Nepra Foods Inc. (“Nepra” or the “Company”)

MANAGEMENT’S DISCUSSION AND ANALYSIS FOR TWELVE MONTHS ENDED March 31, 2024, AND FIFTEEN MONTHS ENDED MARCH 31, 2023

Dated as of August 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 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 twelve months ended March 31, 2024, the Company incurred a net loss of $4,536,525, and as at March 31, 2024, had an accumulated deficit of $20,659,506. 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 twelve months ended March 31, 2024 and fifteen months ended March 31, 2023 should be read in conjunction with the audited consolidated financial statements for the twelve months ended March 31, 2024 and fifteen months ended March 31, 2023. It should also be noted that since the Company is filing this MD&A effective August 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.

Regulatory and Filing Status

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.

On July 5, 2024, the BCSC and the Ontario Securities Commission issued a full revocation of the Company's failure-to-file cease trade order.

Change in Year-end

On December 14, 2022, the Company changed its financial year-end to March 31, from December 31. As a result, in purpose of the Company's annual financial statements, the Company reported its audited financial results for a 15-month transitional fiscal year from January 1, 2022, to March 31, 2023. The audited financial results of the fifteen months ended March 31, 2023 are presented as comparative figures to the audited financial results of the twelve months ended March 31, 2024.

MATERIAL EVENTS THAT OCCURRED FROM APRIL 1, 2023, TO MARCH 31, 2024

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.

Beginning in July 2023, the Company's wholly owned subsidiary, Nepra Foods Ltd. ("Nepra US") entered into several short-term lending agreements. All agreements have a term of 12 months and bear interest at 15% per annum. Amounts shall be repaid through monthly instalments. Under these agreements, Nepra US has borrowed US$116,295. Prepayments can be made without a prepayment penalty and no interest shall accrue if amounts are repaid within two months.

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 December 31, 2023, the maturity date of the unsecured promissory note issued on April 12, 2023, was extended from December 31, 2023, to December 31, 2024. The outstanding principal balance as of December 31, 2023 was USD$104,387 and the loan bears interest at 6% per annum.

MATERIAL EVENTS THAT OCCURRED SUBSEQUENT TO MARCH 31, 2024

On April 5, 2024, Nepra US entered into a short-term loan agreement with Willam Hogan, 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.

On June 13, 2024, the Company agreed to sell certain accounts receivable with a value of USD$211,750 for gross proceeds of USD$175,000. The Company incurred an upfront fee of USD$4,375 in conjunction with this arrangement..

On July 1, 2024, the Company modified its lease agreement for various production and manufacturing equipment. Commencing on July 1, 2024, the Company committed to paying USD$150,000 for the first and second months of the lease term and USD$3,700 monthly thereafter until March 1, 2027. As at the date of these consolidated financial statements, the first and second month commitments have been paid.
On July 15, 2024, the Company reached agreement with the William Hogan to convert all of the outstanding US$950,000 principal amount of loan advances made, together with accrued and unpaid interest and all other amounts outstanding under the loan agreement into common shares of the Company, at a conversion price equal to $0.05 per common share. The debt conversion closed on July 23, 2024 with the issuance of 26,445,572 common shares. Immediately following the transaction, William Hogan controlled approximately 41.84% of the Company's common shares.

On July 30, 2024, the Company announced that its annual financial statements for the year ended March 31, 2024, including this related MD&A, and CEO and CFO certifications, was not filed under the Canadian securities legislation by the required deadline of July 29, 2024. The Company's principal regulator, the British Columbia Securities Commission, issued a management cease trade order ("MCTO") on July 30, 2024. Pursuant to the MCTO, the CEO and CFO of the Company may not trade in securities of the Company until such time as the BCTO revokes the MCTO.

On August 9, 2024, William Hogan was appointed as the CEO, and a director of the Company.

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 wholly owned material subsidiaries include Nepra Foods, Ltd. ("Nepra US"), incorporated on August 15, 2019 as a limited liability company ("LLC") under the provisions of the Colorado Revised Status, and Gluten Free Baking Solutions, LLC ("GFBS"), incorporated on August 10, 2016. On November 1, 2020, Nepra US converted from an LLC to a corporation.

Nepra specializes 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 is focussed on developing and supplying gluten-free ingredients and gluten-free food products to commercial bakeries and specialty retailers.

