

PLANT VEDA FOODS LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS

For the years ended December 31, 2021, and 2020

(Expressed in Canadian Dollars)

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Management's Discussion & Analysis
For the year ended December 31, 2021
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This Management's Discussion and Analysis ("MD&A") of Plant Veda Foods Ltd. ("Plant Veda" or the "Company") should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2021. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Information contained herein is presented as of April 28, 2022, unless otherwise indicated. Additional information related to Plant Veda is available on SEDAR at www.sedar.com and on the Company's website at www.plantveda.com.

Unless otherwise indicated, all amounts discussed herein are denominated in Canadian dollars (\$), which is the functional and reporting currency of the Company. The Company's year-end is December 31.

The Company's board of directors approved the release of this MD&A on April 28, 2022.

FORWARD LOOKING INFORMATION

This MD&A may contain forward "forward-looking statements" that reflect the Company's current expectations and projections about its future results. Forward-looking statements are statements that are not historical facts, and include, but are not limited to: estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, capital raising initiatives, the impact of industry and macroeconomic factors on the Company's operations, and market opportunities; and statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and are generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to, those set forth under "Risks and Uncertainties" below, and those contained in the Company's Prospectus dated June 4, 2021 (the "**Prospectus**") that is available under the Company's profile on SEDAR at www.sedar.com.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. 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 securities law.

CORPORATE OVERVIEW

Plant Veda Foods Ltd. (the "Company") was incorporated under the British Columbia Business Corporations Act on April 5, 2019 and its principal activity is a plant-based beverage and food company specializing in low-processed, all natural, nutritious, allergen free and delicious dairy alternatives. On June 17, 2021, the Company received a receipt from the British Columbia Securities Commission for its long-form prospectus dated June 4, 2021 and commenced trading on the Canadian Securities Exchange ("CSE") on June 21, 2021 under the trading symbol "MILK".

The Company's head office is located at 14640 64 Ave, Unit 313, Surrey, British Columbia V3S 1X7. The Company's registered office is located at 1400—128 West Pender Street, Vancouver, BC V6B 1R8.

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DESCRIPTION OF BUSINESS

The Company employs plant-based technology to create low processed, all natural, nutritional products and uses a blend of raw, heart-healthy cashews, fibre-rich Canadian gluten-free oats, and Canadian pea protein, cultured with billions of live probiotics good for the gut. Plant Veda offers maple sweetened and unsweetened options, along with antioxidant-rich BC blueberries and strawberries, and select healing and comforting herbs and spices from the traditional ayurvedic kitchen.

The Company's products are offered in over 100 locations throughout British Columbia including Save On Foods, Whole Foods, Choices, City Avenue Markets and more. In addition to its retail presence and distribution strategy, Plant Veda has created an e-commerce subscription service that will allow the Company to scale quickly and for customers to receive their products on their doorstep.

Per the Plant-Based Foods Association ("PBFA"), U.S. retail sales of plant-based foods increased 11% from 2018 to 2019, reaching a market value of \$4.5 billion, compared to increases of 4% and 7% in the general grocery and natural foods categories, respectively. Among plant-based food categories, plant-based creamers were the highest growing category, experiencing 40% growth for the twelve-month period ended April 2019 compared to growth of only 12% for dairy-based creamers.

The Government of Canada has identified plant-based foods as an important and growing industry. The federal government included the plant protein industry in its Supercluster Initiative and made a \$150 million investment towards its development. Already the top producer of lentils in the world, Canada excels at providing nutritious, plant-based protein options to consumers.

Plant-Based Foods of Canada ("PBFC") reported that consumers are looking for environmentally friendly plant-based products that have nutritional benefits, and that add delicious variety to their diet. Research indicates the demand for plant-based foods will continue to increase rapidly over the next several years. Data from Nielsen shows that sales of meat and dairy alternatives in Canada grew by 8% in 2018, becoming an industry worth more than \$3 billion.

