

**ADAPTOGENICS HEALTH CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**INTERIM MD&A – QUARTERLY HIGHLIGHTS**  
**FOR THE THREE- AND NINE- MONTH PERIODS ENDED**  
**DECEMBER 31, 2023**

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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 26, 2024. 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 condensed interim financial statements for the three-and nine-month periods ended December 31, 2023. They should also be read in conjunction with the Company's audited financial statements and the notes thereto for the fiscal year ended March 31, 2023 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. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

## **DESCRIPTION AND OVERVIEW OF BUSINESS**

Adaptogenics Health Corp. was incorporated on April 1, 2021 pursuant to the Business Corporations Act (British Columbia). On December 14, 2022, a Prospectus filed by the Company was given final receipt by the British Columbia Securities Commission and on January 9, 2023, the Company's common shares began trading on the Canadian Securities Exchange ("CSE"). The shares of the Company currently trade under the symbol "ADPT" on the CSE.

The Company is a Canadian-based nutraceutical company focused on the formulation and distribution of functional mushroom products and nutritional supplement alternatives. The Company is in the process of developing product formulations combining functional mushrooms and adaptogenic herbs which are aimed to support holistic health. The Company is committed to growing a presence in North America through a multifaceted distribution strategy to advance the mission of improving and empowering human health and wellness. During the three-month period ended September 30, 2023, the Company launched its online store on its website offering its functional mushroom products.

As at December 31, 2023, the Company had not yet achieved profitable operations, had an accumulated deficit of \$502,382 since inception, and expects to incur further losses in the development of its business. These events and conditions 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 successful development and launch of its functional mushroom and nutritional supplement alternatives to the market. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future. Accordingly, the Company's 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 financial statements.

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**SUMMARY OF FINANCIAL RESULTS OF OPERATIONS –  
NINE-MONTH PERIOD ENDED DECEMBER 31, 2023**

The Company reported a loss of \$96,067 for the nine-month period ended December 31, 2023 compared to a loss of \$191,301 for the corresponding nine-month period ended December 31, 2022.

Advertising and promotional costs were \$12,004 and \$17,807 for the nine-month periods ended December 31, 2023 and 2022 respectively. These costs can be attributed to the Company actively working on its marketing and product branding initiatives with regards to its online store.

The Company incurred consulting fees of \$520 (FY2023 - \$24,705). The costs incurred during the prior corresponding period were higher due to the start-up of the Company and costs incurred to development of the Company's product line.

The Company incurred management fees of \$35,500 and \$61,400 for the nine-month periods ended December 31, 2023 and 2022 respectively. In an effort to preserve the Company's cash, the management of the Company voluntarily reduce their fees.

Professional fees were \$19,033 (FY2023 - \$49,814). These costs can be attributed to \$13,872 (FY2023 - \$17,000) in accounting and audit related fees and \$5,161 (FY2023 - \$32,814) in legal fees. Many of the costs in the prior year were one-time expenditures attributed to the Company obtaining its' CSE listing.

The Company incurred product development costs of \$nil (FY2023 - \$14,300). The decrease in costs can be attributed to the initial formulation of the Company's product line which was incurred during the last fiscal year.

The Company recognized \$12,780 (FY2023 - \$nil) in share-based compensation costs. This amount represents the fair-value of the 275,000 options that vested during the period. The remaining 27,500 option will vest over the next six months.

- The following is a summary of the Company's results for the eight most recently completed quarters:

	<b>Revenue</b>	<b>Current assets</b>	<b>Current liabilities</b>	<b>Working capital</b>	<b>Loss</b>	<b>Loss per share</b>
December 31, 2023	\$658	\$ 201,727	\$ 21,443	\$ 180,284	\$ (30,863)	\$ (0.005)
September 30, 2023	465	217,161	11,299	205,862	(38,361)	(0.005)
June 30, 2023	nil	268,551	31,827	236,724	(26,843)	(0.00)
March 31, 2023	nil	302,536	38,965	263,571	(74,312)	(0.01)
December 31, 2022	nil	396,953	59,071	337,882	(68,298)	(0.005)
September 30, 2022	nil	439,959	33,778	406,181	(68,261)	(0.005)
June 30, 2022	nil	509,197	34,753	474,444	(54,741)	(0.00)
March 31, 2022	\$ nil	577,495	48,312	529,183	(53,642)	(0.02)

