Nepra Foods Inc.
Management Discussion and Analysis
For the three and twelve months ended December 31, 2022
(expressed in Canadian Dollars)

March 1, 2023

The following management discussion and analysis (MD&A) of the Company's financial condition and results of operations for the three and twelve months ended December 31, 2022, should be read in conjunction with the condensed consolidated interim financial statements for the three and twelve months ended December 31, 2022 and the audited consolidated financial statements for the years ended December 31, 2021 and 2020. The requisite financial data presented for the relevant periods has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). All currency amounts are expressed in Canadian dollars, unless otherwise noted.

Nepra Foods Inc. is classified as a "venture issuer" for the purposes of National Instrument 51-102. This MD&A was approved by the Directors on March 1, 2023.

Disclaimer

Certain statements in this report are forward-looking statements which reflect management's expectations regarding future growth, results of operations, performance, business prospects and opportunities such as intended work programs on existing properties, the Company's ability to meet financial commitments and its ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations, or intentions regarding the future. When used in this MD&A, such information uses such words as "may", "would", "could", "will", "intend", "predict", "aim", "seek", "potential", "expect", "believe", "plan", "anticipate", "estimate" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that may cause actual results, performance, or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions only as of the date of this report. These assumptions, which include management's current expectations, the global economic environment, and the Company's ability to manage its operating costs, may prove to be incorrect. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statements. There is a significant risk that such forward-looking statements or information will not prove to be accurate. No forward-looking statement is a guarantee of future results. Several risks and uncertainties could cause actual results to differ materially from those expressed or implied by the forward-looking statements.

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 law. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information contained in this MD&A. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Nature of Business

Nepra Foods Inc. ("Nepra" or "the Company") was incorporated on November 27, 2020 under the provisions of the British Columbia Business Corporations Act. The Company operates as a vertically integrated healthy plant-based food and specialty ingredient company supporting allergen free and functional food brands. The Company's head office is located at 7025 S. Revere Parkway, Unit 100, Centennial, Colorado, USA 80112. The Company's registered and records office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7. The Company's common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "NPRA" and began trading on September 20, 2021. The common shares are also listed on the OTCQB under the trading symbol "NPRFF" and on the FSE under the trading symbol "2P6".

On December 14, 2022, the Company announced a change in its financial year end from December 31 to March 31. Accordingly, the information in this MD&A is in reference to the financial statements which present the Company's financial results for the interim reporting periods of January 1 – December 31 of 2022 and 2021. The Company's year end financial statements will present the Company's financial results for a period of 15 months from January 1, 2022, to March 31, 2023. In those year end financial statements, comparative figures will be presented for the 12-month period of January 1, 2021, to December 31, 2021.

On April 16, 2021, the Company completed the reverse take over ("RTO") of Nepra Foods, Ltd. ("Nepra US"). Nepra US was incorporated as a limited liability company ("LLC") on August 15, 2019 under the provisions of the Colorado Revised Status and on November 1, 2020, Nepra US converted from a LLC to a corporation. The condensed consolidated interim financial statements are presented as a continuation of Nepra US as the deemed acquirer.

The Company's wholly owned subsidiaries include Nepra Foods, Ltd., incorporated on August 15, 2019, Gluten Free Baking Solutions, LLC ("GFBS"), incorporated on August 10, 2016, and Total Blending Solutions, Ltd. ("TBS"), incorporated on November 25, 2019.

On June 30, 2020, the Company completed a reorganization with GFBS and Gluten Free Sprouting and Malting, LLC ("GFSM") which were related companies under common control. The Company issued 189,999 membership units to the members of GFBS and GFSM, in exchange for all the membership units in GFBS and GFSM, resulting in GFBS and GFSM becoming wholly owned subsidiaries of the Company. GFSM dissolved on December 31, 2020.

Through its strategic leverage of its manufacturing facilities and exclusive distribution agreements with international ingredient manufacturers, the Company's products are offered to commercial food manufacturers and directly to consumers under the Company's consumer packaged goods ("CPG") brand. The Company is vertical integrated; sourcing, importing and manufacturing specialty ingredients as well as consulting on formula development specialized in allergen free, gluten free, plant-based foods. The Company's headquarters and main manufacturing facility are located in Centennial, Colorado.

The Company's mission is to "promote healthy allergen-free foods". Milk, eggs, fish, shellfish, tree nuts, peanuts, wheat, and soybeans are all major food allergens according to the United States Food and Drug Administration ("FDA") and the Food Allergen Labeling and Consumer Protection Act of 2004, Public Law 108-282, Title II, as amended ("FALCPA"). The Company's products consist of (i) gluten-free and allergen-free plant-based specialty ingredients, custom formulated blends and mixes sold business-to-business or "B2B" ("Specialty Ingredients"), (ii) plant-based value added specialty proteins ("Plant-Based Proteins"), (iii) custom formulated blended dry ingredients, ("Blending") and (iv) Specialty allergen free, gluten free dried pasta ("PROPASTA®"). The Company holds Hazard Analysis and Critical Control Points ("HACCP") and Good Manufacturing Practices ("GMP") certifications for its production facility and is currently pursuing its Global Food Safety Initiative ("GFSI") certification. The Company sells its products directly to food manufacturers or through distributors, retailers and Direct to Consumers ("DTC") across North America.

During the three and twelve months ended December 31, 2022, the Company focused on the sale and processing of specialty ingredients and developing new products for both B2B and consumer channels.

Operational Updates

After the initial public offering ("IPO") in which the Company raised gross proceeds of $7,474,629 in late September 2021, the Company's operations have experienced a significant capacity expansion of its hemp flour and oil processing line, as well as the establishment of additional revenue streams resulting from its procurement and installation of new ingredients and food production manufacturing equipment. In March 2022, the Company raised gross proceeds of $4,500,000 from shares issued through a prospectus offering to further fund this expansion.

