



Vejii Holdings Ltd.

MANAGEMENT DISCUSSION & ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

Vejii Holdings Ltd.
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VEJII HOLDINGS LTD. MANAGEMENT DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A") AS OF NOVEMBER 24, 2021 TO ACCOMPANY THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF VEJII HOLDINGS LTD. (THE "COMPANY" OR "VEJII") FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

This MD&A is dated NOVEMBER 24, 2021

The following MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2021 and audited consolidated financial statements for the year ended December 31, 2020 which were prepared in accordance with International Financial Reporting Standards ("IFRS") and the notes thereto. All financial amounts are stated in Canadian currency unless stated otherwise.

Additional information relating to the Company and its operations is available under the Company's profile on SEDAR at www.sedar.com.

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the audited financial statements.

This MD&A contains certain forward-looking statements based on the opinions, estimates, beliefs, and assumptions of the management of the Company. These statements are subject to many known and unknown risks and uncertainties. Given these risks and uncertainties, the reader should not place undue reliance on these forward-looking statements. (See "Risks and Uncertainties" in this MD&A for more information).

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions (or variations of such words). These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the



expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

DESCRIPTION OF THE BUSINESS AND OVERVIEW

Vejii is headquartered in Kelowna, B.C., and owns and operates ShopVejii.com. The Company is a publicly listed company and is trading under the symbol “VEJI” on the Canadian Securities Exchange (the “CSE”). The Company’s mission is to provide consumers with convenient access to sustainable local and national plant-based and sustainable brands through our marketplace. Vejii’s digital marketplace currently offers thousands of plant-based and sustainable living products directly to consumers from a wide array of brands. The Company’s marketplace also offers customers a wide selection of products across multiple categories including but not limited to grocery, protein and sports nutrition, personal and home care, vitamins and supplements, wines, pet supplies and baby and kids supplies.

The Company’s wholly-owned subsidiary, Veg Essentials LLC (“Vegan Essentials”) is a US-based corporation that owns and operates VeganEssentials.com. Vegan Essentials is an online grocery store for plant-based products that has been in businesses for nearly 20 years, which Vejii acquired on October 28th, 2021.

The Company intends to also expand its product offering into new and innovative categories including but not limited to sustainable and plant-based fashion, furniture, and cultured meat offerings as they become available. The marketplace currently offers more than three thousand plant-based and sustainable living products available to consumers throughout the continental United States and Canada on its platform. The Company intends to expand its operations into the United Kingdom, Europe and Australia in the future, and other geographies as opportunities present themselves.

The Company plans to use the data and insights gathered through its direct-to-consumer marketplace to inform its mergers and acquisitions (M&A), growth, and investment strategies. The company will have the ability to leverage data driven insights into new, growing, and trending categories, products, and brands. The Company plans on launching same day delivery in select jurisdictions around its distribution to help get deeper penetration in key markets. The Company will be expanding its product offering into ready-made meal delivery through its partners and vendors interested in listing on its marketplace. Vejii intends to apply a strategic approach to become the consolidator within the plant-based and sustainable living space. Vejii plans to invest in or acquire brands in high performing segments to further repatriate revenue and profits back into its marketplace. Vejii will also be able to help accelerate direct-to-consumer brands on its marketplace into the business to business (B2B) network through its



established relationships with wholesalers and distributors, allowing Vejii to be a strategic growth partner.

The Company was formed on July 30th, 2019 and changed its name from 1217691 BC Ltd. to Vejii Holdings Ltd. on September 14th, 2020. The company launched ShopVejii.com in November 2020.

COMPANY HIGHLIGHTS

On January 19, 2021 the Company announced that the Company had signed an agreement to offer a curated selection of vegan wines on its digital marketplace, in partnership with VeganWines.com.

On January 21, 2021 the Corporation announced that it was now distributing the No Evil Foods brand of unique plant-based meat products.

On February 2, 2021 - the Company announced the launch of Vejii Express. Vejii Express offers guaranteed shipping within two business-days across the U.S. on select products.

On February 10, 2021 the Corporation announced that the Corporation has been selected as the exclusive launch platform for HEAL products. HEAL is a unique plant-based complete meal replacement

On February 17, 2021 the Corporation announced that it had partnered with Barbecue, a plant-based barbecue brand of unique meat alternative products. Barbecue's line of plant-based meats is available now on ShopVejii.com.

On March 18, 2021, Vejii announced that it signed a digital marketing agreement with an industry-leading marketing agency, Strawhouse Inc. ("Strawhouse")

On March 30, 2021, Vejii announced launching with Before the Butcher, a plant-based brand of delicious, affordably priced, plant-based meat products on ShopVejii.com.

On April 8, 2021, Vejii announced the Canadian launch of its online marketplace for vegan and plant-based products at ca.shopvejii.com.

On July 29, 2021 Vejii announced an agreement with United Natural Foods, Inc. (UNFI), the largest publicly traded grocery distributor in the United States and Canada. Under the terms of the agreement the company expects to greatly improve overall margin based on a tiered discount structure. The agreement will also improve reliability and consistency of supply to over 5,000 products across 200 categories.



On August 16, 2021 announced it has launched same-day delivery across the Lower Mainland in British Columbia.

On October 27, 2021 received receipt from Securities Commission for the Long Form Prospectus of the Company dated October 25, 2021.

On October 28, 2021 the Company completed its acquisition of Veg Essentials LLC (“Veg Essentials”). Since 1997, Veg Essentials operates the marketplace VeganEssentials.com and is the longest-operating cruelty-free retailer in the US. Vegan Essentials offers unparalleled customer service and the highest quality animal-free and cruelty-free products, all in one location. Vegan Essentials has established long-term relationships with the industry’s most innovative brands and continues to expand its offering of high-quality vegan products across the US.

On November 10, 2021, the common shares of the Company commenced trading on the Canadian Securities Exchange (the “CSE”) under the symbol “VEJI”.

MANAGEMENT CHANGES

On May 17, 2021, the Company appointed Mr. Rick Mah to act as Chief Financial Officer.

