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

MANAGEMENT DISCUSSION AND ANALYSIS
Three Months Ended March 31, 2022

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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 September *, 2022 and should be read in conjunction with the condensed consolidated interim financial statements and related notes thereto of the Company for the period March 31, 2022 and 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 2Share-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 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.

Corporate Highlights:

During the three months ended March 31, 2022, the Company incurred a net loss of $1,746,267 as compared to a net loss of $9,139,943 for the comparative period ended March 31, 2021, an decrease of $7,393,676.

The decrease in net loss during the period was primarily a result of reduced operational costs and not incurring costs associated with RTO Transaction. 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 $146,778 (76.60%) was mainly due to increased logistical costs as the Company expanded its distribution networks compared to $7,031 (5.04%) in the comparative period. Also, the logistics industry was experiencing high turnover in Drivers which lead to significant price increases and reduced capacity to handle loads.

OUTLOOK

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.

Subsequent Events:

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 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.

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 three months ended March 31, 2022, the Company issued 416,479 common shares upon the exercise options, and 250,000 common shares upon the exercise of warrants.

On June 8, 2022, the Company has granted incentive stock options to certain directors and officers of the Company for the purchase of up to 2,900,461 common shares in the capital of the Company pursuant to the company's stock option plan. The options are exercisable into shares at an exercise price of $7.5 per share for a period of five years. The grant of options is subject to regulatory approval. The shares to be issued on the exercise of the options will be subject to a hold period of four months and one day from the date of grant of the options.

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 Bentil 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.

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:

				Loss per share	
Quarter ended	**Revenue ($)**	**Gross Margin (%)**	**Loss ($)**	**Basic ($)**	**Diluted ($)**
March 31, 2022	191,628	(0.77)	(1,746,267)	(0.04)	(0.04)
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)	(9,139,943)	(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)

Three months ended March 31, 2022

During the three months ended March 31, 2022, the Company reported revenue of $191,628 (2021 - $139,551) and cost of sales of $338,406 (2021 - $146,582).

During the three months ended March 31, 2022, the Company reported a net loss of $1,746,267 as compared to a net loss of $9,139,943 for the three months ended March 31, 2021, an increase of $7,404,772. The Company’s income and expenses included the following:

- Advertising and promotion of $74,811 (2021 - $1,233,242);
- Bank charges of $3,171 (2021 - $4,094);
- Consulting fees of $476,500 (2021 - $197,307);
- Depreciation expense of $nil (2021 - $111,723);
- Foreign exchange loss of $39 (2021 - $113,549);
- Interest expense of $115,587 (2021 - $4,386);
- Office and administration of $70,795 (2021 - $108,934);
- Professional fees of $365,522 (2021 - $207,600);
- Regulatory and filling fees of $5,567 (2021 - $nil);
- Rent of $34,712 (2021 - $5,919);
- Repairs and maintenance of $3,646 (2021 - $2,573);
- Salaries and benefits of $356,124 (2021 - $80,746);
- Share-based payment expense of $177,297 (2021 - $nil);
- Telephone and utilities of $20,283 (2021 - $13,186);
- Travel expense of $8,145 (2021 - $64);
- Expense recovery of $113,519 (2021 - $nil);
- Listing expense of $nil (2021 - $7,072,404);
- Recovery of loss on re-valuation of assets of $113,519 (2021 - $nil);
- Loss on re-valuation of assets of $59,452 (2021 - $nil)
- Interest and accretion of $nil (2021 - $36,606)
- Fair value gain on derivative liability of $nil (2021 - $42,700); and
- Grant income of $58,643 (2021 - $16,721).

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2022, the Company reported working capital deficiency of $2,992,084 as compared to working capital deficiency of $1,920,811 at December 31, 2021, representing an increase of $1,071,273.

Net cash and cash equivalents increased by $1,451 from $24,997 at December 31, 2021 to $26,448 at March 31, 2022 as a result of cash generated by financing activities of $413,820 which consisted of advances from shareholders of $140,000, loan received of $325,000, and proceeds from exercise of warrants of $7,500. This is offset by lease payment of $58,680. The Company used $371,313 in operating activities consisting mainly of general and administrative expenditures, and used $60,038 in investing activities for the purchase of property and equipment and payment of security deposit.

Current assets excluding cash, as at March 31, 2022, consisted of trade and other receivables of $410,185 (December 31, 2021 - $432,526) and inventory of $210,498 (December 31, 2021 - $245,654). Current liabilities increased by $1,004,131 from $2,623,988 at December 31, 2021 to $3,628,119 at March 31, 2022.

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 March 31, 2022, the Company had a cash balance of $26,448 (December 31, 2021 - $24,997) and current liabilities of $3,639,215 (December 31, 2021 - $2,623,988). 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 period ended March 31, 2022. 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 March 31, 2022 and December 31, 2021, 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.

As at March 31, 2022 and December 31, 2021, 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 of the Condensed Consolidated Interim Financial Statements 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 three months ended March 31, 2022, the remuneration of the key management personnel was as follows:

		March 31, 2022		March 31, 2021
Salaries	$	**36,016**	$	10,896

Other related party transactions and balances:

As at March 31, 2022, the Company owed $190,020 (December 31, 2021 - $50,020) to the CEO and director of the Company, the amount was non-interest bearing and payable upon demand.

As at March 31, 2022, included in trade and other payables was $68,688 (December 31, 2021 - $45,546) owing to the CEO and director of the Company.

On December 15, 2020, the Company settled $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. 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 loan bears interest of 25% per year, compounded annually, and is due on or before December 31, 2022. The total loan proceeds of $300,000 were received by the Company as of March 31, 2022. The Company recorded interest expense of $18,493 during the three months ended March 31, 2022. The loan has a balance of $368,493 as at March 31, 2022 (December 31, 2021 - $25,000). The loan is secured by a general security agreement.

During the three months ended March 31, 2022, the Company CEO earned salary of $36,016 (2021 - $10,896).

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.

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 or 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 September 22, 2022:

Authorized:	Unlimited common shares without par value
Common shares:	48,425,711
Warrants:	10,455,432
Options:	6,993,372

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