HISTORY

Following years of research by the Company's initial management team, the Company was incorporated on April 5, 2019 as a plant-based beverage and food company specializing low-processed, all natural, nutritious, allergen free and delicious dairy alternatives. The Company's product excellence was immediately recognized as its Lassi product was awardee Product of the Year at [VegExpo](#), Canada's largest plant-based trade show, in May of 2019. In order to expand production capacity, the Company moved to its current production facility in Surrey, BC in July of 2019 and was able to launch its Cashew Milk product line by August of 2019.

Over the following two years the Company has continued to grow production and sales organically, achieving a number of notable milestones:

- May 2020 – plantveda.com ecommerce platform is launched, subscription box service offering implemented and products included in FreshPrep subscription boxes.
- July 2020 – Probiotic Lassi is a finalist for Vancouver Magazine's [Made in Vancouver Awards](#)
- August 2020 – Coffee creamer line launches and products are carried in premier retailers including WholeFoods and Choices Market
- September 2020 – In addition to completing a strategic investment in the Company, Claire Smith of Beyond Impact Vegan Partners joins the Company's board of directors.

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- January 2021 – The Company's products are carried in a combined 100 retail and online stores in British Columbia
- March 2021 – Probiotic Lassi wins Clean Eating Magazine '[Clean Choice Award](#)'
- March 2021 – The Company secured a lease on a new 25,000 square foot premises which will allow for significant manufacturing and production expansion and efficiencies (see *Business Milestones and Objectives*)

SELECTED ANNUAL INFORMATION

The table below sets out certain selected financial information regarding the operations of the Company for the period indicated. The selected financial information has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements and related notes.

	December 31, 2021	December 31, 2020	December 31, 2019
	(Audited)	(Audited)	(Audited)
Total revenues	\$ 226,567	\$ 118,453	\$ 37,284
Net and comprehensive loss for the period	(6,000,314)	(111,921)	(92,523)
Basic and diluted income (loss) per share	(0.31)	(0.01)	(0.01)
Total assets	4,392,452	101,825	9,263
Total long-term liabilities	-	-	-
Cash dividends	-	-	-

SUMMARY OF QUARTERLY RESULTS

FOR THE THREE MONTHS ENDED

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Revenues	\$57,727	\$53,398	\$64,243	\$51,199
Net (loss) for the period	(\$1,661,796)	(\$1,630,373)	(\$2,063,955)	(\$644,190)
Per Share – Basic and diluted	(\$0.06)	(\$0.08)	(\$0.13)	(\$0.05)

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Revenues	\$30,859	\$39,259	\$32,173	\$16,162
Net (loss) for the period	(\$22,701)	(\$53,969)	(\$9,239)	(\$26,012)
Per Share – Basic and diluted	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)

The Company was incorporated on April 5, 2019. The high net loss for the quarters ended September 30, 2021 and December 31, 2021 is due to an increase in professional fees and marketing and investor relations activities associated with the going public transaction. The Company incurred a high net loss for the quarter ended June 30, 2021 compared to previous quarters as the majority of expenses were attributed to non-cash share-based compensation expense recognized for the grant of stock options and special warrants.

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RESULTS OF OPERATIONS

For the three months ended December 31, 2021:

During the three months ended December 31, 2021, the Company recorded a net loss of \$1,645,682 as compared to a net loss of \$22,701 for the comparable three months ended December 31, 2020. Total revenues have increased to \$57,727 for the current quarter as compared to \$30,859 for the comparable quarter ended December 31, 2020, as the Company has increased production to meet customer demand.

