Nepra Foods Inc. ("Nepra" or the "Company")

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FIFTEEN MONTHS ENDED MARCH 31, 2023

Dated as of April 29, 2024

(All amounts expressed in Canadian dollars, unless otherwise stated)

CAUTIONARY NOTE REGARDING FORWARDING LOOKING STATEMENTS AND DISCLAIMER

Certain statements in this Management Discussion and Analysis (MD&A) are forward-looking statements which reflect management's expectations regarding future growth, results of operations, performance, business prospects and 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.

Going Concern

During the fifteen months ended March 31, 2023, the Company had negative cash flows from operations of $5,847,328, and as at March 31, 2023, had an accumulated deficit of $16,122,981. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon the Company's 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 consolidated 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.

The following MD&A of the Company's financial condition and results of operations for the fifteen months ended March 31, 2023, and twelve months ended December 31, 2021, should be read in conjunction with the audited consolidated financial statements for the fifteen months ended March 31, 2023, and twelve months ended December 31, 2021. It should also be noted that since the Company is filing this MD&A effective April 29, 2024, general business information contained herein is reported as of the effective date noted above. 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.

Change in Year-end

During the twelve months ended December 31, 2022, the Company changed its financial year-end to March 31, from December 31. As a result, the Company is reporting its audited financial statements for a 15-month transitional fiscal year from January 1, 2022, to March 31, 2023 with a comparative of the 12 months' audited financial results from January 1, 2021 to December 31, 2021. For reporting periods subsequent to March 31, 2023, the Company is now reporting quarterly based on a March 31 year-end with fiscal quarters ending on the last day of June, September, December, and March of each year.

The information in this MD&A is in reference to the Company's year end consolidated financial statements which present the Company's financial results for the period of January 1, 2022 to March 31, 2023. Presented as comparative figures are the financial results for the twelve-month period of January 1, 2021 to December 31, 2021.

Regulatory and Filing Status

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 April 29, 2024.

On October 10, 2023, the British Columbia Securities Commission (the "BCSC"), issued a cease trade order (the "CTO") to the Company as a result of the Company's inability to file its annual audited consolidated financial statements for the year ended March 31, 2023, its condensed interim consolidated financial statements for the three months ended June 30, 2023, the related MD&As for the periods ended March 31, 2023 and June 30, 2023, and the required CEO and CFO certifications of annual and interim filings for the periods ended March 31, 2023 and June 30, 2023 (collectively, the "Required Filings") by the applicable filing deadlines. The Company is currently in the final stages of rectifying this timely disclosure requirement.

MATERIAL EVENTS THAT OCCURRED FROM DECEMBER 31, 2021, TO MARCH 31, 2023 (CHANGED YEAR END)

On January 24, 2022, the Company entered into a lease agreement with Farnam Street Financial, Inc. pursuant to which Farnam Street leased food processing equipment to the Company at a cost of $1,200,000 USD for a period of 24-month lease.

On January 31, 2022, the Company's quotation on the OTC Pink Market was upgraded to a quotation on the OTCQB Venture Market System.

On February 3, 2022, the Company invested $550,000 USD to expand its strategic partnership with a major Indian ingredients manufacturer for additional capacities. This expansion, which entails capacity ownership in perpetuity allowed the Company to market this unique allergen-free egg white replacement to existing customers and commercial bakeries that are seeking to remove allergens from their operation facilities.

On February 17, 2022, the Company received "DTCC eligibility" through The Depository Trust Company, a subsidiary of The Depository Trust & Clearing Corporation (DTCC), making its stock freely tradable subject to U.S. securities laws.

On March 22, 2022, the Company closed an overnight marketed public offering of 10,000,000 units of the Company (the "Units") at a price of $0.45 per Unit (the "Offering Price") for aggregate gross proceeds of $4,500,000 (the "Offering").

On December 14, 2022, the Company changed its year-end to March 31 from its current fiscal year-end of December 31.

On December 26, 2022, Chadwick White, who was previously the Company's Chief Innovation Officer, replaced David Wood as the Chief Executive Officer of the Company.

MATERIAL EVENTS THAT OCCURRED SUBSEQUENT TO MARCH 31, 2023 (NEW YEAR END)

On June 23, 2023, the Company's Board of Directors approved a consolidation of the Company's outstanding common shares (the "Shares") on a ten (10) for one (1) basis (the "Consolidation"). On July 11, 2023, the Company cancelled consolidation.

On September 21, 2023, Nepra US was sued by its landlord for overdue rent in District Court, Arapahoe Country, State of Colorado, USA. On November 29, 2023, Nepra US paid its landlord a settlement of USD$248,862.

On September 28, 2023, the Company closed the first tranche of the private placement initially announced on September 13, 2023, issuing 12,201,100 units for gross proceeds of $610,055. On January 31, 2024, the Company closed the second tranche of this private placement issuing 13,714,760 units for gross proceeds of $685,738. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant will enable the holder to purchase on additional share at a price of $0.10 for a period of 24 months following date of issue of the warrant.

On October 10, 2023, the British Columbia Securities Commission (the "BCSC"), issued a cease trade order (the "CTO") to the Company as a result of the Company's inability to file its annual audited financial statements for the year ended March 31, 2023, its interim financial report for the period ended June 30, 2023, the related MD&As for the periods ended March 31, 2023 and June 30, 2023, and the required CEO and CFO certifications of annual and interim filings for the periods ended March 31, 2023 and June 30, 2023 (collectively, the "Required Filings") by the applicable filing deadlines. The Company is currently in the final stages of rectifying this timely disclosure requirement.

On April 5, 2024, the Company's wholly owned subsidiary, Nepra Foods Ltd. entered into a short-term loan agreement securing a total of $950,000USD advanced to the subsidiary over the preceding four months to provide for additional inventory and working capital expenditures. The loan is due on or before July 31, 2024, carries an interest rate of 6% which is being accrued to term and is secured by the assets of the subsidiary.

COMPANY OVERVIEW

Nepra 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"., but at the date of this MD&A the shares are suspended from trading pending the filing of audited financial statements for the year ended March 31, 2023 and each of three subsequent quarters ending June 30, 2023, September 30, 3023 and December 31, 2023 with the British Columbia Securities Commission and the revocation of a Cease Trading Order (CTO).

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 consolidated financial statements are presented as a continuation of Nepra US as the deemed acquirer.

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

Nepra is a multi-category market leader, specializing in gluten-free based food ingredients and consumer products. The global market for gluten-free foods is significant and by 2032, the market is projected to be valued at 14 billion U.S. dollars, more than double the 2022 market value.[1] The Company has developed and sourced specialty ingredients and blends that make it easier for commercial bakeries and leading food brands to offer cutting-edge gluten-free products to their customers. The principal product offerings are targeted at bakeries who seek gluten-free solutions for breads, confectionary, savory, and sweet snack products. The key to Nepra's success has been and will continue to be the focus on identifying production problems in the gluten-free bakery workflow, developing ingredient compositions that meet or exceed the bakeries expectations and through that process become the ingredient supplier of choice.

The Company operates from a 31,000 sq ft. production facility and R&D lab in Centennial, Colorado and their focus is on developing and supplying gluten-free ingredients and gluten-free food products to commercial bakeries and specialty retailers. The Company is committed to disrupting the food industry by supplying ingredients to bakeries that enable the production of gluten-free products that taste equal if not better than traditional wheat-based products, and to build a world-class enterprise, providing gluten-free solutions to bakeries and product suppliers that are focused on supplying healthy, great tasting substitutes for traditional wheat-based products. The Company is also engaged in other agricultural initiatives that will enhance grow yields and thus reduce cost barriers used in their ingredient specifications.

