VEGANO FOODS INC.
Management Discussion and Analysis
For the three and twelve months ended December 31, 2022
(Expressed in Canadian dollars)

INTRODUCTION

The following management's discussion and analysis ("MD&A") is dated February 28, 2023, provides information concerning the financial condition and results of operations of Vegano Foods Inc. ("Vegano" or the "Company") for the twelve months ended December 31, 2022. The following MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the twelve months ended December 31, 2022 and the audited financial statements for the year ended December 31, 2021 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 1500 West Georgia Street, Suite 1300, Vancouver BC V6G 2Z6, Canada. The Company's principal activities relate to the sales and delivery of vegan grocery and household staples to end customers through its proprietary technology platform, the Vegano Marketplace.

The Company's common shares trade on the Canadian Securities Exchange (the "CSE") under the trading symbol "VAGN" and the OTCQB Venture Market under the trading symbol "VAGNF".

PRINCIPAL PRODUCTS AND SERVICES

Vegano Marketplace

The Company launched a vegan marketplace, accessible through the Company's website, offering a large selection of vegan grocery and household 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.

The Vegano Marketplace is operating in a limited capacity at the moment as the Company does not have enough operating cash to stock appropriate levels of inventory to fulfill customer orders in a timely way. Effectively, orders from the Vegano Marketplace are operating on a drop shipment basis whereby management purchases the inventory after a customer purchase and attempts to fulfill the order after it has been received.

The Company is primarily focused on the sale of its proprietary branded products: Vegano Chocolate Protein Powder, Vegano Vanilla Protein Powder, and Vegano Greens Blend. The plant-based protein powders are made of a blend of three plant-based proteins including non-GMO pea protein, brown rice protein and hemp protein and are designed to repair body tissue and help build muscle. Vegano's Greens Blend contains over 50 natural ingredients which are dense in antioxidants, vitamins and minerals to support optimal health. Complete product information, including ingredients and health benefits, can be found on the Company's website at www.veganofoods.com.

Management intends to sell its existing inventory of these three proprietary products through continued sales direct to consumers via Vegano Marketplace and by securing wholesale distribution agreements with strategic partners.

Meal Subscription Service

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

During the year ended December 31, 2021, the Company manufactured meal kits, using high-quality ingredients sourced from local farmers and producers to ensure that its meal kits were delivered fresh to subscribers every week. The meal kits could be prepared in less than 45 minutes. The meal kit sales allowed 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.

Starting January 31, 2022, the Company modified its meals subscription service, replacing meal kits with ready-made meals which required no further preparation by customers. The ready-made meals accommodated the same dietary preferences as the meal kits, were no longer manufactured inhouse, and were sourced from leading plant-based companies local to Vancouver, BC.

Since May 2022, the Company ceased the procurement and delivery of ready-made meals and focused its business strategy on the Vegano Marketplace.

SMPL Oats

On June 20, 2022, the Company completed the acquisition of SMPL Oats Ltd. ("SMPL"). Refer to "Acquisition of SMPL Oats Ltd." below. SMPL has had a number of fulfilment issues post acquisition, which resulted in an impairment charge of $2,722,308 after the Company has assessed it is unlikely to recover its investment. In particular, the formulation which was being done with a local vendor proved to be ineffective with quality control. There isn't a clear path to maintaining a consistent quality of standard with this vendor. The Company has solidified a vendor in the United States to procure the oat milk, but the Company currently does not have the working capital to manage the order, as it will require an investment of approximately US$50,000.

