

PLANT VEDA FOODS LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the nine months ended September 30, 2023

(Expressed in Canadian Dollars)

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This Management's Discussion and Analysis ("MD&A") of Plant Veda Foods Ltd. ("Plant Veda" or the "Company") should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes for the nine months ended September 30, 2023 and audited financial statements and accompanying notes for the year ended December 31, 2022. The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), and in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

Information contained herein is presented as of November 29, 2023, unless otherwise indicated. Additional information related to Plant Veda is available on SEDAR at www.sedar.com and on the Company's website at www.plantveda.com.

Unless otherwise indicated, all amounts discussed herein are denominated in Canadian dollars (\$), which is the functional and reporting currency of the Company. The Company's year-end is December 31.

The Company's board of directors approved the release of this MD&A on November 29, 2023.

FORWARD LOOKING INFORMATION

This MD&A may contain forward "forward-looking statements" that reflect the Company's current expectations and projections about its future results. Forward-looking statements are statements that are not historical facts, and include, but are not limited to: estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, capital raising initiatives, the impact of industry and macroeconomic factors on the Company's operations, and market opportunities; and statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and are generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to, those set forth under "Risks and Uncertainties" below, and those contained in the Company's Prospectus dated June 4, 2021 (the "**Prospectus**") that is available under the Company's profile on SEDAR at www.sedar.com.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities law.

CORPORATE OVERVIEW

Plant Veda Foods Ltd. (the "Company") was incorporated under the British Columbia Business Corporations Act on April 5, 2019 and its principal activity is a plant-based beverage and food company specializing in low-processed, all natural, nutritious, allergen free and delicious dairy alternatives. On June 17, 2021, the Company received a receipt from the British Columbia Securities Commission for its long-form prospectus dated June 4, 2021 and commenced trading on the Canadian Securities Exchange ("CSE") on June 21, 2021 under the trading symbol "MILK". The Company's head office is located at 14640 64 Ave, Unit 313, Surrey, British Columbia V3S 1X7. The Company's registered office is located at 1400—128 West Pender Street, Vancouver, BC V6B 1R8.

PLANT VEDA FOODS LTD.
Management's Discussion & Analysis
For the nine months ended September 30, 2023
(Expressed in Canadian Dollars)

DESCRIPTION OF BUSINESS

The Company employs plant-based technology to create low processed, all natural, nutritional products and uses a blend of raw, heart-healthy cashews, fibre-rich Canadian gluten-free oats, and Canadian pea protein, cultured with billions of live probiotics good for the gut. Plant Veda offers maple sweetened and unsweetened options, along with antioxidant-rich BC blueberries and strawberries, and select healing and comforting herbs and spices from the traditional ayurvedic kitchen.

The Company's products are offered in over 100 locations throughout British Columbia including selected locations of Choices Markets, Save On Foods, Whole Foods Markets, Choices, City Avenue Markets, Save on Foods, Quality Foods and more. In addition to its retail presence and distribution strategy, Plant Veda has created an e-commerce subscription service that will allow the Company to scale quickly and for customers to receive their products on their doorstep. is working on Oat Milk Concentrate in Bulk bags which will allow company to quickly scale up and increase the consumer base.

Per the Plant-Based Foods Association ("PBFA"), U.S. retail sales of plant-based foods increased 11% from 2018 to 2019, reaching a market value of \$4.5 billion, compared to increases of 4% and 7% in the general grocery and natural foods categories, respectively. Among plant-based food categories, plant-based creamers were the highest growing category, experiencing 40% growth for the twelve-month period ended April 2019 compared to growth of only 12% for dairy-based creamers.

The Government of Canada has identified plant-based foods as an important and growing industry. The federal government included the plant protein industry in its Supercluster Initiative and made a \$150 million investment towards its development. Already the top producer of lentils in the world, Canada excels at providing nutritious, plant-based protein options to consumers.

Plant-Based Foods of Canada ("PBFC") reported that consumers are looking for environmentally friendly plant-based products that have nutritional benefits, and that add delicious variety to their diet. Research indicates the demand for plant-based foods will continue to increase rapidly over the next several years. Data from Nielsen shows that sales of meat and dairy alternatives in Canada grew by 8% in 2018, becoming an industry worth more than \$3 billion.