Key Facts About Nepra:

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

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.

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

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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

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.

Nepra 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 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 is a leading solution provider curating ingredients that result int the correct taste and outcome for products sought by gluten-free customers. In doing so, Nepra has established loyalty and trust with its bakery customers

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 generates 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 nine months ended December 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 twelve months ended March 31, 2024, are as follows:

The Company recorded revenue of $4,161,354 for the twelve months ended March 31, 2024, as compared to revenue of $7,573,793 for the fifteen months ended March 31, 2024. Lower revenue generated during the twelve months ended March 31, 2024 was mostly the result of capital shortfalls experienced by the Company which inhibited the Company from purchasing inventory for processing and resale.

The net loss for the twelve months ended March 31, 2024, was $4,536,525 compared to $8,308,880 for the fifteen months ended March 31, 2023. The decrease in net loss was largely a result of lower consulting fees, salaries and benefits, share-based payments, and general and administrative expenses incurred during the year ended March 31, 2024.

For additional information on the differences in revenue and net loss for the twelve months ended March 31, 2024 compared to the fifteen months ended March 31, 2023, see the section titled *"Results of Operations for the Twelve Months Ended March 31, 2024 and Fifteen Months Ended March 31, 2023"*, beginning on page 9 of this MD&A.

The Company had negative operating cash flow for the twelve months ended March 31, 2024. Cash used in operating activities for the twelve months ended March 31, 2024 was $1,907,601, compared to $5,847,328 for the fifteen months ended March 31, 2023. This decrease is due to less company spending on consulting fees, general and administrative, salaries, and professional fees due to the company experiencing cash flow issues for the twelve months ended March 31, 2024. For additional information on the Company's cashflows, see the section titled *"Cash Flows"*, beginning on page 12 of this MD&A.

Working capital deficit at March 31, 2024 was $2,003,585 compared to a working capital surplus of $767,909 as at March 31, 2023. The decrease in working capital is largely due to a decrease in inventory and an increase in accounts payable and accrued liabilities which is a result of the Company delaying the purchase of inventory and payment of accounts payable. Contributing to the decrease in working capital is an increase in current loans payable which is a result of the Company entering into new borrowing arrangements during the twelve months ended March 31, 2024. The current portion of lease liabilities payable also increased due to the timing of lease payments. For additional information on the Company's liquidity and capital resources, see the section titled *"Liquidity and Capital Resources"*, beginning on page 12 of this MD&A.

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

Selected Annual Information

Balance sheet data

	As at March 31, 2024	As at March 31, 2023	Change
Total assets	$ 4,504,081	$ 6,294,300	$ 1,790,219
Total non-current liabilities	$ 3,373,366	$ 3,675,531	$ 302,165

The decrease in total assets from $6,294,300 as at March 31, 2023 to $4,504,081 as at March 31, 2024 is largely due to the decrease in inventory balances at March 31, 2024 compared to March 31, 2023 as the Company increased inventory on-hand levels to better supply customers as at March 31, 2023. Additionally, the right of use asset balance decreased due to additional depreciation and no new leases entered in the twelve months ended March 31, 2024.

The decrease in total non-current liabilities from $3,675,531 as at March 31, 2023 to $3,373,366 as at March 31, 2024 is mostly a result of lease payments on the lease for the building located in Centennial, Colorado coming due.

The decrease in total assets from $6,294,300 as at March 31, 2024 to $4,504,081 as at March 31, 2024 is mostly due to the use of cash in the Company's operating activities and amortization of prepaid expenditures.

The decrease in total non-current liabilities from $3,675,531 as at March 31, 2023 to $3,373,366 as at March 31, 2024 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 twelve months ended March 31, 2024		For the fifteen months ended March 31, 2023		Change
Total revenue	$	4,161,354	$	7,573,793	$	3,412,439
Gross profit	$	327,890	$	1,234,113	$	906,223
Net loss	$	(4,536,525)	$	(8,308,880)	$	3,772,355
Comprehensive loss	$	(4,550,214)	$	(8,072,272)	$	3,522,058
Basic and diluted loss per share	$	(0.08)	$	(0.18)	$	(0.10)

Total revenue decreased from $7,573,793 for the fifteen months ended March 31, 2023 to $4,161,354 for twelve months ended March 31, 2024. This decrease is primarily attributed to lower sales volumes as the Company was constrained by available inventory. Gross profit decreased from $1,234,113 to $327,890. Gross profit margins decreased from 16.29% to 7.88%.

