

**Pangea Natural Foods Inc.**  
**(also referred to as “Pangea” or the “Company”)**  
**Management’s Discussion and Analysis**

The following management’s discussion and analysis (“MD&A”) should be read in conjunction with the unaudited condensed interim financial statements for the three months ended January 31, 2024, as well as the audited financial statement for the year ended October 31, 2023 and the notes thereto, prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

All dollar figures included therein and in the following discussion analysis are quoted in Canadian dollars unless otherwise noted.

**Date**

This “MD&A” is dated April 2, 2024, and is in respect of the three months ended January 31, 2024. The discussion in this MD&A focuses on this period. Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates. This MD&A is prepared in conformity with National Instrument 51-102F1 and has been approved by the Board of Directors of the Company.

**Disclaimer for Forward-Looking Statements**

This MD&A contains forward-looking statements relating to future events. In some cases, forward-looking statements can be identified by such words as “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” or similar expressions. These statements represent management’s best projections, but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in the MD&A which may cause actual performance and financial results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

**Description of the Business**

Pangea Natural Foods Inc. (“Pangea” or the “Company”) was incorporated on April 10, 2021 under the laws of the British Columbia Business Corporations Act. The registered records office of Pangea is located at 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, BC, V6C 2T5. The Company was formed to research and develop as well as produce and sell plant-based patties and other plant-based foods that are nutritious, and non-GMO.

Pangea Foods sells a plant-based patty that has been manufactured in-house at a facility in the Lower Mainland of British Columbia which utilizes brand new, customized production machinery, which has been approved by both the Canadian Food Inspection Agency and the Federal Drug Administration. The products are then packaged and distributed via our multiple sales channels. To provide a convenient experience for Pangea Food customers, we are offering our products

along E-commerce as well as retail, such as Save-On-Foods, Loblaws Companies Limited, IGA Marketplace BC, Fresh Street Market and wholesale networks.

## Corporate Highlights

### Operational Highlights

The following are the Company's notable operational achievements for the three months ended January 31, 2024 and to the date of this MD&A:

- On November 7, 2023, the Company closed the first tranche of a private placement and issued 1,636,998 units at a price of \$0.15 per unit for gross proceeds of \$245,550. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the warrant holder to acquire one additional common share of the Company at an exercise price of \$0.25 for a period of 24 months commencing on the date of issuance.
- On January 29, 2024, the Company closed the second and final tranches of the private placement and issued 400,000 units at a price of \$0.15 per unit for gross proceeds of \$60,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the warrant holder to acquire one additional common share of the Company at an exercise price of \$0.25 for a period of 24 months commencing on the date of issuance.

## Summary of Quarterly Results

The following table provides selected quarterly financial data for the completed quarters since the inception of the Company:

	January 31, 2024 \$	October 31, 2023 \$	July 31, 2023 \$	April 30, 2023 \$
Revenue	8,019	2,606	18,303	125,997
Net loss for the period	(209,506)	(453,761)	(245,778)	(598,470)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.02)

	January 31, 2023 \$	October 31, 2022 \$	July 31, 2022 \$	April 30, 2022 \$
Revenue	138,684	272,546	77,280	198,362
Net loss for the period	(362,277)	(424,467)	(360,646)	(194,910)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)

The Company incurred a net loss of 209,506 in the three months ended January 31, 2024. Compared to a net loss of \$453,761 in the previous quarter. The decrease in the net loss was mainly driven by a decrease in consulting fees related to the private placement, and the accounting fees incurred in the previous quarter related to the year-end audit, and a decrease in share-based payments due to the cancelled RSUs.

The Company incurred a net loss of \$362,277 in the three months ended January 31, 2023, compared to a net loss of \$431,207 in the previous quarter. The decrease in net loss was mainly driven by a decrease of \$43,692 in listing fees and impairment of intangible assets of \$36,000 recorded in the fourth quarter of fiscal 2022.

### Selected Financial Information

The following tables set out selected quarterly financial information for our Company, which has been prepared in accordance with IFRS:

	<b>Three months ended January 31, 2024</b>	<b>Three months ended January 31, 2023</b>
	<b>\$</b>	<b>\$</b>
Revenue	8,019	138,684
Operating expenses	211,548	371,184
Net loss and comprehensive loss for the period	(209,506)	(362,277)
Basic and diluted loss per share for the period	(0.01)	(0.01)
Weighted average number of shares outstanding	38,478,571	28,182,827

	<b>As at January 31, 2024</b>	<b>As at October 31, 2023</b>
Total assets	\$ 203,486	\$ 191,719
Non-current liabilities	\$ -	\$ -
Shareholders' (deficiency) equity	\$ (103,236)	\$ (138,279)

Total assets as at January 31, 2024, was \$203,486, which was comprised of cash, accounts receivable and other receivables, prepaid expenses, inventory and equipment.