PLANT VEDA FOODS LTD.
Management's Discussion & Analysis
For the nine months ended September 30, 2023
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HISTORY

Following years of research by the Company's initial management team, the Company was incorporated on April 5, 2019 as a plant-based beverage and food company specializing low-processed, all natural, nutritious, allergen free and delicious dairy alternatives. The Company's product excellence was immediately recognized as its Lassi product was awardee Product of the Year at [VegExpo](#), Canada's largest plant-based trade show, in May of 2019. In order to expand production capacity, the Company moved to its current production facility in Surrey, BC in July of 2019 and was able to launch its Cashew Milk product line by August of 2019.

Over the following two years the Company has continued to grow production and sales organically, achieving a number of notable milestones:

- May 2020 – plantveda.com ecommerce platform is launched, subscription box service offering implemented and products included in FreshPrep subscription boxes.
- July 2020 – Probiotic Lassi is a finalist for Vancouver Magazine's [Made in Vancouver Awards](#)
- August 2020 – Coffee creamer line launches and products are carried in premier retailers including WholeFoods and Choices Market
- September 2020 – In addition to completing a strategic investment in the Company, Claire Smith of Beyond Impact Vegan Partners joins the Company's board of directors.
- January 2021 – The Company's products are carried in a combined 100 retail and online stores in British Columbia
- March 2021 – Probiotic Lassi wins Clean Eating Magazine '[Clean Choice Award](#)'
- March 2021 – The Company secured a lease on a new 25,000 square foot premises which will allow for significant manufacturing and production expansion and efficiencies (see *Business Milestones and Objectives*)
- June 2022 – Plant Veda along with Avena Foods, HPP Canada and Thirstea Beverages receives funding from [Protein Industries Canada](#) for developing Oat Milk Products using Canadian Oats.
- June 2022 – PlantGurt (Dairy Free Yogurt) awarded '[Best in Show](#)' award at Planted Expo 2022
- January 2023 – Plant Veda acquired Nora's Non-Dairy Ltd., which produces Canadian premium dairy-free ice cream products and has achieved profitable operations and positive cashflows.
- April 2023 – Plant Veda commenced shipments of truckloads to the United States of America, which has resulted in a significant increase of revenue and volume usage in the Company's plant.

PLANT VEDA FOODS LTD.
Management's Discussion & Analysis
For the nine months ended September 30, 2023
(Expressed in Canadian Dollars)

Significant Transactions

Nora's Non-Dairy Ltd.

On January 5, 2023, the Company completed the acquisition of 100% of the issued and outstanding share capital of Nora's Non-Dairy Ltd. ("Nora's") through the issuance of 1,530,613 common shares to Nora's shareholders. The common shares issued to Nora's shareholders are subject to an escrow release schedule over a period of three years. At the date of acquisition, the Company determined that Nora's constituted a business as defined under IFRS 3, *Business Combinations*, and the Nora's acquisition was accounted for as a business combination under the acquisition method. The consideration paid was recognized at the fair value of the common shares of the Company at a price of \$0.13 per share.

As a result of the acquisition, intangible assets were identified that met the recognition criteria under IFRS; therefore, the Company recognized the fair value of the intangible assets received and the remaining excess of the consideration paid over the fair value of the assets and liabilities assumed was capitalized as goodwill. Goodwill is recognized as a result of expected synergies between the product offering being developed by the Company's product development activities and the expertise of management in the development of food and beverage products.

The following table shows the preliminary allocation of the purchase price to the fair value of the assets acquired and liabilities assumed, based on the estimated fair value, including a summary of the identifiable classes of considered transferred, and amounts by category of assets acquired and liabilities assumed at the acquisition date:

Consideration:		
Fair value of 1,530,613 common shares at \$0.13 per share	\$	198,980
Total consideration		198,980
Fair value of net assets acquired:		
Cash		12,187
Amounts receivable		26,760
Inventory		66,861
Goodwill		229,906
Accounts payable and accrued liabilities		(8,567)
Loan payable		(128,167)
Total assets	\$	198,980

PLANT VEDA FOODS LTD.
Management's Discussion & Analysis
For the nine months ended September 30, 2023
(Expressed in Canadian Dollars)

SELECTED ANNUAL INFORMATION

The table below sets out certain selected financial information regarding the operations of the Company for the period indicated. The selected financial information has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements and related notes.