Net loss and comprehensive loss decreased from to $8,308,880 and $8,072,272 for the fifteen months ended March 31, 2023 to $4,536,525 and $4,550,214 for the twelve months ended March 31, 2024. Notable factors which are attributed to the increase in the Company's net loss and comprehensive loss for the twelve months ended March 31, 2024 include:

- Share based compensation of $3,128,214 was recognized for the fifteen months ended March 31, 2023 whereas no share based compensation was recognized for the twelve months ended March 31, 2024; and
- Lower general and administrative and salaries expenses as the Company is making an effort to conserve cash.

For a discussion on these increases, see the section titled *"Results of Operations for the Twelve Months Ended March 31, 2024 and Fifteen Months Ended March 31, 2023"*, beginning on page 11 of this MD&A.

Results of Operations for the Three Months Ended March 31, 2024 and 2023

Revenue

For the three months ended March 31, 2024, the Company generated total revenues of $755,148 which is a decrease of $292,634 from revenue of $1,047,782 for the three months ended March 31, 2023. This decrease in revenue is mostly due to lower sales of starch products during the three months ended March 31, 2024 compared to the three months March 31, 2023.

Cost of sales and gross profit

For the three months ended March 31, 2024, the Company's cost of sales and gross profit were $727,614, and $27,534, respectively, compared to $900,215 and $147,567 for the three months ended March 31, 2023. Gross profit margin decreased to 3.65% for the three months ended March 31, 2024, compared to 14.08% for the three months ended March 31, 2023. The decrease in gross profit margin is largely a result of an increase in cost of sales in relation to amortization costs on equipment and leased assets used in the production of products, as well as the variability in the margins of the products sold during the two periods.

Expenses

Accretion decreased by $142,094 from $172,325 for the three months ended March 31, 2023, to $30,231 for the three months ended March 31, 2024. This decrease is a result of the decrease in accretion incurred on the revolving loan facility with a company controlled by a related party during the three months ended March 31, 2024.

Amortization increased by $393,466 from negative $315,482 for the three months ended March 31, 2023 to $77,984 for the three months ended March 31, 2024. This increase is primarily due to higher amortization recorded on right of use assets for equipment and building which were capitalized on March 31, 2023 along with amortization recorded on property and equipment and intangible assets.

Bad debt increased by $197,498 from a recovery of $11,444 for the three months ended March 31, 2023 to bad debt expense of $186,054 for the three months ended March 31, 2024. The increase in bad debt is due to the write off of receivables due from 2 customers during the year which were deemed to be uncollectible.

Consulting fees decreased by $69,145 from $70,101 for the three months ended March 31, 2023, to $956 for the three months ended March 31, 2024. Higher consulting costs were incurred during the three months ended March 31, 2023 as the Company retained business and capital market consultants during that period. During the three months ended March 31, 2024, the Company did not receive a similar level of consulting services in comparison to the three months ended March 31, 2024.

Finance costs increased by $205,416 from negative $35,912 for the three months ended March 31, 2023, to $169,504 for the three months ended March 31, 2024. This increase is due to higher interest incurred on loans and lease liabilities during the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

Salaries and benefits decreased by $81,706 from $602,219 for the three months ended March 31, 2023, to $520,513 for the three months ended March 31, 2024. The decrease is a result of staffing changes that occurred between the periods as well as the Company retaining fewer staff in an effort to conserve cash during the three months ended March 31, 2024.

General and administrative costs for the three months ended March 31, 2024 and 2023 are summarized as follows:

For the three months ended March 31,		**2024**		**2023**		**Change ($)**	**Change (%)**
Advertising and promotion	$	9,420	$	179,031	$	(169,611)	(1,801)
Insurance		22,125		(1,428)		23,553	106
Meals and entertainment		411		(580)		991	241
Office expenses		38,629		(77,839)		116,468	302
Other rent		74,149		173,486		(99,337)	(134)
Equipment rent		5,059		789,013		(783,954)	(15,496)
Repairs and maintenance		3,430		7,769		(4,339)	(127)
Shareholder communication		7,591		26,097		(18,506)	(244)
Subscriptions and dues		3,463		20,315		(16,852)	(487)
Utilities		14,445		16,679		(2,234)	(15)
Total general and administrative	**$**	**178,722**	**$**	**1,132,543**	**$**	**(953,821)**	**(534)**

General and administrative costs decreased by $953,821 from $1,132,543 for the three months ended March 31, 2023, to $178,722 for the three months ended March 31, 2024. The overall decrease is predominantly a result of the Company reducing costs in an effort to conserve cash. The increase in office expenses is primarily due to timing of expenditures and higher costs of routine office expenses resulting from inflation.