Total expenses for the current quarter amounted to \$1,660,660 as compared to \$47,464 for the comparable three-month period ended December 31, 2020, an increase of \$1,613,196, which includes non-cash expenditures of \$77,176 for depreciation. The increase in overall expenditures can be attributed to the following:

- Marketing and investor relations have increased to \$1,020,849 from \$5,737 as the Company has engaged third party consultants to develop and refine investor relations and digital marketing services.
- Professional fees have increased to \$228,665 from \$7,602 which can be attributed to the fees paid to third party consultants for professional services and to assist the Company with research and advisory services, communications, and corporate development. Also included in professional fees were fees paid to companies controlled or connected to officers of the Company. See related party section for details.
- Wages and benefits have increased to \$185,245 from \$18,742 which can be attributed to the increase in the number of employees hired for administrative purposes due to the increase in operations.
- The Company incurred a gross loss from operations of \$6,307 in the quarter due to an increase in cost of goods sold compared to prior periods due to overall higher material costs as a result of COVID and increased labour costs driven by inefficiencies the Company experienced to keep up with the increased sales of the Company's products.

For the year ended December 31, 2021:

During the year ended December 31, 2021, the Company recorded a net loss of \$6,000,314 as compared to a net loss of \$111,921 for the comparable year ended December 31, 2020. The net loss for the year ended December 31, 2021 includes \$1,685,894 of non-cash share-based compensation. The period's loss was reduced by the recognition of \$19,315 in income from government assistance and other income of \$113,016 from sublease arrangements. Total revenues have increased to \$226,567 for the year as compared to \$118,453 for the comparable year ended December 31, 2020, as the Company has increased production to meet customer demand.

Total expenses for the year amounted to \$5,951,555 as compared to \$152,818 for the comparable year ended December 31, 2020, an increase of approximately \$5,798,737, which includes non-cash expenditures of \$231,156 for depreciation and \$1,685,894 for share-based compensation. The increase in overall expenditures can be attributed to the following:

- Marketing and investor relations have increased to \$2,344,342 from \$14,447 as the Company has engaged third party consultants to develop and refine investor relations and digital marketing services.
- Professional fees have increased to \$837,707 from \$52,446 which can be attributed to the fees paid to third party consultants for professional services and to assist the Company with research and advisory services,

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communications, and corporate development. Also included in professional fees were fees paid to companies controlled or connected to officers of the Company. See related party section for details.

- Wages and benefits have increased to \$435,049 from \$34,399 which can be attributed to the increase in the number of employees hired for administrative purposes due to the increase in operations.
- Share based compensation has increased to \$1,685,894 from \$Nil which is attributed to the grant of stock options, grant of share purchase warrants, and vesting of share purchase warrants during the year ended December 31, 2021.

On June 15, 2021, the Company signed a service contract with Clarkham Capital Ltd. to provide investor relations and digital marketing services for consideration of EUR 95,000 for a three-month term, with an option to incur additional services for additional payments. Accordingly, the Company has made payments of EUR 657,000 for the expansion of services provided and extended the term of the agreement to January 15, 2022. The Company also renewed the agreement for one month of services beginning February 2022 for a payment of EUR 80,000. For additional information related to this service agreement, refer to the Company's filed Form 10 on SEDAR per www.sedar.com.

On June 15, 2021, the Company signed a service contract with Gina Capital LP to provide investor relations and digital marketing services for consideration of EUR 80,000 for a three-month term, with an option to incur additional services for additional payments. Accordingly, the Company has made payments of EUR 75,000 to extend the term of the agreement to November 15, 2021. The Company also renewed the agreement for one month of services beginning February 2022 for a payment of EUR 40,000. For additional information related to this service agreement, refer to the Company's filed Form 10 on SEDAR per www.sedar.com.

On June 21, 2021, the Company signed a service contract with Sideways Frequency to provide advertising and marketing services for consideration of US \$275,000 for a six-month term, with an option to incur additional services for additional payments. Accordingly, the Company has made payments of US \$110,000 to extend the term of the agreement to February 15, 2022. For additional information related to this service agreement, refer to the Company's filed Form 10 on SEDAR per www.sedar.com.