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
	(Audited)	(Audited)	(Audited)	(Audited)
Total revenues	\$ 308,628	\$ 226,567	\$ 118,453	\$ 37,284
Net and comprehensive loss for the period	(3,970,267)	(6,000,314)	(111,921)	(92,523)
Basic and diluted income (loss) per share	(0.13)	(0.31)	(0.01)	(0.01)
Total assets	3,378,485	4,392,452	101,825	9,263
Total long-term liabilities	2,657,170	1,940,719	20,148	-
Cash dividends	-	-	-	-

SUMMARY OF QUARTERLY RESULTS

FOR THE THREE MONTHS ENDED	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Revenues	\$355,873	\$359,754	\$214,643	\$94,023
Net (loss) for the period	(\$340,016)	(\$386,482)	(\$406,858)	(\$441,927)
Per Share – Basic and diluted	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)

FOR THE THREE MONTHS ENDED	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Revenues	\$106,269	\$66,131	\$42,205	\$57,727
Net (loss) for the period	(\$553,953)	(\$770,775)	(\$2,203,612)	(\$1,661,796)
Per Share – Basic and diluted	(\$0.02)	(\$0.02)	(\$0.07)	(\$0.06)

The Company was incorporated on April 5, 2019. The high net loss for the quarters ended December 31, 2021 and December 31, 2021 is due to an increase in professional fees and marketing and investor relations activities associated with the going public transaction. The Company incurred a high net loss for the quarter ended December 31, 2021 compared to previous quarters as the majority of expenses were attributed to non-cash share-based compensation expense recognized for the grant of stock options and special warrants.

PLANT VEDA FOODS LTD.
Management's Discussion & Analysis
For the nine months ended September 30, 2023
(Expressed in Canadian Dollars)

RESULTS OF OPERATIONS

For the nine months ended September 30, 2023:

During the nine months ended September 30, 2023, the Company recorded a net loss of \$1,133,356 as compared to a net loss of \$3,528,340 for the comparable nine months ended September 30, 2022. Accordingly, the Company has reduced recognized losses by 68% compared to the nine months ended September 30, 2022 and is approaching the operations breakeven point. Total revenues have increased to \$930,270 compared to \$214,605 for the comparable nine months ended September 30, 2022, which is an increase of 433%. The Company recognized a gross profit of \$244,681 compared to \$29,459 for the nine months ended September 30, 2022.

Total expenses for the nine months ended amounted to \$1,543,188 as compared to \$3,682,399 for the comparable nine months ended September 30, 2022, a decrease of \$2,139,211, which includes non-cash expenditures of \$321,861 for depreciation and share based compensation of \$93,408. The decrease in overall expenditures can be attributed to the following:

- Marketing and investor relations have decreased to \$29,573 from \$401,661 as the Company has changed third party consultants to develop and refine investor relations and digital marketing services.
- Professional fees have decreased to \$152,141 from \$344,459 which can be attributed to the fees paid to third party consultants for professional services and to assist the Company with research and advisory services, communications, corporate development, and fees paid to companies connected to officers of the Company.
- Share based compensation has decreased to \$93,408 from \$1,441,021 based on equity instrument issuances during the period.
- Wages and benefits have decreased to \$405,528 from \$703,557 that can be attributed to management salaries and the decrease in the number of employees hired for administrative purposes due to the increase in operations.

For the three months ended September 30, 2023:

During the three months ended September 30, 2023, the Company recorded a net loss of \$340,016 as compared to a net loss of \$553,953 for the comparable three months ended September 30, 2022. Accordingly, the Company has reduced recognized losses by 39% compared to the three months ended September 30, 2022 and is approaching the operations breakeven point. Total revenues have increased to \$355,873 compared to \$106,269 for the comparable three months ended September 30, 2022, which is an increase of 335%. The Company recognized a gross profit of \$101,681 compared to \$30,979 for the three months ended September 30, 2022.