HIGHLIGHTS AND DEVELOPMENTS

During the period from January 1, 2022 to the date of this MD&A:

- The Company transitioned from producing and offering meal kits to ready-made meals sourced from local companies, as described in "Principal Products and Services". Meals have since been discontinued from the Company's offerings.
- The common shares of the Company began trading on the CSE on February 15, 2022 and later on the OTCQB Venture Market.
- On April 3, 2022, the Company, its wholly-owned subsidiary, 1355441 B.C. Ltd., and SMPL Oats Ltd. entered into an amalgamation agreement for the purpose of amalgamating SMPL Oats Ltd. and 1355441 B.C. Ltd. (the "Amalgamation").
- On June 20, 2022, the Company completed the acquisition of SMPL. Refer to "Acquisition of SMPL Oats Ltd."
- On October 25, 2022, the Company consolidated its common shares on the basis for one post-consolidated share for every ten pre-consolidated common shares held. All references to share and per share amounts have been retroactively restated to reflect this share consolidation.
- The Company elected to change its financial year end from December 31 to March 31. As a result, the Company will report audited consolidated financial statements for a 15-month transitional fiscal year from January 1, 2022 to March 31, 2023 with a comparative of the 12-month audited financial results from January 1, 2021 to December 31, 2021.

RESULTS OF OPERATIONS

Twelve months ended December 31, 2022 and 2021

During the twelve months ended December 31, 2022, the Company recorded a net loss of $5,307,290 compared to a net loss of $3,967,871 for the same period of the prior year. A detailed discussion of the components which make up net loss for each period is below.

Revenue

During the twelve months ended December 31, 2022, the Company recognized revenue of $187,614 (2021 - $407,694) generated from the sale of meal kits and prepared meals totaling $139,962 (2021 - $329,845) and the sale of grocery and household staples via Vegano Marketplace totaling $47,652 (2021 - $77,849). The decrease in revenue period over period of $220,080 is primarily explained by the cessation of meals kits and prepared meals in May 2022 which contributed $189,883 to the total decrease in revenue. Revenue generated from the Vegano Marketplace also decreased by $30,197 for the twelve months ended December 31, 2022 compared to the same period of the prior year while the Vegano Marketplace operated in a limited capacity, as discussed above in “Principal Products and Services”.

Cost of goods sold and gross profit (loss)

Cost of goods sold consists of costs of ingredients, direct labour, packaging and shipping, merchandise, impairment losses, and other direct costs. During the twelve months ended December 31, 2022, the Company incurred $379,311 (2021 - $599,562) in costs of goods sold and a negative gross margin of $191,697 (2021 - $191,868). The decline in gross margin for the twelve months ended December 31, 2022 is attributable to the impact of inflation on the price of inputs and fulfillment costs, and the impairment of inventory to its net realizable value based on management’s expectation of the likelihood of completing a sale of certain inventory items.

Operating expenses

		Twelve months ended December 31, 2022		Twelve months ended December 31, 2021
Advertising and promotion	$	237,323	$	308,011
Amortization of intangible assets		279,633		77,464
Consulting fees		772,349		419,391
Depreciation of equipment		15,786		16,063
General and administrative		208,818		531,015
Professional fees		389,296		498,054
Salaries and benefits		191,160		897,385
Share-based compensation		189,768		397,539
Travel expenses		57,857		164,500
Total operating expenses	**$**	**2,341,990**	**$**	**3,309,422**

Operating expenses decreased by $967,432 for the twelve months ended December 31, 2022 compared to the twelve months ended December 31, 2021. Variances within expense items are summarized below.

- Decrease in advertising and promotion of $70,688 was due to curtailing advertising and promotion initiatives during the twelve months ended December 31, 2022. This reduction in advertising and promotion activities was partially offset by SMPL engaging a third party for marketing services for which payment was made in advance prior to the Amalgamation. During the twelve months ended December 31, 2021, the Company focused on advertising and promotion to support the launch of meal kits subscriptions and the Vegano Marketplace to bolster sales and the Company’s market share.

- Amortization of intangible assets increased by $202,169. Amortization for the twelve months ended December 31, 2022 consists of amortization of the intangible assets acquired from SMPL in connection with the Amalgamation. Refer to “Acquisition of SMPL Oats Ltd.” Amortization for the twelve months ended December 31, 2021 consisted of amortization of the Company’s website.

