

Nabati Foods Global Inc. (formerly 1279006 B.C. Ltd.)

MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021

INTRODUCTION

This Management Discussion and Analysis ("MD&A") of Nabati Foods Global Inc. (formerly 1279006 B.C. Ltd.) ("Nabati" or the "Company") has been prepared by management as of August 31, 2022 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2021 and notes thereto of Nabati Foods Global Inc., which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

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

The Company has based the forward-looking statements largely on the Company's current expectations, estimates, assumptions, and projections about future events and financial and other trends that the Company believes, as of the date of such statements, may affect its business, financial condition and results of operations. Such expectations, estimates, assumptions, and projections, many of which are beyond the Company's control, include, but are not limited to: management's expectations regarding the future business, objectives and operations of the Company; the Company's anticipated cash needs and the need for additional financing; the Company's ability to successfully complete future financings; the acceptance by the marketplace of new technologies and solutions; the Company's expectations regarding its competitive position; the Company's expectations regarding regulatory developments and the impact of the regulatory environment in which the Company operates; the Company's ability to attract and retain qualified management personnel and key employees; and anticipated trends and challenges in the Company's business and the markets in which it operates. Assumptions underlying the Company's working capital requirements are based on management's experience with other public companies. Forward-looking statements regarding treatment by governmental authorities assumes no material change in regulations, policies, or the application of the same by such authorities. 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 with the risks set forth.

DESCRIPTION OF THE COMPANY

The Company was incorporated on December 10, 2020 under the laws of the Province of British Columbia, Canada by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia). The Company was incorporated for the sole purpose of completing financings in anticipation of completing the acquisition of Nabati and applying for a listing on the Canadian Securities Exchange (the "CSE").

On January 19, 2021, as amended February 3, 2021 and March 3, 2021, the Company entered into a letter of intent ("LOI") with Nabati Foods Inc. ("Nabati Foods") whereby the Company will acquire all of the issued and outstanding ordinary shares in the capital of Nabati Foods (the "Transaction") by way of a reverse takeover ("RTO"). It is contemplated that the Transaction will take place whereby the Company will acquire all of the issued and outstanding securities of Nabati Foods in exchange for the issuance of 14,000,000 shares in the Company to former Nabati Foods Shareholders on a pro rata basis, which will result in Nabati Foods becoming a 100% wholly-owned subsidiary of the Company. The Transaction was completed on March 9, 2021. For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 Business Combinations ("IFRS 3"), since the Company prior to the acquisition did not constitute a business. The transaction is accounted for in accordance with IFRS 2 Share-based Payment ("IFRS 2") whereby Nabati Foods Inc. has issued units and special warrants in exchange for the net assets of Nabati Foods Global Inc. (formerly 1279006 B.C. Ltd.). Nabati Foods was incorporated on July 11, 2014, under the

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Business Corporations Act (Alberta) ("ABCA") under the name "Yemira Trading Inc.". On July 18, 2016, it changed its name to "Nabati Foods Inc."

Nabati is an emerging plant-based food technology company that designs, develops, produces, distributes and sells a variety of plant-based meat and other food alternatives. Nabati's mission is to employ plant-based food technology to inspire those who value their health to indulge in real, clean, plant-based foods for a nourished, sustainable and compassionate life. See "Outlook".

Nabati (USA), a wholly-owned subsidiary of Nabati, was formed on September 17, 2019, under the Washington Business Company's Act under the name "Nabati Foods Inc." See "Outlook".

On October 4, 2021, the Company was listed for trading on the Canadian Securities Exchange ("CSE") under the ticker symbol "MEAL". The Company's filing statement and related documents in connection with the Transaction are available under its profile on SEDAR at www.sedar.com.

SELECTED ANNUAL FINANCIAL RESULTS

	Year Ended December 31, 2021	Year Ended December 31, 2020
Revenue	\$ 817,548	\$ 479,053
Gross profit (loss)	(3,610,212)	166,961
Net loss	(21,830,055)	(535,184)
Total assets	714,191	537,121
Total liabilities	3,823,505	2,374,421
Basic and diluted loss per share	(0.67)	(2,379.00)
Dividends	-	-

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2021

The Company reported revenue of \$817,548 for the year ended December 31, 2021 as compared to \$479,053 for the year ended December 31, 2020, as 2020 was the first year of production and selling products. The significant increase was attributable to the continuous effort by the Company to sell its plant-based products through effective marketing tools, channels, and its retailer locations.

