

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Vegano Foods Inc. (the "Issuer").

Trading Symbol: VAGN

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

The Issuer elected to change its financial year end from December 31 to March 31. As a result, the Company will report audited consolidated financial statements for a 15-month transitional fiscal year from January 1, 2022 to March 31, 2023 with a comparative of the 12-month audited financial results from January 1, 2021 to December 31, 2021.

The Issuer's financial statements of the twelve months ended December 31, 2022, are attached as Schedule "A".

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

All related party transactions have been disclosed in the Issuer's financial statements for the twelve months ended December 31, 2022, and attached as Schedule "A".

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

2. Summary of securities issued and options granted during the period.

All securities issued have been disclosed in the notes to the financial statements for the twelve months ended December 31, 2022, and attached as Schedule "A".

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period.

A summary of the securities has been provided in the financial statements for the twelve months ended December 31, 2022 and attached as Schedule "A".

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

As at February 28, 2023, the following common shares of the Issuer were subject to escrow and pooling agreements:

Designation of Class	Number of Securities Held in Escrow or that are subject to a Contractual Restriction on Transfer	Percentage of Class
Common Shares	428,571	4.92%

Notes:

- (1) Based on 8,702,445 Common Shares issued and outstanding as of the date of the MD&A

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name of Directors/ Officers	Position(s) Held
Conor Power	CEO, Director
Alexander McAulay	CFO
Joel Primus	Director
Luka Petkovic	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

The Issuer's Management Discussion and Analysis for the twelve months ended December 31, 2022 is attached as Schedule "B".

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated February 28, 2023.

Conor Power
Name of Director or Senior Officer

"Conor Power"
Signature

Chief Executive Officer
Official Capacity

Issuer Details		For Quarter Ended	Date of Report YY/MM/DD
Name of Issuer Vegano Foods Inc.		December 31	23/02/28
Issuer Address 1040 West Georgia Street, Unit 415			
City/Province/Postal Code Vancouver, BC, V6E 4H1		Issuer Fax No. ()	Issuer Telephone No. (604) 259- 0028
Contact Name Conor Power		Contact Position CEO	Contact Telephone No. 604-259-0028
Contact Email Address conor@veganofoods.com		Web Site Address	

Schedule “A”

VEGANO FOODS INC.

Interim Financial Statements
for the quarter ended December 31,2022

VEGANO FOODS INC.

Condensed Consolidated Interim Financial Statements

For the three and twelve months ended December 31, 2022 and 2021

(Stated in Canadian dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Vegano Foods Inc. (the "Company") have been prepared by management in accordance with International Financing Reporting Standards ("IFRS"). These condensed consolidated interim financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company's auditors. The Company's Audit Committee and Board of Directors have reviewed and approved these condensed consolidated interim financial statements. In accordance with the disclosure requirements of National Instrument 51-102 released by the Canadian Securities Administrators, the Company's independent auditors have not performed a review of these condensed consolidated interim financial statements.

VEGANO FOODS INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Stated in Canadian dollars)

(Unaudited)

As at	Notes	December 31, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	5	\$ 16,404	\$ 1,439,582
Other receivables	6,16,19	111,193	84,650
Prepaid expenses	7	4,674	20,229
Inventory	8	6,685	73,604
Total current assets		138,956	1,618,065
Investment	9	1	1
Equipment	10	19,067	58,233
Total assets		\$ 158,024	\$ 1,676,299
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and other liabilities	12,19,23	\$ 578,212	\$ 311,567
Gift card liability	13	25,673	33,687
Deferred revenue	13	586	19,606
Loans payable	15	6,171	31,171
Total liabilities		610,642	396,031
Shareholders' equity (deficiency)			
Share capital	16	8,416,265	5,957,617
Obligation to issue shares	16	9,294	-
Reserves	16,17,18	1,549,165	442,703
Deficit		(10,427,342)	(5,120,052)
Total shareholders' equity (deficiency)		(452,618)	1,280,268
Total liabilities and shareholders' equity (deficiency)		\$ 158,024	\$ 1,676,299
Nature of operations and going concern	1		
Commitments	23		

Approved and authorized by the Board of Directors on February 28, 2023:

"Conor Power"

Director

"Joel Primus"

Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

VEGANO FOODS INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Stated in Canadian dollars)

(Unaudited)