Hemp Flour and Oil Production

Investments in labor, industrial hemp seed inventory, and various manufacturing equipment, including automation, packaging, bottling, and storage have enabled the Company to increase its allergen-free hemp flour production capacity by 400% to produce 1,500 pounds of finished product per day. The hemp flour is high in functional proteins and is a key ingredient in the Company's egg replacement formulations as well as adding protein and structure to other baked consumer goods. A by-product of the hemp flour line is the production of refined hemp oil using a cold process to preserve natural omegas, yielding an extra fresh oil that is vibrant, golden, and well-balanced for blending into a wide variety of consumer products. Current inventories of hemp heart oil are estimated at 53 metric tons with several strategic customers currently sampling for use in consumer and industrial products. The Company has developed and showcased formulations using the oil for several salad dressings, vegan mayonnaise, alternative plant-based cheeses and specialty fillings. Further testing for the oil is being done for use in cosmetics, nutritional supplements and speciality emulsifiers.

The Company has also begun discussions to invest in industrial hemp seed production in the U.S. which could result in the direct-farming of the Company's proprietary strain of industrial hemp plant that may produce larger and more balanced seeds to meet the Company's specific manufacturing requirements.

Wholesale Ingredients

In support of the Company's wholesale specialty ingredients business in 2022, the Company has invested in increasing its inventories, expanding its supply chain, and engaging in strategic partnerships. During the twelve months ended December 31, 2021, the Company entered into a strategic arrangement with Sarda Bio Polymers Pvt. Ltd. ("Sarda"), an Indian ingredients manufacturer, and paid USD$550,000 as a pre-payment for an aggregate of 54 metric tons of hemp protein concentrate to be delivered by Sarda during 2023. The Company's pre-payment allowed Sarda to invest in additional equipment for its facilities to enable Sarda to speed up delivery to the Company, which will enable the Company to expand production of its proprietary plant-based egg replacement formulations and PROPASTA® products. This expansion, which entails capacity ownership in perpetuity will allow the Company to market unique allergen-free egg replacements to existing customers and commercial bakeries that are seeking to remove allergens from their operation facilities by using a plant-based alternative in specific applications. Unlike current consumer focused plant-based liquid egg replacements, the Company's line of egg replacement formulations are specifically designed for commercial applications, providing functionality to replace conventional egg white powders, whole eggs and meringue powders. The Company's plant-based egg replacements come at an opportune time as world prices for wholesale egg product ingredients increased dramatically in 2022.

As a result of the Company's investment in capacity expansion, the Company invested in increasing its plant-based, allergen-free protein isolate inventories in 2022 with further expansion in early 2023. The additional manufacturing capacity in India as well supply agreements with Canadian, domestic U.S, Thailand and Chinese producers, is expected to grow the Company's rapidly expanding wholesale ingredients business currently based in Centennial, Colorado.

The Company continues to develop strategic partnerships in Thailand to expand its wholesale ingredients supply and blending capacity and strengthen its global supply chain for specialty ingredients originating in southeast Asia. This strategic partnership will allow the Company to double its existing blending capacity and create a more reliant supply of specialty ingredients, including the Company's highly sought-after Essential Bases and Essential Blends made from proprietary tapioca starches, speciality plant proteins and other proprietary ingredients used in the commercial food industry. The Company believes the specialty ingredients market is a rapidly growing segment driven by the demand for healthier plant-based ingredients that are allergen-free and perform like conventional food ingredients containing gluten, soy and other allergens.

Consumer Packaged Goods

Commercial production of the dried version of PROPASTA® has been achieved. The product will be sold under the PROPASTA®/ 9-Free brand. The pasta is unique in the industry as it is gluten-free, free from the 9 major food allergens and a good source of plant-based protein, high in pre-biotic dietary fiber and much lower in carbohydrates than traditional wheat-based pastas. The product will be produced in the Company's Colorado manufacturing plant for sale in traditional and natural retail channels as well as wholesale foodservice distribution. Initial retail distribution is expected to begin in the second quarter of 2023.

Overall Performance

The key factors pertaining to the Company's overall performance for the twelve months ended December 31, 2022, are as follows:

The Company recorded revenue of $6,526,011 for the twelve months ended December 31, 2022, as compared to revenue of $6,052,109 for the twelve months ended December 31, 2021. Revenue from the processing and sale of specialty ingredients increased by $567,830 from $5,921,776 during the twelve months ended December 31, 2021, to $6,489,606 during the twelve months ended December 31, 2022. This increase is primarily attributed to a higher sales volume of specialty starch products to existing customers. Revenue from consulting decreased by $93,928 from $130,333 during the twelve months ended December 31, 2021, to $36,405 during the twelve months ended December 31, 2022. This decrease is a result of the Company providing fewer recipe and equipment consulting services to customers and focusing on its own products during the twelve months ended December 31, 2022.

The net loss for the twelve months ended December 31, 2022, was $6,202,923 compared to $6,679,869 for the twelve months ended December 31, 2021. The higher net loss in 2021 was largely due to losses derived from changes in the fair values Company's convertible notes that were converted to shares during the twelve months ended December 31, 2021. Immediately prior to the conversion of the notes, IFRS standards require that the Company remeasure the fair value of the notes. This revaluation resulted in a loss of $473,226.

The Company has negative operating cash flow and its level of operations has been determined by the availability of capital resources. Cash used in operating activities decreased by $1,734,996 from December 31, 2021, to December 31, 2022. This decrease is largely due to cash used during the twelve months ended December 31, 2021, to increase on-hand inventory levels to better supply customers as well as cash used during the twelve months ended December 31, 2021, to purchase prepaid inventory to be used in vegan egg replacement production and other products.

Working capital decreased as at December 31, 2022, to $1,869,315 from $3,237,628 as at December 31, 2021. The decrease in working capital is mostly a result of cash spent on operating activities throughout 2022, as well as an increase in current lease liabilities resulting from the Company entering into an equipment lease that commenced in April 2022.

Going Concern

During the twelve months ended December 31, 2022, the Company had negative cash flows from operations of $4,881,440, and as at December 31, 2022, had an accumulated deficit of $14,017,024. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon its ability to raise financing and generate profits and positive cash flows from operations in order to cover its operating costs. From time to time, the Company generates working capital to fund its operations by raising capital through equity or debt financing. However, there is no assurance the Company will be able to continue to raise capital this way in the future. The accompanying condensed consolidated interim financial statements do not give effect to any adjustments required for the Company to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements. If the going concern assumption was not appropriate for the accompanying financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material. Additional funds will be required to enable the Company to pursue its initiatives, and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Should the Company be unable to complete these plans to obtain additional financing and be unable to continue as a going concern, the Company may be forced to cease operations.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak and related adverse public health developments has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of potential future outbreaks and the related effects of future outbreaks on the Company's business or ability to raise funds.