- Increase in consulting fees of $352,958 is explained by engaging business advisory services with respect to acquisition target identification, market research and business development during the twelve months ended December 31, 2022 . Included in consulting fees is $337,908 paid to related parties. Refer to "Related Party Disclosures".

- General and administrative expenses consist of expenses relating to business activities such as occupancy costs for office spaces, costs for website maintenance and user interface development, office supplies, utilities, regulatory and filing fees, and meals and entertainment. The decrease in general and administrative expenses of $322,197 is primarily due to the closure of leased commercial space and reduction in meals and entertainment to conserve cash resources. During the twelve months ended December 31, 2021, the Company incurred website expenses prior to launching the Vegano Marketplace in the period whereas during the twelve months ended December 31, 2022 website expenses primarily reflect ongoing maintenance costs. These decreases were partially offset by increased filing fees incurred in connection with the Company's listing on the CSE and the OTCQB Venture Market.

- Decrease in professional fees of $108,758 incurred in the twelve months ended December 31, 2022 is attributed to the completion of listing the Company's common shares on the CSE as of February 15, 2022 which required considerable legal and accounting fees during the twelve months ended December 31, 2021. In addition, as a result of the change in year-end from December 31 to March 31 certain professional fees, including audit fees, are deferred subsequent to December 31, 2022.

- Decrease in salaries and benefits of $706,225 was due to the Company reducing its workforce and focusing its business strategy on evaluating new opportunities.

- Decrease in share-based compensation of $207,771 is explained by the number of stock options granted in each period and the underlying vesting terms and resulting fair values recognized.

- Decrease in travel expenses of $106,643 was a result of the Company's focus on completing the listing on the CSE and the Amalgamation during the twelve months ended December 31, 2022. During the twelve months ended December 31, 2021, the Company was focused on engagement with shareholders and investors.

Other expenses

During the twelve months ended December 31, 2022, the Company recorded a loss on disposal of equipment of $28,714 related to the sale of kitchen equipment and a vehicle, a gain on debt settlement of $1,500 upon issuing shares to settle amounts payable, an impairment loss of $2,722,308 related to the intangible assets of SMPL as a result of a revised assessment of the recoverable amount of the assets, and an impairment loss of $21,713 related to idle assets.

During the twelve months ended December 31, 2021, the Company recorded accretion expense and finance costs of $8,581 and $17,123, respectively, related to a convertible note issued to the CEO of the Company on July 10, 2020. Refer to "Related Party Disclosures". As a result of the change in fair value of the Company's investment in Superbolt Tea Inc., the Company also recorded a loss on investment of $349,999 during the twelve months ended December 31, 2021. The Company recorded impairment losses related to intangible assets and equipment totaling $106,388 with respect to website costs and kitchen facilities with net realizable values of $nil as of December 31, 2021. These expenses and losses were partially offset by government assistance of $16,973 recorded for grants and subsidies.

Three months ended December 31, 2022 and 2021

During the three months ended December 31, 2022, the Company recorded a net loss of $201,753 compared to a net loss of $1,505,757 for the same period of the prior year. A detailed discussion of the components which make up net loss for each period is below.

Revenue

During the three months ended December 31, 2022, refunds exceeded revenue by $24 compared to revenue of $179,779 for the three months ended December 31, 2021. During the three months ended December 31, 2022, refunds were issued on prior period sales via the Vegano Marketplace while current period revenue decreased. The decrease in revenue relates to decreased digital marketing in the period as well as the cessation of prepared meals. During the three months ended December 31, 2021, revenue was derived from meal kits and prepared meals ($136,944) and the Vegano Marketplace ($42,835) following the launches and concurrent marketing campaigns.