Key Facts About Nepra:

Nepra develops ingredients that are easily interchangeable for soy, dairy, and other animal-based products and integrate these products into commercial food production settings. The Company also has developed its own CPG products, including the Plant-Based Proteins, Plant-Based Dairy Alternatives, and Plant-Based Baked Goods, Snacks and Spreads products.

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[1] Statista. (n.d.). Global gluten-free food market size from 2016 to 2025 (in billion U.S. dollars). Retrieved from https://www.statista.com/statistics/248467/global-gluten-free-food-market-size/#:~:text=The%20global%20market%20for%20gluten,to%2014%20billion%20U.S.%20dollars.

The Company's Plant-Based Ingredients are comprised of gluten-free and allergen-free specialty ingredients and flour mixes for food manufacturers. Gluten-free has been a growing market segment in the food industry for many years now. Management believes that certain gluten-free foods are perceived as being less desirable than the same food in the full gluten category. Gluten-free products tend to be carbohydrate heavy, low in nutrients and lacking in flavor.

Nepra has developed ingredients that support gluten-free foods that are lower in carbohydrates, nutrient rich and full of flavor. The Company has developed relationships with ingredient manufacturers in the United States and around the world to identify certain quality ingredients. The Company's goal is to provide gluten-free foods with the same texture, flavor, and nutrition at a reasonable price upcharge, to take advantage of this market opportunity.

Nepra has developed a line of gluten-free flours that make the production process easier to manage with less end product waste. The Company has been successful in improving the quality and nutrition of gluten-free bread while reducing costs in the production and distribution process and has curated its specialty products under the Nepra Absolutely Essential Blends brand of proprietary starch blends and Rheoflex® brand of pre-gel starches and flours.

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'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.

Nepra Foods offers a variety of proprietary and special ingredients and blends for creating exceptional gluten-free, plant-based products.

- **Nepra Base 30 (EB-30):** This blend consists of modified tapioca starch, high-amylose wet-milled rice flour, and high-amylose rice starch. It appears as a fine white powder, free from lumps, foreign matter, with a neutral flavor and odor.

- **Functional Starches**: Nepra's functional starches go beyond thickening and binding. They enhance culinary creations by providing unique properties and benefits. Examples include: *RS4-type Resistant Starch (RS-3700):* Useful for various food applications, *Cassava (RFC):* Offers instant thickening. Rheoflex™ *Native (RFN):* Improves texture. *Rheoflex™ Modified (RFM):* Enhances freeze-thaw stability

- **Hemp-based Solutions**: Nepra's hemp-derived products span nutrition, sustainability, and versatile applications. Some options include *Hemp Heart Flour (HHF-50)*: A versatile ingredient. *Texturized Hemp Protein (THP*®): Ideal for plant-based recipes. *Hemp Heart Protein 70% (HHP-70) and Hemp Heart Protein 80% (HHP-80):* Rich in protein

Future State of Nepra:

The Company has been able to grow its base of core revenues on the supply of gluten free ingredients to a host of significant bakeries throughout North America since its formation in 2016. The journey has been led by a proactive attempt to find solutions for commercial bakeries that recognize the need to offer gluten free products in their SKU's. Due largely to the many ingredients (upwards of 18) used in a successful gluten free application, the nature of the ingredient, the quantity used and/or the blending process can be subject to trial and error.

The Company has positioned itself as a leader in identifying solutions to curate the correct taste and outcome for products sought by its customers. In doing so, Nepra has established loyalty and trust with its customers, this clearly leading to ingredient sales and blending contracts.

Customer Overview

The Company groups its customers as in either Group 1 or Group 2. Group 1 customers have an established track record with the Company and the volume of business projected from them is quantifiable. A sample of these Group 1 customers is summarized below. For the purposes of this MD&A the specific customer names have been redacted.

Customer #1 - Customer #1 is a renowned wholesale bakery specializing in fresh-baked breads and rolls. Their rich history dates to the rustic loaves crafted by the family in Calabria, Italy. These early bakers understood that quality products begin with the finest ingredients and are meticulously crafted using old-world techniques passed down through generations. Through a mutual relationship, Chadwick White, CEO was introduced directly to the family who after trying Nepra's gluten free bread product have now converted their formulations to utilize EB 30 starches.

Customer #2 - Nepra has entered a partnership with Customer #2 for the development and launch of a portfolio of groundbreaking gluten-free bread products under various brand names. The partnership between Nepra and Customer #2 brings together two industry innovators, leveraging their respective expertise to introduce an industry-changing gluten-free portfolio consisting of dinner rolls, hamburger & hot dog buns, and sandwich breads. Nepra provides Customer #2 exclusive rights to Nepra's proprietary formulations. Customer #2 purchases from Nepra a complete flour blend of the formula that utilizes Nepra's specialty allergen-free ingredients. Customer #2 will produce and distribute the products from their state-of-the-art bakery. Nepra will provide Customer #2 with ongoing technical support and future R&D for new formulations moving forward. The partnership creates a high-quality gluten-free bread line-up with taste, texture, and extended ambient shelf life.

Customer #3 - Customer #3 is a Lebanese owned family business that began in 1989 Moncton, New Brunswick, Canada. Over the years, it has grown into Atlantic Canada's largest producer of various baked goods. Chadwick White, CEO was introduced to the family who had expanded to Lancaster SC to open a state of the art 55,000 square foot facility dedicated to gluten free products. Customer #3 fully endorsed the product outcomes in test trials with Nepra and now expanded the ingredient offering to include 12 new SKUs of breads, pastries and cookie formulations as well as blending all the formulations.

Customer #4 - Customer #4 is a leading producer of pretzels in the United States. The Company has assisted in developing the formulations for a variety of pretzels and will provide blending services for the formulations as well.

Customer #5 - The Company has established both an ingredient supply and blending relationship with Customer # 5, who produces a wide range of pretzel products of which gluten free products are particularly important to their lineup.

Business Model:

Nepra's business model is not traditional and is unique from other ingredient manufacturers. The Company is completely solution-based and secures its customers from its position as a leader in food science and the art of ingredient blending.

- Through its ingredient formulations and blending processes, the Company can deliver specific, scalable, and consistent repeatable ingredient products and services to both US and international customers.
- The Company will generate repeatable revenue paths from customers who have relied upon the unique solution-based methods of gaining trust and loyalty with its bakery customers.
- The Company's business model has been designed as needing revolving low-cost conventional inventory financing, which as the business scales will track the anticipated growth.
- Proprietary formulations and trade secrets developed over several years are the keys to successful application of ingredient recipes into virtually all gluten-free production environments.

During the fifteen months ended March 31, 2023, the Company focused on the sale and processing of specialty ingredients and developing new products for both B2B and consumer channels.

Competitive strengths:

Product Development, Branding and Standard Operating Procedures ("SOPs"): The business commenced in Colorado, where the Company leveraged its prior relationships in the ingredient supply chain to develop trusting relationships with bakeries and with whom the Company has been a consistent solution provider to these entities. Ingredient sourcing for the gluten free product market was an essential element to success, as was the ability to provide innovative formulations using those ingredients to customers for specific product applications. These new formulations have improved the overall quality of gluten free products available to consumers.

Management Team: Nepra's management team possesses expertise in the food science and gluten-free applications for ingredients, finance, capital markets, regulations, operations, project management, and marketing. This team has proven its ability to grow and scale from the experience gained by the team over many years.

Replicable Processes and Scalability: The Company's production processes are replicable and scalable, resulting in consistent quality and function across all the Company's products.