Results of Operations for the three months ended December 31, 2022, and 2021

Revenue

For the three months ended December 31, 2022, the Company generated total revenues of $1,253,780, which is a decrease of $405,890 from revenue of $1,659,670 for the three months ended December 31, 2021. Revenue for the three months ended December 31, 2022, primarily consisted of the processing and sale of specialty ingredients, as well as consulting to support allergen-free and functional food brands. The revenue from the processing and sale of specialty ingredients decreased by $420,913 from $1,659,426 during the three months ended December 31, 2021, to $1,238,513 during the three months ended December 31, 2022. A higher amount of revenue was earned during the three months ended December 31, 2021, primarily due to higher miscellaneous sales of psyllium products during that period in comparison to the three months ended December 31, 2022.

Cost of Sales and Gross Profit

For the three months ended December 31, 2022, the Company's costs of sales and gross profit were $1,019,876 and $233,904, respectively, compared to $1,683,971 and $(24,301) for the three months ended December 31, 2021. Gross profit margin increased from (1.46%) during the three months ended December 31, 2021, to 18.66% during the three months ended December 31, 2022. The increase in gross profit margin was largely due to the Company incurring higher cost of sales in the three months ended December 31, 2021, as a result of a write-off of hemp oil inventory, which was determined to be a by-product of hemp flour production and could not be capitalized.

Expenses

General and administrative costs for the three months ended December 31, 2022 and 2021 are summarized as follows (in Canadian Dollars):

For the three months ended December 31,		2022		2021		Change $	Change %
Advertising and promotion	$	10,407	$	253,612	$	(243,205)	(96%)
Insurance expense		89,673		45,644		44,029	96%
Meals and entertainment		1,616		5,237		(3,621)	(69%)
Office and miscellaneous expense		28,118		84,268		(56,150)	(67%)
Rent		112,033		20,794		91,239	439%
Repairs and maintenance		17,646		3,939		13,707	348%
Shareholder communication		53,765		19,145		34,620	181%
Subscriptions and dues		12,855		2,351		10,504	447%
Utilities		14,070		5,992		8,078	135%
Total G&A	**$**	**340,183**	**$**	**440,982**	**$**	**(100,799)**	**(23%)**

For the three months ended December 31, 2022, total general and administrative expenses decreased by $100,799 compared to the same period of the prior year. This decrease is mostly a result of higher advertising and promotion expenses incurred during the three months ended December 31, 2021, relating to the development of the Company's brand and website, as well as higher office and miscellaneous expenses mostly as a result of the Company ramping operations following the IPO. This decrease is offset by a lower amount of rent expense recorded during the three months ended December 31, 2021, mostly resulting from adjustments in the period for rent expenses incurred for the 2021 year, coupled with higher expenses derived from renting various equipment during the three months ended December 31, 2022. The decrease is further offset by higher insurance expenses incurred during the three months ended December 31, 2022 resulting from higher insurance policy rates attributable to the Company's development and expansion.

Amortization increased by $139,541 from $67,671 for the three months ended December 31, 2021, to $207,212 for the three months ended December 31, 2022. This increase is due to the Company owning more equipment during the three months ended December 31, 2022 in comparison to the comparative 2021 period, and incurring amortization on an additional right-of-use asset stemming from an equipment lease which commenced in April 2022.

Consulting fees decreased by $1,222,688 from $1,286,219 for the three months ended December 31, 2021, to $63,531 for the three months ended December 31, 2022. This decrease is a result of the Company receiving more consulting services in 2021 relating to general business, capital markets, and marketing and advertising in support of the Company becoming publicly traded.

Professional fees decreased by $84,876 from $136,095 for the three months ended December 31, 2021, to $51,219 for the three months ended December 31, 2022. Higher professional fees expense was incurred in the three month period ended December 31, 2021, as the Company incurred higher legal costs relating to general corporate matters as well as costs associated with the maintenance of being a publicly traded company following the IPO.

Research and development expense decreased by $58,753 from $73,137 for the three months ended December 31, 2021, to $14,384 for the three months ended December 31, 2022. Higher research and development related expenses where incurred during the three months ended December 31, 2021, due to the Company's efforts to develop new product offerings such as PROPASTA™, textured hemp protein (THP™), and plant-based egg white powder products during that period.

Share-based payments decreased by $576,341 from $599,172 for the three months ended December 31, 2021, to $22,831 for the three months ended December 31, 2022. This decrease is due to the timing of the vesting periods and forfeitures of issued restricted share units and stock options.

Other Items

Finance costs increased by $43,443 from $86,543 for the three months ended December 31, 2021, to $129,986 for the three months ended December 31, 2022. This increase is largely due to additional financing costs incurred during the three months ended December 31, 2022, stemming from an equipment lease which commenced in April 2022 as well as higher financing costs as a result of drawing larger amounts from the revolving loans.

During the three months ended December 31, 2021, the Company incurred a loss of $300,134 derived from the remeasurement of the fair values of convertible notes that were converted during the three months ended December 31, 2021.

Results of Operations for the twelve months ended December 31, 2022 and 2021

Revenue

For the twelve months ended December 31, 2022, the Company generated total revenues of $6,526,011, an increase of $473,902 compared to revenue of $6,052,109 for the twelve months ended December 31, 2021. Revenue for the twelve months ended December 31, 2022, consisted of the processing and sale of specialty ingredients, consumer packaged goods (PROPASTA™), as well as consulting to support allergen free and functional food brands. The revenue from the processing and sale of specialty ingredients increased by $567,830 from $5,921,776 for the twelve months ended December 31, 2021, to $6,489,606 for the twelve months ended December 31, 2022. This increase is primarily attributed to an increase in the sales volume of specialty starch products to existing customers. Revenue from consulting decreased by $93,928 from $130,333 for the twelve months ended December 31, 2021 to $36,405 for the twelve months ended December 31, 2022, as a result of the Company providing fewer recipe and equipment consulting services to customers as it focused on its own products during the twelve months ended December 31, 2022.