During the year ended December 31, 2021, the Company reported a net loss of \$21,830,055 as compared to a net loss of \$535,184 for the comparative year ended December 31, 2020, an increase of \$21,294,871. The majority of the expenses for the current year listed below increased as compared to the previous year. In addition, share-based payment expense, listing fees and loss on re-valuation of assets were incurred during the current year. The Company's expenses included the following:

- Advertising and promotion of \$1,351,812 (2020 - \$196,156);
- Bank charges of \$27,553 (2020 - \$12,948);
- Bad debts expense of \$81,677 (2020 - \$49,798);
- Consulting fees of \$1,235,160 (2020 - \$nil);
- Depreciation expense of \$52,736 (2020 - \$68,007);
- Foreign exchange gain of \$52,103 (2020 - loss of \$183)
- Interest expense of \$56,497 (2020 - \$13,926);
- Investor relations of \$22,233 (2020 - \$nil);
- Office and administration expense of \$187,777 (2020 - \$115,948);
- Professional fees of \$1,391,214 (2020 - \$97,800);

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- Regulatory and filing fees of \$32,072 (2020 - \$nil);
- Rent expense of \$69,219 (2020 - \$10,978);
- Repairs and maintenance of \$nil (2020 - \$13,381);
- Research and development expense of \$3,734 (2020 - \$nil);
- Salaries and benefits of \$560,327 (2020 - \$202,555);
- Share-based payment expense of \$2,968,266 (2020 - \$nil);
- Telephone and utilities of \$6,073 (2020 - \$18,564);
- Travel expense of \$16,112 (2020 - \$5,455);
- Listing fees of \$6,887,736 (2020 - \$nil);
- Loss on re-valuation of assets of \$3,233,998 (2020 - \$nil);
- Interest and accretion of \$36,606 (2020 - \$22,901);
- Fair value loss on derivative liability of \$51,144 (2020 - gain of \$51,045); and
- Grant income of \$nil (2020 - \$75,410).

Corporate Highlights:

During the twelve months ended December 31, 2021, the Company incurred a net loss of \$21,830,055 as compared to a net loss of \$535,184 for the comparative year ended December 31, 2020, an increase of \$21,294,871.

The increase in net loss during the period was primarily a result of the Transaction which incurred listing expenses totalling \$6,887,736, share-based payment expense of \$2,968,266, as well as the loss on re-valuation of the Company's assets of \$3,233,998 under the liquidation basis of accounting.

Operational Highlights:

Negative gross profit of \$3,610,212 (441.59%) was mainly due to increased logistical costs as the Company expanded its distribution networks compared to gross profit of \$166,961 (34.85%) in the same period last year. Also, the logistics industry was experiencing high turnover in Drivers which lead to significant price increases and reduced capacity to handle loads. In addition, the Company recognized impairment of inventory \$2,001,749 during the year ended December 31, 2021, which was included in costs of sales.

Advertising and promotion of \$1,351,812 was incurred for the Company's branding, promotional videos, conferences and other investor awareness promotion of which \$875,000 relates to the 1,750,000 performance shares issued and valued at \$0.50 per share.

Professional fees of \$1,391,214 was incurred in relation to legal fees for the Transaction and patents and trademarks globally for Nabati Plant Eggz™.

OUTLOOK

During the 1st quarter ended March 31, 2021, the Company:

Started supplying Cobs Bread through its distribution partner Tree of Life, Nabati Cheeze™ to all its locations part of a limited time offer across Canada. In February 2021, Cobs Bread made the decision to continue offering its plant-based pizza using Nabati Cheeze™ on its menu as an everyday item making Nabati an official supplier to Cobs Bread.

In March 2021, Mucho Burrito, part of the MTY group, began discussing using Nabati Cheeze™ for a limited time offer launching in April 2021 nationally with Tree of Life. The Company geared all its production

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capacity of its pilot plant towards producing inventory for COBS Bread and Mucho Burrito while its new facility is being built out.

The Company during this period focused on the long-term benefits of supporting these two large branded deals, sacrificing revenue from its dairy free cheesecakes and plant-based meats which were just recently launched.

During the 2nd quarter ended June 30, 2021, the Company:

Commissioned its 7,403 square foot facility in Edmonton, AB ("Facility B") and began production of its Nabati Cheeze™ and its plant-based meats at the new location. Within a few weeks, production ramped up to support the demand for retail and foodservice Nabati Cheeze™ in the market while many businesses entered prolonged shutdowns during the period.