OUTLOOK

The marketplace for sustainable and plant-based products is among the fastest growing industries in the world. New York-based Nielsen forecasts the sustainable product market to reach somewhere between \$142.4 billion and \$150.1 billion by 2021. Ninety per cent of millennials, ages 21 to 34, said they are more willing to pay more for products that contain environmentally friendly or sustainable ingredients. As a result, Vejii believes there are significant opportunities and advantages to rapidly growing our customer base by continuing to invest in highly targeted marketing campaigns, investments in our technology, increasing our product offering, strategic acquisitions, and in continuing to expand our platform in strategic markets globally. As more consumer packaged goods companies enter this market and compete for the same limited shelf space in traditional retail footprints, Vejii believes brands will be forced to look for alternative direct to consumer channels. Vejii is well positioned to support these brands through its distribution model and sales channels as it continues to increase its offerings to consumers.

Vejii’s strategy involves in part delaying short-term profitability in order to invest in generating long-term shareholder value creation by growing our customer base, retaining customers, and expanding market share into new verticals through an increased product offering. Vejii plans to



expand into new verticals leveraging its marketplace model by allowing brands to list their products directly on shopvejii.com, and working with these brands to fund the initial marketing expense to allow testing of category performance before Vejii deploys its own capital to support such efforts. Vejii will support new category launches on its site, by cross marketing new products to its new and existing customer database. As we grow our customer base, we expect to achieve economies of scale and additional efficiencies. When combined with an exceptional value proposition and superior customer experience and service, we expect to deliver high returns on invested capital and improvements in profitability.

As a consolidator of plant-based and sustainable products and brands, Vejii will be reliant on trends in the online sales industry, which has rapidly grown due to the COVID-19 pandemic. Ecommerce thrived in 2020 because of store closures and shoppers' fear of contracting the coronavirus in public. Figures from Q1 2021 show that the coronavirus is still making an impact on retail spending as, according to the US Census Bureau, online sales increased 39% year over year in Q1 2021, nearly triple the 14% increase in Q1 2020, and faster than Q3 2020 and Q4 2020⁽¹⁾. In 2020, over two billion people purchased goods or services online, and during the same year, e-retail sales surpassed U.S. \$4.2 trillion worldwide⁽²⁾.

The magnitude, duration, and severity of the COVID-19 pandemic are difficult to predict and could affect the significant estimates and judgements used in the preparation of the Company's consolidated financial statements. Objectives are based upon assumptions and are subject to risks and uncertainties, many of which are beyond our control. These risks and uncertainties could cause actual results to differ materially from objectives. See the "Forward-Looking Statements" and "Risks and Uncertainties" sections of this MD&A.

Vejii currently carries a large selection of plant-based and sustainable living products. Plant-based products like grocery items are a key driver of sales growth at retailers nationwide, growing almost twice as fast as overall food sales. SPINS retail sales data released April 6, 2021, shows that grocery sales of plant-based foods that directly replace animal products have grown 27 percent in the past year to U.S. \$7 billion. Plant-based milk is the most developed of all plant-based categories, with U.S. \$2.5 billion in 2020 dollar sales. Plant-based meat is a rapidly growing category, with U.S. \$1.4 billion in 2020 dollar sales, growing 45% since 2019⁽³⁾.

The Company will benefit from distributing plant-based and sustainable products through its robust online marketplace. It can onboard thousands of products and brands to support changes and growth in consumer trends and demand. According to Invesp, the countries with the leading average eCommerce revenue per shoppers are: U.S. (\$1,804), United Kingdom (\$1,629), Sweden (\$1,446), France (\$1,228), Germany (\$1,064), Japan (\$968), Spain (\$849), China (\$626), Russia (\$396), and Brazil (\$350)⁽⁴⁾. According to industry data, ecommerce will make up 22% of global retail sales by 2023. To give context to this growth, 14.1% of global retail sales were ecommerce purchases in 2019⁽⁵⁾.



The rapid and continuous rise of the internet has given companies the ability to reach hundreds of millions of customers without opening even a single physical store. Faster internet speeds and a surge in smartphone use have contributed to the mainstream adoption of internet shopping, which in turn has contributed to stronger industry operating margins. IBIS World predicts that the rapid shift from traditional brick and mortar retail to online shopping will continue, and that the greatest growth over the next five years will be in product categories that were traditionally dominated by brick-and-mortar operations. These include major appliances, clothing, and groceries. IBIS World anticipates that revenue in the Ecommerce & Online Auctions industry will increase at an annualized rate of 10.0% to reach U.S. \$881.1 billion in 2024⁽⁶⁾.

Sources:

- (1) <https://www.digitalcommerce360.com/article/coronavirus-impact-online-retail/>
- (2) <https://www.statista.com/topics/871/online-shopping/>
- (3) <https://gfi.org/marketresearch/>
- (4) <https://optinmonster.com/online-shopping-statistics/>
- (5) <https://www.bigcommerce.com/blog/online-shopping-statistics/#ecommerce-is-growing-every-day>
- (6) <https://www.ibisworld.com/united-states/market-research-reports/e-commerce-online-auctions-industry/>

SELECTED QUARTERLY INFORMATION

The table below presents selected quarterly financial information for the three and nine months ended September 30, 2021 and September 30, 2020:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Revenue	\$ 226,252	\$ -	\$ 783,236	\$ -
Net loss	(2,308,682)	(1,463)	(7,159,773)	(1,463)
Basic and diluted net loss per share	(0.03)	(0.00)	(0.10)	(0.00)
Total assets	1,309,637	121,088	1,309,637	121,088
Total non-current financial liabilities	500,000	-	500,000	-
Dividends	-	-	-	-
Key Performance Indicators				
Active accounts ⁽¹⁾	8,217	-	8,217	-
Number of orders ⁽²⁾	2,883	-	11,925	-



Average order value ⁽³⁾	\$ 72.18	-	\$ 61.07	-
Customer acquisition cost ⁽⁴⁾	\$ 70.07	-	\$ 88.14	-
Return on ad spend ⁽⁵⁾	2.05	-	1.40	-

(1) The number of active accounts represents the total number of individual accounts who have purchased at least once directly from our sites during the preceding twelve-month period. The change in active customers in a reported period captures both the inflow of new customers as well as the outflow of existing customers who have not made a purchase in the last twelve months. We view the number of active customers as a key indicator of our growth.

(2) Number of orders represents the total orders placed in any period, inclusive of orders that may eventually be returned. Number of orders together with average order value, is an indicator of the net revenue we expect to recognize in a given period. We view number of orders as a key indicator of our growth.

(3) Average order value ("AOV") is defined as total revenue excluding shipping costs in a given period divided by the number of orders. We view average order value as a key indicator of the mix of products on our sites and the purchasing behavior of our accounts.