During the three months ended March 31, 2023, the Company recognized $246,416 of impairment of intangible assets while no such impairment was recognized during the three months ended March 31, 2024.

Results of Operations for the Twelve Months Ended March 31, 2024 and Fifteen Months ended March 31, 2023

Revenue

For the twelve months ended March 31, 2024, the Company generated total revenues of $4,161,354, which is a decrease of $3,412,439 from total revenue of $7,573,793 for the fifteen months ended March 31, 2023. This decrease in revenue is mostly due to capital shortfalls experienced by the Company which inhibited the Company from purchasing inventory for processing and resale during the twelve months ended March 31, 2024.

Cost of sales and gross profit

For the twelve months ended March 31, 2024, the Company's cost of sales and gross profit were $3,833,464, and $327,890, respectively, compared to $6,339,660 and $1,234,133 for the fifteen months ended March 31, 2023. Gross profit margin was 7.88% for the twelve months ended March 31, 2024, and 16.29% for the fifteen months ended March 31, 2023. The variation in gross profit margin is largely a result of the decline in sales revenue in relation to amortization costs on equipment and leased assets used in the production of products, as well as the variability in the margins of the products sold during the two periods.

Expenses

Accretion decreased by $45,785 from $173,971 for the fifteen months ended March 31, 2023, to $128,186 for the twelve months ended March 31, 2024. This increase is a result of accretion incurred from the measurement of the revolving loan facility with a company controlled by a related party during the twelve months ended March 31, 2024.

Amortization decreased by $93,409 from $370,568 for the fifteen months ended March 31, 2023 to $277,159 for the twelve months ended March 31, 2024. This decrease is primarily due to the shortened period from fifteen months during the comparative period to twelve months during the current period along with a decrease in the amount of amortization recorded in relation to the property and equipment

Bad debt increased by $205,476 from $5,574 for the fifteen months ended March 31, 2023 to $211,050 for the twelve months ended March 31, 2024. The increase in bad debt is due to the write off of receivables due from 2 customers during the year which were deemed to be uncollectible.

Consulting fees decreased by $300,091 from $309,846 for the fifteen months ended March 31, 2023, to $9,755 for the twelve months ended March 31, 2024. Higher consulting costs were incurred during the fifteen months ended March 31, 2023, as the Company retained business and capital market consultants during that period. During the twelve months ended March 31, 2024, the Company did not receive a similar level of consulting services in comparison to the comparative period.

Professional fees decreased by $79,684 from $596,899 for the fifteen months ended March 31, 2023, to $517,215 for the twelve months ended March 31, 2024. This decrease is primarily due to the shortened period from fifteen months during the comparative period to twelve months during the current period along with a decrease in audit fees for the twelve months ended March 31, 2024.

Finance costs increased by $272,077 from $415,740 for the fifteen months ended March 31, 2023, to $687,817 for the twelve months ended March 31, 2024. This increase is mostly due to higher interest and fees incurred on loans and other outstanding balances during the twelve months ended March 31, 2024 compared to fifteen months ended March 31, 2023.

Salaries and benefits decreased by $1,349,819 from $3,128,047 for the fifteen months ended March 31, 2023, to $1,778,395 for the twelve months ended March 31, 2024. The decrease in salaries and benefits for the twelve months ended March 31, 2024 reflects staffing changes that occurred between the periods as well as the Company retaining fewer staff in an effort to conserve cash during the twelve months ended March 31, 2024.

Share-based payments decreased by $659,736 from $659,736 for the fifteen months ended March 31, 2023, to $nil for the twelve months ended March 31, 2024. This decrease is due to the timing of grants, vesting periods and forfeitures of issued restricted share units and stock options. By the start of the twelve months ended March 31, 2024, all stock options and restricted share units were fully vested. No stock options or RSUs were granted during the twelve months ended March 31, 2024.