As at January 31, 2024, inventory comprises approximately 31% of the Company's total assets, refer to Note 5 in the financial statements.

### Results of operations for the three months ended January 31, 2024

Pangea's loss for the three months ended January 31, 2024, was \$209,506 as compared to a loss of \$362,277 in the comparative period of 2023. During the period, the Company was focused on completing the proposed transaction.

#### *Revenue*

The Company recorded revenue of \$8,019 during the period as compared to \$138,684 in the similar period from 2023. Revenue from sales of each product is broken down as follows:

Product	Three months ended	
	2024	October 31, 2023
Plant-based Patties	\$ -	\$ 8,034
Old Fashioned Ghee	\$ 8,019	\$ 4,409
Energy Gel	\$ -	\$ 4
Munchie Mix	\$ -	\$ 3,339
Raw food products and other	\$ -	\$ 122,898

### *Cost of sales*

The Company recorded cost of sales of \$6,924 during the period as compared to \$132,839 in 2023, related to the Old Fashioned Ghee. The cost of sales related to Old Fashion Ghee relate to direct costs.

### *Gross profit*

As a result of revenue exceeding the cost of sales, the Company recognized a gross profit of \$1,095 during the three months period ended January 31, 2024, as compared to a gross profit of \$5,845 during the comparative period in 2023.

### *Expenses*

The major expenses incurred in the period, resulting in the loss, primarily related to advertising and promotion, bad debt, professional fees, salaries and wages and share-based payments.

Advertising and promotion for the period were \$31,036 as compared to \$223,089 in the comparative period in 2023 and were related to product advertising and market making services.

Professional fees for the period were \$79,114 as compared to \$86,030 in the comparative period in 2023 and were mainly due to general business matter, and private placement, and consulting fees for CFO services and general accounting services.

Salaries and wages for the period were \$46,807 as compared to \$33,236 in the comparative period in 2023 and related to wages for the CEO of the Company, refer to section "*Transactions with Related Parties*", and an employee.

Share-based payments for the period were \$34,499 related to the vesting of restricted share units as compared to \$Nil in the comparative period in 2023.

### **Disclosure of Outstanding Share Data**

Authorized share capital of the Company consists of an unlimited number of Class "A" common shares without par value.

As of the date of this MD&A, the Company had 38,985,332 common shares issued and outstanding. In addition, there are 4,971,500 warrants outstanding, 2,497,750 options outstanding and exercisable, and 1,426,667 restricted share units outstanding.

*Transactions during the three months ended January 31, 2024:*

On November 7, 2023, the Company closed the first tranche of the non-brokered private placement. The Company issued 1,636,998 units at a price of \$0.15 per unit for gross proceeds of \$245,550. Each unit consists of one common share and one half of one share purchase warrant. Each warrant entitles the warrant holder to acquire one additional common share of the Company at an exercise price of \$0.25 for a period of 24 months from the date of closing. The warrants were valued using the residual value method and assigned a value of \$49,110.

On January 26, 2024, the Company closed the second tranche of the non-brokered private placement. The Company issued 400,000 units at a price of \$0.15 per unit for gross proceeds of \$60,000. Each unit consists of one common share and one half of one share purchase warrant. Each warrant entitles the warrant holder to acquire one additional common share of the Company at an exercise price of \$0.25 for a period of 24 months from the date of closing. The warrants were valued using the residual value method and assigned a value of \$20,000.

### **Liquidity and Capital Resources**

As at January 31, 2024, the Company had a working capital deficiency of \$117,536 (2023 – working capital of \$153,554). As at January 31, 2024, the Company had cash on hand of \$69,549 (2022 - \$51,644) to meet accounts payable and accrued liabilities of \$306,722 (2023 - \$329,998).

Working capital is mainly comprised of cash of \$69,549 and accounts receivable and other receivables of \$47,765, see below for a discussion of cash flows in the period, offset by accounts payable and accrued liabilities of \$306,722.

#### *Cash Flows*

##### *Net cash used in operating activities*

Net cash used in operating activities for the three months ended January 31, 2024, was \$192,145 as compared to \$49,499 used in operating activities during three months ended January 31, 2023. The Company generated a net loss and had negative cash flows from operating activities due to the Company's sales declining in the period, with insufficient cash inflows to cover costs. The Company expects to have sufficient working capital to meet any operating cash outflows or working capital requirements for the immediate future.

