect of the transaction on the issuer's business and affairs:

SMPL creates innovative, nutritious, and delicious Oat Milk that is dairy-free, gluten-free, nut-free, and plant-based. All products are a no-compromise alternative to dairy milk and are shelf-stable. The Company's products are distributed through a direct-to-consumer online website. The Company's mission is to help individuals build healthy eating habits and live a more health-conscious life. The acquisition of SMPL is the Company's first, and it marks a critical milestone in the development of a vertical distribution model that can scale opportunities on its unique plant-based foods Shopify marketplace.

- (d) a description of:

- (i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Conor Power, director and shareholder of the Company, is also a director and was a shareholder of SMPL. Conor Power held 680,000 SMPL Shares and received 607,657 Vegano Shares on completion of the Transaction

Joel Primus, director and shareholder of the Company, was also a shareholder of SMPL. Joel Primus held 200,000 SMPL Shares and received 178,723 Vegano Shares on completion of the Transaction.

Alex McAulay, Chief Financial Officer of the Company, is also a shareholder of SMPL. Alex McAulay held 2,000,000 SMPL Shares and received 1,787,225 Vegano Shares on completion of the Transaction.

- (ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each

person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

Upon completion of the Transaction, the percentage of securities of Vegano beneficially owned or controlled by:

- Conor Power increased by 0.31% to 1.51%, on an undiluted basis, and increased by 0.32% to 1.51%, on partially diluted basis;
- Joel Primus increased by 0.21% to 0.21%, on an undiluted basis, and increased by 0.03% to 0.55%, on partially diluted basis;
- Alex McAulay increased by 1.96% to 2.29%, on an undiluted basis, and increased by 1.96% to 2.29%, on partially diluted basis;

- (e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

The Board consists of three directors, two of whom (Conor Power and Joel Primus) are interested parties in respect of the Transaction pursuant to MI 61-101. Juliana Lynne Daley, a director who is not an officer of the Company and was not an interested party in respect of the Transaction and is considered independent applying the criteria specified in Part 7 of MI 61-101. Juliana Daley reviewed the terms of the Transaction, submissions from management regarding SMPL and its business, and information regarding companies that provide similar products to that of SMPL, and determined that the terms of the Transaction were reasonable and fair to the Company.

- (f) a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:

Not applicable.

- (g) disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:

- (i) that has been made in the 24 months before the date of the material change report:

Not applicable.

- (ii) the existence of which is known, after reasonable enquiry, to the issuer or to any director or senior officer of the issuer:

Not applicable.

- (h) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:

Not applicable.

- (i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101, respectively, and the facts supporting reliance on the exemptions:

The Company relied on the exemption from the valuation requirement and the minority approval requirement pursuant to subsections 5.5(b) *Issuer Not Listed on Specified Markets* and Section 5.7(1)(a) *Fair Market Value Not More than 25% of Market Capitalization*. The Company does not have any securities listed on the markets specified in subsection 5.5(b). The Company relied on the exemption from minority shareholder approval in subsection 5.7(1)(a) of MI 61-101 on the basis that the fair market value of the Vegano Shares issued to interested parties as consideration for their SMPL Shares was \$270,225.59, which is less than 25% of the market capitalization of Vegano, based on the market price of the Vegano Shares on the CSE on the date of execution of the Definitive Agreement (April 3, 2022), being \$0.105, and the number of Vegano Shares outstanding on that date, being 56,190,465.

## **5.2 Disclosure for Restructuring Transactions**

Not applicable.

### **Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

### **Item 7 Omitted Information**

No significant facts have been omitted from this report.

### **Item 8 Executive Officer**

Conor Power  
Chief Executive Officer  
Tel: 604-259-0028

### **Item 9 Date of Report**

June 30, 2022

# Vegano Foods Completes Acquisition of Upstart Oat Milk Brand SMPL Oats

Vancouver, British Columbia--(Newsfile Corp. - June 21, 2022) - **Vegano Foods Inc.** (CSE: VAGN) (OTCQB: VAGNF) (the "Company") is pleased to announce that further to its press release of April 3, 2022, it has completed the acquisition of all of the outstanding securities of SMPL Oats Ltd. ("SMPL") by way of a three-cornered amalgamation carried out under the *Business Corporations Act* (British Columbia) (the "Amalgamation") pursuant to the terms of a definitive agreement (the "Agreement") among the Company, 1355441 BC Ltd., a wholly-owned subsidiary of the Company ("Subco") and SMPL. In accordance with the Agreement, the Company issued to the former shareholders of SMPL (the "SMPL Shareholders") 0.893612552643442 of one common share in the capital of the Company (each, a "Vegano Share") for each common share of SMPL acquired by the Company. The Company issued an aggregate of 28,678,680 Vegano Shares to the SMPL Shareholders. The corporation resulting from the Amalgamation, named "SMPL Oats Ltd.", is a wholly-owned subsidiary of the Company and will carry on the business of SMPL.

## About SMPL

SMPL is a beverage company that specializes in creating innovative oat milk that is dairy-free, gluten-free, nut-free and plant-based. SMPL Oats focuses on the health beverage market segment. All products are a no-compromise alternative to dairy milk distributed through a direct-to-consumer online website. The Company's mission is to help individuals build healthy eating habits and live a more health-conscious life.