Total expenses for the three months ended amounted to \$440,187 as compared to \$616,148 for the comparable three months ended September 30, 2022, a decrease of \$175,961, which includes non-cash expenditures of \$1007,541 for depreciation and share based compensation of \$4,700. The decrease in overall expenditures can be attributed to the following:

- Marketing and investor relations have decreased to \$7,246 from \$20,149 as the Company has changed third party consultants to develop and refine investor relations and digital marketing services.
- Professional fees have decreased to \$43,755 from \$51,483 which can be attributed to the fees paid to third party consultants for professional services and to assist the Company with research and advisory services, communications, corporate development, and fees paid to companies connected to officers of the Company.
- Share based compensation has decreased to \$4,700 from \$94,522 based on equity instrument issuances during the period.
- Wages and benefits have decreased to \$123,568 from \$242,490 that can be attributed to management salaries and the decrease in the number of employees hired for administrative purposes due to the increase in operations.

PLANT VEDA FOODS LTD.
Management's Discussion & Analysis
For the nine months ended September 30, 2023
(Expressed in Canadian Dollars)

LIQUIDITY

As at September 30, 2023, the Company had cash of \$36,990 and a working capital deficiency of \$1,204,433 compared to a cash balance of \$73,617 and a working capital deficiency of \$462,434 as at December 31, 2022. The decrease in working capital was primarily a result of the Company completing financing from private placements and the exercise of equity instruments in the previous year.

The Company believes that the current capital resources are not sufficient to satisfy its current liabilities and pay overhead expenses for the next twelve months and will need to seek additional financing to fund its operations and pursue future expansions. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects. As the Company is currently not able to generate sufficient cash from its operations to fund its operations, the Company will have to rely on issuing shares for cash or to settle debt, loans, and related party loans to fund ongoing operations and investments.

During the month of January 2021, the Company applied for an additional \$20,000 CEBA loan and received \$24,475 in funding for a total of \$60,000. The additional \$20,000 loan have terms similar to the original \$40,000 which was received back on May 13, 2020. The CEBA loan matures on December 31, 2023.

Cash generated in operating activities has increased to \$193,799 for the nine months ended September 30, 2023 as compared to cash used in operating activities of \$1,562,063 for the comparable nine months ended September 30, 2022, whereby the Company is achieving positive operating cash flows from operations. The increase is primarily due to the increase in its operations for 2023 and increase in funding received from PIC reimbursements during the first quarter of 2023.

Cash spent in financing activities increased to \$236,941 for the nine months ended September 30, 2023 comprised of lease payments compared to cash raised of \$1,229,998 for the comparable nine months ended September 30, 2022, which was comprised of lease payments and receipt of proceeds from a convertible loan issuance, stock option exercises, warrant exercises, and completion of a private placement.

Cash provided by investing activities increased to \$6,515 for the nine months ended September 30, 2023 as the Company acquire cash from the acquisition of Nora's Non-Dairy Ltd. and purchased equipment for its facilities. For the nine months ended September 30, 2022, the Company used cash of \$249,347 in investing activities as the Company purchased equipment for its facilities.

This MD&A has been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at September 30, 2023, the Company has not achieved profitable operations, has accumulated losses of \$11,308,381 since inception and expects to incur further losses in the development of its business, all of which are material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

The Company's continuation as a going concern is dependent upon its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations and management is intending to secure additional financing as may be required, there is no assurance it will be able to do so in the future. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

PLANT VEDA FOODS LTD.
Management's Discussion & Analysis
For the nine months ended September 30, 2023
(Expressed in Canadian Dollars)

CAPITAL RESOURCES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its business and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' deficit, as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to any external capital requirements. There were no changes to the Company's approach to capital management during the nine months ended September 30, 2023.

OFF-BALANCE SHEET ARRANGEMENTS

During the reporting period, there were no off-balance sheet arrangements.