OVERALL PERFORMANCE

The key factors pertaining to the Company's overall performance for the fifteen months ended March 31, 2023, are as follows:

The Company recorded revenue of $7,573,793 for the fifteen months ended March 31, 2023, as compared to revenue of $6,052,109 for the twelve months ended December 31, 2021. This increase is primarily attributed to an additional three months of sales captured during the fifteen months ended March 31, 2023 compared to the twelve months ended December 31, 2021.

The net loss for the fifteen months ended March 31, 2023, was $8,308,880 compared to $6,679,869 for the twelve months ended December 31, 2021. While the increase in net loss is partially attributed to an additional three months of expenses captured for the fifteen-month period ending March 31, 2023 compared to the twelve month period ending December 31, 2021, other notable factors which are attributed to the increase in net loss include:

- Salaries and benefits expense increased by $1,318,301 from $1,809,913 for the twelve months ended December 31, 2021 to $3,128,214 for the fifteen months ended March 31, 2023 resulting from the Company hiring additional operations staff and filling key leadership, sales, and operations positions to facilitate the Company's scaling during the fifteen months ended March 31, 2023;
- General and administrative expense increased by $2,174,815 from $1,009,232 for the twelve months ended December 31, 2021 to $3,184,047 for the fifteen months ended March 31, 2023 which was largely a result of the Company incurring higher equipment rent, advertising and promotion, and shareholder communication costs.

The Company had negative operating cash flow for the fifteen months ended March 31, 2023. Cash used in operating activities for the fifteen months ended March 31, 2023 was $5,847,328 compared to $6,616,436 for the twelve months ended December 31, 2021. A higher amount of cash was used in operating activities during the twelve months ended December 31, 2021 as the Company spent higher amounts on operational expenses, significant amounts to increase on-hand inventory levels to better supply customers in combination with a significant prepayment for an inventory of hemp protein isolate to be used in egg white production and other products.

Working capital decreased as at March 31, 2023, to $767,909 from $3,237,628 as at December 31, 2021. The decrease in working capital is mostly a result of cash spent on operating activities during the fifteen months ended March 31, 2023, a decrease in prepaid expenses and deposits over the fifteen months ended March 31, 2023, and an increase in current lease liabilities resulting from the Company and a lessor committing to the principal terms and conditions of the for various production and manufacturing equipment (the "Production and Manufacturing Equipment Lease").

Key events pertaining to the Company's performance are as follows:

- On March 30, 2022, the Company completed a prospectus offering issuing 10,000,000 units for gross proceeds of $4,500,000. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of $0.70 for 36 months from the closing date of March 30, 2022.
- During the fifteen months ended March 31, 2023, the Company issued 295,000 common shares upon conversion of 295,000 restricted share units with an aggregate fair value of $203,300 and issued 43,932 common shares upon conversion of a convertible note with a fair value of $32,792.
- During the fifteen months ended March 31, 2023, the Company issued 4,937,873 common shares upon conversion of 49,379 Class A shares.
- On December 26, 2022, Chadwick White, who was previously the Company's Chief Innovation Officer, replaced David Wood as the Chief Executive Officer of the Company
- On October 10, 2023, the British Columbia Securities Commission (the "BCSC"), issued a cease trade order (the "CTO") to the Company as a result of the Company's inability to file its required filings. The Company is currently in the final stages of rectifying this timely disclosure requirement.

Selected Annual Information

Balance sheet data

		As at March 31, 2023		As at December 31, 2021		As at December 31, 2020
Total assets	$	6,294,300	$	7,917,762	$	1,512,869
Total non-current liabilities	$	3,675,531	$	2,832,133	$	210,052

The increase in total assets from $1,512,869 as at December 31, 2020 to $7,917,762 as at December 31, 2021 is largely due to cash proceeds received from the IPO which closed in September 2021, acquisition of inventory to increase inventory on-hand levels to better supply customers, a significant prepayment for an inventory of hemp protein isolate to be used in egg white production and other products, and the addition of a right of-use asset as the Company entered a significant lease for a building located in Centennial, Colorado, USA.

The increase in total non-current liabilities from $210,052 as at December 31, 2020 to $2,832,133 as at December 31, 2021 is mostly a result of the addition of a lease liability associated with the lease for the building located in Centennial, Colorado.

The decrease in total assets from $7,917,762 as at December 31, 2021 to $6,294,300 as at March 31, 2023 is mostly due to the use of cash in the Company's operating activities and amortization of prepaid expenditures.

The increase in total non-current liabilities from $2,832,133 as at December 31, 2021 to $3,675,531 as at March 31, 2023 is mostly a result of the Company drawing larger amounts on its revolving loans to fund cash shortfalls in conjunction with an increase in lease liabilities as the Company committed to an equipment lease on March 31, 2023.

Income statement data

		For the fifteen months ended March 31, 2023		For the twelve months ended December 31, 2021		For the twelve months ended December 31, 2020
Total revenue	$	7,573,793	$	6,052,109	$	2,855,386
Gross profit	$	1,234,113	$	778,253	$	564,962
Net loss	$	(8,308,880)	$	(6,679,869)	$	(542,022)
Comprehensive loss	$	(8,072,272)	$	(6,730,310)	$	(539,500)
Basic and diluted loss per share	$	(0.18)	$	(0.35)	$	(0.33)

Total revenue increased from $2,855,386 for the twelve months ended December 31, 2020 to $6,052,109 for the twelve months ended December 31, 2021. This increase is primarily attributed to higher sales volumes of starch products during the twelve months ended December 31, 2021 than during the twelve months ended December 31, 2020 as the Company grew its operations. Gross profit increased from $564,962 to $778,253 as a result of higher sales which was offset by higher shipping costs. Gross profit margins decreased from 19.79% to 12.86%.

Net loss and comprehensive loss increased from $542,022 and $539,500 respectively for the twelve months ended December 31, 2020 to $6,679,869 and $6,730,310 for the twelve months ended December 31, 2021. Notable factors which are attributed to the increase in the Company's net loss and comprehensive loss for the twelve months ended December 31, 2021 include:

- Higher consulting fees were incurred during the twelve months ended December 31, 2021 as a result of the Company receiving consulting services relating to general business, capital markets, and marketing and advertising in support of the Company becoming publicly traded in September 2021;

- Higher general and administrative expenses were incurred during the twelve months ended December 31, 2021 as a result of higher advertising and promotion, office, and other rent expenses. Advertising and promotion expense increased during the twelve months ended December 31, 2021 mostly as a result of the Company incurring costs associated with the development of its brand and website, presentations, and preparation for Expo West which occurred in March 2022. Office expense increased during the twelve months ended December 31, 2021 due to the growth of the Company's operations during the period. Other rent expense increased during the twelve months ended December 31, 2021 due to insurance, property tax and operating cost recoveries charged from the landlord of the leased building in Centennial, Colorado, to the Company;

- Higher professional fees were incurred during the twelve months ended December 31, 2021 as a result of incurring costs related to the preparation and execution of the IPO, the RTO that occurred in April 2021, and work completed in 2021 to reflect the corporate reorganization that occurred in 2020;

- Higher salaries and benefits were incurred during the twelve months ended December 31, 2021 as a result of hiring additional operations staff and filling key leadership, sales, and operations positions to facilitate the Company's scaling; and

- A higher loss from other items for the twelve months ended December 31, 2021 as a result of finance costs incurred on the lease liabilities associated with the lease entered by the Company for the building located in Centennial, Colorado. Also contributing to the increase in loss from other items is a loss derived from the remeasurement of the fair values of convertible notes that were converted during the twelve months ended December 31, 2021.

Total revenue increased from $6,052,109 for the twelve months ended December 31, 2021 to $7,573,793 for the fifteen months ended March 31, 2023. Gross profit increased from $778,253 to $1,234,133 as a result of higher revenues and improved margins on sales. Gross profit margin increased from 12.86% to 16.29% as a result of the Company charges customers shipping costs and cost allocations.