This combination of in-house owned products, efficient supply chain of best-in-class health foods, seamless shopping and delivery experience aims to position Vegano for category dominance and deliver long-term shareholder growth. This acquisition now allows Vegano to operate in the global plant-based beverage market, which is expected to grow to US\$22.78 billion by 2027, exhibiting a compounded annual growth rate of 8%<sup>[1]</sup>, the brand soft launched its premium and nutritious oat milk in late 2021.

The Plant Based Foods Association defines plant-based as "food and beverages made from plants that contain no animal derived ingredients".<sup>[2]</sup> Plant-based dairy alternatives are expected to exhibit steady growth and continue to be dominant in market share. The North American plant-based beverage market is projected to be valued at US\$111.4 million by 2023.<sup>[3]</sup> North America is projected to be the fastest-growing region with a compounded annual growth rate of 8.5% from 2021 to 2017 due to a fast-growing vegan population in the region.<sup>[4]</sup> Increasing innovation by key regional players is expected to strengthen the North American market.

## Transaction Terms

In consideration for all outstanding share capital of SMPL, the Company issued an aggregate of 28,678,680 Vegano Shares. In addition, the Company reserved for issuance 116,169 Vegano Shares to be issued to the holders of special warrants of SMPL (the "SMPL Special Warrants") on conversion of such SMPL Special Warrants at the election of the holder. Vegano also reserved for issuance (i) 12,654,854 Vegano Shares for issue on exercise of common share purchase warrants of SMPL, (ii) 6,828,553 Vegano Shares for issue on exercise of common share purchase warrants issued to former holders of SMPL Special Warrants, and (iii) 116,169 Vegano Shares for issue on exercise of common share purchase warrants to be issued to holders of SMPL Special Warrants on conversion of such SMPL Special Warrants at the election of the holder.

The acquisition of SMPL does not constitute a fundamental change for the Company, nor has it resulted in a change of control of the Company, within the meaning provided by the policies of the Canadian

Securities Exchange.

## **Related Party Disclosure**

Each of Conor Power and Joel Primus, directors of the Company, were also directors and shareholders of SMPL and accordingly, the acquisition of SMPL securities from each of Messrs. Power and Primus constitutes a related party transaction under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Amalgamation is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 based on the exemption set out section 5.5(b) Issuer Not Listed on Specified Market and Section 5.7(1)(a) *Fair Market Value Not More than 25% of Market Capitalisation*. The Agreement was approved by the independent director of the Company. Additional information required pursuant to MI 61-101 was provided in the material change report filed by the Company on April 8, 2022.

## **Investor relations**

Part of SMPL's initial business plan was to take the company public by way of a non-offering prospectus prior to announcing Vegano's acquisition thereof. In forming that strategy, SMPL prepaid for digital media campaigns. The Company paid Market IQ Media Group Inc. \$131,500 on September 6, 2021 and Axe Communications Inc. \$50,000 on September 10, 2021. The Company also paid Grainne Capital limited \$200,000 on September 15, 2021. The Company entered into an agreement with Ascent Marketing Ltd. \$238,095.24 for general consulting services on April 22, 2022. SMPL paid \$200,000 on May 10<sup>th</sup> to Maynard Communication Limited. All of these vendors will be providing investor relations services which might include strategic digital media, marketing and data analytics services for the purposes of promoting SMPL, which by way of the acquisition is now Vegano Foods Inc.

## **ABOUT VEGANO FOODS INC.**

Vegano Foods Inc. is Canada's premier 100% plant-based meal box company that operates in Vancouver and is set to expand to Toronto, Montreal, and Los Angeles later this year. Founded in March of 2020, Vegano helps make healthy plant-based eating more accessible to Canadians, allowing them to take veganism beyond Meatless Mondays and Veganuary. Vegano uses high-quality ingredients sourced from local farmers and producers to ensure that its meal kits are delivered fresh to their members every week. With many chef-created recipes, Vegano's meals can be prepared in under 45 minutes, allowing people to spend less time on meal prep and more time on things they love. For more information, visit [www.veganofoods.com](http://www.veganofoods.com).

ON BEHALF OF THE BOARD OF DIRECTORS

Conor Power, CEO & Director

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*The CSE has neither approved nor disapproved the contents of this news release. The CSE does not accept responsibility for the adequacy or accuracy of this release.*

## **FORWARD LOOKING STATEMENTS:**

*Certain information in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact included in this news release are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated*

*in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are detailed from time to time in the filings made by the Company with securities regulators. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on any forward-looking information. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company disclaims any intention or obligation to update or revise such information, except as required by applicable law.*

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[1] Vision Research Reports. (2020, December). Plant-based beverages market size, share, growth, trends, company analysis, regional insights and forecast 2021 - 2027. Vision Research Reports.

<https://www.visionresearchreports.com/plant-based-beverages-market-size-share-growth-trends-company-analysis-regional-insights-and-forecast-2021-2027/35780>.

[2] Benzaquen, D. (2021, July 13). Plant Based Foods Association. <https://www.plantbasedfoods.org/>.

[3] WantStats Research And Media Pvt. Ltd. (2021, February). Plant-based beverages market research, size, share, Global Forecast 2027: MRFR.

Plant-Based Beverages Market Research, Size, Share, Global Forecast 2027 | MRFR.

<https://www.marketresearchfuture.com/reports/plant-based-beverages-market-6516>.

[4] Vision Research Reports. (2020, December). Plant-based beverages market size, share, growth, trends, company analysis, regional insights and forecast 2021 - 2027. Vision Research Reports.

<https://www.visionresearchreports.com/plant-based-beverages-market-size-share-growth-trends-company-analysis-regional-insights-and-forecast-2021-2027/35780>.

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