PLANT VEDA FOODS LTD.
Management's Discussion & Analysis
For the nine months ended September 30, 2023
(Expressed in Canadian Dollars)

RELATED PARTY TRANSACTIONS

The Company incurred the following expenses with related parties of the Company:

		Nine months ended September 30, 2023	Year ended December 31, 2022
Relationship			
<u>Professional fees</u>			
LucPrise International Ltd.	Company controlled by Michael Yang, President	-	55,000
Harmony Corporate Services Ltd.	Company controlled by Geoff Balderson, CFO	45,000	60,000
<u>Wages and benefits</u>			
Sunny Gurnani	CEO, former director	90,000	110,769
Vanita Sajnani	Former director	48,000	24,000
Mayur Sajnani	Director	-	87,692
		\$ 183,000	\$ 337,461
Share-based compensation		28,849	-
		\$ 211,849	\$ 337,461

Key management personnel consist of the CEO, CFO, and the President of the Company. During the nine months ended September 30, 2023, the Company incurred consulting fees of \$45,000 (December 31, 2022 – \$115,000) to key management personnel.

Accounts payable and accrued liabilities at September 30, 2023, includes \$223,571 (December 31, 2022 – \$81,375) owed to a director and officers of the Company for unpaid consulting fees and \$Nil (December 31, 2022 – \$Nil) owed to a company controlled by a former director of the Company.

At September 30, 2023, the Company had advances of \$64,744 (December 31, 2022 – \$30,210) due to current directors and officers of the Company. The advances are non-interest bearing, unsecured and due on demand.

On September 28, 2022, the Company entered into an agreement to provide software consulting services to a third-party. These services were provided through the expertise of the Company's CEO and income is recognized by the Company on a monthly basis once the services have been provided. As at September 30, 2023, the Company recognized software service income of \$46,129 (December 31, 2022 – \$53,612), which is recognized as other income on the statement of loss and comprehensive loss.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are disclosed in Note 4 of the financial statements.

PLANT VEDA FOODS LTD.
Management's Discussion & Analysis
For the nine months ended September 30, 2023
(Expressed in Canadian Dollars)

FINANCIAL AND OTHER INSTRUMENTS

A fair value hierarchy prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to their short-term nature.

The carrying value of the CEBA loan is not significantly different than its fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The Company provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent losses. The Company's maximum exposure to credit risk is the carrying amounts of cash and accounts receivable on the statements of financial position.

Accounts receivable primarily consist of trade receivables. The Company provides credit to very limited customer base in the normal course of business and has established credit evaluation via an active direct consultation with its customers to mitigate credit risk. Accounts receivable are shown net of any provision made for impairment of receivables. Due to this factor, the Company believes that no additional credit risk, beyond amounts provided for collection loss, is inherent in accounts receivable.

Expected credit loss ("ECL") analysis is performed at each reporting date using an objective approach to measure expected credit losses. The provision amounts are based on direct management interface with the customer. The calculations reflect the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, business failure, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments over the negotiated contract period. The aging analysis of accounts receivable is as follows:

	September 30, 2023	December 31, 2022
Current to 3 months	\$ 126,227	\$ 110,959
Over 3 months	37,040	22,254
Less: allowance for doubtful accounts	(10,980)	(3,208)
Trade receivables	\$ 152,287	\$ 130,005

PLANT VEDA FOODS LTD.
Management's Discussion & Analysis
For the nine months ended September 30, 2023
(Expressed in Canadian Dollars)

b) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. As at September 30, 2023, the Company has working capital deficiency of \$1,204,433. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through equity and debt offerings and advances from related parties, but there can be no assurance that such financing will be available on terms acceptable to the Company.

c) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to significant risks associated with the effects of fluctuations in the prevailing levels of market interest rates.

PROPOSED TRANSACTIONS

None to report.

SUBSEQUENT EVENTS

None to report.

OUTSTANDING SHARE DATA

	December 31, 2022	September 30, 2023	November 29, 2023
Common shares	33,286,427	35,060,721	35,060,721
Warrants	6,470,761	432,692	432,692
Agent warrants	194,733	-	-
Performance warrants	6,000,000	6,000,000	6,000,000
Restricted stock units	79,000	116,666	116,666
Stock options	4,607,500	3,125,000	3,125,000
Fully diluted shares	50,538,421	44,735,079	44,735,079

OTHER

Additional information and other publicly filed documents relating to the Company, including its press releases and quarterly and annual reports, are available on SEDAR and can be accessed at www.sedar.com.