			Three months ended December 31,		Twelve months ended December 31,	
	Notes		2022	2021	2022	2021
Revenue, net of refunds	13	\$	(24)	\$ 179,779	\$ 187,614	\$ 407,694
Cost of goods sold	20		63,194	250,386	379,311	599,562
Gross profit (loss)			(63,218)	(70,607)	(191,697)	(191,868)
Operating expenses						
Advertising and promotion			3,059	45,367	237,323	308,011
Amortization of intangible assets	11		-	19,366	279,633	77,464
Consulting fees	19		33,482	203,021	772,349	419,391
Depreciation of equipment	10		2,841	5,220	15,786	16,063
General and administrative	21		16,205	56,626	208,818	531,015
Professional fees	19		52,760	187,932	389,296	498,054
Salaries and benefits	19		7,082	237,157	191,160	897,385
Share-based compensation	17,19		1,527	11,142	189,768	397,539
Travel expenses (recovery)			60	(20,293)	57,857	164,500
			117,016	745,538	2,341,990	3,309,422
Other expenses (income)						
Accretion expense	14		-	-	-	8,581
Impairment of intangible assets	11		-	71,008	2,722,308	71,008
Foreign exchange loss (gain)			(194)	197	2,368	1,463
Loss on disposal of equipment	10		-	-	28,714	-
Finance costs	14		-	1	-	17,123
Government assistance			-	(16,973)	-	(16,973)
Impairment of equipment	10		21,713	35,380	21,713	35,380
Loss on investment	9		-	599,999	-	349,999
Gain on debt settlement	16		-	-	(1,500)	-
Net loss and comprehensive loss		\$	(201,753)	\$ (1,505,757)	\$ (5,307,290)	\$ (3,967,871)
Weighted average number of common shares outstanding – basic and diluted			8,702,445	5,615,892	7,289,999	5,296,831
Basic and diluted loss per common share		\$	(0.02)	\$ (0.27)	\$ (0.73)	\$ (0.75)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

VEGANO FOODS INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)**

(Stated in Canadian dollars)

(Unaudited)

	Number of shares (Note 1)	Share capital	Obligation to issue shares	Reserves	Deficit	Total shareholders' equity (deficiency)
Balance, January 1, 2021	3,579,571	\$ 1,232,110	\$ 1,644,810	\$ 19,919	\$ (1,152,181)	\$ 1,744,658
Shares issued under private placement, net of issuance costs	2,036,321	4,725,507	(2,319,097)	-	-	2,406,410
Subscription proceeds received for shares to be issued	-	-	674,287	-	-	674,287
Share-based compensation	-	-	-	397,539	-	397,539
Warrants issued to agents	-	-	-	25,245	-	25,245
Net loss	-	-	-	-	(3,967,871)	(3,967,871)
Balance, December 31, 2021	5,615,892	\$ 5,957,617	\$ -	\$ 442,703	\$ (5,120,052)	\$ 1,280,268
Shares repurchased and returned to treasury	(13,000)	(32,500)	-	-	-	(32,500)
Shares issued for services	137,960	105,000	-	-	-	105,000
Shares issued for debt settlement	93,725	93,353	-	-	-	93,353
Acquisition of SMPL Oats Ltd.	2,867,868	2,294,295	9,294	916,694	-	3,220,283
Share issuance costs	-	(1,500)	-	-	-	(1,500)
Share-based compensation	-	-	-	189,768	-	189,768
Net loss	-	-	-	-	(5,307,290)	(5,307,290)
Balance, December 31, 2022	8,702,445	\$ 8,416,265	\$ 9,294	\$ 1,549,165	\$ (10,427,342)	\$ (452,618)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

VEGANO FOODS INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Stated in Canadian dollars)

(Unaudited)