Cost of goods sold and gross profit (loss)

Cost of goods sold consists of costs of ingredients, direct labour, packaging and shipping, merchandise, other direct costs and impairment of inventory. During the three months ended December 31, 2022, the Company incurred $63,194 (2021 - $250,386) in costs of goods sold and a negative gross margin of $63,218 (2021 - $70,607). The decline in gross margin is attributable to the decline in sales volumes and the impairment of inventory during the three months ended December 31, 2022.

Operating expenses

		Three months ended December 31, 2022		Three months ended December 31, 2021
Advertising and promotion	$	3,059	$	45,367
Amortization of intangible asset		-		19,366
Consulting fees		33,482		203,021
Depreciation of equipment		2,841		5,220
General and administrative		16,205		56,626
Professional fees		52,760		187,932
Salaries and benefits		7,082		237,157
Share-based compensation		1,527		11,142
Travel expenses		60		(20,293)
Total operating expenses	**$**	**117,016**	**$**	**745,538**

Operating expenses decreased by $628,522 for the three months ended December 31, 2022 compared to the three months ended December 31, 2021. Variances within expense items are summarized below.

- Decrease in advertising and promotion of $42,308 was due to curtailing advertising and promotion initiatives during the three months ended December 31, 2022. During the three months ended December 31, 2021, the Company focused on digital marketing campaigns to support the launch of meal kits subscriptions and the Vegano Marketplace to bolster sales and increase the Company's market share.

- Amortization of intangible assets decreased by $19,366. Amortization for the three months ended December 31, 2022 was $nil as a result of impairing the carrying value of intangible assets to $nil in a previous period. Amortization for the three months ended December 31, 2021 consisted of amortization of the Company's website.

- Decrease in consulting fees of $169,539 is explained by reduced overall corporate activities for the three months ended December 31, 2022 in addition to discretionary bonuses which were incurred during the three months ended December 31, 2021 were not granted as of December 31, 2022.

- The decrease in general and administrative expenses of $40,421 is primarily due to decreased operating levels and transaction volumes, the closure of leased commercial space and the reduction in discretionary spending in an effort to conserve cash resources.

- Professional fees for the three months ended December 31, 2022 decreased by $135,172 compared to the three months ended December 31, 2021 due to the completion of listing the Company's common shares on the CSE as of February 15, 2022 which required considerable legal and accounting fees during the three months ended December 31, 2021. In addition, as a result of the change in year-end from December 31 to March 31 certain professional fees, including audit fees, are deferred subsequent to December 31, 2022.

- Decrease in salaries and benefits of $230,075 was due to the Company reducing its workforce.

- Decrease in share-based compensation of $9,615 is explained by the number of stock options granted in each period and the underlying vesting terms and resulting fair values recognized.

Other expenses

During the three months ended December 31, 2022, the Company recorded an impairment loss of $21,713 related to idle assets.

During the three months ended December 31, 2021, the Company recorded impairment losses related to intangible assets and equipment totaling $106,388 with respect to website costs and kitchen facilities with net realizable values of $nil as of December 31, 2021. As a result of the change in fair value of the Company's investment in Superbolt Tea Inc., the Company also recorded a loss on investment of $599,999 during the three months ended December 31, 2021. These expenses and losses were partially offset by government assistance of $16,973 recorded for grants and subsidies.

SUMMARY OF QUARTERLY RESULTS

Three months ended,	Quarter	Total revenue ($)	Net loss ($)	Basic and diluted net loss per share ($)
December 31, 2022	Q4	(24)	(201,753)	(0.02)
September 30, 2022	Q3	383	(3,559,697)	(0.41)
June 30, 2022	Q2	43,645	(526,382)	(0.09)
March 31, 2022	Q1	143,610	(1,049,458)	(0.19)
December 31, 2021	Q4	179,779	(1,505,757)	(0.27)
September 30, 2021	Q3	126,520	(883,070)	(0.16)
June 30, 2021	Q2	51,321	(715,868)	(0.13)
March 31, 2021	Q1	50,074	(863,176)	(0.29)

Historical quarterly results of operations and loss per share data do not necessarily reflect any recurring expenditure patterns or predictable trends.