(4) Customer acquisition cost ("CAC") is defined as total advertising spend during the given period divided by the number of new accounts. We view customer acquisition cost as a key indicator of the efficiency of acquiring new accounts.

(5) Return on ad spend ("ROAS") is defined as gross product revenue in a given period divided by advertising spend during the given period, which is principally the cost of paid search and digital advertising. We view return on ad spend as a key indicator of the effectiveness of our advertising efforts in connecting with customers and driving favorable purchasing behaviors.

RESULTS OF OPERATIONS FOR THREE MONTHS ENDED SEPTEMBER 30, 2021

The Company reported revenue of \$226,252 for the three months ended September 30, 2021 as compared to \$nil for the three months ended September 30, 2020. The increase was due to the current period benefitting from key marketing initiatives, in support of our launch of our marketplace ShopVejii.com in the United States on November 19, 2020 and in Canada on April 8, 2021, to increase traffic to our website and conversion. In the prior period, the Company had not commenced commercial operations.

For the three months ended September 30, 2021, the Company recorded a net loss of \$2,308,682 and net loss per share of \$0.03 as compared to net loss of \$1,463 and net loss per share of \$0.00 for the three months ended September 30, 2020. The net loss during the period was mainly attributable to the operating expenses incurred during the current period as we ramped up operations after commencing commercial operations in November 2020. Whereas, in the prior period, the Company's operations were related to establishing the company. The Company's expenses for the current period included the following:

- Cost of goods sold of \$173,804 (2020 - \$nil) consisted of costs of products sold to customers.
- Selling and distribution of \$687,089 (2020 - \$535) consisted of compensation and contract services of \$43,949, marketing and advertising expenses of \$257,042, freight, packaging, and warehousing of \$375,917 and other costs of \$10,181.



- General and administrative of \$1,657,363 (2020 - \$928) consisted of compensation and contract services of \$697,363, shared based compensation of \$574,088, professional services of \$247,269, software and information technology expenses of \$89,004, loyalty program expense of \$13,137, depreciation and amortization of \$5,689, office rent of \$12,726 and other expenses of \$18,087

There were 8,217 active accounts at September 30, 2021 as compared to nil at September 30, 2020. The number of orders was 2,883, average order value was \$72.18, customer acquisition cost was \$70.07 and return on ad spend was 2.05 for the three months ended September 30, 2021 compared to nil number of orders, \$nil average order value, \$nil customer acquisition cost, nil return on ad spend for the three months ended September 30, 2020. The increase in active accounts, number of orders, average order value, customer acquisition cost and return on ad spend was due to the ramp up of operations during the current period. In the prior period, the Company had not commenced commercial operations.

RESULTS OF OPERATIONS FOR NINE MONTHS ENDED SEPTEMBER 30, 2021

The Company reported revenue of \$783,236 for the nine months ended September 30, 2021 as compared to \$nil for the nine months ended September 30, 2020. The increase was due to the current period benefitting from key marketing initiatives, in support of our launch of our marketplace ShopVejii.com in the United States on November 19, 2020 and in Canada on April 8, 2021, to increase traffic to our website and conversion. In the prior period, the Company had not commenced commercial operations.

For the nine months ended September 30, 2021, the Company recorded a net loss of \$7,159,773 and net loss per share of \$0.10 as compared to net loss of \$1,463 and net loss per share of \$0.00 for the nine months ended September 30, 2020. The net loss during the period was mainly attributable to the operating expenses incurred during the current period as we ramped up operations after commencing commercial operations in November 2020. Whereas, in the prior period, the Company's operations were related to establishing the company. The Company's expenses for the current period included the following:

- Cost of goods sold of \$674,183 (2020 - \$nil) consisted of costs of products sold to customers.
- Selling and distribution of \$2,749,722 (2020 - \$535) consisted of compensation and contract services of \$230,939, marketing and advertising expenses of \$1,185,930, freight, packaging, and warehousing of \$1,298,051 and other costs of \$34,802.
- General and administrative of \$4,484,984 (2020 - \$928) consisted of compensation and contract services \$2,128,994, shared based compensation of \$1,051,457, professional services of \$955,875, software and information technology expenses of \$168,049, bad debt expense of \$30,825, loyalty program expense of \$39,887, depreciation and amortization of \$14,234, office rent of \$33,489 and other expenses of \$62,174.



There were 8,217 active accounts at September 30, 2021 as compared to nil at September 30, 2020. The number of orders was 11,925, average order value was \$61.07, customer acquisition cost was \$88.14 and return on ad spend was 1.40 for the nine months ended September 30, 2021 compared to nil number of orders, \$nil average order value, \$nil customer acquisition cost and \$nil return on ad spend for the nine months ended September 30, 2020. The increase in active accounts, number of orders, and average order value was due to the ramp up of operations during the current period. In the prior period, the Company had not commenced commercial operations.

SUMMARY OF QUARTERLY RESULTS

The table below presents selected quarter financial information for the last eight fiscal quarters:

	Three months ended September 30, 2021	Three months ended June 30, 2021	Three months ended March 31, 2021	Three months ended December 31, 2020
Revenue	\$ 226,252	\$ 315,680	\$ 241,305	\$ 25,441
Net loss	\$ (2,308,682)	\$(2,884,044)	\$(1,967,045)	\$ (431,112)
Basic and diluted net loss per share	\$ (0.03)	\$ (0.03)	\$ (0.04)	\$ (0.01)
Total assets	\$ 1,309,637	\$ 1,659,978	\$ 2,418,093	\$ 213,874
Total non-current financial liabilities	\$ 500,000	-	-	-
Dividends		-	-	-
Key Performance Indicators				
Active accounts	8,217	6,800	3,561	402
Number of orders	2,883	5,179	3,863	452
Average order value	\$ 72.18	\$ 57.78	\$ 57.17	\$ 52.83
Customer acquisition cost	\$ 70.07	\$ 91.32	\$ 95.44	\$ 247.49
Return on ad spend	2.05	1.35	1.13	0.36

	Three months ended September 30, 2020	Three months ended June 30, 2020	Three months ended March 31, 2020	Three months ended December 31, 2019
Revenue	\$ -	\$ -	\$ -	\$ -
Net loss	\$ (1,463)	-	-	-
Basic and diluted net loss per share	\$ (0.00)	-	-	-
Total assets	\$ 121,088	\$ 1	\$ 1	\$ 1