Focused its resources on finalizing the development, filing of trademarks and patents, and sourcing all raw materials as well as equipment for its Nabati Plant Eggz™. An innovative product meant to disrupt the Canadian Market and driving growth in new markets. The Company finalized its co-packing agreement with WG Pro-Manufacturing Inc. to produce the product, with the aim of being one of the first to market. The Company commenced project planning for the expansion of Facility B to relocate its pilot facility and to add a processing line for Nabati Plant Eggz™, to expand production for global expansion.

Dedicated resources laying the infrastructure for new business development in Canada, the US, and South Korea.

During the 3rd quarter ended September, the Company:

Signed on with Global Brand and Export Development ("Global Brand") to further boost Nabati's export footprint, with a particular focus on Nabati Foods' growing presence in Asia. Global Brand is a domestic brokerage and international export sales company focused on natural, organic, ethnic, and specialty products. It has significant expertise assisting manufacturers, retailers, importers, and distributors and is a partner of KeHE.

Filed patents for its proprietary, plant-based egg product, Nabati Plant Eggz, in Canada, the United States, and Australia, and intends to file in Europe, and China, and launched Nabati Plant Eggz™ in the United States, on August 30, 2021.

Listed Nabati Plant Eggz™ in all 13 The Grocery Outlet locations across Ontario, Canada. The Grocery Outlet has supplied customers, retailers, and distributors for over 20 years with a wide range of high-quality, competitively priced products.

During the 4th quarter ended December, the Company:

The Company achieved listings for its Nabati Plant Eggz™ in Whole Foods Market in Ontario and British Columbia. In addition, the product was listed at Quality Foods in British Columbia. It also achieved listings at Sobeys and Metro in Quebec. The Company also listed its e-commerce offerings on Costco.ca making its products available to all Costco members in Canada. While expanding product availability in the US by listing its products on GTFO It's Vegan, PlantX, and Vejii marketplaces.

The Company expanded its distribution network in Quebec by signing on Satau-Taze as a distributor for Nabati Plant Eggz™. It also expanded distribution of Nabati Cheeze and its Plant Based Meats offerings in the US via the existing partnership with KeHE Distributors LLC. The company partnering with Nanum Foods for distribution of its products in South Korea and Vietnam.

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In this quarter the Company achieved regional listings in the US at Pete's Fresh Market for its Nabati Cheeze and Plant-based meats.

During the 1st Quarter ended March 2022, the Company:

Secured Costco listing to market it's Nabati Plant Eggz™.

Listed Nabati Plant Eggz™ and Nabati Cheeze in 189 the Grocery outlet locations across California. The Company also listed Nabati Plant Eggz™ in 28 Metro grocery locations in Quebec. It also listed Nabati Dessertz dairy-free cheesecakes, blueberry and tiramisu flavors, in 39 Festival Foods supermarkets across the state of Wisconsin.

Achieved Brand Reputation Compliance Global Standards (BRCGS) certification for meeting Global Standard for Food Safety at its Edmonton manufacturing facility. The certification recognizes that the Company meets the highest level of food safety standards and is a safe global supplier of plant-based food products.

Began selling plant-based meats at Pete's Fresh Market stores. The Company also rolled out Nabati Plant Eggz™ in 14 Fortinos supermarkets in Ontario.

Secured Lotte Mart listing for its Dairy-free Cheesecakes in South Korea.

During the 2nd Quarter ended June 2022;

On April 6, 2022, Nabati Foods Global Inc. entered into a demand promissory note to receive financing in the principal sum of \$124,999 from Ahmad Yehya bearing interest of 0% per annum and due on demand.

On April 6, 2022, Nabati Foods Inc. entered into a demand promissory note to receive financing in the principal sum of \$79,000 from Ahmad Yehya bearing interest of 0% per annum and due on demand.

On April 19, 2022, the Company entered into an exclusive agreement with NAI Commercial Real Estate Inc. to sub-lease part of its food production facility until March 31, 2026.

Subsequent to the year ended December 31, 2021, the Company issued 416,479 common shares upon the exercise options, and 400,000 common shares upon the exercise of warrants.

Subsequent to the year ended December 31, 2021, the Company issued 1,749,999 performance shares to advisors for services.

