

**ADAPTOGENICS HEALTH CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**INTERIM MD&A – QUARTERLY HIGHLIGHTS**  
**FOR THE NINE-MONTH PERIOD ENDED**  
**DECEMBER 31, 2022**

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## **INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") of Adaptogenics Health Corp.'s (the "Company") performance, financial condition, and future prospects has been prepared as of February 21, 2023. This MD&A is prepared in accordance with section 2.2.1 of National Instrument 51-102, *Continuous Disclosure Obligations* ("NI 51-102"), which contemplates venture issuers providing quarterly highlights reporting by way of a brief narrative update about the business activities, financial condition, financial performance and cash flow of the Company.

This MD&A should be read in conjunction with the Company's unaudited financial statements for the nine-month period ended December 31, 2022 and with the Company's audited financial statements and the notes thereto for the fiscal year ended March 31, 2022 which have been prepared using International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars.

## **DESCRIPTION AND OVERVIEW OF BUSINESS**

The Company was incorporated on April 1, 2021 pursuant to the Business Corporations Act (British Columbia). On December 12, 2022, a Prospectus filed by the Company was given final receipt by the British Columbia Securities Commission. On January 9, 2023, the Company's common shares began trading on the Canadian Securities Exchange ("CSE") under the symbol "*ADPT*".

As at December 31, 2022, the Company had not yet achieved profitable operations, has accumulated losses of \$332,004 since inception, and expects to incur further losses with the development of the business. These factors indicate a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern. The Company's continuation as a going concern is primarily dependent upon its ability to raise financing from equity markets or borrowings and upon successful results from its business initiatives and activities. While the Company has been successful in securing financing in the past, there is no assurance that the Company will be able to do so in the future. Accordingly, these condensed interim financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these condensed interim financial statements.

The Company is a Canadian-based nutraceutical Company focused on the formulation and distribution of functional mushroom products and nutritional supplement alternatives. The Company's internal product development team creates product formulations combining functional mushrooms and their adaptogens which are aimed to support holistic health. The Company is committed to growing its presence in Canada and the United States through a multifaceted distribution strategy to advance its mission of improving and empowering human health and wellness.

Adaptogens are substances that produce resistance to stress in both animals and humans and are commonly found in plants and fungi. Scientifically, adaptogens were first documented in the 1950s and since then much work has gone into studying the effects on humans with respect to stress reduction, resistance to mental fatigue and improved attention capabilities. Consumer research shows that consumers are looking for alternatives to help strengthen and boost immune systems and they are turning to functional foods and holistic health solutions to support those goals. In recent years, the concept of adaptogens has seen significant growth and awareness by health and wellness consumers.

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**ANALYSIS OF THE COMPANY'S FINANCIAL PERFORMANCE AND CONDITION**

The following is a summary of the Company's results for the seven most recently completed quarters (in Canadian dollars (\$)):

	Revenue \$	Net income (loss) \$	Income (loss) per share \$	Total assets \$	Total liabilities \$	Working capital \$
December 31, 2022	nil	(68,298)	0.005	369,953	59,071	310,882
September 30, 2022	nil	(68,261)	0.005	439,959	33,778	406,181
June 30, 2022	nil	(54,742)	0.00	509,197	34,753	474,444
March 31, 2022	nil	(53,642)	0.00	577,495	48,312	529,183
December 31, 2021	nil	(23,252)	0.00	455,548	14,479	441,226
September 30, 2021	nil	(38,107)	0.01	44,919	8,727	36,192
June 30, 2021	nil	(25,701)	0.00	60,000	25,702	34,299

The material variations are:

- (i) the net losses for over the quarters have been consistent and have increased marginally as the Company executes its business objectives. The Company is actively developing its adaptogen product line and seeking a listing on the CSE over the last six months. This initiative resulted in the Company incurring many one-time legal and accounting fees and, filing and regulatory expenses.
- (ii) the increased cash in the quarter as at the end of December 31, 2021 was a result of the Company private placement on the issuance of 8,600,000 common shares for gross proceeds of \$430,000.