Net loss and comprehensive loss increased from $6,679,869 and $6,730,310 respectively for the twelve months ended December 31, 2022 to $8,308,880 and $8,072,272 for the fifteen months ended March 31, 2023.

For a discussion on these increases, see the section titled *"Results of Operations for the Fifteen Months Ended March 31, 2023, and Twelve Months Ended December 31, 2021"*, beginning on page 11 of this MD&A.

Results of Operations for the Three Months Ended March 31, 2023 and 2022

Revenue

For the three months ended March 31, 2023, the Company generated total revenues of $1,047,782 which is a decrease of $1,030,330 from revenue of $2,078,112 for the three months ended March 31, 2022. The decrease in revenue is mostly due to lower sales of starch products during the three months ended March 31, 2023. As a result of higher shipping costs, which originated from COVID-19 supply chain and transportation issues, Nepra's existing customers purchased lower quantities of goods due to price increases associated with higher shipping costs. This resulted in lower sales during the three months ended March 31, 2023 compared to the three months ended March 31, 2022.

Cost of sales and gross profit

For the three months ended March 31, 2023, the Company's costs of sales and gross profit were $900,215 and $147,567, respectively, compared to $1,995,920 and $82,192 for the three months ended March 31, 2022. Gross profit margin increased from 3.96% during the three months ended March 31, 2022 to 14.08% during the three months ended March 31, 2023. The increase in gross profit margin is largely the result of cost allocations associated with inventory and production.

Expenses

Accretion increased by $171,926 from $399 for the three months ended March 31, 2022, to $172,325 for the three months ended March 31, 2023. This increase is a result of a fair value remeasurement relating to the revolving loan facility with a company controlled by a related party. This fair value remeasurement was performed during the three months ended March 31, 2023.

Amortization decreased by $392,796 from $77,314 for the three months ended March 31, 2022, to negative $315,482 for the three months ended March 31, 2023. This decrease is a result of an adjustment relating to the Production and Manufacturing Equipment Lease performed during the three months ended March 31, 2023 to reflect new circumstances relating to the lease that arose subsequent to March 31, 2023.

Consulting fees increased by $31,039 from $39,062 for the three months ended March 31, 2022 to $70,101 for the three months ended March 31, 2023. This increase is a result of the Company incurring fees related to a significant contract under which the Company receives market research, insight, and analysis services. The Company entered into this contract in March 2022 and minimal fees relating to the contract were incurred during the three months ended March 31, 2022.

Professional fees increased by $71,066 from $77,787 for the three months ended March 31, 2022, to $148,853 for the three months ended March 31, 2023. Higher professional fees were recorded during the three months ended March 31, 2023 as a result of accruing the audit fee during the period due to the timing of the audit resulting from the change in the Company's year end from December 31 to March 31.

Share-based payments decreased by $353,839 from $402,959 for the three months ended March 31, 2022, to $49,120 for the three months ended March 31, 2023. This decrease is due to the timing of the vesting periods and forfeitures of issued restricted share units ("RSUs") and stock options. During the three months ended March 31, 2022, a higher amount of RSUs and options were vesting, which resulted in higher share-based payment expenses during the period.

General and administrative costs for the three months ended March 31, 2023 and 2022 are summarized as follows:

For the three months ended March 31,		2023		2022		Change ($)	Change (%)
Advertising and promotion	$	179,031	$	116,448	$	62,583	54%
Insurance		(1,428)		50,158		(51,586)	(103%)
Meals and entertainment		(580)		-		(580)	(100%)
Office expenses		(77,839)		68,952		(146,791)	(213%)
Other rent		173,486		54,279		119,207	220%
Equipment rent		789,013		10,309		778,704	7,554%
Repairs and maintenance		7,769		4,524		3,245	72%
Shareholder communication		26,097		22,505		3,592	16%
Subscriptions and dues		20,315		24,700		(4,385)	(18%)
Utilities		16,679		11,790		4,889	41%
Total general and administrative	**$**	**1,132,543**	**$**	**363,665**	**$**	**768,878**	**211%**

Total general and administrative expenses increased by $768,878 from $363,665 for the three months ended March 31, 2022 to $1,132,543 for the three months ended March 31, 2023. This increase is mostly a result of higher equipment rent expense incurred for the three months ended March 31, 2023 resulting from an adjustment to expense interim rent payments related to the Production and Manufacturing Equipment Lease to reflect new circumstances relating to the lease that arose subsequent to March 31, 2023.

Loss from other items

Loss from other items increased by $193,405 from $70,253 for the three months ended March 31, 2022 to $263,658 for the three months ended March 31, 2023. This increase is mostly due to the following:

- Impairment increased to $246,416 from $nil during the three months ended March 31, 2022 relating to impairment on property and equipment and intangible assets.

- Finance costs decreased by $110,567 from an expense of $74,655 for the three months ended March 31, 2022 to income of $35,912 for the three months ended March 31, 2023. This decrease is a result of an adjustment relating to the Production and Manufacturing Equipment Lease performed during the three months ended March 31, 2023 to reflect new circumstances relating to the lease that arose subsequent to March 31, 2023.

- During the three months ended March 31, 2023, the Company incurred a loss of $57,283 which was derived from the revaluation of the security deposit for the leased building located in Centennial, Colorado as the portion of the security deposit that was expected to be refunded is now expected to be held by the landlord until the end of the lease.

Results of Operations for the Fifteen Months Ended March 31, 2023 and Twelve Months Ended December 31, 2021

Revenue

The Company recorded revenue of $7,573,793 for the fifteen months ended March 31, 2023, 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 $1,600,175 from $5,921,776 during the twelve months ended December 31, 2021 to $7,521,951 during the fifteen months ended March 31, 2023. This increase is primarily attributed to an additional three months of sales captured during the fifteen months ended March 31, 2023 compared to the twelve months ended December 31, 2021. Revenue from consulting decreased by $78,491 from $130,333 during the twelve months ended December 31, 2021, to $51,842 during the fifteen months ended March 31, 2023. This decrease is a result of the Company providing fewer recipe and equipment consulting services to customers as the Company focused on the development of its own products during the fifteen months ended March 31, 2023.

Cost of sales and gross profit

For the fifteen months ended March 31, 2023, the Company's costs of sales and gross profit were $6,339,660 and $1,234,133 respectively, compared to $5,273,856 and $778,253 for the twelve months ended December 31, 2021. Gross profit margin increased from 12.86% for the twelve months ended December 31, 2021, to 16.29% for the fifteen months ended March 31, 2023. 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

Accretion increased by $172,434 from $1,537 for the twelve months ended December 31, 2021 to $173,971 fifteen months ended March 31, 2023. This increase is a result of a fair value remeasurement relating to the revolving loan facility with a company controlled by a related party. This fair value remeasurement was performed during the fifteen months ended March 31, 2023.

Amortization increased by $116,004 from $254,564 for the twelve months ended December 31, 2021, to $370,568 for the fifteen months ended March 31, 2023. This increase is a result of the Company acquiring, holding and depreciating more equipment in support of expanding operations during the fifteen months ended March 31, 2023. The increase is also attributed to an additional three months of expense captured for the fifteen month period ending March 31, 2023.

Consulting fees decreased by $1,506,362 from $1,816,208 for the twelve months ended December 31, 2021, to $309,846 for the fifteen months ended March 31, 2023. This decrease is a result of the Company receiving more consulting services during the twelve months ended December 31, 2021 relating to general business, capital markets, and marketing and advertising in support of the Company becoming publicly traded during the twelve months ended December 31, 2021.