The CEO, Michael Aucoin, failed to raise the capital need due to change in market liquidity and has resigned as of May 5th, 2022. Ahmad Yehya assumed the role and ceasing operations to focus on the completion of the audit.

On May 6, 2022, the Company sold and delivered a 2006 Isuzu Reefer Truck to Green Union Capital in settlement of a \$20,000 promissory note.

Becky Leong was appointed CFO of the Company following the resignation of Kelvin Lee as of May 9th, 2022. In addition, the Company announced that Sean Ty was appointed as director of the Company following the resignation of Don Robinson.

David Bantil was appointed as a Director of the Company following the resignation of Sean Ty and Aryan Beytoei was appointed CFO and Director of the Company on July 24, 2022 following the resignation of Becky Leong on June 28, 2022.

On July 14, 2022, the landlord for the facilities changed the locks and seized all assets.

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On July 29, 2022 the leasing firm NSF Leasing recalled the leased equipment at WG Pro-Manufacturing Inc. while the co-packer seized ingredients to cover the owed accounts payable.

Transaction

On March 9, 2021, the Company acquired all of the issued and outstanding shares in the capital of Nabati Foods Inc. by way of a reverse takeover ("RTO"), in exchange of the issuance of 14,000,000 common shares to the former shareholders of Nabati Foods Inc. For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3"), since the Company prior to the acquisition did not constitute a business. The transaction is accounted for in accordance with IFRS 2 *Share-based Payment* ("IFRS 2") whereby Nabati Foods Inc. has issued units and special warrants in exchange for the net assets of Nabati Foods Global Inc. (formerly 1279006 B.C. Ltd.). The accounting for this transaction resulted in the following:

- (i) The consolidated financial statements of the combined entity are issued under the legal parent, Nabati Foods Global Inc., but are considered a continuation of the financial statements of the legal subsidiary, Nabati Foods Inc.
- (ii) Nabati Foods Inc. is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

Since the shares allocated to the former shareholders of Nabati Foods Inc. on closing the RTO is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of the Company acquired on closing was expensed in the consolidated statement of loss and comprehensive loss as a listing expense. The fair value of the 7,000,000 units of the Company was determined to be \$6,702,500 or \$0.96 per unit, which comprised of \$3,500,000 for the value of 7,000,000 common shares and \$3,202,500 for the value of 7,000,000 warrants determined using the Black-Scholes Option pricing model with the following assumptions: Volatility of 120%, expected life of 1.85 years, and risk-free discount rate of 0.27%. In addition, the fair value of the 323,000 special warrants was determined to be \$161,500 or \$0.50 per special warrant.

- (iii) The fair value of the consideration given and charged to listing expense was comprised of:

Consideration		
7,000,000 units at \$0.96 per unit	\$	6,702,500
323,000 Special warrants at \$0.50 per special warrant		161,500
		6,864,000
Net assets acquired		(23,736)
Listing fee	\$	6,887,736

SUMMARY OF QUARTERLY RESULTS

The following is a summary of certain financial information concerning the Company for each of the last eight quarters:

Quarter ended	Revenue (\$)	Gross Margin (%)	Loss (\$)	Loss per share	
				Basic (\$)	Diluted (\$)
December 31, 2021	287,720	(441.59)	(9,275,337)	(0.14)	(0.14)
September 30, 2021	194,527	20.45	(2,367,900)	(0.09)	(0.04)
June 30, 2021	195,750	(122.92)	(1,034,295)	(1.61)	(0.31)
March 31, 2021	139,551	(5.04)	(9,152,523)	(3.85)	(0.31)
December 31, 2020	70,863	(35.92)	(244,175)	(2,378.60)	(2,378.60)
September 30, 2020	139,747	26.47	(161,811)	(719.16)	(719.16)
June 30, 2020	157,322	57.63	(58,018)	(257.86)	(257.86)
March 31, 2020	111,121	51.43	(71,180)	(316.36)	(316.36)

Three months ended December 31, 2021

During the three months ended December 31, 2021, the Company reported revenue of \$287,720 (2020 - \$23,197) and cost of sales of \$3,913,423 (\$53,647).