Total non-current financial liabilities	-	-	-	-
Dividends	-	-	-	-
Key Performance Indicators				
Active accounts	-	-	-	-
Number of orders	-	-	-	-
Average order value	-	-	-	-
Customer acquisition cost	-	-	-	-
Return on ad spend	-	-	-	-

Quarterly revenues and net loss have increased since our commercial launch in November 2020 to the three months period ended June 30, 2021 as the Company commenced a number of marketing and advertising campaigns to build company awareness, perform market testing, and acquire customers to become the leading marketplace for sustainable local and national plant-based brands. However, for the three months ended September 30, 2021, revenues decreased by \$89,428 or 28% to \$226,252 from the prior three months ended June 30, 2021 of \$315,680. The decrease in revenues was mainly due to the Company scaling back its marketing and advertising expenditures as the Company sought to better optimize its funnel conversion. The reduction in marketing and advertising expenditures caused a slowdown in the growth of active accounts during the quarter as active accounts grew by 21% to 8,217 versus the prior quarter growth of 91%. In addition, total orders during the quarter fell by 44% versus a growth of 34% in the prior quarter. However, with the optimization of marketing and advertising campaigns, the Company achieved better operational improvements with the average order value during the quarter increasing by 25% to \$72.18, customer acquisition costs reducing by 23% to \$70.07 and return on ad spend increasing by 52% to 2.05.

Net loss for the three months ended September 30, 2021 improved by \$575,362 or 20% to \$2,308,682 from the prior quarter net loss of \$2,884,044. This was due mainly to decrease in operating expenses from the prior quarter as the Company reduced marketing expenditures by \$244,526; freight, packaging and warehousing were reduced by \$240,006; compensation and contract services were lower by \$101,555; professional services decreased by \$54,794; offset by an increase to share based compensation of \$96,719. After launching its marketplace platform and setting up its operations in prior quarters, the company optimized its organization for sustainable future growth during the quarter through initiatives such as headcount reductions, scaling back marketing and advertising to optimize funnel conversion, and launching same-day local shipping and other shipping alternatives to reduce freight costs. With improved operational performance and an optimized team, management believes that the Company is better positioned to realize greater capital efficiencies to scale our strategy as a consolidator of plant-based and sustainable products and brands.



LIQUIDITY AND CAPITAL RESOURCES

The Company's objective in managing its capital structure is to ensure sufficient liquidity to finance its operations and growth opportunities. To date, the Company has relied upon private placement of equity securities to fund its activities. The Company will continue to need access to equity capital to pursue its business plan and there is no guarantee that equity may be available, and if available, it may not be on terms that management finds is in the interest of the Company.

The following table summarizes the Company's cash flow, cash on hand and working capital:

	Three months ended September 30, 2021	Three months ended September 30, 2020
Net cash provided/(used) by operating activities	\$ (1,289,523)	\$ 1,026
Net cash provided by financing activities	\$ 761,841	-
Net cash used in investing activities	\$ (40,584)	-
Net change in cash	\$ (568,266)	\$ 1,026
Cash, beginning of period	\$ 907,702	\$ 1
Cash, end of period	\$ 339,436	\$ 1,027
Working Capital	\$ 78,371	\$ 118,538

For the three months ended September 30, 2021, the net cash provided/(used) in operating activities was \$(1,289,523) (2020 - \$1,026), which was attributable to a net loss of \$2,308,682, depreciation of equipment of \$150, amortization of intangible asset of \$5,539, share based compensation of \$574,088, and changes in working capital related to an increase in accounts receivable of \$30,811, an increase in inventory of \$15,603, an increase in prepaid expenses of \$136,616, and an increase in accounts payable and accrued liabilities of \$622,412. Increase in net cash used in operating activities is due to the continued expenditures required to ramp up operations after commencing commercial operations in November 2020.

For the three months ended September 30, 2021, the net cash provided by financing activities was \$761,841 (2020 - \$nil) which was attributable to proceeds from loan from related party of \$500,000, proceeds from special warrants of \$317,737 pursuant to the offering in which the Company issued on July 6, an aggregate of up to 6,700,142 Subscription Receipts and 5,009,741 Special Warrants, and share issuance costs of \$55,896.

For the three months ended September 30, 2021, the net cash used in investing activities was \$40,584 (2020 - \$nil) which was attributable to capitalized website and mobile application development costs of \$44,985 and proceeds from disposal of equipment of \$4,401.



	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Net cash provided/(used) by operating activities	\$ (4,769,066)	\$ 1,026
Net cash provided by financing activities	\$ 5,498,231	-
Net cash used in investing activities	\$ (486,922)	-
Net change in cash	\$ 242,243	\$ 1,026
Cash, beginning of period	\$ 97,193	\$ 1
Cash, end of period	\$ 339,436	\$ 1,027
Working Capital	\$ 78,371	\$ 118,538

For the nine months ended September 30, 2021, the net cash provided/(used) by operating activities was \$(4,769,066) (2020 - \$1,026), which was attributable to a net loss of \$7,159,773, depreciation of equipment of \$847, amortization of intangible assets of \$13,386, share based compensation of \$1,051,457, loss on sale of equipment of \$1,155 and changes in working capital related to an increase in accounts receivable of \$53,470, an increase in inventory of \$132,995, an increase in prepaid expenses of \$215,522, increase in accounts payable and accrued liabilities of \$1,737,627 and a decrease to due to related parties of \$11,778. Increase in net cash used in operating activities is due to the ramp up of operations after commencing commercial operations in November 2020.

For the nine months ended September 30, 2021, the net cash provided by financing activities was \$5,498,231 (2020 - \$nil) which was attributable to proceeds from loan from related party of \$500,000, private placement financing pursuant to which a total of 14,040,000 shares were issued at a price of \$0.05 per share, for gross aggregate proceeds of \$702,000; a private placement financing pursuant to which a total of 26,144,750 shares were issued at a price of \$0.10 per share, for gross aggregate proceeds of \$2,614,475; a private placement financing pursuant to which a total of 2,080,000 shares were issued at a price of \$0.10 per share, for gross aggregate proceeds of \$208,000; and proceeds from special warrants of \$1,734,702 pursuant to the offering in which the Company issued on July 6, an aggregate of up to 6,700,142 Subscription Receipts and 5,009,741 Special Warrants. Proceeds were offset by issuance of shares for subscriptions received in prior period of \$199,500 and issuance costs of \$61,446.