Professional fees decreased by $116,442 from $713,341 for the twelve months ended December 31, 2021, to $596,899 for the fifteen months ended March 31, 2023. This decrease is mostly a result of higher expenses incurred in 2021 relating the preparation and execution of the IPO, the RTO that occurred in April 2021, and work completed in 2021 to reflect the corporate reorganization that occurred in 2020.

Research and development increased by $95,681 from $155,612 for the twelve months ended December 31, 2021 to 251,293 for the fifteen months ended March 31, 2023 as the Company purchased more ingredients for research and development purposes during the fifteen months ended March 31, 2023 compared to the twelve months ended December 31, 2021.

Salaries and benefits increased by $1,318,301 from $1,809,913 for the twelve months ended December 31, 2021, to $3,128,214 for the fifteen months ended March 31, 2023. This increase is attributed to hiring additional operations staff and filling key leadership, sales, and operations positions to facilitate the Company's scaling. The increase is also attributed to an additional three months of expense captured for the fifteen month period ending March 31, 2023.

Share-based payments decreased by $59,401 from $719,137 for the twelve months ended December 31, 2021, to $659,736 for the fifteen months ended March 31, 2023. 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 $78,213 from $89,977 for the twelve months ended December 31, 2021, to $168,190 for the fifteen months ended March 31, 2023. This increase is mostly due to higher domestic and international travel during the three fifteen months ended March 31, 2023 to support the Company's products and efforts to obtain new financing. The increase is also attributed to an additional three months of expense captured for the fifteen month period ending March 31, 2023.

General and administrative costs for the fifteen months ended March 31, 2023 and twelve months ended December 31, 2021 are summarized as follows:

	For the fifteen months ended March 31, 2023	For the twelve months ended December 31, 2021	Change ($)	Change (%)
Advertising and promotion	$ 1,041,715	$ 400,853	$ 640,862	160%
Insurance	177,566	67,843	109,723	162%
Meals and entertainment	7,949	9,200	(1,251)	(14%)
Office expenses	271,404	244,207	27,197	11%
Other rent	377,308	213,657	163,651	77%
Equipment rent	843,714	4,994	838,720	16795%
Repairs and maintenance	61,518	3,939	57,579	1462%
Shareholder communication	232,595	26,032	206,563	793%
Subscriptions and dues	102,981	17,247	85,734	497%
Utilities	67,297	21,260	46,037	217%
Total general and administrative	**$ 3,184,047**	**$ 1,009,232**	**$ 2,174,815**	**215%**

Total general and administrative expenses increased by $2,174,815 from $1,009,232 for the twelve months ended December 31, 2021 to $3,184,047 for the fifteen months ended March 31, 2023. This increase is mostly a result of:

- Higher advertising and promotion expense incurred during the fifteen months ended March 31, 2023 relating to the preparation and attendance of Expo West in March 2022 and other tradeshows, and an advertising campaign which commenced in April 2022.

- Higher insurance expense incurred during the fifteen months ended March 31, 2023 as a result of the Company incurring Directors and Officers insurance throughout the period. The Company began incurring Directors and Officers insurance in October 2022 as a result of the Company becoming publicly traded.

- Higher other rent expense incurred during the fifteen months ended March 31, 2023 is largely due to an additional three months of expense captured for the fifteen month period ending March 31, 2023 in conjunction with increased property tax and operating costs recoveries associated with the Company's building lease.

- Higher equipment rent expense incurred during the fifteen months ended March 31, 2023 is a result of the Company incurring and expensing interim rent related to the Production and Manufacturing Equipment Lease.

- Higher repairs and maintenance expense incurred during the fifteen months ended March 31, 2023 is a result of the Company having more equipment and higher production during the period. A higher instance of repairs and maintenance was needed to maintain more equipment and higher production;

- Higher shareholder communication expenses incurred during the fifteen months ended March 31, 2023 is due to the Company requiring additional services in support of being a publicly traded company throughout the fifteen months ended March 31, 2023; and

- Subscriptions and dues expense incurred during the fifteen months ended March 31, 2023 is a result of the Company incurring filing and CSE related fees in maintenance of being a publicly traded Company in addition to subscription fees paid for the use of inventory management software during the fifteen months ended March 31, 2023.

Loss from other items

Loss from other items decreased by $177,223 from $871,898 for the twelve months ended December 31, 2021 to $694,675 for the fifteen months ended March 31, 2023. This decrease is largely due to a loss of $473,226 incurred by the Company during the twelve months ended December 31, 2021 derived from the remeasurement of the fair values of convertible notes that were converted during that period. During the fifteen months ended March 31, 2023, a loss of $223 was recognized.

The decrease in loss from other items attributed to the loss derived from the remeasurement of the fair values of convertible notes during the twelve months ended December 31, 2021 is offset by a loss of $57,283 which was derived from the revaluation of the security deposit for the leased building located in Centennial, Colorado as it was expected to be refunded, but is now held by the landlord until the end of the lease. This revaluation occurred during the fifteen months ended March 31, 2023. The decrease in loss from other items is also attributed to impairment of $246,416 relating to property and equipment and intangible assets. No impairment was recognized during the twelve months ended December 31, 2023.

Summary of Quarterly Results

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

		March 31, 2023		**December 31, 2022**		**September 30, 2022**		**June 30, 2022**
Revenue	$	1,047,782	$	1,253,780	$	1,960,439	$	1,233,680
Net loss for the period	$	(2,105,957)	$	(1,155,297)	$	(1,193,376)	$	(2,194,545)
Loss per share - basic and diluted	$	(0.04)	$	(0.02)	$	(0.03)	$	(0.05)
Weighted average number of shares outstanding		52,055,838		49,753,566		47,161,759		46,973,306

		March 31, 2022		**December 31, 2021**		**September 30, 2021**		**June 30, 2021**
Revenue	$	2,078,112	$	1,659,670	$	1,201,941	$	1,750,160
Net loss for the period	$	(1,659,705)	$	(3,514,851)	$	(1,622,452)	$	(627,713)
Loss per share - basic and diluted	$	(0.04)	$	(0.10)	$	(0.09)	$	(0.04)
Weighted average number of shares outstanding		37,002,418		36,575,023		17,886,837		14,926,676

Revenue decreased from $1,253,780, for the three months ended December 31, 2022, to $1,047,782 for the three months ended March 31, 2023. The decrease in revenue is mostly attributable to a decrease in the sales of starch and hemp protein products. Net loss increased from $1,155,297, for the three months ended December 31, 2022, to $2,105,957 for the three months ended March 31, 2023. This decrease in quarterly net loss is mostly attributed to a quarter over quarter decrease in gross profit of $86,337, a quarter over quarter increase in expenses of $727,955, and a loss of $57,283 derived from the revaluation of the security deposit for the Company's leased building located in Centennial, Colorado and impairment expense of $246,416 primarily related to property and equipment recorded during the three months ended March 31, 2023.The decrease in gross profit is mostly a result of lower sales during the three months ended March 31, 2023 compared to the three months ended December 31, 2022. Higher expenses are mostly a result of an adjustment to move costs associated with obsolete and research and development related inventory items from the cost of inventory, an adjustment related to the Production and Manufacturing Equipment Lease to reflect new circumstances with the lease that arose subsequent to March 31, 2023, as well as an accrual for audit fees and an impairment expense relating to property and equipment and intangible assets.

Revenue decreased from $1,960,439, for the three months ended September 30, 2022, to $1,253,780 for the three months ended December 31, 2022. This decrease in revenue is mostly attributable to a decrease in sales of starch products and hemp protein products. Net loss decreased from $1,193,376, for the three months ended September 30, 2022, to $1,155,297 for the three months ended December 31, 2022. This decrease in quarterly net loss is mostly attributed to quarter over quarter decreases in gross profit, of $103,001, and salaries and benefits expenses, 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 in 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 during the three months ending September 30, 2022.