	Twelve months ended December 31, 2022		Twelve months ended December 31, 2021	
Operating activities				
Net loss	\$	(5,307,290)	\$	(3,967,871)
Items not affecting cash:				
Accretion expense on convertible note		-		8,581
Amortization of intangible assets		279,633		77,464
Depreciation of equipment		15,786		16,063
Finance costs		-		17,123
Impairment of equipment		21,713		35,380
Impairment of inventory		63,567		6,730
Loss on investment		-		349,999
Share-based compensation		189,768		397,539
Shares issued for services		105,000		-
Loss on disposal of equipment		28,714		-
Gain on debt settlement		(1,500)		-
Impairment of intangible assets		2,722,308		71,008
Non-cash working capital items:				
Other receivables		8,437		(13,639)
Prepaid expenses		310,218		(1,363)
Inventory		3,352		(78,336)
Accounts payable and other liabilities		206,172		130,471
Gift card liability		(8,014)		(26,243)
Deferred revenue		(19,020)		19,606
Net cash used in operating activities		(1,381,156)		(2,957,488)
Investing activities				
Purchase of equipment		(68,547)		(58,124)
Proceeds from sale of equipment		41,500		-
Acquisition of investment		-		(350,000)
Cash assumed on acquisition of SMPL Oats Ltd.		44,025		-
Net cash provided by (used in) investing activities		16,978		(408,124)
Financing activities				
Proceeds from issuance of shares		-		3,239,894
Repayment of loans payable		(25,000)		(35,718)
Repayment of convertible note		-		(540,959)
Repurchase of shares		(32,500)		-
Share issuance costs		(1,500)		(133,952)
Net cash provided by (used in) financing activities		(59,000)		2,529,265
Change in cash and cash equivalents		(1,423,178)		(836,347)
Cash and cash equivalents, beginning		1,439,582		2,275,929
Cash and cash equivalents, ending	\$	16,404	\$	1,439,582
Supplementary cash flow information				
Interest paid	\$	-	\$	40,959
Acquisition of SMPL Oats Ltd.	\$	3,220,283	\$	-
Shares issued for debt settlement	\$	93,353	\$	-
Shares issued for services	\$	105,000	\$	-

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

VEGANO FOODS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

(Stated in Canadian dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Vegano Foods Inc. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) (“BCBCA”) on March 19, 2020. The Company’s principal activities relate to the sale and delivery of vegan grocery and household staples to end customers on the Vegano Marketplace. The registered office of the Company is 1500 West Georgia Street, Suite 1300, Vancouver BC V6G 2Z6, Canada. The Company’s common shares trade on the Canadian Securities Exchange (the “CSE”) under the trading symbol “VAGN” and the OTCQB Venture Market under the trading symbol “VAGNF”.

During the twelve months ended December 31, 2022, the Company consolidated its common shares on the basis for one post-consolidated share for every ten pre-consolidated common shares held (Note 16). All references to share and per share amounts have been retroactively restated to reflect this share consolidation.

During the twelve months ended December 31, 2022, the Company elected to change its financial year end from December 31 to March 31. As a result, the Company will report audited consolidated financial statements for a 15-month transitional fiscal year from January 1, 2022 to March 31, 2023 with a comparative of the 12-month audited financial results from January 1, 2021 to December 31, 2021.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and settle its obligations in the normal course of business. To date, the Company has incurred losses from operations and may incur further losses in the development of its business. As at December 31, 2022, the Company had a working capital deficit of \$471,686 and an accumulated deficit of \$10,427,342. These conditions cast significant doubt about the Company’s ability to continue as a going concern. The Company is dependent on its ability to develop profitable operations and to continue to raise adequate financing from external sources to carry out its business objectives. The Company will require additional financing for continuing operations, to evaluate strategic opportunities, and for working capital purposes. However, there is no assurance that the Company will be able to secure such financing on favorable terms. These condensed consolidated interim financial statements do not give effect to the adjustments in the carrying value of assets and liabilities, and in the classifications used in the statements of financial position that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The notes presented in these condensed consolidated interim financial statements include only significant events and transactions occurring since the Company’s last fiscal period end and they do not include all the information required in the Company’s most recent annual financial statements. Except as noted below, these condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company’s annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2021, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB. There have been no significant changes in judgements or estimates from those disclosed in the financial statements for the year ended December 31, 2021, except as noted below.

The unaudited condensed consolidated interim financial statements were approved and authorized for issuance on February 28, 2023 by the Board of Directors.

VEGANO FOODS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

(Stated in Canadian dollars)

(Unaudited)

2. BASIS OF PREPARATION (CONTINUED)

Basis of measurement

These condensed consolidated interim financial statements are expressed in Canadian dollars, which is the functional currency of the Company and its subsidiary. These unaudited condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs except for certain financial instruments which are measured at fair value.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, 1355441 B.C. Ltd. 1355441 B.C. Ltd. was incorporated under the Business Corporations Act of British Columbia on March 28, 2022 and subsequently amalgamated with SMPL Oats Ltd. on June 20, 2022 (Note 4). Effective June 20, 2022, the Company has one wholly-owned subsidiary, SMPL Oats Ltd.

All inter-company balances, transactions, income and expenses have been eliminated upon consolidation.