For the nine months ended September 30, 2021, the net cash used in investing activities was \$486,922 (2020 - \$nil) which was attributable to a purchase of equipment of \$4,552, capitalized website and mobile application development costs of \$98,190, net purchase of short term investments of \$140,000 and payment of deposit of \$250,080 related to the Company's definitive agreement to acquire Veg Essentials LLC offset by proceeds from disposal of equipment of \$5,900.

As at September 30, 2021, the Company had no commitments for capital expenditures.



As at September 30, 2021, the Company had working capital of \$78,371, inclusive of cash and cash equivalents of \$339,436 as compared to working capital of \$118,538, inclusive of cash of \$1,027, as at September 30, 2020.

Shareholder Loan

On September 8, 2021, Kory Zelickson agreed to loan the Corporation \$500,000 (the "Shareholder Loan") pursuant to a loan agreement between the Company and Mr. Zelickson dated September 8, 2021. The Shareholder Loan bears interest at a rate of 10% per annum (payable quarterly) and matures on December 8, 2022 with the first interest payment due and payable on December 31, 2021. Notwithstanding the foregoing, in the event the Company completes one or more debt or equity financings to raise aggregate net proceeds of at least \$7,000,000, Mr. Zelickson has the option to accelerate the maturity date to the date which is ten business days following the date Mr. Zelickson provides the Company notice of the accelerated expiry date.

Capital Stock

The authorized capital of the Company consists of an unlimited number of common shares without par value of which 85,123,167 are outstanding as of September 30, 2021. Holders of the Company's common shares are entitled to vote at all meetings of shareholders declared by the directors, and subject to the rights of holders of any shares ranking in priority to or on a parity with the common shares, to participate ratably in any distribution of property or assets upon the liquidation, winding up or dissolution of the Company.

On February 4, 2021, the Company closed a private placement financing pursuant to which a total of 14,040,000 common shares were issued at a price of \$0.05 per share, for gross proceeds of \$702,000.

On February 12, 2021, the Company settled debt with third parties of \$462,500 through the issuance of common shares. The Company issued a total of 9,250,000 common shares at an issue price of \$0.05 per share.

On February 24, 2021, the Company closed a private placement financing pursuant to which a total of 26,144,750 shares were issued at a price of \$0.10 per share, for gross aggregate proceeds of \$2,614,475 and 100,000 shares were issued at a price of \$0.10 per share for settlement of debt with related party of \$10,000.



On March 23, 2021, the Company closed a private placement financing pursuant to which a total of 2,080,000 common shares were issued at a price of \$0.10 per share for total proceeds of \$208,000.

On March 23, 2021, the Company settled debt with related and third parties of \$302,144 through the issuance of common shares. The Company issued a total of 3,021,440 common shares at an issue price of \$0.10 per share.

On March 30, 2021, the founders transferred a total 3,350,000 warrants to key members of the board, partners, and vendors subject to an undertaking that no warrants shall be exercisable until the reprice trigger event takes place.

On April 9, 2021, the Company adopted its stock option plan and issued 1,370,000 stock options at \$0.10 to employees, consultants, officers, and directors. These options vest in tranches, some vesting immediately, others vesting quarterly over a period of two years.

On April 15, 2021, the Company announced a best efforts financing for \$8 million of subscription receipts for units plus a 15% overallotment option and \$2 million of special warrants for units at an issue price of \$0.35 for each subscription receipt and special warrant. Each unit is comprised of one common share and one-half of one common share warrant priced at \$0.50.

On April 19, 2021, the Company issued 9,665,000 stock options at \$0.35 to various employees, consultants, officers, and directors. The options vest quarterly over a period of 2 years.

On July 6, 2021, the Company issued an aggregate of 6,700,142 Subscription Receipts and 5,009,741 Special Warrants pursuant to Offerings for aggregate gross proceeds of \$4,098,459.05. The Subscription Receipts will be exercisable into 6,700,142 Common Shares and 3,350,071 Warrants. The Special Warrants will exercisable into up to 5,510,715 Common Shares and up to 2,755,358 Warrants. Each warrant will be exercisable into one Common Share at an exercise price of \$0.50 per share.

On July 12, 2021, the Company issued 775,000 stock options at \$0.35 to various employees, consultants, officers, and directors. The options vest quarterly over a period of 2 years.

On July 26, 2021, the Company issued 58,286 shares for the settlement of debt with a consultant.

On July 26, 2021, the Company issued 428,571 shares for the settlement of debt with a consultant.



On September 9, 2021, the Company issued 150,000 stock option at \$0.35 to a consultant. The options vest quarterly over a period of 2 years.

On October 3, 2021, the Escrow Release Conditions related to the Offering of July 6, 2021 were not satisfied. As a result, a "penalty provision" was triggered that entitles each Special Warrant holder to automatically receive, without payment of additional consideration or further act or formality on the part of the holder thereof, one Underlying Unit. Each Underlying Unit is now comprised of 1.10 common shares and 0.55 of one common share warrant. Each full warrant is exercisable into one common share at an exercise price of \$0.50 per share.

On October 28, 2021, the Company closed the purchase of Veg Essentials LLC for a total aggregate purchase price payable of US\$1,200,000 consisting of a cash deposit of US\$200,000 and the issuance of 3,530,857 Common Shares with a deemed value of US\$1,000,000, issued at a deemed price equal to \$0.35.

On November 1, 2021, the Subscription Receipts and Special Warrants were converted into an aggregate of 12,210,857 Common Shares and 6,105,429 common share purchase warrants (the "Warrants"), with each Warrant being exercisable for one additional Common Share at a price of \$0.50 until November 1, 2023.

Outstanding Share Data:

As at	November 24, 2021 ⁽¹⁾	September 30, 2021	December 31, 2020
Common shares outstanding	101,423,430	85,123,167	30,000,120
Warrants outstanding	36,105,429	30,000,000	30,000,000
Stock options outstanding	11,285,000	11,285,000	-
Stock options exercisable	4,374,000	4,374,000	-
Subscription Receipts ⁽²⁾	-	6,700,142	-
Special Warrants ⁽³⁾	-	5,009,741	-
Advisory options	141,500	141,500	-
Compensation warrants	480,459	480,459	-

Note:

- (1) Reflecting the 85,123,167 Common Shares issued and outstanding as of October 30, 2021, conversion of 6,700,142 Subscription Receipts into 6,700,142 Common Shares and 3,350,071 Warrants; conversion of 5,009,741 Special Warrants into 5,510,715 Common Shares and 2,755,358 Warrants; 58,549 Common Shares issuable as payment of 50% of the Corporate Finance Fee; 3,530,857 Common Shares issued to the Vendors or Veg Essentials LLC; and 250,000 Common Shares to be issued to each of the CEO and COO on achievement of the CSE listing.