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

Revenue decreased from $2,078,112, for the three months ended March 31, 2022, to $1,233,680 for the three months ended June 30, 2022. The decrease in revenue is attributable a decrease of sales of processed products during the three months ended June 30, 2022. Net loss increased from $1,659,705, for the three months ended March 31, 2022, to $2,194,545 for the three months ended June 30, 2022. 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 expanding operations during the three months ended June 30, 2022 as compared to the three months ended March 31, 2022. These increases are offset by a $214,270 decrease in share-based payments during the three months ended June 30, 2022.

Revenue increased from $1,659,790, for the three months ended December 31, 2021, to $2,078,112 for the three months ended March 31, 2022. The increase in revenue is attributable to the expanding of operations and increased sales of processed products during the three months ended March 31, 2022. Net loss decreased from $3,514,851, for the three months ended December 31, 2021, to $1,659,705 for the three months ended March 31, 2022. This decrease in net loss is mostly 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 for the three months ended December 31, 2021. The Company incurred significant consulting fees during the three months ended December 31, 2021 in relation to general business, capital markets and marketing and advertising in support of the Company becoming publicly traded. The decrease in net loss is also attributed to higher share-based payments expenses incurred during the three months December 31, 2021 in comparison to the three months ended March 31, 2022 by $196,213.

Revenue increased from $1,201,941, for the three months ended September 30, 2021, to $1,659,670 for the three months ended December 31, 2021. The increase in revenue is attributable to increases in sales of processed products during the three months ended December 31, 2021. Net loss increased from $1,622,452, for the three months ended September 30, 2021, to $3,514,851 for the three months ended December 31, 2021. The increase in net loss is largely attributable to an $814,271 increase in consulting fees during the three months ended December 31, 2021 as the Company incurred significant consulting fees in relation to general business, capital markets and marketing and advertising in support of the Company becoming publicly traded. The increase in net loss is also attributed to an increase in share-based payments of $599,172 during the three months ended December 31, 2021, compared to $119,965 during 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 from $1,750,160, for the three months ended June 30, 2021, to $1,201,941 for the three months ended September 30, 2021. The decrease in revenue is attributable to increases in sales of processed products during the three months ended September 30, 2021. Net loss increased from $627,713, for the three months ended June 30, 2021, to $1,622,452 or the three months ended September 30, 2021. 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 for the three months ended June 30, 2021. The increase in net loss is also attributable to an increase in consulting fees to $471,948 for the three months ended September 30, 2021 compared to consulting fees of $6,649 for the 3 months ended June 30, 2021. The increase in consulting fees is a result of consulting fees incurred relating to the IPO, corporate marketing, and promotion.

Revenue increased from $1,440,338, for the three months ended March 31, 2021, to $1,750,160 for the three months ended June 30, 2021. The increase in revenue is attributable to increases in sales of processed products during the period. Net loss decreased from $914,853, for the three months ended March 31, 2021, to $627,713 for the three months ended June 30, 2021. 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 notes of $229,262.

Liquidity and Capital Resources

As at March 31, 2023, the Company had working capital of $767,909 which is a decrease of $2,469,719 from the working capital reported at December 31, 2021 of $3,237,628. The decrease in working capital is largely a result of cash spent on operating activities during the fifteen months ended March 31, 2023, a decrease in prepaid expenses and deposits over the fifteen months ended March 31, 2023, and an increase in current lease liabilities resulting from the Company and lessor committing to the principal terms and conditions of the Production and Manufacturing Equipment Lease.

Over the next twelve months, the Company will need additional capital to fund operations and settle obligations as obligations come due. The Company's access to financing is uncertain. There can be no assurance of continued access to significant debt or equity funding. The Company may be unable to obtain such financing on terms which are satisfactory to it. The Company plans to fund capital as needed through the use of share and debt issuances.

Cash Flows

A summary of cash flows for the fifteen months ended March 31, 2023, and twelve months ended December 31, 2022, is as follows:

		For the fifteen months ended March 31, 2023		For the twelve months ended December 31, 2021		Change
Operating activities	$	(5,847,328)	$	(6,616,436)	$	769,108
Investing activities		(32,840)		(543,906)		511,066
Financing activities		4,386,700		8,279,187		(3,892,487)
Change in cash	**$**	**(1,493,468)**	**$**	**1,118,845**	**$**	**(2,612,313)**

Cash used in operating activities decreased by $769,108. This decrease is largely due to significant amounts of 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 plant-based egg white production and other products.

Cash flows from investing activities decreased by $511,066. This decrease is primarily due to the Company not purchasing as much equipment during the fifteen months ended March 31, 2023 compared to the twelve months ended December 31, 2021. The increase is also a result of the Company receiving a refund during the fifteen months ended March 31, 2023 for equipment the Company purchased during the twelve months ended December 31, 2021 and later decided to lease under Production and Manufacturing Equipment Lease.

Cash flows from financing activities decreased by $3,892,487 which is primarily due to higher cash inflows generated from the Company's IPO and issuances of convertible notes during 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 of management. Key members of management consist of the Directors and Officers who are responsible for planning, directing, and controlling the activities of the Company. Details of the Company's key members of management with whom the Company has incurred related party charges are as follows:

- Chadwick White, Chief Executive Office ("CEO"), Chief Innovation Officer ("CIO"), and Director of the Company. Chadwick White was appointed to the Board of Directors and as CIO on April 21, 2021. On December 1, 2022, Chadwick White was appointed as the Company's CEO.
- David Wood, Chief Operations Officer ("COO"), Director of the Company, interim CFO and interim Corporate Secretary. David Wood was appointed to the Board of Directors and as CEO of the Company on April 15, 2021. On December 1, 2022, David Wood resigned as the Company's CEO and was appointed as

the Company's COO on the same date. David Wood assumed the role as the Company's interim CFO and interim Corporate Secretary on July 14, 2023.

- Alex McAulay, former Chief Financial Officer ("CFO"), Corporate Secretary and Director of the Company. Alex McAulay was appointed as the Company's CFO on March 25, 2021, Corporate Secretary on September 10, 2021, and to the Board of Directors on November 27, 2020. Alex McAulay resigned from these positions on July 14, 2023.
- Paul Feldman, Chief Engineer (appointed January 1, 2021)
- Marc Olmsted, Manager of Research and Development and Director of the Company (appointed April 15, 2021)
- Joel Leonard, former Director of the Company (appointed April 15, 2021, resigned March 21, 2023)
- David Breda, former Director of the Company (appointed May 17, 2021, resigned July 15, 2023)
- Eric Kreigisch, former Vice President of Ingredient Sales (appointed on January 1, 2022, resigned July 2, 2022)
- John Maculley, former COO of the Company (appointed October 21, 2021, resigned May 20, 2022)
- The Late Robert Hopp, President and COO of the Company. Robert Hopp was appointed as the Company's president and COO on May 31, 2021. Robert Hopp passed away on June 15, 2021.

Related party balances

As at March 31, 2023, included in due from related parties is $9,224 (December 31, 2021 - $8,657) due from Marc Olmsted, Manager of Research and Development and Director of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at March 31, 2023, included in due from related parties is $nil (December 31, 2021 - $761) due from Chadwick White, CEO, CIO and Director of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at March 31, 2023, included in accounts payable and accrued liabilities is $60,780 (December 31, 2021 – $24,119) due to Chadwick White, CEO, CIO 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 March 31, 2023, also included in accounts payable and accrued liabilities is $17,403 (December 31, 2021 - $nil) owed to Chadwick White consisting of salary owed and is unsecured, non-interest bearing and due on demand.