On October 1, 2021, the Company signed a service contract with Command Marketing Innovations to provide investor relations and digital marketing services for consideration of US \$190,000 for a one-month term commencing October 1, 2021. The Company made payments of US \$75,000 to extend the terms of the agreement for one month of services beginning on December 1, 2021. For additional information related to this service agreement, refer to the Company's filed Form 10 on SEDAR per www.sedar.com.

LIQUIDITY

As at December 31, 2021, the Company had cash of \$856,660 and a working capital of \$689,491 compared to a cash balance of \$44,495 and a working capital of \$65,794 as at December 31, 2020. The increase in working capital was primarily achieved through cash raised from private placements and the exercise of equity instruments.

The Company believes that the current capital resources are sufficient to satisfy its current liabilities and pay overhead expenses for the next twelve months and will need to seek additional financing to fund its operations and pursue future expansions. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects. As the Company is currently not able to generate sufficient cash from its operations to fund its operations, the Company will have

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to rely on issuing shares for cash or to settle debt, loans, and related party loans to fund ongoing operations and investments.

During the month of January 2021, the Company applied for an additional \$20,000 CEBA loan and received \$24,475 in funding for a total of \$60,000. The additional \$20,000 loan have terms similar to the original \$40,000 which was received back on May 13, 2020.

Cash used in operating activities increased to \$3,838,825 for the year ended December 31, 2021 as compared to \$145,684 for the comparable year ended December 31, 2020. The increase is primarily due to the increase in its operations for 2021.

Cash provided by financing activities increased to \$6,123,785 for the year ended December 31, 2021 mainly due to cash received from share subscriptions receipts, special warrants, share purchase warrants, and stock options totaling \$5,817,960 offset by deferred finance cost and share issue cost of an aggregate of \$608,452 compared to \$188,157 for the comparable year ended December 31, 2020, which was due to advances from shareholders, receipt of the CEBA loan, and proceeds from private placements. The Company also received additional government assistance due to COVID 19 which is recorded as loans payable.

Cash used in investing activities increased to \$1,472,795 for the year ended December 31, 2021 as the Company purchased equipment for its facilities and entered into a lease agreement. There were no investing activities for the year ended December 31, 2020.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. As at December 31, 2021, the Company has not achieved profitable operations, has accumulated losses of \$6,204,758 since inception and expects to incur further losses in the development of its business, all of which are material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations.

Although the Company has been successful in the past in raising funds to continue operations and management is intending to secure additional financing as may be required, there is no assurance it will be able to do so in the future. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

CAPITAL RESOURCES

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its business and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' deficit, as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company is not subject to any external capital requirements. There were no changes to the Company's approach to capital management during the year ended December 31, 2021.

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OFF-BALANCE SHEET ARRANGEMENTS

During the reporting period, there were no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company incurred the following expenses with related parties of the Company:

	Relationship	December 31, 2021	December 31, 2020
<u>Rent</u>			
Himalaya Dairy	controlled by Bakhshish Thind, former director	\$ 13,500	\$ 19,500
<u>Professional fees</u>			
LucPrise International Ltd.	Company controlled by Michael Yang, President	100,000	20,000
Harmony Corporate Services Ltd.	Company controlled by Geoff Balderson, CFO	57,500	-
<u>Wages and benefits</u>			
Sunny Gurnani	CEO, former director	68,307	-
Vanita Sajnani	Former director	85,385	8,054
Mayur Sajnani	Director	71,923	6,308
		\$ 396,615	\$ 53,862
<u>Share-based compensation</u>			
		324,809	-
		\$ 721,424	\$ 53,862

Key management personnel consist of the CEO, CFO, and the President of the Company. During the year ended December 31, 2021, the Company paid consulting fees of \$157,500 (December 31, 2020 – \$20,000) to key management personnel.

During the year ended December 31, 2021, the Company had sales to a company controlled by a former director of the Company in the amount of \$19,680 (December 31, 2020 – \$35,566).