- (2) Subscription Receipts were converted into 6,700,142 Common Shares and 3,350,071 Warrants on November 1, 2021.
- (3) Special Warrants were converted into 5,510,715 Common Shares and 2,755,358 Warrants on November 1, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangement such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing or hedging services with the Company.

RELATED PARTY TRANSACTIONS

Related parties and related party transactions are summarized below and include transactions with the following individuals or entities:

Key Management Personnel

Key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee. Remuneration attributed to key management personnel is summarized as follows:

	Three months ended September 30, 2021	Three months ended September 30, 2020
Wages, management, and directors' fees	\$145,500	-
Share based compensation	\$410,398	-

As at September 30, 2021, the Company owed Kory Zelickson, CEO and director \$500,000 (September 30, 2020 - \$nil) for loans advanced by Mr. Zelickson.



ACQUISITION

The Company entered into a purchase agreement dated April 14, 2021, as amended September 24, 2021 (the "Veg Essentials Purchase Agreement") with Veg Essentials LLC ("Veg Essentials"), Ryan J. Wilson and Mary Courtney Ernster (together, the "Vendors"), neither of whom is a related party to the Company, pursuant to which the Company agreed to purchase from the Vendors, and the Vendors agreed to sell to the Company, all of the issued and outstanding membership interests in Veg Essentials. The Company closed the purchase of Veg Essentials on October 28, 2021. The total aggregate purchase price payable was US\$1,200,000, as follows:

- (a) upon execution of the Veg Essentials Purchase Agreement, a deposit, in cash, of US\$200,000; and
- (b) on the closing date, 3,530,857 Common Shares with a deemed value of US\$1,000,000, issued at a deemed price equal to \$0.35.

Veg Essentials operates the online e-commerce platform www.veganessentials.com. The Company believes that the Veg Essentials transaction will provide the Company with additional marketing and reach and will also provide a second warehouse for improved logistics and distribution. The Company feels that the combined business will have the advantage of scale of economy over others in the space, potentially attracting new brands, exclusive partnerships, favorable pricing through enhanced buying power, and consolidation of leadership and talent.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires the use of judgment and estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgements and estimates are based on management's knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the consolidated financial statements. Information about such judgements and estimation is contained in the accounting policies and notes to the consolidated financial statements, and the key areas are summarized below.

The 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 if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. The most significant estimates as at September 30, 2021 and 2020 relates to:

- Estimates of the economic life of equipment and intangible assets
- Estimates involved in sales returns and allowances
- Estimates involved in loyalty program expense



Critical accounting judgments

In the preparation of the annual consolidated financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. The judgments which may have an effect on the amounts recognized in the consolidated financial statements include the following:

- The assessment of the going concern assumption
- The recognition of deferred income tax assets

CHANGES IN ACCOUNTING POLICIES

The Company's significant accounting policies are described in Note 3 of the audited annual consolidated financial statements for the year ended December 31, 2020.

As of July 2021, the Company began offering optional marketing services to third party marketplace vendors. These services include targeted ads, social media marketing, influencer marketing and product features on our website.

Services revenue from strategic partnerships with customers are recognized as the service milestones are performed and is measured at the agreed upon transaction price based on the underlying arrangement which defines the consideration expected to be received.

Future accounting pronouncements

There are no other IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective that are expected to have a material impact on the Company's financial statements.

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.

Credit risk

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. Financial instruments that potentially subject the Company to credit risk consist of cash, accounts receivables, and due from related party. The carrying amount of the Company's financial assets recorded in the consolidated financial statements represents the Company's maximum exposure to credit risk. At September 30,



2021, the Company had cash of \$339,436, short term investments of \$140,000, accounts receivable of \$72,978 comprised of trade receivables of \$3,273, share subscriptions receivable of \$6,459 and government remittances receivable of \$63,246. The Company manages credit risk by placing cash and short term investments with major Canadian financial institutions. The Company manages credit risk of its accounts receivable by only extending credit to creditworthy customers. Management believes the credit risk is low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. Furthermore, the Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the directors are actively involved in the review, planning, and approval of significant expenditures and commitments. At September 30, 2021, the Company had net working capital of \$78,371.

Interest rate risk

Interest rate risk is the risk that cash flows will fluctuate due to changes in market interest rates. While the Company's financial assets are generally not exposed to significant interest rate risk because of their short term nature, changes in interest rates will have a corresponding impact on interest income realized on such assets.

The Company's financial liabilities are not exposed to significant interest rate risk because they are either non-interest bearing or carry a fixed interest rate. Changes in interest rates will not have a corresponding impact on interest expense incurred on such liabilities. As at September 30, 2021, the Company is not exposed to any interest rate risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company operates in Canada and the United States and therefore, currently, has limited exposure to foreign exchange risk arising from transactions denominated in foreign currencies. Other than Canadian dollar balances, the Company holds balances in cash, accounts receivable and due to related parties and accounts payable that are denominated in US\$. Accordingly, the Company is subject to foreign exchange risk relating to such balances in connection with fluctuations against the Canadian dollar. The Company has no program in place for hedging foreign currency risk. As at September 30, 2021, a 10% decrease in the Canadian dollar per US dollar exchange rates would have resulted in a decrease in the net loss for the three months and nine months ended September 30, 2021 of approximately \$21,262.

**Fair value**

The carrying amounts of cash, accounts receivable, amounts due from and due to related parties, accounts payable and accrued liabilities do not materially differ from their fair values given their short-term period to maturity.

RISKS AND UNCERTAINTIES

An investment in the Company involves a high degree of risk and should be considered speculative. An investment in the Company should only be undertaken by those persons who can afford the total loss of their investment. The risks and uncertainties below are not the only ones the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company believes to be immaterial may also adversely affect the Company's business. The occurrence of any such risks could harm the Company's business, results of operations, financial condition and/or growth prospects or cause the Company's actual results to differ materially from those contained in forward-looking statements it has made in this report.

