

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Vegano Foods Inc.
1040 West Georgia Street, Unit 415
Vancouver, British Columbia
V6E 4H1

Item 2 Date of Material Change

April 8, 2022

Item 3 News Release

A news release dated April 4, 2022 was disseminated and subsequently filed on the Company's SEDAR profile at www.sedar.com.

Item 4 Summary of Material Change

Vegano Foods Inc. ("**Vegano**" or the "**Company**") entered into a definitive agreement (the "**Agreement**") among the Company, 1355441 BC Ltd., a wholly owned subsidiary of the Company ("**Subco**") and SMPL Oats Ltd. ("**SMPL**"), under which the Company will acquire all of the outstanding shares of privately held SMPL (the "**SMPL Shares**"), in consideration for approximately \$3 million of Vegano common shares (the "**Vegano Shares**") (the "**Transaction**"). Closing of the Transaction is subject to a number of conditions and is expected to complete within 30 days.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Acquisition strategy for Vegano

The Vegano Foods online marketplace is a unique platform offering plant-based foods. In the same way that Amazon used its marketplace to choose which brands to bring in house under its Amazon Basics program, Vegano intends to purchase and make investments into brands consumers are seeking out on its platform. Vegano's proposed acquisition of SMPL represents the first such acquisition.

During its first full year of operations, Vegano Foods stocked its pristine-digital marketplace with some of the world's best and healthiest brands and products including CHIWIS, LEVEL GROUND, PRANA and MADE GOOD. The acquisition of SMPL Oats is the companies first, and it marks a critical milestone in the development of a vertical distribution model that can scale opportunities on its unique plant-based foods Shopify marketplace. In the same way that Amazon used its marketplace to choose which brands to bring in house under its Amazon Basics program, Vegano intends to purchase and make investments into brands consumers are seeking out on its platform.

Additionally, to continue its forward momentum, Vegano Foods will re-focus and maximize the performance of capital through its other in-house branded products such as its Greens Blend and Protein Powder drink mixes - products that work seamlessly with SMPL while driving increase carts size and recurring purchases.

This combination of in-house owned products, efficient supply chain of best-in-class health foods and seamless shopping and delivery experience aims to position Vegano for category dominance and deliver long-term shareholder growth.

About SMPL Oats Ltd.

SMPL Oats creates innovative, nutritious and delicious Oat Milk that is dairy-free, gluten-free, nut-free, and plant-based. The Company's products consist of (i) Original Oat Milk, and (ii) Chocolate Oat Milk. All products are a no-compromise alternative to dairy milk and are shelf-stable, with a 12-month shelf life from the date of production.

Transaction Terms

The Agreement provides for the acquisition all of the outstanding shares of SMPL by way of a three-cornered amalgamation (the "**Amalgamation**"). The corporation continuing from the Amalgamation will be a wholly-owned subsidiary of the Company. In connection with the Transaction, the Company anticipates it will issue or make issuable an aggregate of 28,571,428 Vegano Shares and reserve an additional 19,492,321 Vegano Shares for issue on exercise of common share purchase warrants of SMPL, as further described below.

The Amalgamation will be completed under the Business Corporations Act (British Columbia), whereby Subco will amalgamate with SMPL (the "**Amalgamation**") and the holders of SMPL Shares (the "**SMPL Shareholders**") will each receive 0.893612552643442 Vegano Shares in exchange for the cancellation of each SMPL Share. It is expected that an aggregate of 28,571,428 Vegano Shares will be issued to the SMPL Shareholders as consideration for the SMPL Shares, subject to the exercise of outstanding special warrants of SMPL which are expected to be exercised prior to the closing of the Transaction. A total of 6,721,306 special warrants (the "**SMPL Special Warrants**"), each of which when exercised will entitle the holder to receive, on exercise for no additional consideration, a unit consisting of 0.893612552643442 of a Vegano Share and 0.893612552643442 of a common share purchase warrant (an "**Underlying Warrant**"). Each Underlying Warrant will be exercisable for a period of two years from the date of issue to acquire a further Vegano Share at a price of \$0.112 per Vegano Share.

In addition, a total of 19,492,321 common share purchase warrants of SMPL (the "**SMPL Warrants**") will after the Amalgamation and in accordance with their terms, entitle the holders to purchase Vegano Shares, as follows: (i) 1,468,606 SMPL Warrants will be exercisable to acquire one Vegano Share for \$0.112 until February 9, 2024; (ii) 5,808,481 SMPL Warrants will be exercisable to acquire one Vegano Share for \$0.056 until July 13, 2023; (iii) 182,654 SMPL Warrants will be exercisable to acquire one Vegano Share for \$0.056 until August 30, 2023; (iv) 31,812 SMPL Warrants will be exercisable to acquire one Vegano Share for \$0.056 until October 8, 2023; (v) 141,190 SMPL Warrants will be exercisable to acquire one Vegano Share for \$0.056 until December 21, 2023; and (vi) 5,138,272 SMPL Warrants will be exercisable to acquire one Vegano Share for \$0.056 until March 25th, 2024; and (vii) as previously disclosed above, 6,721,306 of the share purchase warrants will be exercisable to acquire an additional common share of the Company at a price of \$0.112 for a period of two years from the date of closing of the acquisition.