General and administrative costs for the twelve months ended March 31, 2024 and the fifteen months ended March 31, 2023 are summarized as follows:

		For the twelve months ended March 31, 2024		For the fifteen months ended March 31, 2023		Change ($)	Change (%)
Advertising and promotion	$	103,450	$	1,041,715	$	(938,265)	(90)
Insurance		84,512		177,566		(93,054)	(52)
Meals and entertainment		832		7,949		(7,117)	(90)
Office expenses		200,338		271,404		(71,066)	(26)
Other rent		257,052		377,308		(120,256)	(32)
Equipment rent		21,678		843,714		(822,036)	(97)
Repairs and maintenance		9,027		61,518		(52,491)	(85)
Shareholder communication		20,584		232,595		(212,011)	(91)
Subscriptions and dues		32,300		102,981		(70,681)	(69)
Utilities		45,710		67,297		(21,587)	(32)
Total general and administrative	**$**	**775,483**	**$**	**3,184,047**	**$**	**(2,408,564)**	**(76)**

General and administrative costs decreased by $2,408,564 from $3,184,047 for the fifteen months ended March 31, 2023, to $775,483 for the twelve months ended March 31, 2024. This decrease is largely a result of an advertising campaign with a cost of $650,000 for the design and deployment of digital content which was recorded during the fifteen months ended March 31, 2023. The decrease is also a result of the Company incurring lower equipment rent, office expenses and shareholder communication related costs in an effort to conserve cash during the twelve months ended March 31, 2024.

During the twelve months ended March 31, 2024, the Company recorded other income of $53,097 (fifteen months ended March 31, 2023- $nil) relating to a one-time transaction where the Company acted as the intermediary in the sale of products.

During the twelve months ended March 31, 2024, the Company recognized a loss on lease modification of $100,504 (fifteen months ended March 31, 2023- $nil) relating to certain production and manufacturing equipment that was returned.

During the fifteen months ended March 31, 2023, the Company recognized $246,416 of impairment of intangible assets while no such impairment was recognized during the twelve months ended March 31, 2024.

Summary of Quarterly Results

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

		March 31, 2024		December 31, 2023		September 30, 2023		June 30, 2023
Revenue	$	755,148	$	1,158,176	$	886,457	$	1,361,573
Net loss for the period	$	(1,497,002)	$	(1,024,206)	$	(994,743)	$	(1,020,574)
Loss per share - basic and diluted	$	(0.03)	$	(0.02)	$	(0.02)	$	(0.02)
Weighted average number of shares outstanding		52,055,838		64,256,938		52,189,183		52,055,838

		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

Revenue decreased from $1,158,107, for the 3 months ended December 31, 2023, to $755,148 for the 3 months ended March 31, 2024. The decreased is mainly due to a decrease in sales of starch products stemming from cash flow issues experienced by the Company which inhibited the Company from purchasing inventory fort processing and resale. Net loss increased from $1,024,206 for the three months ended December 31, 2023, to $1,497,002 for the 3 months ended March 31, 2024. The increase in quarterly net loss is primarily attributed to a quarter over quarter increase in bad debt of $185,933 and salaries and benefits of $155,347. The increase in bad debt is due to certain accounts being deemed uncollectible during the three months ended March 31, 2024 and being written off.

Revenue increased from $886,457, for the three months ended September 30, 2023, to $1,158,107 for the three months ended December 31, 2023. The increase in revenue is mostly attributable to an increase in sales of starch, protein and miscellaneous products resulting from an improved capital situation which allowed the Company to purchase more inventory for processing and resale. Net loss increased from $994,743 for the three months ended September 30, 2023, to $1,024,206 for the three months ended December 31, 2023. The increase in quarterly net loss is attributed to a quarter over quarter increases in professional fees of $90,786 and a quarter over quarter increase in research and development of $87,062. The increase in professional fees is mostly the result of legal fees associated with the lawsuit with the Company's landlord and other legal fees, higher audit fees and professional fees related to tax compliance. The increase in research and development was a result of the Company performing more research activity during the three months ended December 31, 2023 in comparison to the three months ended September 30, 2023.