Revenue generally increased in each of the quarters ending in 2021 as a result of increased product offerings and customer base. Since the quarter ended June 30, 2022, sales have decreased as the Company focused its attention on the completion of the Amalgamation, evaluating strategic opportunities, and ceased the procurement and delivery of ready-made meals. Refer to “Principal Products and Services” for additional discussion of revenue streams.

The Company’s expenditures and net loss are primarily driven by the availability of financing and the timing of new product and offering launches and corporate and strategic transactions. Net loss generally increased from the quarter ended March 31, 2021 to the quarter ended March 31, 2022 as corporate activities increased and the Company transitioned to a publicly listed entity in February 2022. In the quarter ended June 30, 2022, net loss decreased due to the closure of the Company’s leased spaces and workforce reductions. The increased loss incurred in the quarter ended September 30, 2022 is primarily explained by the amortization and impairment of intangible assets from the Amalgamation. For the quarter ended December 31, 2022, net loss returned to reduced levels while the Company curtailed operations and focused on evaluating strategic opportunities.

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 twelve months ended December 31, 2022 and 2021:

		Twelve months ended December 31, 2022		**Twelve months ended December 31, 2021**
Cash used in operating activities	$	(1,381,156)	$	(2,957,488)
Cash provided by (used in) investing activities		16,978		(408,124)
Cash provided by (used in) financing activities		(59,000)		2,529,265
Change in cash and cash equivalents		(1,423,178)		(836,347)
Cash and cash equivalents, beginning of period		1,439,582		2,275,929
Cash and cash equivalents, end of period	**$**	**16,404**	**$**	**1,439,582**

During the twelve months ended December 31, 2022, the Company used cash of $1,381,156 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 provided by investing activities for the twelve months ended December 31, 2022 consisted of $41,500 received from the sale of equipment and $44,025 in cash assumed on the acquisition of SMPL Oats Ltd., net of equipment purchases of $68,547. Cash used in investing activities for the twelve months ended December 31, 2021 related to an investment of $350,000 in common shares of Superbolt Tea Inc. and the purchase of equipment for $58,124.

Cash used in financing activities for the twelve months ended December 31, 2022 related to the repurchase of 130,000 common shares for consideration paid of $32,500, loan repayments of $25,000, and share issuance costs paid of $1,500. Cash generated by financing activities for the twelve months ended December 31, 2021 related to the proceeds on issuance of common shares for net proceeds of $3,105,942. The cash generated from equity financings was partially offset by the repayment of $540,959 to Conor Power, CEO of the Company, for the principal and interest on a convertible note which matured on May 5, 2021 and other loan repayments of $35,718.

As at December 31, 2022, the Company had a working capital deficit of $471,686 (December 31, 2021 – working capital of $1,222,034). The decrease in working capital of $1,693,720 is primarily due to the decrease in cash and cash equivalents of $1,423,178 discussed above and the increase in accounts payable and other liabilities of $266,645 due to the timing of payments and availability of cash.

As at December 31, 2022, 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. The Company will require additional financing for continuing operations, to evaluate strategic opportunities, and for working capital purposes. However, there is no assurance that the Company will be able to secure such financing on favorable terms.