***Nine-months ended December 31, 2022***

The Company posted a loss of \$191,301 (2021 - \$87,060) for the nine-months ended December 31, 2022.

The key components of this loss are as follows:

1. The Company incurred \$17,807 (2021 - \$24,518) in advertising and promotional costs. These costs centered around the development of the Company's website and its e-commerce initiatives, the preparation of various advertising programs to market the Company's product and the initiation of several sponsorship initiatives. Many of the costs are one-time expenditures.
2. The Company incurred consulting fees of \$24,705 for the nine-month period ended December 31, 2022 compared to costs of \$47,774 for the corresponding nine-months period ended December 31, 2021. These costs were centered around the development of the Company's product line, planning of the Company's business objectives and other consulting work for various marketing initiatives. The lower cost in the current year can be attributed to much of the formulation work being completed last year.

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3. Filing fees were \$23,500 (2021 - \$nil) for the nine-months ended December 31, 2022. These costs relate to payment of regulatory fees in obtaining a CSE listing and the preparation of the Company's listing prospectus.
4. The Company incurred \$61,400 (2021 - \$nil) in management fees. These fees were paid to the management group for services rendered.
5. The Company incurred \$49,814 (2021 - \$14,214) in professional fees. The costs can be broken down to \$32,814 and \$17,000 for legal and accounting related fees respectively. Many of the costs are one-time expenditures attributed to obtaining the CSE listing.
6. Product and development costs were \$14,300 (2021 - \$nil) for the nine-month period ended December 31, 2022. These costs are related to the development of samples of the Company's product line.

***Three-months ended December 31, 2022***

The Company posted a loss of \$68,298 (2021 - \$23,252) for the three-months ended December 31, 2022.

The key components of this loss are as follows:

1. The Company incurred \$8,307 (2021 - \$8,898) in advertising and promotional costs. These costs centered around the development of the Company's website and e-commerce initiatives, the preparation of various advertising programs to market the Company's product and several sponsorship initiatives.
2. The Company incurred consulting fees of \$10,900 and \$8,000 for the three-months periods ended December 31, 2022 and 2021 respectively. These costs were centered around the development of the Company's product line, planning of the Company's business objectives and other consulting work on various marketing initiatives.
3. Filing fees were \$10,000 (2021 - \$nil) for the three-months ended December 31, 2022. These costs relate to an installment payment to CSE for the Company's listing.
4. The Company incurred \$13,500 (2021 - \$nil) in management fees. These fees were paid to the management group for services rendered.
5. The Company incurred \$27,540 (2021 - \$6,184) in professional fees. Many of the costs are one-time expenditures attributed to obtaining the CSE listing.

**RELATED PARTY TRANSACTIONS**

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key

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management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	Three-month periods ended December 31,		Nine-month periods ended December 31,	
	2022	2021	2022	2021
	Short-term benefits*	\$ 13,500	\$ -	\$ 61,400

\*includes base salaries pursuant to contractual employment or consultancy arrangements. These have been recorded in management fees.

- During the nine-month period ended December 31, 2022, the Company incurred management fees totaling \$28,000 (2021 - \$nil) to Daryl Ware-Lane, a director and the CEO of the Company.
- During the nine-month period ended December 31, 2022, the Company incurred management fees totaling \$16,500 (2021 - \$nil) to Blue Ocean Productions Ltd., a company controlled by a director and VP Sales of the Company.
- During the nine-month period ended December 31, 2022, the Company incurred management fees totaling \$11,500 (2021 - \$nil) to Hani Zabaneh, a director of the Company.
- During the nine-month period ended December 31, 2022, the Company incurred management fees totaling \$5,400 (2021 - \$nil) to MJJ Corporate Services Inc., a company controlled by the CFO of the Company.

As at December 31, 2022, the Company had \$nil (March 31, 2022 - \$9,975) due to related parties.

**DIRECTORS AND OFFICERS**

As at the date of this MD&A, the directors and officers of the Company are as follows:

Daryl Ware-Lane	Director, President and CEO
Martin Bajic	Director
David Heel	Director and VP Sales
Pavandeep Mehat	Director
Hani Zabaneh	Director and COO
Ming Jang	CFO and Corporate Secretary