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an entity, when the Company is exposed, or has rights, to variable returns from the entity and when the Company has the ability to affect those returns through its power over the entity. Subsidiaries are included in the financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control.

Comparative figures

Certain comparative figures have been reclassified to conform with the basis of the presentation applied for the twelve months ended December 31, 2022.

Use of accounting estimates and significant management judgements

The preparation of the condensed consolidated financial statements in accordance with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from these estimates, and as such, the estimates and underlying assumptions are reviewed on an ongoing basis. Key estimates made by management with respect to the areas noted have been disclosed in the notes to these condensed consolidated interim financial statements as appropriate. The accounting estimates and significant management judgments applied in the preparation of the Company's condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2021, except as noted below.

Fair value measurement of intangible assets

The Company acquired intangible assets, including intellectual property, brand, design, proprietary expertise, recipes, formulations, and trade secrets in connection with an amalgamation transaction (Note 4). Carrying amounts for intangible assets do not necessarily reflect present or future value and the ultimate amounts recoverable will be dependent upon the successful commercialization of products based on these underlying intangible assets.

VEGANO FOODS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

(Stated in Canadian dollars)

(Unaudited)

2. BASIS OF PREPARATION (CONTINUED)

Business combinations

From time to time, the Company may acquire subsidiaries. At the time of acquisition, the Company considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Company accounts for an acquisition as a business combination where an integrated set of activities and assets, is acquired. More specifically, consideration is given to the extent to which significant processes are acquired.

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2021.

4. ACQUISITION OF SMPL OATS LTD.

On April 3, 2022, the Company, its wholly-owned subsidiary, 1355441 BC Ltd. ("Subco"), and SMPL Oats Ltd. ("SMPL") entered into an amalgamation agreement (the "Amalgamation Agreement") for the purpose of amalgamating SMPL and Subco (the "Amalgamation").

On June 20, 2022 (the "Closing Date"), pursuant to the Amalgamation Agreement:

- The Company issued 2,867,868 common shares in exchange for 32,092,949 common shares of SMPL being all of the issued and outstanding shares of SMPL immediately prior to the Amalgamation. The common shares were valued at \$2,294,295 or \$0.80 per common share which was the closing price per common share of the Company on the Closing Date (Note 16).
- The Company issued 1,959,914 warrants in exchange for 21,932,949 warrants of SMPL being all of the outstanding warrants of SMPL immediately prior to the Amalgamation. Each warrant issued by the Company is exercisable for one common share of the Company at an exercise price of \$0.56 to \$1.12 and expires on June 20, 2024. The fair value of the warrants of \$916,694 was determined using the Black-Scholes Option Pricing Model and the following assumptions: share price of \$0.80, risk-free interest rate of 3.26%, expected life of 2 years, annualized volatility of 109.5%, and dividend yield of 0% (Note 18).
- The Company issued 11,615 special warrants in exchange for 130,000 special warrants of SMPL being all of the outstanding special warrants of SMPL immediately prior to the Amalgamation. Each special warrant issued by the Company is exercisable for no additional consideration into one unit of the Company with each unit consisting of one common share and one warrant of the Company. Each warrant is exercisable for one common share of the Company at an exercise price of \$1.12 for a period of 24 months. The special warrants were valued at \$9,294 or \$0.80 per special warrant which was the closing price per common share of the Company on the Closing Date (Note 16).
- SMPL and Subco were amalgamated and the resulting entity, SMPL Oats Ltd., became a wholly-owned subsidiary of the Company.

VEGANO FOODS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022**

(Stated in Canadian dollars)

(Unaudited)

4. ACQUISITION OF SMPL OATS LTD. (CONTINUED)

The Amalgamation was determined to be an asset acquisition as no substantive processes were transferred to the Company.

Consideration paid:		
Value of equity instruments	\$	3,220,283
Transaction costs		86,654
	\$	3,306,937
Net identifiable assets acquired:		
Cash and cash equivalents	\$	44,025
Other receivables		34,980
Prepaid expenses		294,663
Intangible assets		3,001,941
Accounts payable and accrued liabilities		(68,672)
	\$	3,306,937

5. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Deposit at bank	\$ 16,404	\$ 1,419,582
Guaranteed Investment Certificate ("GIC")	-	20,000
Total cash and cash equivalents	\$ 16,404	\$ 1,439,582

Included in the net identifiable assets acquired in connection with the Amalgamation (Note 4) was a \$10,000, one-year cashable GIC. The GIC earned interest at a rate of 0.35% per annum and matured on July 9, 2022.