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. A summary of current and former directors and senior officers of the Company applicable to the reporting periods presented are summarized as follows:

- Conor Power, CEO and Director (appointed on March 19, 2020)
- Alexander McAulay, CFO (appointed on November 30, 2020)
- Kaylee Astle, Former COO (appointed on January 1, 2021; resigned January 1, 2022)
- Luka Petkovic, Former VP of Sales (appointed on March 19, 2020; resigned on March 31, 2021); Director (appointed on August 23, 2022)
- Julie Daley, Former Director (appointed on August 10, 2021; resigned on July 13, 2022)
- Joel Primus, Director (appointed on August 10, 2021)

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

		Twelve months ended December 31, 2022		Twelve months ended December 31, 2021
Salaries and benefits				
Conor Power, Chief Executive Officer ("CEO")	$	57,854	$	306,742
Kaylee Astle, former Chief Operating Officer ("COO")		42,086		111,071
Luka Petkovic, Director		4,253		40,212
Joel Primus, Director		12,000		-
Julie Daley, former Director		6,395		-
Kristin Fedchuk, domestic partner of the CEO		1,920		-
Consulting				
Alora Design and Consulting, controlled by the CEO		307,083		151,134
Kristin Fedchuk, domestic partner of the CEO		30,825		71,878
Share-based compensation				
CEO		-		60,952
Alex McAulay, Chief Financial Officer ("CFO")		-		22,857
Former COO		-		226,970
Joel Primus, Director		21,999		10,970
Julie Daley, former Director		13,569		10,970
Kristin Fedchuk, domestic partner of the CEO		78,858		-
	$	**576,842**	**$**	**1,013,756**

During the twelve months ended December 31, 2022, the Company incurred professional fees of $241,422 (2021 - $173,089) to Treewalk Consulting Inc. (formerly ACM Management Inc.), a company controlled by Alex McAulay, CFO. The Company outsources bookkeeping, financial reporting, and corporate secretarial services to Treewalk Consulting Inc.

As at December 31, 2022, accounts payable and other liabilities include $nil (December 31, 2021 - $8,654) due to Conor Power, CEO for accrued salaries and benefits. The amount was non-interest bearing, unsecured and due on demand.

As at December 31, 2022, accounts payable and other liabilities include $nil (December 31, 2021 - $13,010) due to Kaylee Astle, former COO and/or a company controlled by her for accrued salaries and benefits and expense reimbursements. The amount was non-interest bearing, unsecured and due on demand.

As at December 31, 2022, accounts payable and other liabilities include $125,226 (December 31, 2021 - $25,000) due to Treewalk Consulting Inc., a company controlled by Alex McAulay, CFO for professional fees, as described above. The amount is non-interest bearing, unsecured and due on demand.

As at December 31, 2022, accounts payable and other liabilities include $nil (December 31, 2021 - $5,687) due to Kristin Fedchuk, domestic partner of the CEO for consulting fees and accrued salaries and benefits. The amount was non-interest bearing, unsecured and due on demand.

As at December 31, 2022, accounts payable and other liabilities include director fees of $6,000 due to Joel Primus, $396 due to Julie Daley, and $4,253 due to Luka Petkovic. As at December 31, 2021, no director fees were payable. The amounts are non-interest bearing, unsecured and due on demand.

As at December 31, 2022, accounts payable and other liabilities include $142,820 (December 31, 2021 - $nil) due to Alora Design and Consulting, a company controlled by Conor Power, CEO for consulting fees. The amount is non-interest bearing, unsecured and due on demand.

As at December 31, 2022, advances due from related parties included in other receivables consisted of $15,451 (December 31, 2021 - $nil) in advances to Conor Power, CEO, for the purpose of expenses to be incurred on behalf of the Company. This amount is non-interest bearing, unsecured and is due on demand.

During the twelve months ended December 31, 2021, the Company recognized accretion expense of $8,581 and recorded finance costs of $17,123 for accrued interest with respect to a convertible note payable to Conor Power, CEO. During the twelve months ended December 31, 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 December 31, 2022 and 2021, the carrying value of the convertible note was $nil.

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.

ACQUISITION OF SMPL OATS LTD.

On April 3, 2022, the Company, its wholly-owned subsidiary,1355441 BC Ltd. (“Subco”), and SMPL Oats Ltd. entered into an amalgamation agreement (the “Amalgamation Agreement”) for the purpose of amalgamating SMPL and Subco.