Cost of Sales and gross Profit

For the twelve months ended December 31, 2022, the Company's costs of sales and gross profit were $5,439,445 and $1,086,566, respectively, compared to $5,299,023 and $753,086 for the twelve months ended December 31, 2021. The gross profit margin increased from 12.44% for the twelve months ended December 31, 2021, to 16.65% for the twelve months ended December 31, 2022. A lower gross profit margin was realized for the twelve months ended December 31, 2021, due to significantly higher international shipping costs for specialty ingredients stemming from COVID-19-related supply chain and transportation issues.

Expenses

General and administrative costs for the twelve months ended December 31, 2022, and 2021 are summarized as follows (in Canadian Dollars):

For the twelve months ended December 31,		**2022**		**2021**		**Change $**	**Change %**
Advertising and promotion	$	862,684	$	375,685	$	486,999	130%
Insurance expense		178,994		74,827		104,167	139%
Meals and entertainment		8,529		9,200		(671)	(7%)
Office and miscellaneous expense		349,243		249,201		100,042	40%
Rent		258,523		213,657		44,866	21%
Repairs and maintenance		53,749		3,939		49,810	1265%
Shareholder communication		206,498		26,032		180,466	693%
Subscriptions and dues		82,666		17,247		65,419	379%
Utilities		50,618		21,260		29,358	138%
Total G&A	**$**	**2,051,504**	**$**	**991,048**	**$**	**1,060,456**	**107%**

Total general and administrative expenses increased by $1,060,456 from $991,048 for the twelve months ended December 31, 2021, to $2,051,504 for the twelve months ended December 31, 2022. This increase is due to increases in several different expense categories during the twelve months ended December 31, 2022. An increase of $486,999 in advertising and promotion is related to brand and website development, presentations, preparation for Expo West which was held in Anaheim, California in March 2022, and a new advertising campaign which commenced in April 2022. Office and miscellaneous expense increased by $100,042 due to the growth of operations of the Company that took place during the twelve months ended December 31, 2022. Shareholder communication increased by $180,466 as a result of the Company requiring additional services due to being publicly traded throughout the twelve months ended December 31, 2022, as well as hiring an investor relations firm in January 2022 in support of being publicly traded. Lastly, subscriptions and dues increased by $65,419 as a result of the Company incurring filing and CSE related fees in maintenance of being a publicly traded company, as well as subscriptions fees paid for the use of inventory management software throughout the twelve months ended December 31, 2022.

Amortization increased by $431,486 from $254,564 for the twelve months ended December 31, 2021, to $686,050 for the twelve months ended December 31, 2022. This increase is due to the Company acquiring equipment to expand its operations in 2022 and an equipment lease which commenced in April 2022.

Consulting fees decreased by $1,576,463 from $1,816,208 for the twelve months ended December 31, 2021, to $239,745 for the twelve months ended December 31, 2022. This decrease is a result of the Company receiving more consulting services in 2021 relating to general business, capital markets, and marketing and advertising in support of the Company becoming publicly traded.

Professional fees decreased by $265,295 from $713,341 for the twelve months ended December 31, 2021, to $448,046 for the twelve months ended December 31, 2022. This decrease is mostly a result of higher expenses incurred in 2021 relating the preparation and execution of the initial public offering completed on September 17, 2021, the reverse takeover that occurred on April 16, 2021, and work completed in 2021 to reflect the corporate reorganization that occurred in 2020.

Salaries and benefits increased by $723,065 from $1,802,930 for the twelve months ended December 31, 2021, to $2,525,995 for the twelve months ended December 31, 2022. This increase is attributed to hiring additional operations staff and filling key leadership, sales, and operations positions to facilitate the Company's scaling.

Share-based payments decreased by $108,521 from $719,137 for the twelve months ended December 31, 2021, to $610,616 for the twelve months ended, December 31, 2022. This decrease is due to the timing of the vesting periods and forfeitures of issued restricted share units and stock options.

Travel expense increased by $36,612 from $89,977 for the twelve months ended December 31, 2021, to $126,589 for the twelve months ended December 31, 2022. This increase is mostly due to higher domestic and international travel required to support the Company's products and efforts to obtain new financing and the easing of COVID-19.

Other Items

Finance costs increased by $48,699 from $402,953 for the twelve months ended December 31, 2021, to $451,652 for the twelve months ended December 31, 2022. This increase is largely due to additional financing costs incurred stemming from an equipment lease which commenced in April 2022 as well as higher financing costs as a result of drawing larger amounts from the revolving loans.

During the twelve months ended December 31, 2021, the Company incurred a loss of $473,226 derived from the remeasurement of the fair values of convertible notes that were converted during 2021.

Summary of Quarterly Results

The following financial data was derived from the eight most recently completed financial quarters:

	December 31, 2022	**September 30, 2022**	**June 30, 2022**	**March 31, 2022**
Revenue	$1,253,780	$1,960,439	$1,233,680	$2,078,112
Income (loss) for the period	($1,155,297)	($1,193,376)	($2,194,545)	($1,659,705)
Loss per share - basic and diluted	($0.02)	($0.03)	($0.05)	($0.04)
Weighted average number of shares outstanding	49,753,566	47,161,759	46,973,306	37,002,418

	December 31, 2021	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**
Revenue	$1,659,670	$1,201,941	$1,750,160	$1,440,338
Income (loss) for the period	($3,514,851)	($1,622,452)	($627,713)	($914,853)
Loss per share - basic and diluted	($0.10)	($0.09)	($0.04)	($0.13)
Weighted average number of shares outstanding	36,575,023	17,886,837	14,926,676	7,205,947

Revenue for the three months ended December 31, 2022, of $1,253,780 was $706,659 lower than revenue for the three month period ended September 30, 2022, of $1,960,439. This decrease in revenue is mostly attributable to a decrease in sales of starch products and hemp protein products. The net loss for the three months ended December 31, 2022, of $1,155,297, was $38,079 lower than the net loss for the three months ended September 30, 2022, of $1,193,376. This decrease in quarterly net loss is mostly attributed to a quarter over quarter decrease in gross profit of $103,001 and a quarter over quarter decrease in salaries expense of $225,758. The decrease in gross profit is mostly a result of the Company generating fewer sales during the three months ended December 31, 2022, in comparison to the three months ended September 30, 2022. The decrease in salaries expense is mostly a result of accounting adjustments made to actualize salary amounts incurred. These quarter over quarter decreases are offset by a quarter over quarter increase in amortization expense of $133,749, a quarter over quarter increase of general and administrative expenses of $25,826 and a quarter over quarter increase in share-based payment expense of $26,694. The quarter over quarter increase in amortization expense is mostly a result of a remeasurement of one of the Company's leases that was performed in the three months ending September 30, 2022.