As at December 31, 2021, the Company held a \$20,000 one-year cashable GIC which earned interest at a rate of 0.25% per annum. This GIC was redeemed during the twelve months ended December 31, 2022.

6. OTHER RECEIVABLES

	December 31, 2022	December 31, 2021
Subscription proceeds receivable (Note 16)	\$ 650	\$ 650
Advances to related parties (Note 19)	15,451	-
Sales tax receivable	95,092	67,027
Government assistance receivable	-	16,973
Total other receivables	\$ 111,193	\$ 84,650

7. PREPAID EXPENSES

	December 31, 2022	December 31, 2021
Prepaid insurance	\$ 4,447	\$ 2,795
Retainers and prepayments for services	-	6,299
Security deposits	-	8,196
Prepaid membership	227	2,939
Total prepaid expenses	\$ 4,674	\$ 20,229

VEGANO FOODS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022**

(Stated in Canadian dollars)

(Unaudited)

8. INVENTORY

		December 31, 2022		December 31, 2021
Packaging materials	\$	123	\$	15,504
Grocery staples		6,562		51,051
Meal Kits		-		7,049
Total Inventory	\$	6,685	\$	73,604

During the twelve months ended December 31, 2022, the Company impaired inventory with a carrying value of \$63,567 to its net realizable value of \$nil based on management's expectation of the likelihood of completing a sale of such inventory.

9. INVESTMENT

During the year ended December 31, 2021, the Company entered into subscription agreements with Superbolt Tea Inc. ("Superbolt"), a privately-owned online tea retailer. The Company paid \$350,000 in exchange for 2,500,000 Class A voting common shares and 500,000 Class B non-voting shares of Superbolt. Management has assessed that the Company has no control, nor significant influence over Superbolt as the Company holds approximately 11% of the voting rights and has no participation in Superbolt's policy-making processes. The Company accounts for its investment in Superbolt as a long-term investment measured at fair value through profit and loss.

On initial recognition, the fair value of the shares of Superbolt was determined to be equal to the transaction price of \$350,000.

During the three and twelve months ended December 31, 2022, the Company recorded a loss on investment of \$nil (December 31, 2021 - \$599,999) and \$nil (December 31, 2021 - \$349,999), respectively, from the change in the fair value of investment.

As at December 31, 2022 and 2021, the fair value of the investment was \$1.

VEGANO FOODS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Stated in Canadian dollars)

(Unaudited)

10. EQUIPMENT

	Kitchen equipment	Computer equipment	Vehicle	Total
Cost				
Balance, December 31, 2020	\$ 55,861	\$ -	\$ -	\$ 55,861
Additions	-	33,254	24,870	58,124
Balance, December 31, 2021	55,861	33,254	24,870	113,985
Additions	-	-	68,547	68,547
Disposals	(12,500)	(1,307)	(68,547)	(82,354)
Balance, December 31, 2022	\$ 43,361	\$ 31,947	\$ 24,870	\$ 100,178
Accumulated Depreciation and Impairment				
Balance, December 31, 2020	\$ 4,309	\$ -	\$ -	\$ 4,309
Depreciation	11,172	4,061	830	16,063
Impairment	35,380	-	-	35,380
Balance, December 31, 2021	50,861	4,061	830	55,752
Depreciation	-	6,434	9,352	15,786
Disposals	(7,500)	(261)	(4,379)	(12,140)
Impairment	-	21,713	-	21,713
Balance, December 31, 2022	\$ 43,361	\$ 31,947	\$ 5,803	\$ 81,111
Net book value				
At December 31, 2021	\$ 5,000	\$ 29,193	\$ 24,040	\$ 58,233
At December 31, 2022	\$ -	\$ -	\$ 19,067	\$ 19,067

During the twelve months ended December 31, 2022, the Company sold kitchen equipment with a net book value of \$5,000 for proceeds of \$5,000.

During the twelve months ended December 31, 2022, the Company disposed of computer equipment with a net book value of \$1,046 due to damage and recorded a loss on disposal of \$1,046.

During the twelve months ended December 31, 2022, the Company sold a vehicle with a net book value of \$64,168 for proceeds of \$36,500 and recorded a loss on disposal of \$27,668.

During the twelve months ended December 31, 2022, the Company impaired computer equipment with a carrying value of \$21,713 to its net realizable value of \$nil with respect to idle assets.