Forward-looking statements may prove to be inaccurate

The forward-looking information and statements included in this MD&A relating to, among other things, the Company's future results, performance, achievements, prospects, targets, plans, objectives, goals, milestones, intentions or opportunities or the markets in which we operate is based on opinions, assumptions and estimates made by the Company's management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. The Company's actual results in the future may vary significantly from the historical and estimated results and those variations may be material. We make no representation that its actual results in the future will be the same, in whole or in part, as those included in this MD&A.

The following is a description of the principal risk and uncertainties that will affect the Company:

Limited Operating History

The Company was incorporated on July 30, 2019. As a result, the Company has a limited operating history in e commerce upon which its business and future prospects may be evaluated. The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for the Company to meet its future operating requirements, the Company will need to be successful in its growing, marketing and sales efforts. Additionally, where the Company



experiences increased sales, the Company's current operational infrastructure may require changes to scale the Company's business efficiently and effectively to keep pace with demand, and achieve long term profitability. If the Company's products are not accepted by new partners, the Company's operating results may be materially and adversely affected.

Managing Growth

In order to manage growth and changes in strategy effectively, the Company must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities, and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, the Company expects to invest its earnings and capital to support its growth, but may incur additional unexpected costs. If the Company incurs unexpected costs it may not be able to expand quickly enough to capitalize on potential market opportunities.

Access to Capital

The Company makes, and will continue to make, substantial investments and other expenditures related to acquisitions, technology development and marketing initiatives. Since its incorporation, the Company has financed these expenditures through offerings of its equity securities. The Company will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. The Company may incur major unanticipated liabilities or expenses. The Company can provide no assurance that it will be able to obtain financing on reasonable terms or at all to meet the growth needs of its operations.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in the Company's securities will be established or sustained. The market price for the Company's securities could be subject to wide fluctuations. Factors such as announcements of quarterly variations in operating results and acquisition or disposition of properties, as well as market conditions in the industry, may have a significant adverse impact on the market price of the securities of the Company. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

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.

Profitability of the Company

The Company may experience difficulties in its technology development process, such as capacity constraints, quality control problems or other disruptions, which would make it more difficult to generate profits. A failure by the Company to achieve a low cost structure through economies of scale or improvements in processes could have a material adverse effect on the Company's business, prospects, results of operations and financial condition.

Ongoing Costs and Obligations

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Retention and Acquisition of Skilled Personnel

The loss of any member of the Company's management team, could have a material adverse effect on its business and results of operations. In addition, the inability to hire or the increased costs of hiring new personnel, including members of executive management, could have a material adverse effect on the Company's business and operating results. The expansion of marketing and sales of its products will require the Company to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and the Company may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and in many cases, take a significant amount of time before they achieve full productivity. As a result, the Company may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses issued in connection to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Company moves into new jurisdictions, it will need to attract and recruit skilled employees in those new areas.



Consumer Trends

The Company's business is focused on the marketing and distribution of branded plant based products as alternatives to meat based protein 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, its business and financial condition would suffer. In addition, sales of plant based protein or meat alternative 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 its business and financial condition.

Legal and Regulatory Proceedings

From time to time, the Company may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. The Company will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Company's financial results.

The Company's connection with the food delivery industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by third parties, other companies and/or various governmental authorities against the Company. Litigation, complaints, and enforcement actions involving the Company could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Additional Risks Relating to Doing Business Internationally

The Company may be subject to risks generally associated with doing business in international markets when it expands into the international markets. Several factors, including legal and regulatory compliance and weakened economic conditions in any of the international jurisdictions in which the Company may do business could adversely affect such expansion and growth.

Additionally, if the Company enters into new international jurisdictions, such entries would require management attention and financial resources that would otherwise be spent on other parts of the business.



International business operations expose the Company to risks and expenses inherent in operating or selling products in foreign jurisdictions. In addition to the risks mentioned elsewhere, these risks and expenses could have a material adverse effect on the Company's business, results of operations or financial condition and include without limitation:

- adverse currency rate fluctuations;
- risks associated with complying with laws and regulations in the countries in which the Company operates, and requirements to apply for and obtain licenses, permits or other approvals and the delays associated with obtaining such licenses, permits or other approvals;
- multiple, changing and often inconsistent enforcement of laws, rules and regulations;
- the imposition of additional foreign governmental controls or regulations, new or enhanced trade restrictions or non tariff barriers to trade, or restrictions on the activities of foreign agents, and distributors;
- increases in taxes, tariffs, customs and duties, or costs associated with compliance with import and export licensing and other compliance requirements;
- the imposition of restrictions on trade, currency conversion or the transfer of funds;
- the imposition of Canadian and/or other international sanctions against a country, company, person or entity with whom the Company may do business that would restrict or prohibit the Company's business with the sanctioned country, company, person or entity;
- laws and business practices favoring local companies;
- political, social or economic unrest or instability;
- expropriation and nationalization and/ or renegotiation or nullification of necessary licenses, approvals, permits and contracts;
- greater risk on credit terms, longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- difficulties in enforcing or defending intellectual property rights; and
- the effect of disruptions caused by severe weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on doing business, price controls, import controls, currency remittance, income and other taxes, royalties, the repatriation of profits, foreign investment, licenses and approvals and permits.



The Company's international efforts may not produce desired levels of sales. Furthermore, the Company's experience with selling products in Canada may not be relevant or may not necessarily translate into favorable results if it sells in other international markets. If and when the Company enters into new markets in the future, it may experience different competitive conditions, less familiarity by customers with the Company's brand and/or different customer requirements. As a result, the Company may be less successful than expected in expanding sales to new international markets. Sales into new international markets may take longer to ramp up and reach expected sales and profit levels, or may never do so, thereby affecting the Company's overall growth and profitability. To build brand awareness in these new markets, the Company may need to make greater investments in legal compliance, advertising and promotional activity than originally planned, which could negatively impact the expected profitability of sales in those markets.

Competition

It is likely that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, results of operations or prospects of the Company.

The Company expects to face additional competition from new entrants. To become and remain competitive, the Company will require technology development, marketing, sales and support. The Company may not have sufficient resources to maintain technology and development, marketing, sales and support efforts on a competitive basis which could materially and adversely affect the business, financial condition, results of operations or prospects of the Company.

If the number of consumers of plant based products increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Foreign Sales and Currency Fluctuations

The Company's functional currency is denominated in Canadian dollars. The Company's sales are currently expected to be mainly dominated in United States dollars and may, in the future, have sales denominated in the currencies of additional countries in which it establishes operations or distribution. In addition, the Company incurs the majority of its operating expenses in Canadian dollars. In the future, the proportion of the Company's sales that are



international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Company's business, financial condition and results of operations. The Company has not previously engaged in foreign currency hedging. If the Company decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide the Company from foreign currency fluctuations and can themselves result in losses.