During the three months ended December 31, 2021, the Company reported a net loss of \$9,275,337 as compared to a net loss of \$2,175,17 for the three months ended December 31, 2020, an increase of \$9,031,162. The Company's income and expenses included the following:

- Advertising and promotion recovery of \$1,209,007 (2020 - expense of \$86,280);
- Bank charges of \$13,919 (2020 - \$5,291);
- Bad debts expense of \$81,677 (2020 - \$49,798);
- Consulting fees of \$922,820 (2020 - \$nil);
- Depreciation recovery of \$186,174 (2020 - expense of \$40,281);
- Foreign exchange gain of \$49,204 (2020 - loss of \$361);
- Interest expense of \$15,306 (2020 - \$13,371);
- Investor relations of \$22,233 (2020 - \$nil);
- Office and administration recovery of \$410,732 (2020 - expense of \$35,714);
- Professional fees of \$514,845 (2020 - \$53,400);
- Regulatory and filing fees of \$32,072 (2020 - \$nil);
- Rent recovery of \$17,794 (2020 - expense of \$4,671);
- Repairs and maintenance recovery of \$32,989 (2020 - \$9,311);
- Research and development expense of \$132 (2020 - \$nil);
- Salaries and benefits recovery of \$153,925 (2020 - expense of \$58,049);
- Share-based payment expense of \$2,968,266 (2020 - \$nil);
- Telephone and utilities recovery of \$26,679 (2020 - expense of \$4,040);
- Travel expense of \$2,862 (2020 - \$1);
- Listing expense recovery of \$197,248 (2020 - \$nil);
- Interest expense of \$43 (2020 - \$nil);
- Loss on re-valuation of assets of \$3,233,998 (2020 - \$nil);
- Interest and accretion of \$31,367 (2020 - \$29,801)

- Fair value loss on derivative liability of \$93,844 (2020 - gain of \$51,045); and
- Grant income of \$nil (2020 - \$75,410).

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2021, the Company reported working capital deficiency of \$1,920,811 as compared to working capital deficiency of \$266,098 at December 31, 2020, representing an increase of \$1,654,713.

Net cash and cash equivalents increased by \$10,104 from \$14,893 at December 31, 2020 to \$24,997 at December 31, 2021 as a result of cash generated by financing activities of \$7,807,879 significantly from issuance of warrants and special warrants of \$7,771,668, proceeds from private placement of \$220,500, proceeds from convertible notes of \$571,311, loans received of \$46,000. These are offset by share issuance costs of \$572,219, lease payments of \$189,007 and loan repayments of \$40,374. The Company also used \$6,361,500 in operating activities consisting of general and administrative expenditures, trade receivables, purchase of inventory and payments of trade payables, and used \$1,436,275 in investing activities for the purchase of property and equipment and payment of security deposits.

Current assets excluding cash, as at December 31, 2021, consisted of trade and other receivables of \$432,526 (2020 - \$168,788) and inventory of \$245,654 (2020 - \$103,160). Current liabilities increased by \$2,071,049 from \$552,939 at December 31, 2020 to \$2,623,988 at December 31, 2021.

Under its current business plans, the Company may be required to seek additional financing through the issuance of shares or the exercise of options and warrants to fund ongoing operations. Although the Company has been successful in raising funds in the past, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company manages its capital structure in order to ensure sufficient resources are available to meet operational requirements and safeguard its ability to continue as a going concern. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RISKS AND UNCERTAINTIES

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is a derivative, classified as held-for-trading, or it is designated as such on initial recognition.

Financial assets / liabilities	Classification
Cash	FVTPL
Trade receivables	Amortized costs
Deposits	Amortized Cost
Trade and other payables	Amortized costs
Due to shareholders	Amortized costs
Loans payable	Amortized costs
Convertible notes payable	Amortized costs
Derivative liability	FVTPL
Lease liabilities	Amortized cost

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk.

(a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The risk for cash is mitigated by holding these instruments with highly rated Canadian financial institutions. Trade and other receivables primarily consist of trade receivables from sale of goods and sales tax recoverable from the Canadian Revenue Agency. The maximum credit risk exposure associated with cash and trade and others receivable is limited to the total carrying value.

(b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Company had a cash balance of \$24,997 (2020 - \$14,893) and current liabilities of \$2,623,988 (2020 - \$552,939). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company does not have sufficient liquidity and has ceased operations subsequent to the year ended December 31, 2021. The Company plans to raise funds from private placement which will be used to settle the Company's liabilities.

(c) Market risk

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

(i) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The interest rate risk on bank deposits is insignificant as the deposits are short term. A 10% change in the LIBOR rates will result in an insignificant impact on the consolidated statements of loss and comprehensive loss. The loans payable are subject to fixed interest rates; therefore, the Company is not exposed to interest rate risk on these financial liabilities.