During the twelve months ended December 31, 2021, the Company impaired its kitchen equipment to its net realizable value of \$5,000 as a result of closing its kitchen facilities.

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11. INTANGIBLE ASSETS

	Website		Brand		Total
Cost					
Balance, December 31, 2020	\$	154,927	\$	-	\$ 154,927
Additions		-		-	-
Balance, December 31, 2021		154,927		-	154,927
Additions (Note 4)		-		3,001,941	3,001,941
Balance, December 31, 2022	\$	154,927	\$	3,001,941	\$ 3,156,868
Accumulated Depreciation and Impairment					
Balance, December 31, 2020	\$	6,455	\$	-	\$ 6,455
Amortization		77,464		-	77,464
Impairment		71,008		-	71,008
Balance, December 31, 2021		154,927		-	154,927
Amortization		-		279,633	279,633
Impairment		-		2,722,308	2,722,308
Balance, December 31, 2022	\$	154,927	\$	3,001,941	\$ 3,156,868
Net book value					
Balance, December 31, 2021	\$	-	\$	-	\$ -
Balance, December 31, 2022	\$	-	\$	-	\$ -

All of the costs incurred for the website were considered to be internally generated intangible assets and were capitalized. During the twelve months ended December 31, 2021, the Company assessed that the intangible asset was impaired and wrote off the remaining carrying value of \$71,008.

During the twelve months ended December 31, 2022, the Company acquired the intangible assets of SMPL consisting of intellectual property, brand, design, proprietary expertise, recipes, formulations, and trade secrets in connection with the Amalgamation (Note 4).

During the twelve months ended December 31, 2022, the Company assessed that the intangible assets relating to SMPL were impaired as a result of fulfillment issues experienced subsequent to the Amalgamation and the likelihood of the Company recovering its investment. The Company wrote off the remaining carrying value of the intangible assets of \$2,722,308.

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	December 31, 2022		December 31, 2021	
Accounts payable	\$	557,396	\$	106,646
Accrued liabilities		20,778		115,260
Payroll liabilities		-		89,480
Sales tax payable		38		181
	\$	578,212	\$	311,567

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(Unaudited)

13. REVENUE

The Company generated revenue from the sale and delivery of vegan meal kits, prepared meals and grocery staples to its customers. Revenue is generated in one primary geographical market, being Canada, and is recognized upon delivery of purchase orders to customers.

Revenue (net of refunds) recognized by the Company is summarized in the table below.

	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	2022	2021
Meal kits and prepared meals	\$ -	\$ 136,944	\$ 139,962	\$ 329,845
Grocery staples via Marketplace	(24)	42,835	47,652	77,849
	\$ (24)	\$ 179,779	\$ 187,614	\$ 407,694

The balance of deferred revenue is summarized in the table below.

	Meal kits	Marketplace	Total
Balance, December 31, 2020	\$ -	\$ -	\$ -
Additions to deferred revenue	39,913	18,045	57,958
Revenue earned during the period	(29,629)	(8,723)	(38,352)
Balance, December 31, 2021	10,284	9,322	19,606
Additions to deferred revenue	9,363	5,967	15,330
Revenue earned during the period	(19,647)	(14,703)	(34,350)
Balance, December 31, 2022	\$ -	\$ 586	\$ 586

The balance of gift card liability is comprised of contractual liability associated with the unredeemed gift cards and coupons. The continuity of the gift card liability is summarized in the table below.

	Gift cards
Balance, December 31, 2020	\$ 59,930
Additions to gift card liability	31,363
Redeemed during the period	(57,606)
Balance, December 31, 2021	33,687
Additions to gift card liability	7,614
Redeemed during the period	(15,628)
Balance, December 31, 2022	\$ 25,673

VEGANO FOODS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

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14. CONVERTIBLE NOTE

On July 10, 2020, the Company issued an unsecured convertible note bearing interest at 10% with a face value of \$500,000 and a maturity date of May 5, 2021 to an officer of the Company. The note was convertible into common shares of the Company at the option of the holder at any time prior to the maturity date at \$2.50 per share. Accrued interest was payable to the lender on the maturity date and was not convertible.

The Company determined the fair value of the debt component of the convertible note to be \$480,081 on the date of issuance, using a market interest rate of 15%. The residual value of \$19,919 was allocated to the equity component of the note during the year ended December 31, 2020.

During year ended December 31, 2021, the Company repaid the principal amount of \$500,000 and the accrued interest of \$40,959, for a total cash payment of \$540,959.