##### *Net cash provided by financing activities*

Net cash provided by financing activities for three months ended January 31, 2024, was \$210,050 as compared to net cash used in financing activities of \$70,000 in three months ended January 31, 2023. This cash inflow was due to proceeds received from the private placement.

The Company has no commitments to make capital expenditures in future fiscal periods.

### **Off-Balance Sheet Arrangements**

As at the date of this MD&A, the Company has not entered into any off-balance sheet or income statement arrangements.

## Transactions with Related Parties

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of Pangea, including officers and directors of Pangea.

Related parties consist of the following individuals:

- Pratap Sandhu, CEO and director
- Rubens Tse, CFO
- Mohammad S. Fazil, director
- Nashir Virani, director
- Daryl Louie, CMO

	Three months ended January 31,	
	2024	2023
<b>Professional fees</b>		
Management entity that provides CFO services	\$ 30,279	\$ 25,463
<b>Salaries and wages</b>		
Pratap Sandhu, CEO and director	33,600	32,215
	<b>\$ 563,879</b>	<b>\$ 57,678</b>

All transactions with related parties were intended to be carried out on the same basis as if such transactions were with arm's length parties.

As at January 31, 2024, included in accounts payable and accrued liabilities was \$25,084 (October 31, 2023 – \$20,464) owed to the CEO of the Company, \$47,297 (October 31, 2023 - \$50,563) owed to a management entity for the provision of CFO services, \$3,311 (October 31, 2023 – \$3,311) owed to a company owned by a director of the Company, and \$53,093 (October 31, 2023 - \$45,866) owed to companies that the CEO of the Company has significant influence over.

As at January 31, 2024, included in accounts receivable was \$433 (October 31, 2023 - \$433) owed by a company that the CEO of the Company has significant influence over.

### *Other transactions*

During the three months ended January 31, 2024, the Company incurred \$Nil (January 31, 2023 - \$425) for purchases of inventory and completed sales of raw materials to a company owned by a director of the Company in the amount of \$Nil (January 31, 2023 – \$68,605).

During the three months ended January 31, 2024, the Company incurred \$6,027 (January 31, 2023 - \$29,250) for purchases of inventory, and \$Nil (January 31, 2023 - \$10,500) for rent to companies that the CEO of the Company has significant influence over.

## Financial Risk Management Objectives and Policies

Pangea is exposed to financial risks arising from its operations and from its use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The following

describes Pangea's objectives, policies, and processes for managing those risks and the methods used to measure them.

The overall objective of management is to set policies that seek to reduce risk to the extent possible without unduly impacting Pangea's competitiveness and flexibility. Further details regarding these policies are set out below.

#### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprised three types of risk: foreign currency risk, interest rate risk and other price risk.

##### *Foreign Currency Risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Company's functional and presentation currency is the Canadian dollar and financings and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to the foreign currency risk is not considered to be material. The Company has not had a material change in or management of this risk during the three months ended January 31, 2024.

##### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest earned on cash is insignificant and the Company does not rely on interest income to fund its operations. As a result, the Company's exposure to interest rate risk is not considered to be material. The Company has not had a material change in or management of this risk during the three months ended January 31, 2024.

##### *Other Price Risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company does not hold equity investments in other entities and therefore is not exposed to other price risk. The Company's exposure to and management of this risk has not changed materially during the three months ended January 31, 2024.

#### *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 and accounts receivable are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with either major financial institutions or reputable institutions with a sufficiently long operating history to be considered reliable for creditworthiness purposes. The Company mitigates credit risk by monitoring its exposure for credit losses with customers. 50% of the accounts receivable balance at January 31, 2024 relates to two customers (October 31, 2023 – 87%). The Company has determined that a provision of \$31,695 (October 31, 2023 - \$31,695) for expected credit losses is required as the amount is considered not collectible.

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk through the management of its capital structure. The Company addresses its liquidity by raising capital through the issuance of equity to supplement revenues from operations. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

The table below summarizes the maturity profile of the Company's financial liabilities based on the remaining period to the contractual maturity date as at January 31, 2024 and 2023.