As at March 31, 2023, included in accounts payable and accrued liabilities is $236,777 (December 31, 2021 – $44,494) due to Treewalk Consulting Inc., a company controlled by Alex McAulay, former CFO, former Corporate Secretary and former Director of the Company. The amount consists of accounting and corporate secretarial fees and is unsecured, non-interest bearing and due on demand.

As at March 31, 2023, included in accounts payable and accrued liabilities is $2,774 (December 31, 2021 – $24,388) due to Robert G. Wood and Company, Inc., company controlled by the David Wood, COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary. The amount consists of expense reimbursements and is unsecured, non-interest bearing, and due on demand.

As at March 31, 2023, included in accounts payable and accrued liabilities is $nil (December 31, 2021 – $15,907) due to Robert G. Wood and Company Inc., a company controlled by David Wood, COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary. The amount consisted of lease payments owed on a lease for production equipment and is unsecured, non-interest bearing and due on demand. As at March 31, 2023, included in lease liabilities is an amount of $nil (December 31, 2021 – $12,668) also relating to this lease.

As at March 31, 2023, included in accounts payable and accrued liabilities is $65,826 (December 31, 2021 – $nil) due to David Wood, COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary. The amount consists of salary owed and is unsecured, non-interest bearing and due on demand.

As at March 31, 2023, included in accounts payable and accrued liabilities is $8,961 (December 31, 2021 – $nil) due to Paul Feldman, Chief Engineer of the Company. The amount consists of salary owed and is unsecured, non-interest bearing and due on demand. As at March 31, 2023, also included in accounts payable and accrued liabilities is $6,210

(December 31, 2021 – $nil) owed to Paul Feldman. This amount consists of expense reimbursements and is unsecured, non-interest bearing and due on demand.

Related party transactions

During the fifteen months ended March 31, 2023, the Company incurred charges for salaries and benefits, termination benefits, consulting services, professional fees, and share-based payments of $2,280,966 (for the twelve months ended December 31, 2021 – $1,869,639) with related parties. The following table outlines related party transactions for the respective periods.

		For the fifteen months ended March 31, 2023		For the twelve months ended December 31, 2021
Salaries and benefits				
Chadwick White, CEO, CIO and Director	$	249,667	$	202,289
Family members of Chadwick White		312,246		135,638
Marc Olmsted, Manager of R&D and Director		171,697		138,031
Paul Feldman, Chief Engineer		151,925		128,997
David Wood, COO (former CEO), Director, interim CFO and Interim Corporate Secretary		250,536		203,533
Family members of David Wood		184,239		136,716
John Maculley, former COO		96,902		50,022
Family members of John Maculley[1]		31,003		19,338
Eric Kriegisch, former VP of Ingredient Sales		67,049		-
Robert Hopp, former President and COO		-		87,533
	$	1,515,264	$	1,102,097
Termination benefits				
Robert Hopp, former President and COO		-		169,228
	$	-	$	169,228
Professional fees				
Treewalk Consulting Inc., a company controlled by Alex McAulay, former CFO, Corporate Secretary and Director		310,390		159,296
	$	310,390	$	159,296
Consulting				
Family member of Chadwick White		-		23,253
Genba Management Group LLC, a company controlled by John Maculley[2]		-		39,708
	$	-	$	62,961
Share-based payments				
David Wood, COO (former CEO), Director, interim CFO and interim Corporate Secretary		73,306		52,655
Chadwick White, CEO, CIO and Director		73,306		52,655
Paul Feldman, Chief Engineer		73,306		52,655
Marc Olmsted, Manager of R&D and Director		73,306		52,655
Alex McAulay, former CFO, Corporate Secretary and Director		73,306		52,655
Joel Leonard, former Director		36,653		26,328
David Breda, former Director		36,653		26,328
Eric Kriegisch, former VP of Ingredient Sales		15,476		-
John Maculley, former COO		-		60,126

	$	455,312	$	376,057
Total	**$**	**2,280,966**	**$**	**1,869,639**

[1]Only reflects charges incurred while John Maculley was COO of the Company.
[2]Fees for accounting and corporate secretarial services. Includes $16,227 in late payment fees (for the twelve months ended December 31, 2021 – $nil).

Revolving loans

During the year ended December 31, 2020, the Company entered into unsecured revolving loan facilities with Robert G. Wood and Company, Inc. and Fire Fighter Trucks of Colorado, LLC. These companies are controlled by David Wood, COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary. Initially, under each loan facility, up to USD$200,000 could be borrowed. The loan facilities were unsecured, boar interest at a rate of 6% per annum and would mature on December 31, 2025. During the fifteen months ended March 31, 2023, the loan facility Fire Fighter Trucks of Colorado, LLC was cancelled. On January 1, 2022, the revolving loan with Robert G. Wood and Company, Inc. was amended to increase the amount that could be loaned under the facility from USD$200,000 to USD$400,000 (the "First Amended Facility"), the First Amended Facility was then amended on September 5, 2022, to increase the amount of that could be loaned under the facility from USD$400,000 to USD$650,000 (the "Second Amended Facility").

Relating to these facilities, during the twelve months ended December 31, 2021, the Company received loan proceeds of USD$274,228 (CAD$343,755) and made principal repayments of USD$101,986 (CAD$127,844) for net proceeds of USD$172,242 (CAD$215,911), and recorded interest expense of USD$5,808 (CAD$7,857).

During the fifteen months ended March 31, 2023, the Company received loan proceeds of USD$794,000 (CAD$1,041,338) and made principal repayments of USD$333,125 (CAD$436,896) for net proceeds of USD$460,875 (CAD$604,442). During the fifteen months ended March 31, 2023, the Company recorded interest payments of USD$21,363 (CAD$28,018), an adjustment to interest payable of USD$16,603 (CAD$22,463) and recorded a total interest charge of USD$26,363 (CAD$34,999) related to the revolving loan facilities.

As at March 31, 2023, total principal owing under the revolving loans was USD$633,116 (CAD$856,571) and total interest owing under the loans was USD$5,472 (CAD$7,404). As at December 31, 2021, total principal owing under the revolving loans was USD$172,241 (CAD$218,701) and total interest owing under the loans was USD$5,808 (CAD$7,374). Interest is charged and included in accounts payable and accrued liabilities.

Other transactions

During the fifteen months ended March 31, 2023, the Company purchased equipment of $9,246 (during the twelve months ended December 31, 2021 - $nil) from Paul Feldman, the Company's Chief Engineer.

During the twelve months ended December 31, 2021, the Company purchased equipment from Robert G. Wood and Company, Inc., a company controlled by David Wood, COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary, for $59,005.

During the fifteen months ended March 31, 2023, the Company was charged $13,692 (during the twelve months ended December 31, 2021 - $15,704) in lease payments for equipment by Robert G. Wood and Company, Inc., a company controlled by David Wood, (former CEO) COO, Director of the Company, interim CFO and interim Corporate Secretary.

During the twelve months ended December 31, 2021, the Company settled debt of $39,361 owing to Treewalk Consulting Inc., a company controlled by Alex McAulay, who is the former CFO, Corporate former Secretary and former Director of the Company, in exchange for 997,426 common shares of the Company.

Significant Accounting Policies

The significant accounting policies applied in the preparation of the Company's consolidated financial statements are disclosed in Note 3 of the audited consolidated financial statements for the fifteen months ended March 31, 2023, and the twelve months ended December 31, 2021.

Changes in Accounting Policies including Initial Adoption

Initial adoption of new accounting standards:

New accounting standards or amendments to existing accounting standards that have been issued are not applicable to the Company's audited consolidated financial statements. The Company has not adopted any new accounting standards during the fifteen months ended March 31, 2023.