Revenue decreased from $1,361,573, for the three months ended June 30, 2023, to $886,457 for the three months ended September 30, 2023. The decrease in revenue is mostly attributable to a decrease in sales of starch products stemming from capital shortfalls experienced by the Company which inhibited the Company from purchasing inventory for processing and resale. Net loss decreased from $1,020,574 for the three months ended June 30, 2023, to $994,743 for the three months ended September 30, 2023. The decrease in quarterly net loss is mostly attributed to quarter over quarter decreases in gross profit and salaries and benefits expenses of $169,707 and $48,698, respectively. The decrease in gross profit is mostly a result of the Company generating fewer sales during the three months ended September 30, 2023 in comparison to the three months ended June 30, 2023. The decrease in salaries and benefits expense is a result of staffing changes having taken place at the Company related to efforts to reduce operating costs to conserve cash.

Revenue increased from $1,047,782, for the three months ended March 31, 2023, to $1,361,573 for the three months ended June 30, 2023. The increase in revenue is mostly attributable to an increase in the sales of starch and hemp protein products. Net loss decreased from $2,105,957, for the three months ended March 31, 2023, to $1,020,547, for the three months ended June 30, 2023. This decrease in quarterly net loss is due to a comparably higher net loss during the three months ended March 31, 2023 resulting from an adjustment to impair obsolete inventory items and to expense items related to R&D which were initially capitalized to inventory, and additional equipment rent to reflect new circumstances relating to an equipment lease for production and manufacturing equipment that arose subsequent to March 31, 2023 (see the following paragraph for additional information on items). In conjunction with these items, the net loss for the three months ended June 30, 2023 was also reduced via the Company's efforts to reduce operating costs to conserve cash.

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 increase in quarterly net loss is 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 and salaries and benefits expenses of $103,001 and $225,758, respectively. 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. 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 ended 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 an 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.

Liquidity and Capital Resources

As at March 31, 2024, the Company had a working capital deficit of $2,003,585 which is a decrease of $2,771,494 from the working capital surplus at March 31, 2023 of $767,909. The decrease in working capital is largely due to a decrease in inventory and an increase in accounts payable and accrued liabilities, which is a result of the Company delaying the purchase of inventory and payment of accounts payable. Contributing to the decrease in working capital is an increase in current loans payable which is a result of the Company entering into new borrowing arrangements during the twelve months ended March 31, 2024. The current portion of lease liabilities payable also increased due to the timing of lease payments.

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 twelve months ended March 31, 2024 and fifteen months ended March 31, 2023, is as follows:

	For the twelve months ended March 31, 2024	For the fifteen months ended March 31, 2023	Change
Operating activities	$ (1,907,601)	$ (5,847,328)	$ 3,939,727
Investing activities	(6,143)	(32,840)	26,697
Financing activities	1,891,917	4,386,700	(2,494,783)
Change in cash	**$ (21,827)**	**$ (1,493,468)**	**$ 1,471,641**

Cash used in operating activities decreased by $3,939,727. The decrease is largely a result of the Company spending comparably lower amounts to cover operations related expenses and activities during the twelve months ended March 31, 2024, compared to the fifteen months ended March 31, 2023. During the twelve months ended March 31, 2024, the Company experienced capital shortfalls and was focused on conserving cash during that period.

Cash used in investing activities decreased by $26,697. The decrease is largely due to a higher amount of cash used during the fifteen months ended March 31, 2023 to purchase equipment during that period.

Cash generated from financing activities decreased by $2,494,783. The decrease is largely due to more funds received for private placements, coupled with additional loan and leases repayments during the fifteen months ended March 31, 2023 when compared to the twelve months ended March 31, 2024.

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, Director 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)

Related party balances

As at March 31, 2024, included in due from related parties is $9,231 (March 31, 2023 - $9,225) due from Marc Olmsted, Director of Research and Development and Director of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at March 31, 2024, included in accounts payable and accrued liabilities is $59,493 (March 31, 2023 - $60,780) due to Chadwick White, CEO, CIO and Director of the Company. The amount consists of expenses charged to a personal credit card of the Chadwick White and is unsecured, non-interest bearing and due on demand. As at March 31, 2024, also included in accounts payable and accrued liabilities is $28,791 (March 31, 2023 - $17,403) owed to Chadwick White consisting of salary owed and is unsecured, non-interest bearing and due on demand.

As at March 31, 2024, included in accounts payable and accrued liabilities is $27,722 (March 31, 2023 - $2,774) 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 consists of expense reimbursements and is unsecured, non-interest bearing, and due on demand.