Disease Outbreaks may negatively Impact the Company

A local, regional, national or international outbreak of a contagious disease, including the novel coronavirus COVID 19, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illness, could cause staff shortages, supply shortages and increased government regulation all of which may negatively impact the business, financial condition and results of operations of the Company. A pandemic could cause temporary or long term disruptions in the Company's supply chains and/or delays in the delivery of the Company's inventory. Further, such risks could also adversely affect the Company's customers' financial condition, resulting in reduced spending for the products the Company sells. Moreover, an epidemic, pandemic, outbreak or other public health crisis, such as COVID 19, could cause employees to avoid the Company's properties, which could adversely affect the Company's ability to adequately staff and manage its businesses. "Shelter in place" or other such orders by governmental entities could also disrupt the Company's operations, if employees who cannot perform their responsibilities from home, are not able to report to work. Risks related to an epidemic, pandemic or other health crisis, such as COVID 19, could also lead to the complete or partial closure of one or more of the Company's facilities or operations of its sourcing partners. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Company's business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. These and other potential impacts of an epidemic, pandemic or other health crisis, such as COVID 19, could therefore materially and adversely affect the Company's business, financial condition and results of operations.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the Company's annual financial statements, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. The Company's operating results may be



adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause the Company's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Company. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non financial assets, fair value of biological assets, as well as revenue and cost recognition.

Transactions Engaged in by our Largest Shareholders, our Directors or Officers

Our officers, directors and principal shareholders (greater than 10% shareholders) collectively control approximately 32.2% of the Company. Subsequent sales of our Common Shares by these shareholders could have the effect of lowering the market price of our Common Shares. The perceived risk associated with the possible sale of a large number of Common Shares by these shareholders, or the adoption of significant short positions by hedge funds or other significant investors, could cause some of our shareholders to sell their Common Shares, thus causing the market price of our Common Shares to decline. In addition, actual or anticipated downward pressure on our stock price due to actual or anticipated sales of Common Shares by our directors or officers could cause other institutions or individuals to engage in short sales of the Common Shares, which may further cause the market price of our Common Shares to decline.

From time to time our directors and executive officers may sell Common Shares on the open market. These sales will be publicly disclosed in filings made with securities regulators. In the future, our directors and executive officers may sell a significant number of Common Shares for a variety of reasons unrelated to the performance of our business. Our shareholders may perceive these sales as a reflection on management's view of the business and result in some shareholders selling their Common Shares. These sales could cause the market price of our Common Shares to drop.

Going Concern Risk

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt or other financing and the achievement of profitable operations. There can be no assurances that the Company will be successful in achieving profitability.

The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.



Negative Operating Cash Flow

The Company has negative operating cash flow. The failure of the Company to achieve profitability and positive operating cash flows could have material adverse effect on the Company's financial conditions and results of operations. To the extent that the Company has a negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves to fund such negative cash flow. The Company expects to continue to sustain operating losses in the future until it generates sufficient revenues from the sale of products on its marketplace. There is no guarantee that the Company will ever be profitable.

Transportation Providers

Failure by the Company's transportation providers to deliver products on time, or at all, could result in lost sales. The Company currently relies upon third-party transportation providers for a significant portion of product shipments. Utilization of delivery 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. The Company periodically changes shipping companies, and could face logistical difficulties that could adversely affect deliveries. In addition, the Company could incur costs and expend resources in connection with such change. Moreover, the Company may not be able to obtain terms as favorable as those it receives from the third-party transportation providers that it currently uses, which in turn would increase costs and thereby adversely affect operating results.

Maintaining the Brand

If the Company fails to develop and maintain its brand, business could suffer. Maintaining, promoting and positioning the Company's brand and reputation will depend on, among other factors, the success of its plant-based product offerings, quality assurance, marketing and merchandising efforts and its 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, suppliers or co-manufacturers, including adverse publicity or a governmental investigation or litigation, could significantly reduce the value of the Company's brand and significantly damage its business.

Acquiring and Retaining Customers

The Company's success, and its ability to increase revenue and operate profitably, depends in part on its ability to cost-effectively acquire new customers, to retain existing customers, and to keep existing customers engaged so that they continue to purchase products. 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, the Company may not be able to attract or retain customers or engage existing customers so that they continue to purchase products. The Company may lose loyal customers to competitors if it is unable to meet customers' orders in a timely manner.

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

Information Technology

The Company relies on information technology systems and any inadequacy, failure, interruption or security breaches of those systems may harm its ability to effectively operate the business. The Company is dependent on various information technology systems, including, but not limited to, networks, applications and outsourced services in connection with the operation of the business. A failure of the Company's information technology systems to perform as it anticipates could disrupt the business and result in transaction errors, processing inefficiencies and loss of sales, causing the business to suffer. In addition, the Company's information technology systems may be vulnerable to damage or interruption from circumstances beyond its control, including fire, natural disasters, systems failures, viruses and security breaches. Any such damage or interruption could have a material adverse effect on the business.

Cybersecurity Incidents and Technological Disruptions

A cybersecurity incident or other technology disruptions could negatively impact the business and relationships with customers. The Company uses computers in substantially all aspects of business operations. It also uses mobile devices, social networking and other online activities to connect with employees, suppliers, co-manufacturers, distributors, customers and consumers. Such uses give rise to cybersecurity risks, including security breaches, espionage, system disruption, theft and inadvertent release of information.

The Company's business involves the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property, including customers' and suppliers' information, private information about employees and financial and strategic information about it and its business partners. The theft, destruction, loss, misappropriation, or release of sensitive and/or confidential information or intellectual property, or interference with the Company's information technology systems or the technology systems of third parties on which it relies, could result in business disruption, negative publicity, brand damage, violation of privacy laws, loss of customers, potential liability and competitive disadvantage all of which could have a material adverse effect on the business, financial condition or results of operations.

Intellectual Property Protection

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's continued success depends, to a significant degree, upon its ability to protect and preserve its intellectual property, including its trademarks, trade secrets and copyrights. The Company relies on confidentiality agreements and trademark, trade secret and copyright law to protect its intellectual property rights. The Company's confidentiality agreements with its employees and certain of its consultants, contract employees, suppliers and independent contractors 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 you 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, 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.