During the twelve months ended December 31, 2022, the Company recognized accretion expense on the debt component of the convertible note in the amount of \$nil (December 31, 2021 - \$8,581) and recorded finance costs of \$nil (December 31, 2021 - \$17,123) for accrued interest.

15. LOANS PAYABLE

As at December 31, 2022, the Company had loans payable to arm's length parties in the gross amount of \$6,171 (December 31, 2021 - \$31,171). The loans are non-interest bearing, unsecured and payable on demand.

During the twelve months ended December 31, 2022, the Company repaid loans payable of \$25,000 (December 31, 2021 - \$35,718).

16. SHARE CAPITAL

a) Authorized

An unlimited number of common shares without par value.

b) Share Consolidation

On October 25, 2022, the Company consolidated its common shares on the basis for one post-consolidated share for every ten pre-consolidated common shares held. All references to share and per share amounts have been retroactively restated to reflect this share consolidation.

c) Common Shares Held in Escrow

As at December 31, 2022, 535,714 common shares were held in escrow and restricted from trading. These common shares will be released from escrow as follows: 107,143 common shares released on February 15, 2023, 107,143 common shares released on August 15, 2023, 107,143 common shares released on February 15, 2024, 107,143 common shares released on August 15, 2024, and 107,142 common shares released on February 15, 2025.

VEGANO FOODS INC.

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(Stated in Canadian dollars)

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16. SHARE CAPITAL (CONTINUED)

d) Shares Issued

During the twelve months ended December 31, 2022, the Company issued or cancelled common shares as follows:

- On February 11, 2022, the Company canceled and returned 13,000 common shares to treasury and paid consideration of \$32,500 as a result of a former shareholder exercising rescission rights.
- On February 25, 2022, the Company issued 16,153 common shares in exchange for consulting services with a fair value of \$21,000.
- On March 30, 2022, the Company issued 30,000 common shares with a fair value of \$36,000 to settle amounts payable of \$36,000 pursuant to a debt settlement agreement.
- On April 4, 2022, the Company issued 17,500 common shares in exchange for consulting services with a fair value of \$21,000.
- On April 6, 2022, the Company issued 63,725 common shares with a fair value of \$57,353 to settle amounts payable of \$58,853 pursuant to debt settlement agreements and recorded a \$1,500 on gain on debt settlement.
- On April 28, 2022, the Company issued 30,000 common shares in exchange for consulting services with a fair value of \$21,000.
- On May 31, 2022, the Company issued 32,307 common shares in exchange for consulting services with a fair value of \$21,000.
- On June 20, 2022, the Company issued 2,867,868 common shares with a fair value of \$2,294,295 in connection with the Amalgamation (Note 4).
- On June 30, 2022, the Company issued 42,000 common shares in exchange for consulting services with a fair value of \$21,000.

e) Obligation to issue shares

As at December 31, 2020, the Company was obligated to issue 657,924 common shares in exchange for \$1,644,810 of cash proceeds received. The common shares were issued during the twelve months ended December 31, 2021, resulting in a balance of obligation to issue shares of \$nil as at December 31, 2021.

During the twelve months ended December 31, 2022, the Company issued 11,615 special warrants in connection with the Amalgamation (Note 4). Each special warrant is exercisable for no additional consideration into one unit of the Company with each unit consisting of one common share and one warrant of the Company. Each warrant is exercisable for one common share of the Company at an exercise price of \$1.12 for a period of 24 months. As at December 31, 2022, 11,615 special warrants were outstanding.

f) Subscription proceeds receivable

As at December 31, 2022 and 2021, the Company had total subscription proceeds receivable of \$650 for 928 common shares issued under private placement tranches. The amount is included in other receivables (Note 6).

VEGANO FOODS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Stated in Canadian dollars)

(Unaudited)

17. STOCK OPTIONS

On August 12, 2021, the Company adopted the Stock Option Plan (the "Plan") with the purpose of providing incentives to directors, officers, employees and consultants. The Plan allows the Company to issue up to 10% of its outstanding common shares as stock options.

Stock option activity for the twelve months ended December 31, 2022 and 2021 is summarized in the table below.