As at March 31, 2024, included in accounts payable and accrued liabilities is $72,306 (March 31, 2023 - $20,454) due to David Wood, COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary. The amount consists of expenses charged to a personal credit card of David Wood. The amount is unsecured, non-interest bearing and due on demand. As at March 31, 2024, also included in accounts payable and accrued liabilities is $79,289 (March 31, 2023 - $65,826) owed to David Wood, consisting of salary owed and is unsecured, non-interest bearing and due on demand.

As at March 31, 2024, included in accounts payable and accrued liabilities is $37,819 (March 31, 2023 - $8,961) 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, 2024, also included in accounts payable and accrued liabilities is $15,732 (March 31, 2023 - $6,210) owed to Paul Feldman, consisting of expense reimbursements and is unsecured, non-interest bearing and due on demand.

As at March 31, 2024, included in accounts payable and accrued liabilities is $9,726 (March 31, 2023 - $nil) due to the family members of Chadwick White, CEO, CIO and Director of the Company. The amount consists of salary owed and is unsecured, non-interest bearing and due on demand.

As at March 31, 2024, included in accounts payable and accrued liabilities is $2,717 (March 31, 2023 - $nil) due to the family members of 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, 2024, included in accounts payable and accrued liabilities is $8,169 (March 31, 2023 - $nil) due to Marc Olmsted, Director of Research and Development and Director of the Company. The amount consists of salary owed and is unsecured, non-interest bearing and due on demand.

Related party transactions

During the twelve months ended March 31, 2024 and fifteen months ended March 31, 2023, the Company incurred charges for salaries and benefits, professional fees, and share-based payments with related parties. The following table outlines related party transactions for the twelve months ended March 31, 2024 and fifteen months ended March 31, 2023.

		For the twelve months ended March 31, 2024		For the fifteen months ended March 31, 2023
Salaries and benefits				
Chadwick White, CEO, CIO and Director	$	129,339	$	249,667
Family members of Chadwick White		202,751		312,246
Marc Olmsted, Manager of R&D and Director		147,130		171,697
Paul Feldman, Chief Engineer		133,415		151,925
David Wood, COO (former CEO), Director, interim CFO and Interim Corporate Secretary		126,645		250,536
Family members of David Wood		42,713		184,239
John Maculley, former COO		-		96,902
Family members of John Maculley[1]		-		31,003
Eric Kriegisch, former VP of Ingredient Sales		-		67,049
	$	781,993	$	1,515,264
Professional fees				
Treewalk Consulting Inc., a company controlled by Alex McAulay, former CFO, Corporate Secretary and Director[2]		79,967		310,390
	$	79,967	$	310,390
Share-based payments				
David Wood, COO (former CEO), Director, interim CFO and interim Corporate Secretary		-		73,306
Chadwick White, CEO, CIO and Director		-		73,306
Paul Feldman, Chief Engineer		-		73,306
Marc Olmsted, Manager of R&D and Director		-		73,306
Alex McAulay, former CFO, Corporate Secretary and Director		-		73,306
Joel Leonard, former Director		-		36,653
David Breda, former Director		-		36,653
Eric Kriegisch, former VP of Ingredient Sales		-		15,476
John Maculley, former COO		-		-
	$	-	$	455,312
Total	**$**	**861,960**	**$**	**2,280,966**

[1]Only reflects charges incurred while John Maculley was COO of the Company.
[2]Only reflects charges incurred while Alex McAulay was CFO of the Company. Fees for accounting and corporate secretarial services includes $24,810 in late payment fees for the twelve months ended March 31, 2024 (fifteen months ended March 31, 2023 - $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. These facilities were unsecured, bore 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 with Fire Fighter Trucks of Colorado, LLC was cancelled. No principal or interest was owing on this facility at the time of its cancellation. 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.

During the twelve months ended March 31, 2024, the Company received loan proceeds of USD$231,100 (CAD$311,597) and made principal repayments of USD$81,628 (CAD$110,060) for net proceeds of USD$149,472 (CAD$201,537). During the twelve months ended March 31, 2024, the Company made interest payments of USD$40,372 (CAD$54,435), incurred interest expenses of USD$42,152 (CAD$56,835), recorded accretion of USD$93,788 (CAD$126,456), and recorded an additional equity component of USD$61,621 (CAD$83,084) related to the revolving loan facility.