Pursuant to the terms of the Agreement, the closing of the Amalgamation is subject to a number of conditions precedent, including but not limited to: (i) the Amalgamation being approved by a special majority of the SMPL Shareholders; (ii) the receipt of all consents, orders and approvals, including regulatory approvals and orders, necessary or desirable for the completion of the Amalgamation; (iii) completion of due diligence by Vegano; (iv) the exercise of SMPL Special Warrants; (v) compliance with applicable securities laws; (vi) the Amalgamation becoming effective prior to June 30, 2022; and (vii) the

satisfaction of other customary closing conditions for transactions of a similar nature to the Amalgamation.

The acquisition of SMPL is not expected to constitute a fundamental change for the Company, nor is it expected to result in a change of control of the Company, within the meaning provided by the policies of the Canadian Securities Exchange. A copy of the Amalgamation Agreement will be filed under the Company's profile at www.sedar.com.

Related Party Disclosure

Each of Conor Power and Joel Primus, directors of the Company, are also directors and shareholders of SMPL and accordingly, the acquisition of SMPL securities from each of Messrs. Power and Primus constitutes a related party transaction under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Amalgamation is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 based on the exemption set out section 5.5(b) Issuer Not Listed on Specified Market and Section 5.7(1)(a) *Fair Market Value Not More than 25% of Market Capitalization*. The Agreement was approved by the independent director of the Company.

Related Party Disclosure

The following supplementary information is provided in accordance with Section 5.2 ("MI 61-101").

(a) a description of the transaction and its material terms:

The Transaction and its material terms are described above.

(b) the purpose and business reasons for the transaction:

The purpose of the Transaction is to acquire SMPL Oats and its product line. The Transaction represents the first acquisition to be made by Vegano, as it seeks to acquire products being sold and to be sold through its online market place.

(c) the anticipated effect of the transaction on the issuer's business and affairs:

SMPL creates innovative, nutritious, and delicious Oat Milk that is dairy-free, gluten-free, nut-free, and plant-based. All products are a no-compromise alternative to dairy milk and are self-stable. The Company's products are distributed through a direct-to-consumer online website. The Company's mission is to help individuals build healthy eating habits and live a more health-conscious life. The Company's vision is to become an industry leader in the oat-based dairy alternative space and continue to focus on producing beverages that are healthy, good for the environment, and naturally taste delicious.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Conor Power, director and shareholder of the Company, is also a director and shareholder of SMPL. Conor Power holds 680,000 SMPL Shares and will receive 607,648 Vegano Shares on completion of the Transaction

Joel Primus, director and shareholder of the Company, is also a shareholder of SMPL. Joel Primus holds 200,000 SMPL Shares and will receive 178,720 Vegano Shares on completion of the Transaction.

Alex McAulay, Chief Financial Officer of the Company, is also a shareholder of SMPL. Alex McAulay holds 2,000,000 SMPL Shares and will receive 1,787,200 Vegano Shares on completion of the Transaction.

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

On completion of the Transaction, the percentage of securities of Vegano beneficially owned or controlled by:

- Conor Power will increase by 0.35% to 0.72%, on an undiluted basis, and will increase by 0.35% to 1.41%, on partially diluted basis;
- Joel Primus will increase by 0.00% to 0.21%, on an undiluted basis, and will increase by 0.53% to 0.84%, on partially diluted basis;
- Alex McAulay will increase by 0.01% to 2.11%, on an undiluted basis, and will increase by 0.01% to 3.09%, on partially diluted basis;

(e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:

The Board consists of three people, two of whom (Conor Power and Joel Primus) are considered to be related parties in respect of the Transaction. Juliana Lynne Daley, a director who is not an officer of the Company and has no material interest in SMPL, is considered independent applying the criteria specified in Part 7 of MI 61-101. Juliana Daley reviewed the terms of the Transaction, submissions from management regarding SMP and its business, and information regarding companies that provide similar products to that of SMPL, and determined that the terms of the Transaction were reasonable for the Company.

(f) a summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:

Not applicable.

(g) **disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

(i) **that has been made in the 24 months before the date of the material change report:**

Not applicable.

(ii) **the existence of which is known, after reasonable enquiry, to the issuer or to any director or senior officer of the issuer:**

Not applicable.

(h) **the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

Not applicable.

(i) **disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101, respectively, and the facts supporting reliance on the exemptions:**

The Company relied on the exemption from the valuation requirement and the minority approval requirement pursuant to subsections 5.5(b) *Issuer Not Listed on Specified Markets* and Section 5.7(1)(a) *Fair Market Value Not More than 25% of Market Capitalisation*. The Company does not have any securities listed on the markets specified in subsection 5.5(b). The Company is relying on the exemption from minority shareholder approval in subsection 5.7(1)(a) of MI 61-101 on the basis that the fair market value of the Vegano Shares to be issued to the related parties as consideration for their SMPL Shares is expected to be no more than \$252,000, which is less than 25% of the market capitalization of Vegano, based on the market price of the Vegano Shares on the CSE on the last trading day before the announcement of the Transaction (April 1, 2022), being \$0.105, and the number of Vegano Shares outstanding on that date, being 56,190,465.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

No significant facts have been omitted from this report.

Item 8 Executive Officer

Conor Power
Chief Executive Officer
Tel: 604-259-0028

Item 9 Date of Report

April 8, 2022