On June 20, 2022 (the “Closing Date”), pursuant to the Amalgamation Agreement:

- The Company issued 2,867,868 common shares in exchange for 32,092,949 common shares of SMPL being all of the issued and outstanding shares of SMPL immediately prior to the Amalgamation. The common shares were valued at $2,294,295 or $0.80 per common share which was the closing price per common share of the Company on the Closing Date.
- The Company issued 1,959,914 warrants in exchange for 21,932,949 warrants of SMPL being all of the outstanding warrants of SMPL immediately prior to the Amalgamation. Each warrant issued by the Company is exercisable for one common share of the Company at an exercise price of $0.56 to $1.12 and expires on June 20, 2024. The fair value of the warrants of $916,694 was determined using the Black-Scholes Option Pricing Model and the following assumptions: share price of $0.80, risk-free interest rate of 3.26%, expected life of 2 years, annualized volatility of 109.5%, and dividend yield of 0%.
- The Company issued 11,615 special warrants in exchange for 130,000 special warrants of SMPL being all of the outstanding special warrants of SMPL immediately prior to the Amalgamation. Each special warrant issued by the Company is exercisable for no additional consideration into one unit of the Company with each unit consisting of one common share and one warrant of the Company. Each warrant is exercisable for one common share of the Company at an exercise price of $1.12 for a period of 24 months. The special warrants were valued at $9,294 or $0.80 per special warrant which was the closing price per common share of the Company on the Closing Date.
- SMPL and Subco were amalgamated and the resulting entity, SMPL Oats Ltd., became a wholly-owned subsidiary of the Company.

The Amalgamation was determined to be an asset acquisition as no substantive processes were transferred to the Company.

Consideration paid:		
Value of equity instruments	$	3,220,283
Transaction costs		86,654
	$	**3,306,937**

Net identifiable assets acquired:		
Cash and cash equivalents	$	44,025
Other receivables		34,980
Prepaid expenses		294,663
Intangible assets		3,001,941
Accounts payable and accrued liabilities		(68,672)
	$	**3,306,937**

Refer to “Principal Products and Services – SMPL Oats” for additional information on SMPL post acquisition.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value.

During the twelve months ended December 31, 2022, the Company consolidated its common shares on the basis for one post-consolidated share for every ten pre-consolidated common shares held. All references to share and per share amounts have been retroactively restated to reflect this share consolidation.

The Company has securities outstanding as follows:

	December 31, 2022	**Date of Report**
Common shares	8,702,445	8,702,445
Stock options	255,000	255,000
Warrants	1,979,274	1,959,914
Special warrants	11,615	11,615
Total – fully diluted	**10,948,334**	**10,928,974**

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited annual financial statements for the year ended December 31, 2021 and to the condensed consolidated interim financial statements for the three and twelve months ended December 31, 2022.

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:

- Fair value measurement of intangible assets
- Economic recoverability of intangible assets
- Useful lives of equipment and intangible assets
- Fair value of share-based payments
- Fair value of investment

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
- The assessment of whether an acquisition meets the criteria of business combination

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 cash and cash equivalents, other receivables, accounts payable and other liabilities and loans payable approximate their carrying values due to their short-term nature.

The Company's long-term investment is considered to represent a level 3 fair value measurement.

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 and other receivables. 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 are 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. Other receivables primarily comprise balances recoverable from the tax authority for sales tax paid and advances due from the Company's CEO, Conor Power. Management has estimated the expected credit loss to be $nil with respect to these other receivables. The Company's exposure to credit risk is low.

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, 2022, the Company had cash and cash equivalents of $16,404 to settle current liabilities of $610,642 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. There were no changes to the capital management of the Company during the twelve months ended December 31, 2022.

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 filed on Sedar (www.sedar.com) on January 28, 2022.

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. The Company's ability to generate additional revenues and potential to become profitable will depend largely on its ability to manufacture or procure 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.