(ii) Foreign currency risk

As at December 31, 2021 and 2020, the Company's expenditures are mainly in Canadian dollars. Any future equity raised is expected to be predominantly in Canadian dollars. The Company believes it has no significant foreign exchange rate risk.

The Company hold insignificant balances in foreign currencies which would give rise to exposure to foreign exchange rate risk.

Fair value hierarchy

The Company applied the following fair value hierarchy for financial instrument classified as FVTP, which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels.

The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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As at December 31, 2021 and 2020, cash is recorded at fair value, using level 1 inputs. The derivative liability was recorded at fair value, using level 2 inputs. Refer to Note 9 for details.

The fair value of trade and other receivables, deposits, trade and other payables, due to shareholders, loans payable, convertible notes payable, and lease liabilities approximate their carrying amounts, due to their short terms to maturity, and market interest rates.

TRANSACTIONS WITH RELATED PARTIES

Key management remuneration:

A Company director is a key management personnel who has the authority and responsibility for planning, directing and controlling the activities of the Company.

During the year ended December 31, 2021, the remuneration of the key management personnel was as follows:

		December 31, 2021		December 31, 2020
Salaries	\$	133,692	\$	9,615
Share-based payment expense	\$	1,566,424	\$	-

Other related party transactions and balances:

As at December 31, 2021, the Company owed \$50,020 (2020 - \$290,545) to the CEO and director of the Company, the amount was non-interest bearing and payable upon demand.

As at December 31, 2021, included in trade and other payables was \$45,546 (December 31, 2020 - \$nil) owing to the CEO and director of the Company.

On December 15, 2020, the Company repaid \$1,528,322 of due on demand loans to the CEO and shareholders of the Company by issuing convertible notes in exchange for the balance owing.. During the year ended December 31, 2021, the Company settled an additional \$271,186 due to the CEO by issuing convertible notes. Refer to Note 9 for details. On February 3, 2021, the Company issued 1,415,962 common shares and 709,781 warrants to the CEO of the Company for the conversion of note payable of \$486,603 plus interest accrual of \$8,984.

On December 31, 2021, the Company entered into a loan agreement for \$300,000 from a former director of the Company. The advanced amounts bear interest of 25% per year, compounded annually, and is due on or before December 31, 2022. As at December 31, 2021, \$25,000 of the \$300,000 had been advanced to the Company.

During the year ended December 31, 2021, a former director of the Company earned salary of \$9,964 (2020 - \$Nil).

During the year ended December 31, 2021, the Company CEO earned salary of \$133,692 (2020 - \$9,615).

During the year ended December 31, 2021, the Company granted 2,250,000 options to directors and officers, resulting in share-based compensation expense of \$1,566,424. (Note 11).

During the year ended December 31, 2021, the Company has revenues of \$nil (2020 - \$40,168) and costs of goods sold of \$nil (2020 - \$50) with a company controlled by the CEO.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Critical accounting estimates made by the Company, include the following:

Deferred tax liabilities and assets

Deferred tax liabilities and assets are measured at tax rates expected in the period during which the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantively enacted at the end of the reporting period of the financial information. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that result from the manner in which the Company expects, at the end of the reporting period of the financial information, to recover or settle the carrying amount of its assets and liabilities.

Depreciation

Depreciation of property, plant and equipment and right-of-use assets is dependent upon estimates of useful lives based on management's judgment.

Impairment of non-financial assets

The assessment of any impairment of property, plant and equipment is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions, the useful lives of assets, definition of the cost generating unit and estimates used to measure impairment losses. The recoverable value of these assets is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, growth rates and discount rates.

Variables and assumptions used in measurement of liabilities

The measurement of convertible notes, derivative liabilities and lease liabilities are determined based on estimates of discount rates and assumptions determined by management at the time of measurement.

Share-based payments

Estimating fair value for share-based payment transaction requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option or warrant, volatility and dividend yield and making assumptions about them.

OTHER REQUIREMENTS

Summary of Outstanding Share Data as at August 31, 2022:

Authorized:	Unlimited common shares without par value
Common shares:	48,425,711
Warrants:	10,455,432
Options:	4,092,911

Nabati Foods Global Inc.
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December 31, 2021

Additional disclosures pertaining to the Company are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors,

“Ahmad YEHYA”

Ahmad Yehya

Interim CEO