		Less than		
<b>January 31, 2024</b>	On demand	1 year	1-3 years	Total
Accounts payable and accrued liabilities	\$306,722	\$ -	\$ -	\$306,722

  

		Less than		
<b>October 31, 2023</b>	On demand	1 year	1-3 years	Total
Accounts payable and accrued liabilities	\$329,998	\$ -	\$ -	\$329,998

### Fair values

The Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Cash is carried at fair value through profit or loss, while accounts receivable and other receivables, and accounts payable and accrued liabilities are carried at amortized cost. The fair values of accounts receivable and other receivables, and accounts payable and accrued liabilities approximate their carrying values due to their short terms to maturity.

The Company classifies its financial assets at fair value through profit or loss according to the fair value hierarchy as follows:

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 marker data (unobservable inputs).

As at January 31, 2024 and January 31, 2023, cash was measured at fair value through profit or loss in accordance with Level 1 of the fair value hierarchy. The Company had no transfers between levels of the fair value hierarchy during the three months ended January 31, 2024.

### Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to support its business plan, as well as to ensure that the Company



is able to meet its financial obligations as they become due. The Company considers its capital for this purpose to be shareholders' equity.

The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in the business environment. To maintain or adjust the capital structure, the Company may seek additional funding.

The Company believes it will be able to raise capital as required but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital. There have been no changes in the way in which the Company manages capital in the period. As at January 31, 2024, the Company expects its capital resources and projected future cash flows from operations to support its normal operating requirements on an ongoing basis. As at January 31, 2024 there were no externally imposed restrictions on the capital, or management thereof, of the Company.

### **Proposed Transaction**

On April 21, 2023, the Company entered into a share exchange agreement with Glory Organic Juice Company Inc., Glory Juice Co. Vancouver Ltd. (collectively, "Glory Juice") and the shareholders of Glory Juice ("Vendors"). Pursuant to the agreement, the Company will acquire all the issued and outstanding shares of Glory Juice and upon completion of the acquisition, each of the Glory Juice entities will become wholly-owned subsidiaries of the Company. In consideration for the purchased shares:

- The Company will issue an aggregate of 6,000,000 common shares of the Company to the Vendors. The shares will be subject to contractual resale restrictions, pursuant to which 10% of the shares will be released on the closing date of the acquisition and 15% of the shares will be released every 6 months thereafter.
- The Company will cause Glory Juice to repay outstanding loans owing to certain shareholders of Glory Juice in the aggregate amount of approximately \$1,800,000, through the issuance of secured promissory notes by Glory Juice. The promissory notes will be repayable in equal quarterly instalments over a 56-month period, with first instalment payable on the closing date. The promissory notes will rank senior, secured by all the assets and property of Glory Juice, subject to certain specific permitted encumbrances, pursuant to a general security agreement and guaranteed by the Company.

The acquisition is subject to customary closing conditions as set out in the agreement, including obtaining the applicable third party, corporate and regulatory approvals.

As of the date of this MD&A, the proposed transaction has not closed and is still in discussion.

### **Events Subsequent to January 31, 2024**

- i) On March 5, 2023, the CFO of the Company has resigned.

## Critical Accounting Estimates

This MD&A is based on the financial statements which have been prepared in accordance with IFRS. The preparation of the financial statements requires that certain estimates and judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances.

Information about critical estimates in applying accounting policies that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

### *Valuation of inventory*

In calculating final inventory values, management is required to determine an estimate of spoiled, obsolete or expired inventory and compares the inventory cost to the estimated net realizable value. The Company must determine if the cost of any inventory exceeds its net realizable value, such as in cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.

### *Fair value calculation of share-based payments*

Estimating fair value for granted stock options requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

### *Impairment of non-financial assets*

The Company has determined that the acquired intangible assets have indefinite useful lives. Therefore, at each reporting date, the Company is required to estimate the recoverable amount of the intangible assets. An asset's recoverable amount is the higher of an asset's (or CGU's) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other relevant fair value indicators. The Company bases its impairment calculations on the most recent management forecast calculations, which are prepared separately for each of the Company's CGUs to which the intangible assets are allocated.

### *Expected credit losses*

Expected credit losses are estimates based on observations of historical collection history. Given the nature, balances and the collection history of the Company's accounts receivable, management has applied a loss allowance of \$31,695 as at January 31, 2024 .

### *Deferred income taxes*

The measurement of the deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of deferred taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against

future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company's deferred tax assets and tax provisions could be affected.

### **Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements**

Pangea has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

### **Management's Responsibility for 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.

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.

#### *Limitations of Controls and Procedures*

The Company's management, including the Chief Executive Officer and Chief Financial Officer, 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.

### **Approval**

The Board of Directors of Pangea has approved the disclosure contained in this MD&A.