Revenue increased for the three months ended September 30, 2022, from $1,233,680 for the three months ended June 30, 2022, to $1,960,439. The increase in revenue is attributable to increased sales of starch products, hemp protein products and the ProPasta™ product line. Net loss decreased by $1,001,169 from the prior period quarter from $2,194,545 to $1,193,376. This decrease in net loss is attributable to a $718,942 decrease in general and administrative expense, a $138,970 decrease in professional fees, a $192,552 decrease in share-based payments due to the forfeiture of restricted share units and options in the current quarter as compared to the quarter ended June 30, 2022, offset by a $121,515 increase in research and development costs.

Revenue decreased for the three months ended June 30, 2022, from $2,078,112 for the three months ended March 31, 2022, to $1,233,680. The decrease in revenue is attributable a decrease of sales of processed products in the period. Net loss increased by $534,840 from the prior quarter from $1,659,705 to $2,194,545. This increase in net loss is attributable to a $669,634 increase in general and administrative expenses and a $52,877 increase in salaries and benefits due to expanded operations in the current quarter as compared to the quarter ended March 31, 2022, offset by a $214,270 decrease in share-based payments.

Revenue increased for the three months ended March 31, 2022, from $1,659,790 for the three months ended December 31, 2021, to $2,078,112. The increase in revenue is attributable to the expanding of operations and increase of sales of processed products in the period. Net loss decreased from the prior quarter from $3,514,851 to $1,657,700. This decrease in let loss is attributable to a decrease in consulting expense where the Company incurred $39,062 in consulting fees for the three months ended March 31, 2022, compared to $1,286,219 in the three months ended December 31, 2021.

Revenue increased for the three months ended December 31, 2021, from $1,201,941 for the three months ended September 30, 2021, to $1,659,670. The increase in revenue is attributable to increases in sales of processed products in the period. Net loss increased from the prior quarter from $1,622,452 to $3,514,851. The increase in net loss is attributable to an increase in share-based payments of $599,172 in the three months ended December 31, 2021, compared to $119,965 in the three months ended September 30, 2021. The increase in share-based payments is due to the issuance of restricted share units and vesting of previously issued employee stock options.

Revenue decreased for the three months ended September 30, 2021, from $1,750,160 for the three months ended June 30, 2021, to $1,201,941. The decrease in revenue is attributable to increases in sales of processed products in the period. Net loss increased from the prior quarter from $627,713 to $1,622,452. The increase in net loss is attributable to an increase in share-based payments of $119,965 for the three months ended September 30, 2021, compared to $nil in the three months ended June 30, 2021. The increase in net loss is also attributable to an increase in consulting fees to $471,948 during the three months ended September 30, 2021, compared to $6,649 during the 3 months ended June 30, 2021, due to an increase in costs related to the IPO, corporate marketing, and promotion consulting expenses.

Revenue increased for the three months ended June 30, 2021, from $1,440,338 for the three months ended March 31, 2021, to $1,750,160. The increase in revenue is attributable to increases in sales of processed products in the period. Net loss decreased from the prior quarter from $914,853 to $627,713. The decrease in net loss is attributable to an increase in gross profit in the period of $49,034, as well as a decrease in the change in fair value of convertible debentures of $229,262.

Revenue increased for the three months ended March 31, 2021, from $1,022,213 from the three months ended December 31, 2020, to $1,440,338. The increase in revenue is attributable to increases in consulting income, and increased inventory purchases as financed in the period. Net loss increased from the prior quarter from $595,198 to $914,853. The increase in net loss is attributable to the loss from change in fair value of convertible debentures of $253,299. The Company also had an increase in salaries as the Company hired additional employees.

Liquidity and Capital Resources

As at December 31, 2022, the Company had working capital of $1,869,315 as compared to $3,237,628 as at December 31, 2021, which is a decrease of $1,368,313. The decrease in working capital is mostly a result of cash spent on operating activities throughout 2022, as well as an increase in current lease liabilities resulting from the Company entering into an equipment lease that commenced in April 2022.

The Company expects that, over the next twelve months, it will need additional capital to fund operations and settle obligations as the obligations come due. The Company plans to fund the capital as needed through the use of share issuances, debt issuances, and/or loans.

Cash Flows

A summary of cash flows for the twelve months ended December 31, 2022, and 2021 is as follows:

For the twelve months ended December 31,		**2022**		**2021**		**Change**
Operating activities	$	(4,881,440)	$	(6,616,436)	$	1,734,996
Investing activities		9,885		(543,906)		553,791
Financing activities		3,450,451		8,279,187		(4,828,736)
Change in cash	**$**	**(1,421,104)**	**$**	**1,118,845**	**$**	**(2,539,949)**

Cash used in operating activities decreased by $1,734,996. This decrease is largely due to large amounts of cash consumed during the twelve months ended December 31, 2021, to increase on-hand inventory levels to better supply customers as well as cash consumed during the twelve months ended December 31, 2021, to purchase prepaid inventory to be used in egg white production and other products.

Cash flows from investing activities increased by $553,791, which is primarily due to the Company spending lower amounts on purchases of equipment during the twelve months ended December 31, 2022, than in the comparative 2021 twelve month period. The increase is also a result of the Company receiving a refund during the twelve months ended December 31, 2022 on equipment the Company purchased during the twelve months ended December 31, 2021 and later decided to lease.

Cash flows from financing activities decreased by $4,828,736, which is primarily due to higher cash inflows generated from the Company's IPO and issuances of convertible debt during the twelve months ended December 31, 2021. This decrease is offset by higher inflows derived from the issuance of share capital during the twelve months ended December 31, 2022 in comparison to the twelve months ended December 31, 2021.

Related Party Disclosures

The Company defines its related parties as its key members of management, companies controlled by its key members of management, and family members of its key members management. Key management consists of the Directors and Officers who are responsible for planning, directing, and controlling the activities of the Company.