Accounts payable and accrued liabilities at December 31, 2021 includes \$44,317 (December 31, 2020 – \$1,000) owed to a director and officers of the Company for unpaid consulting fees and \$4,815 (December 31, 2020 – \$3,427) owed to a company controlled by a former director of the Company.

Accounts receivable at December 31, 2021 includes \$8,222 (December 31, 2020 – \$2,466) due from a company controlled by a former director of the Company.

At December 31, 2021, the Company had advances of \$15,442 (December 31, 2020 – \$22,384) due to current directors and officers of the Company. The advances are non-interest bearing, unsecured and due on demand.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are disclosed in Note 4 of the financial statements.

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FINANCIAL AND OTHER INSTRUMENTS

A fair value hierarchy prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their fair values due to their short-term nature.

The carrying value of the CEBA loan is not significantly different than its fair value.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. The Company provides credit to its clients in the normal course of operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent losses. The Company's maximum exposure to credit risk is the carrying amounts of cash and accounts receivable on the statements of financial position.

Accounts receivable primarily consist of trade receivables. The Company provides credit to very limited customer base in the normal course of business and has established credit evaluation via an active direct consultation with its customers to mitigate credit risk. Accounts receivable are shown net of any provision made for impairment of receivables. Due to this factor, the Company believes that no additional credit risk, beyond amounts provided for collection loss, is inherent in accounts receivable.

Expected credit loss ("ECL") analysis is performed at each reporting date using an objective approach to measure expected credit losses. The provision amounts are based on direct management interface with the customer. The calculations reflect the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, business failure, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments over the negotiated contract period. The aging analysis of accounts receivable is as follows:

	December 31, 2021	December 31, 2020
Current to 3 months	\$ 63,526	\$ 10,528
Over 3 months	17,654	3,257
Allowance provided	-	-
Trade receivables	\$ 81,180	\$ 13,785

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b) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. As at December 31, 2021, the Company has working capital of \$689,491. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. The Company may seek additional financing through equity and debt offerings and advances from related parties, but there can be no assurance that such financing will be available on terms acceptable to the Company.

c) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to significant risks associated with the effects of fluctuations in the prevailing levels of market interest rates.

PROPOSED TRANSACTIONS

None to report.

SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2021, the Company issued 1,683,786 common shares pursuant to the exercise of 1,683,786 share purchase warrants for gross proceeds of \$336,757.

Subsequent to the year ended December 31, 2021, the Company issued 20,000 common shares pursuant to the exercise of 20,000 stock options for gross proceeds of \$17,000.

Subsequent to the year ended December 31, 2021, the Company entered into a loan agreement and issued 100,000 common shares as consideration for \$1,000,000 in the form of a secured convertible promissory note that bears interest at a rate of 10% per annum and matures in two years from the date of issuance. The principal and accrued but unpaid interest is convertible into units of the Company. Each unit is comprised of one common share and one share purchase warrant, with each warrant exercisable at a price of \$0.85 per share for a period of two years from the date of issuance. If the Company is in default of the agreement, any outstanding principal will accrue interest at a rate of 20% per annum, compounding monthly.

On April 22, 2022, the Company completed a non-brokered private placement of 432,692 units at a price of \$0.52 for gross proceeds of \$225,000. Each unit is comprised of one common share and one share purchase warrant, with each warrant exercisable at a price of \$0.85 per share for a period of two years from the date of issuance.

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OUTSTANDING SHARE DATA

	April 28, 2022	December 31, 2021	December 31, 2020
Common shares	31,223,122	29,519,336	14,572,095
Warrants	6,038,069	7,721,855	-
Agent warrants	194,733	194,733	-
Performance warrants	6,000,000	6,000,000	-
Stock options	1,477,500	1,497,500	-
Fully diluted shares	44,933,424	44,933,424	14,572,095

OTHER

Additional information and other publicly filed documents relating to the Company, including its press releases and quarterly and annual reports, are available on SEDAR and can be accessed at www.sedar.com.