Future accounting standards issued but not yet in effect:

New 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 audited consolidated financial statements.

Use of Judgments, Estimates and Assumptions

The preparation of the audited consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods. The audited consolidated financial statements do not include any accounts that require significant estimates as the basis for determining the stated amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are outlined in Note 4 of the audited consolidated financial statements for the fifteen months ended March 31, 2023 and twelve months ended December 31, 2021.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as of the date of this MD&A.

Commitments

The Company does not have any commitments as of the date of this MD&A.

Proposed Transactions

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

Financial Instruments

The Company’s financial instruments are grouped as follows:

FINANCIAL ASSETS	Level		March 31, 2023		December31, 2021
FVTPL					
Cash	1	$	15,064	$	1,463,859
Restricted Cash	1		74,467		69,843
Other assets, at amortized cost					
Accounts receivable			372,079		590,243
Due from related party			9,225		9,418
Total financial assets		**$**	**470,835**	**$**	**2,133,363**

FINANCIAL LIABILITIES	Level		March 31, 2023		December 31, 2021
FVTPL					
Convertible notes	2	$	-	$	31,837
Other liabilities, at amortized cost					
Accounts payable and accrued liabilities			1,620,696		1,216,484
Loans payable			758,506		403,444
Total financial liabilities		**$**	**2,379,202**	**$**	**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 instruments that are not quoted in an active market.

Loans payable are measured at amortized cost. Upon recognition, the fair values of the loans are estimated by discounting cash flows using interest rates of debt instruments with similar terms, maturities, and risk profile. 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.

Financial Instrument Risk

Through its operations, the Company is exposed to the following 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 section describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them.

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 those risks from previous reported periods unless otherwise stated in this section.

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:

A portion of the assets and liabilities held by the Company and its subsidiaries are denominated in currencies other than the functional currencies of the Company and its subsidiaries. This results in some exposure to foreign currency risk. All of the Company's assets and liabilities are denominated in either Canadian Dollars or United States Dollars. Assuming all other variables remain constant, a 5% weakening or strengthening of the Canadian Dollar against the United States Dollar would result in an approximate $2,300 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 March 31, 2023, 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:

	March 31, 2023	December 31, 2021
1 – 60 days	$ 303,993	$ 567,379
61 - 90 days (past due)	6,581	-
Over 90 days (past due)	21,257	24,769
Provision for expected credit losses (over 90 days)	-	(1,905)
Total	**$ 331,831**	**$ 590,243**

The Company is exposed to increased credit risk due to major customers that comprise 10% or more of revenue. For the fifteen months ended March 31, 2023 and the twelve months ended December 31, 2021, the following revenue was recorded from major customers:

	Fifteen months ended March 31, 2023	Twelve months ended December 31, 2021
Customer A	$ 2,520,640	$ 2,709,388
Customer B	$ 2,813,513	$ 1,923,319

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, related party loans 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	$ 1,620,697	$ -	$ -
Loans payable	370,920	594,014	-
Lease liability	925,707	2,636,698	1,626,034
Total	**$ 2,917,324**	**$ 3,230,712**	**$ 1,626,034**

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 Final Long Form Prospectus dated for August 13, 2021 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]		Actual Use of Proceeds	Variance – (Over)/Under Expenditure	Explanation of Variance and Impact on Business Objectives
Expenditure	**Amount**			
Product inventory	$700,000	$1,441,000	($741,000)	Due to trends of consistent delays in the transportation industry resulting from COVID-19 related factors, the Company had taken on more inventory to ensure it had enough inventory on hand to meet customer demand. The Company doubled its anticipated expenditure as a result.
Marketing & Outreach	$1,360,000	$1,429,000	($69,000)	Due to unanticipated marketing challenges, the Company spent a higher-than-anticipated amount on Marketing and Outreach activities.
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 completed its initial purchases of equipment for the production facility. The Company did not complete its development kitchen buildout using the proceeds from the Public Financing due to budget reallocation. This has not impacted innovation or production.
R&D/Product innovation	$500,000	$142,000	$358,000	The Company made progress towards its objectives to develop its products further. Production delays of specialty ingredients made exclusively for the Company resulted in lower-than-anticipated amounts spent.
CPG Brand Funding	$610,000	$700,000	($90,000)	Higher than anticipated as the Company refocused resources from the Carb Savvy brand to the ProPasta brand and the engagement of Navigating the Curve Consulting Inc. to provide related consulting 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**	**$5,925,000**	**$-**	

[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.

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 Directors, 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, 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.

Financing risks

There is no assurance that the Company will be able to secure the financing necessary to develop and grow its business. The Company does not presently have sufficient financial resources or operating cashflow to undertake by itself all of its planned programs. The development of the Company may therefore depend on the Company's ability to obtain additional required financing. There is no assurance that the Company will be successful in obtaining the required financing on terms acceptable to it, or at all, the lack of which could result in the loss or substantial dilution of its interests (as existing or as proposed to be acquired) in its properties. The Company's ability to continue as a going concern is dependent on its ability to raise equity capital financings, the attainment of profitable operations and the completion of further share issuances to satisfy working capital and operating needs.

Limitations of Controls and Procedures

The Company's management, including the CEO and CFO, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Uninsured or Uninsurable Risk

The Company may become subject to liability for risks against which it cannot insure or against which it may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on its financial position and operations.

Other MD&A Requirements

Outstanding share data

	March 31, 2023	**As at the date of this report**
Class A shares	224,089	224,089
Common shares	51,831,749	77,747,609
Warrants	11,521,149	36,557,620
Options	2,050,000	1,600,000

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operations of internal controls over financial reporting. There have been no changes in the Company's disclosure controls and procedures during the year ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

SUBSEQUENT EVENTS

On June 23, 2023, the Company's Board of Directors approved a consolidation of the Company's outstanding common shares (the "Shares") on a ten (10) for one (1) basis (the "Consolidation"). On July 11, 2023, the Company cancelled consolidation.

On September 21, 2023, Nepra US was sued by its landlord for overdue rent in District Court, Arapahoe Country, State of Colorado, USA. On November 29, 2023, Nepra US paid its landlord a settlement of USD$248,862.

On September 28, 2023, the Company closed the first tranche of the private placement initially announced on September 13, 2023, issuing 12,201,100 units for gross proceeds of $610,055. On January 31, 2024, the Company closed the second tranche of this private placement issuing 13,714,760 units for gross proceeds of $685,738. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant will enable the holder to purchase on additional share at a price of $0.10 for a period of 24 months following date of issue of the warrant.

On October 10, 2023, the British Columbia Securities Commission (the "BCSC"), issued a cease trade order (the "CTO") to the Company as a result of the Company's inability to file its annual audited financial statements for the year ended March 31, 2023, its interim financial report for the period ended June 30, 2023, the related MD&As for the periods ended March 31, 2023 and June 30, 2023, and the required CEO and CFO certifications of annual and interim filings for the periods ended March 31, 2023 and June 30, 2023 (collectively, the "Required Filings") by the applicable filing deadlines. The Company is currently in the final stages of rectifying this timely disclosure requirement.

On April 5, 2024, the Company's wholly owned subsidiary, Nepra Foods Ltd. entered into a short-term loan agreement securing a total of $950,000USD advanced to the subsidiary over the preceding four months to provide for additional inventory and working capital expenditures. The loan is due on or before July 31, 2024, carries an interest rate of 6% which is being accrued to term and is secured by the assets of the subsidiary.

OTHER INFORMATION

Additional information

Additional information related to relating to the Company is available on the Company's website at www.neprafoods.com. Public filings made by the Company with Canadian securities regulatory authorities can be found under the Company's SEDAR profile at www.sedar.com