On September 30, 2021, John Maculley was appointed as the Company's Chief Operations Officer ("COO"). John Maculley subsequent resigned as the Company's COO on May 20, 2022.

On December 1, 2022, David Wood resigned as the Company's Chief Executive Officer ("CEO"). On the same date, Chadwick White was appointed as the Company's CEO, and David Wood was appointed as the Company's Chief Operations Officer ("COO").

Related party balances

As at December 31, 2022, included in due from related parties is $9,232 (December 31, 2021 - $8,657) due from Marc Olmsted, a Director of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at December 31, 2022, included in due from related parties is $812 (December 31, 2021 - $761) due from Chadwick White, CEO and Director of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at December 31, 2022, included in accounts payable and accrued liabilities is $60,270 (December 31, 2021 – $24,119) due to Chadwick White, CEO and Director of the Company. The amount consists of expenses charged to a personal credit card of Chadwick White and is unsecured, non-interest bearing and due on demand.

As at December 31, 2022, included in accounts payable and accrued liabilities is $2,471 (December 31, 2021 - $nil) due to Joel Leonard, a Director of the Company, to reimburse expenses. The amount is unsecured, non-interest bearing and due on demand.

As at December 31, 2022, included in accounts payable and accrued liabilities is $153,760 (December 31, 2021 – $44,494) due to Treewalk Consulting Inc. (formerly ACM Management Inc.), a company controlled by Alex McAulay, CFO and Director of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at December 31, 2022, included in accounts payable and accrued liabilities is $32,674 (December 31, 2021 – $24,388) due to Robert G. Wood and Company Inc. (“RG Wood”), a company controlled by David Wood, COO and Director of the Company. The amount consists of interest owed and expense reimbursements. The amount is unsecured, non-interest bearing and due on demand.

As at December 31, 2022, included in accounts payable and accrued liabilities is $42,966 (December 31, 2021 – $nil) due to David Wood, COO and a Director of the Company. The amount consists of salary owed and is unsecured, non-interest bearing and due on demand.

As at December 31, 2022, included in accounts payable and accrued liabilities is $nil (December 31, 2021 – $15,907) due to RG Wood, a company controlled by David Wood, COO and Director of the Company. The amount consisted of lease payments owed and is unsecured, non-interest bearing and due on demand.

On October 16, 2017, the Company entered into an equipment lease agreement with RG Wood, a company controlled by David Wood, COO and Director of the Company. As at December 31, 2022, included in lease liabilities is $nil (December 31, 2021 - $12,668) related to this lease.

Related party transactions

	For the twelve months ended December 31,	
	2022	**2021**
Salaries and benefits	$ 1,290,607	$ 1,165,058
Share-based payments	408,276	376,057
Termination benefits	-	169,228
	$ 1,698,883	$ 1,710,343

During the twelve months ended December 31, 2022, the Company incurred $nil (2021 - $169,228) for termination benefits of the late Robert Hopp, the former President and COO of the Company.

During the twelve months ended December 31, 2022, the Company incurred $nil (2021 - $87,533) for salaries and benefits of the late Robert Hopp, the former President and COO of the Company.

During the twelve months ended December 31, 2022, the Company paid $207,239 (2021 - $202,289) for salaries and benefits of Chadwick White, CEO and Director of the Company.

During the twelve months ended December 31, 2022, the Company paid $255,840 (2021 - $135,638) for salaries and benefits to family members of Chadwick White, CEO and Director of the Company.

During the twelve months ended December 31, 2022, the Company paid $140,574 (2021 - $138,031) for salaries and benefits of Marc Olmsted, Director the Company.

During the twelve months ended December 31, 2022, the Company paid $122,794 (2021 - $128,997) for salaries and benefits of Paul Feldman, Chief Engineer.

During the twelve months ended December 31, 2022, the Company paid $208,217 (2021 - $203,533) for salaries and benefits of David Wood, COO and Director of the Company.

During the twelve months ended December 31, 2022, the Company paid $152,388 (2021 - $136,716) for salaries and benefits of family members of David Wood, COO and Director of the Company.

During the twelve months ended December 31, 2022, the Company paid $103,933 (2021 - $50,022) for salaries and benefits of John Maculley, former COO of the Company.

During the twelve months ended December 31, 2022, the Company paid $33,080 (2021 - $19,338) for salaries and benefits paid to family members of John Maculley while he was COO of the Company.

During the twelve months ended December 31, 2022, the Company paid $66,542 (2021 - $nil) for salaries and benefits of Eric Kriegisch, former Vice President of Ingredient Sales of the Company.

During the twelve months ended December 31, 2022, the Company incurred share-based payments expense of $68,046 (2021 - $52,655) from the issuance of 300,000 stock options to David Wood, COO and Director of the Company.

During the twelve months ended December 31, 2022, the Company incurred share-based payments expense of $68,046 (2021 - $52,655) from the issuance of 300,000 stock options to Chadwick White, CEO and Director of the Company.

During the twelve months ended December 31, 2022, the Company incurred share-based payments expense of $68,046 (2021 - $52,655) from the issuance of 300,000 stock options to Paul Feldman, Chief Engineer of the Company.

During the twelve months ended December 31, 2022, the Company incurred share-based payments expense of $68,046 (2021 - $52,655) from the issuance of 300,000 stock options to Marc Olmsted, Director the Company.

During the twelve months ended December 31, 2022, the Company incurred share-based payments expense of $68,046 (2021 - $52,655) from the issuance of 300,000 stock options to Alex McAulay, CFO, Corporate Secretary and Director of the Company.

During the twelve months ended December 31, 2022, the Company incurred share-based payments expense of $34,023 (2021 - $26,328) from the issuance of 150,000 stock options to Joel Leonard, Director of the Company.

During the twelve months ended December 31, 2022, the Company incurred share-based payments expense of $34,023 (2021 - $26,328) from the issuance of 150,000 stock options to David Breda, Director of the Company.