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2. The only 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's activity up to December 31, 2022 has been developing its adaptogen product line and seeking a listing on the CSE. Costs incurred after the Company began trading on the CSE are costs normally associated with that of maintaining a listed publicly traded company.
  - (ii) the increased cash in the quarter as at the end of December 31, 2021 was a result of the Company commencing a private placement on the issuance of 8,600,000 common shares for gross proceeds of \$430,000.
3. As at December 31, 2023 the Company had a cash balance of \$161,254 to settle current liabilities of \$21,443. The Company expects to fund future expenditures through the issuance of capital stock.
4. There are no known trends, risks or demands affecting the Company except that (i) should the Company be unsuccessful in raising additional financing, the Company will likely be unable to carry on an active business. The Company is unable to determine, at this time, whether it will be successful in raising sufficient capital to further develop and market its adaptogen product.
5. The major operating milestones affecting or pertaining to the Company are: (i) raise sufficient capital to settle its outstanding liabilities; and, (ii) the Company generating sufficient revenue from the sale of its adaptogen product line. The Company began selling its product line through its website during the three month period ended September 30, 2023,
6. There are no significant changes from disclosure previously made about how the Company was going to use proceeds from any financing.

**SUMMARY OF FINANCIAL RESULTS OF OPERATIONS –  
THREE-MONTH PERIOD ENDED DECEMBER 31, 2023**

The Company reported a loss of \$30,863 for the three-month period ended December 31, 2023 compared to a loss of \$68,298 for the corresponding three-month period ended December 31, 2022.

The Company generated some revenue from the sale of its product as it launched its online shop. The Company is continuing with its efforts to promote its product and to create brand awareness to promote additional sales.

Advertising and promotional costs were \$5,464 and \$8,307 for the three-month periods ended December 31, 2023 and 2022 respectively. The Company is continuing with a marketing program to create product awareness as its product became available for sale online on the Company's website.

The Company incurred consulting fees of \$nil (Q3-FY2023 - \$10,900). The costs incurred during the previous fiscal quarter were incurred due to the start-up of the Company and the development of the Company's product line.

Management fees were \$10,500 and \$13,500 for the three-month periods ended December 31, 2023 and 2022 respectively. In an effort to preserve the Company's cash, the management of the Company voluntarily reduce their fees.

Professional fees were \$5,000 (Q3-FY2023 - \$27,540). These costs can be attributed to \$5,000 (Q3-FY2023 - \$9,000) in accounting and audit related fees and \$nil (Q3-FY2023 - \$18,540) in legal fees. Many of the costs in the prior year were one-time expenditures attributed to the Company obtaining its' CSE listing

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The Company recognized \$5,283 (FY2023 - \$nil) in share-based compensation costs. This amount represents the fair-value of an additional 137,500 options that vested during the period. The remaining 275,000 options will vest over the next six months.

**SECURITIES OUTSTANDING**

As at December 31, 2023 and the date of this MD&A, the Company had 16,397,701 common shares issued and outstanding.

As at December 31, 2023 and the date of this MD&A, the Company had no warrants issued and outstanding.

On August 16, 2023, the Company granted 550,000 incentive stock options to certain directors, officers and consultants at an exercise price of \$0.10. The Options will expire three years from the date of the grant and will vest quarterly over the next 12 months.

As at December 31, 2023 and the date of this MD&A, the Company had 550,000 stock options issued and outstanding.

**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 individuals who have authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key 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:

	<b>Three-months ended</b>		<b>Nine-months ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Management fees	\$ 10,500	\$ 13,500	\$ 35,500	\$ 61,400
Share-based payments	2,882	-	6,971	-
<b>Total</b>	<b>\$ 13,382</b>	<b>\$ 13,500</b>	<b>\$ 42,471</b>	<b>\$ 61,400</b>

As at December 31, 2023, the Company had \$3,675 (FY2023 - \$nil) due to related parties. The amounts owing are unsecured, non-interest bearing and have no specific terms of repayment.

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**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