As at March 31, 2024, USD$650,000 (CAD$880,081) was borrowed on the Second Amended Facility (March 31, 2023 – USD$633,116 (CAD$856,571)) and an additional USD$132,589 (CAD$179,521) was borrowed under the same terms as the Second Amended Facility (March 31, 2023 – $Nil).

As at March 31, 2024, total accrued interest of $9,819 (March 31, 2023 - $7,404) on the original and amended revolving loan facilities was recorded in accounts payable and accrued liabilities. The Company incurred interest expense of $56,835 (fifteen months ended March 31, 2023 - $34,999) relating to these revolving loan facilities during the twelve months ended March 31, 2024.

Other transactions

During the twelve months ended March 31, 2024, the Company was charged $nil (fifteen months ended March 31, 2023 - $13,692), in lease payments for equipment by 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.

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 twelve months ended March 31, 2024, and the fifteen months ended March 31, 2023.

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 twelve months ended March 31, 2024.

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 twelve months ended March 31, 2024 and fifteen months ended March 31, 2023.

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, 2024**		**March 31, 2023**
FVTPL					
Cash	1	$	65,925	$	15,064
Restricted Cash	1		-		74,467
Other assets, at amortized cost					
Accounts receivable			418,832		372,079
Due from related parties			9,232		9,225
Total financial assets		**$**	**493,989**	**$**	**470,835**

FINANCIAL LIABILITIES	**Level**		**March 31, 2024**		**March 31, 2023**
Other liabilities, at amortized cost					
Accounts payable and accrued liabilities			1,823,803		1,620,697
Loans payable			1,997,511		758,506
Total financial liabilities		**$**	**3,821,314**	**$**	**2,379,203**

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 accounts receivable, due from related parties and accounts payable and accrued liabilities approximate their fair values due to their short-term maturities. Cash and restricted cash are 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 $3,000 foreign exchange gain or loss in the consolidated statement of comprehensive loss as at March 31, 2024.

(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 and restricted 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, 2024, 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, restricted cash, due from related parties 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, 2024	**March 31, 2023**
1 – 60 days	$ 321,723	$ 303,993
61 - 90 days (past due)	5,088	6,581
Over 90 days (past due)	226,617	21,257
Provision for expected credit losses (over 90 days)	(198,718)	-
Total	**$ 354,710**	**$ 331,831**

The Company is exposed to increased credit risk due to major customers that comprise 10% or more of revenue. For the three and nine months ended December 31, 2023 and 2022, the following revenue was recorded from major customers:

	Twelve months ended March 31, 2024	**Fifteen months ended March 31, 2023**
Customer A	$ 1,648,320	$ 2,520,640
Customer B	373,114	2,813,513
Customer C	483,322	189,970
Customer D	588,055	2,560

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	$ 1,823,803	$ -	$ -
Loans payable	1,128,160	1,069,421	-
Lease liability	1,454,466	2,062,983	1,143,255
Total	**$ 4,406,429**	**$ 3,132,404**	**$ 1,143,255**

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.

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 three and nine months ended December 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.

Other MD&A Requirements

Outstanding share data

	As at March 31, 2024	As at the date of this report
Class A shares	224,089	224,089
Common shares	77,747,609	104,193,181
Warrants	36,557,620	36,557,620
Options	1,200,000	1,200,000

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.sedarplus.ca.

Subsequent Events

On April 5, 2024, Nepra US entered into a short-term loan agreement for a total of USD$950,000 advanced 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 Nepra US. On July 15, 2024, the Company issued 26,445,572 common shares to settle the loan together with all accrued and unpaid interest, being approximately US$970,551.

On June 13, 2024, the Company entered into a loan for gross proceeds of USD$175,000. The Company agreed to repay the lender a total of US$211,750 by making weekly payments of US$5,434. The Company incurred an upfront fee of USD$4,375 for the closing of the agreement. The loan is secured against the Company's accounts receivable.

On July 1, 2024, the Company modified its lease agreement for various production and manufacturing equipment (Note 10). Commencing on July 1, 2024, the Company committed to paying USD$150,000 for the first and second months of the lease term and USD$3,700 monthly thereafter until March 1, 2027. As at the date of these consolidated financial statements, the first and second month commitments have been paid.