Other Transactions

During the twelve months ended December 31, 2020, the Company entered into an unsecured revolving loan facility with Firefighter Trucks of Colorado LLC and RG Wood, two companies controlled by David Wood, COO and Director of the Company, for up to a total of USD$400,000. The loan facility is unsecured, bears interest at a rate of 6% per annum, and matures on December 31, 2025. On January 1, 2022, the revolving loan facility with RG Wood was amended to increase the amount by USD $200,000, resulting in an amended total of USD $600,000. During the twelve months ended December 31, 2022, the Company received additional loan proceeds of USD$766,500 and repaid USD$422,170 for net proceeds of USD$344,330. The balance payable as of December 31, 2022, was USD$518,241 (CAD$701,735) (December 31, 2021 - $218,701). Interest of CAD$28,322 (December 31, 2021 - $7,374) for the revolving loan was charged and included in accounts payable and accrued liabilities. The Company incurred interest expense of CAD$9,221 and CAD$21,837 during the three and twelve months ended December 31, 2022.

During the three and twelve months ended December 31, 2022, $26,049 and $237,404 (2021 – $67,198 and $159,296) was charged by Treewalk Consulting Inc. (formerly ACM Management Inc.), a Company controlled by Alex McAulay, CFO and Director of the Company for accounting and corporate secretarial fees.

During the twelve months ended December 31, 2022, the Company purchased equipment of $9,176 (2021 - $nil) from Paul Feldman's Company. Paul Feldman is the Company's President of Research and Development.

During the twelve months ended December 31, 2022, the Company purchased equipment from RG Wood, a Company controlled by David Wood, COO and Director of the Company for $nil (2021 - $59,005)

During the twelve months ended December 31, 2022, the Company was charged USD$10,440, translated to CAD$13,587 (2021 - USD$12,812, translated to CAD$15,704) in lease payments for equipment by RG Wood, a company controlled by David Wood, COO and Director of the Company.

During the twelve months ended December 31, 2021, the Company settled debt owing to Treewalk Consulting Inc. (formerly ACM Management Inc.), a company controlled by Alex McAulay, CFO and Director, of $39,361 in exchange for 997,426 common shares of the Company.

Use of Judgments, Estimates and Assumptions

In preparing the condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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. In preparing these condensed consolidated interim financial statements, the significant estimates and critical judgments were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2021.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

Useful lives of property and equipment

Property and equipment are amortized or depreciated over their useful lives. Useful lives are based on management's estimate of the period that the assets will generate revenue. These periods are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of loss and other comprehensive loss in specific periods.

Provision for expected credit losses (‘ECLs”)

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The Expected Credit Losses (“ECL") model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures a provision for ECLs on its trade receivables at an amount equal to lifetime ECLs.

Impairment

Long-lived assets, including equipment, are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (referred to as a “cash generating unit”, or “CGU”). Judgments and estimates are required in defining a CGU and determining the indicators of impairment and the estimates required to measure an impairment, if any.

Convertible notes

The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affect the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount factors, and the presence of any derivative financial instruments.

Share-based payments

The Company measures the cost of equity-settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date on which the instruments are granted. The Company has estimated the fair value of the equity instruments issued for share-based payments based on the common share price agreed upon for a private placement and shares for debt settlements.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company’s current understanding of the tax law in the relevant jurisdiction. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Useful lives of intangible assets

The amortization of intangible assets is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of the assets. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

Determination of functional currency

The determination of the functional currency for the Company and its subsidiaries was based on management's judgment of the underlying transactions, events and conditions relevant to each entity.

Significant Accounting Policies

The significant accounting policies applied in the preparation of the Company's condensed consolidated interim financial statements are disclosed in Note 3 of the audited consolidated financial statements for the years ended December 31, 2021 and 2020.

Changes in Accounting Policies including Initial Adoption

Initial adoption of new accounting standards:

Adoption of new accounting standards have been disclosed in Note 3 of the Company's audited consolidated financial statements for the years ended December 31, 2021 and 2020.

Future accounting standards issued but not yet in effect:

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Pronouncements that may have a significant impact to the Company, if any, have been disclosed in Note 3 of the Company's unaudited condensed consolidated interim financial statements for the three and twelve months ended December 31, 2022.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Subsequent Events

There are no subsequent events as of the date of the MD&A.

Proposed Transactions

There are no proposed transactions as at the date of this MD&A.

Financial Instruments and Other Instruments

Basis of Fair Value

	Level		December 31, 2022		December 31, 2021
FINANCIAL ASSETS					
FVTPL					
Cash	1	$	173,711	$	1,463,859
Restricted Cash			74,520		69,843
Other assets, at amortized cost					
Accounts receivable			461,372		590,243
Due from related party			10,044		9,418
Total financial assets		**$**	**719,647**	**$**	**2,133,363**

FINANCIAL LIABILITIES

	Level		December 31, 2022		December 31, 2021
Convertible notes	2	$	-	$	31,837
Other liabilities, at amortized cost					
Accounts payable and accrued liabilities			1,051,449		1,216,484
Loans payable			883,679		403,444
Total financial liabilities		$	**1,935,128**	**$**	**1,651,765**

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

The carrying value of the Company's financial instruments approximate their fair values due to their short-term maturities. Cash is measured at fair value on a recurring basis.

Reconciliation of Use of Proceeds from Financing Activities

On September 16, 2021, the Company closed the September 2021 Public Financing for net proceeds of $6,779,881. The following table sets out a comparison of how the Company intended to use the net proceeds from the September 2021 Public Financing (as described in the 2021 Long From Prospectus) and the Company's actual use of the proceeds. The table includes an explanation of variances and the impact of variances on the ability of the Company to achieve its business and milestones.

Intended Use of Proceeds(1)				
Expenditure	**Amount**	**Actual Use of Proceeds**	**Variance – (Over)/Under Expenditure**	**Explanation of Variance and Impact on Business Objectives**
Product inventory	$700,000	$1,441,000	($741,000)	Due to trends of consistent delays in the transportation industry, the Company has taken on more inventory to ensure it has enough inventory on hand to meet customer demand. The Company has doubled its anticipated expenditure as a result.
Marketing & Outreach	$1,360,000	$1,429,000	($69,000)	No material variances on dollars spent. Due to significant market challenges, the Company fully expended its budget earlier than anticipated.
Product Sales & Marketing	$300,000	$187,000	$113,000	Funds reallocated to CPG Brand Funding and other expenditures.
Facilities Buildout	$410,000	$301,000	$109,000	The Company has completed its initial purchases of equipment for the production facility. The Company has not completed its development kitchen buildout yet due to budget reallocation. This has not impacted innovation or production.
R&D/Product innovation	$500,000	$142,000	$358,000	The Company has made further progress towards its objectives to develop its products further. Production delays of specialty ingredients made exclusively for the Company have caused a decrease in anticipated expenditures, but the Company expects to fully expend this original budget.
CPG Brand Funding	$610,000	$700,000	($90,000)	The Company has paused the launch of the Carb Savvy brand that was previously disclosed due to a business decision to focus resources on the ProPasta brand. The Company engaged Navigating the Curve Consulting Inc. to provide marketing services.
General and administrative expenses	$1,030,000	$1,725,000	($695,000)	The Company engaged Maynard Communication Limited to manage a marketing campaign in support of developing the Company.
Unallocated General Working Capital	$1,015,000	-	$1,015,000	Unallocated capital was allocated to the above items indiscriminately.
Total	**$5,925,000**	**$5,925,000**	**$-**	

Notes:

(1) For full details of the Company's intended use of proceeds for the September 2021 Public Financing, see "Use of Proceeds" in the 2021 Long Form Prospectus.

Risk Management

The Company is exposed, through its operations, to the following financial risks:

a) Market Risk
b) Credit Risk
c) Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Directors and officers have overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Directors and officers review the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous reported periods unless otherwise stated in the note.

The overall objective of the Directors and officers is to set policies that seek to reduce risk as much as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

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

(i) Foreign Currency Risk:

The Company generates revenues and incurs capital expenditures primarily through its subsidiaries in United States dollars. The functional currency of the Company's subsidiary is the United States dollar. In addition, the Company holds financial assets and liabilities in foreign currencies that expose the Company to foreign exchange risks. Assuming all other variables remain constant, a 5% weakening or strengthening of the Canadian dollar would result in approximately $220,000 foreign exchange gain or loss in the consolidated statement of comprehensive loss.

(ii) Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The interest earned on cash is insignificant, and the Company does not rely on interest to fund its operations. The Company's outstanding loans payable bear interest at fixed rates. As a result, at December 31, 2022, management believes that the Company is not exposed to any significant interest rate risk.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash, due from related party and accounts receivable are exposed to credit risk. The Company limits its exposure to credit loss on cash by placing its cash with high-quality financial institutions. The Company has concentrations of credit risk with respect to accounts receivable as large amounts of its accounts receivable are concentrated amongst a small number of customers. The Company performs credit evaluations of its customers but generally does not require collateral to support accounts receivable. The Company has certain amounts of aged receivables that are not deemed impaired as follows:

	December 31, 2022	December 31, 2021
1 – 60 days	$ 371,083	$ 567,379
61 - 90 days (past due)	30,260	-
Over 90 days (past due)	50,515	24,769
Provision for expected credit losses	(15,675)	(1,905)
Total	$ 436,183	$ 590,243

The Company is exposed to increased credit risk due to major customers that comprise 10% or more of revenue. For the three and twelve months ended December 31, 2022 and 2021, the following revenue was recorded from major customers:

	Twelve months ended December 31, 2022	Twelve months ended December 31, 2021
Customer A	$ 2,178,503	$ 2,709,388
Customer B	$ 2,341,235	$ 1,923,319

	Three months ended December 31, 2022	Three months ended December 31, 2021
Customer A	$ 270,744	$ 1,116,116
Customer B	$ 332,098	$ 438,819

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sources of funding have been through equity financings, loans from a company controlled by the COO and Director, and convertible notes. The Company's access to financing is uncertain. There can be no assurance of continued access to significant debt or equity funding. The following table displays the Company's aging undiscounted obligations.

		Within one year	Between one and five years	More than five years
Accounts payable and accrued liabilities	$	1,051,449	-	-
Loans payable		31,613	775,926	283,196
Lease liability		1,015,617	1,936,148	1,747,496
	$	2,098,679	2,712,074	2,030,692

Risks

The material risk factors involved with the Company include, but are not limited to, the following:

Dependence on Key Personnel and Consultants

The success of the Company will be largely dependent upon the performance of its management and key employees. Failure by the Company to retain or to attract and retain additional key employees with the necessary skills could have a materially adverse impact upon the Company's growth and profitability. These individuals, and the contributions they will make, are important to the future operations and success of the Company. The unexpected loss or departure of any of the key officers, employees or consultants of the Company could be detrimental to the Company's future operations. The Company's success will depend in part on its ability to attract and retain qualified personnel as they are needed. The competition for highly skilled technical, management, sales and other employees is high in the Company's industry and the cost of hiring and retaining such personnel has been increasing. There can be no assurance that the Company will be able to engage the services of such personnel or retain the Company's current personnel.

Limited Operating History

The Company has had a limited history of operations and is in the early stage of development and must be considered a start-up. As such, the Company will be subject to many risks common to such enterprises, including start-up losses, lack and uncertainty of revenues, markets and profitability, under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources. The Company has a limited history of earnings and its limited operating history makes it difficult to predict how its business will develop and its future operating results. There is no assurance that the Company will operate profitably, or provide a return on investment in the future and the likelihood of success and any potential return on a shareholder's investment must be considered in light of the Company's early stage of operations.

Disruption of Trade, Suppliers, and Facilities

The Company imports specialty ingredients from Asia and Canada and is at risk should there be changes in government policies or international shipping disruptions. The Company does not control the operations at third-party facilities, including any third-party warehouses. These facilities are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, terrorist attacks, loss of power, telecommunications failures, and similar events. The facilities could be subject to break-ins, computer viruses, denial of service attacks, sabotage, intentional acts of vandalism and other misconduct. The occurrence of a natural disaster, an act of terrorism, a decision to close the third-party facilities without adequate notice or other unanticipated problems could result in lengthy interruptions in the Company's operations.

Refer to the Risk Factors section of the Company’s prospectus for additional risks.

Other MD&A Requirements

Outstanding Share Data

	December 31, 2022	As at the date of this report
Class A shares	224,089	224,089
Common shares	51,831,749	51,831,749
Restricted share units	-	-
Warrants	11,521,149	11,521,149
Options	1,800,000	1,800,000