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2020	-	\$ -
Granted	940,000	1.90
Cancelled	(380,000)	1.00
Outstanding at December 31, 2021	560,000	2.50
Granted	255,000	1.01
Cancelled	(225,000)	2.50
Forfeited	(335,000)	2.44
Outstanding at December 31, 2022	255,000	\$ 1.09

As at December 31, 2022, the following stock options were outstanding and exercisable:

Outstanding	Exercisable	Exercise Price	Remaining Life (Years)	Expiry Date
15,000	8,250	\$2.50	1.61	August 10, 2024
165,000	165,000	\$1.05	4.23	March 24, 2027
75,000	75,000	\$0.90	1.27	April 6, 2024
255,000	248,250			

During the twelve months ended December 31, 2022, the Company recorded share-based compensation of \$189,768 (December 31, 2021 - \$397,539) related to the fair value of options vested in the period. The following weighted average assumptions were applied using the Black-Scholes Option Pricing model used to estimate the weighted average fair value of stock options granted during the twelve months ended December 31, 2022 and 2021:

	Twelve months ended December 31, 2022	Twelve months ended December 31, 2021
Risk-free interest rate	2.28%	0.30%
Expected life (years)	4.12	1.90
Annualized volatility	100%	100%
Dividend yield	0%	0%

The Company has used the annualized volatility with reference to the historical record of comparable public companies.

VEGANO FOODS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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18. WARRANTS

Warrant activity for the twelve months ended December 31, 2022 and 2021 is summarized in the table below.

	Number of Warrants		Weighted Average Exercise Price
Outstanding at December 31, 2020	-	\$	-
Issued	19,360		2.50
Outstanding at December 31, 2021	19,360		2.50
Issued (Note 4)	1,959,914		0.81
Outstanding at December 31, 2022	1,979,274	\$	0.82

As at December 31, 2022, the following warrants were outstanding:

Outstanding	Exercise Price	Remaining Life (Years)	Expiry Date
8,640 ⁽¹⁾	\$2.50	0.08	January 29, 2023
10,720 ⁽¹⁾	\$2.50	0.16	February 26, 2023
1,094,672	\$0.56	1.47	June 20, 2024
865,242	\$1.12	1.47	June 20, 2024
1,979,274			

⁽¹⁾ These warrants expired unexercised subsequent to the twelve months ended December 31, 2022.

The following weighted average assumptions were used to estimate the weighted average grant date fair value of warrants granted during the twelve months ended December 31, 2022 and 2021:

	Twelve months ended December 31, 2022	Twelve months ended December 31, 2021
Risk-free interest rate	3.26%	0.23%
Expected life (years)	2.00	2.00
Annualized volatility	109.50%	100%
Dividend yield	0%	0%

The Company has used the annualized volatility with reference to the historical record of comparable public companies.

19. RELATED PARTY TRANSACTIONS AND BALANCES*Key management compensation*

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

VEGANO FOODS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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19. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Remuneration attributed to key management personnel is summarized in the table below.

		Twelve months ended December 31, 2022		Twelve months ended December 31, 2021
Salaries and benefits				
Chief Executive Officer ("CEO")	\$	57,854	\$	306,742
Former Chief Operating Officer ("COO")		42,086		111,071
Former Vice President of Sales		-		40,212
Directors		22,648		-
Domestic partner of the CEO		1,920		-
Consulting				
Company controlled by the CEO		307,083		151,134
Domestic partner of the CEO		30,825		71,878
Share-based compensation (Note 17)				
CEO		-		60,952
Chief Financial Officer ("CFO")		-		22,857
Former COO		-		226,970
Directors		35,568		21,940
Domestic partner of the CEO		78,858		-
	\$	576,842	\$	1,013,756

Related party transactions and balances

During the twelve months ended December 31, 2022, the Company incurred professional fees of \$241,422 (December 31, 2021 - \$173,089) to a company controlled by the Chief Financial Officer.

As at December 31, 2022, amounts due to related parties included in accounts payable and other liabilities consisted of \$278,695 (December 31, 2021 - \$60,811) in consulting and professional fees and accrued salaries owed to related parties. These amounts are non-interest bearing, unsecured and due on demand.

As at December 31, 2022, advances due from related parties included in other receivables consisted of \$15,451 (December 31, 2021 - \$nil) in advances to an officer of the Company for the purpose of expenses to be incurred on behalf of the Company. The amount is non-interest bearing, unsecured and due on demand.

20. COST OF GOODS SOLD

		Three months ended December 31,		Twelve months ended December 31,
	2022	2021	2022	2021
Ingredients	\$ -	\$ 72,405	\$ 125,762	\$ 194,059
Direct labour	-	72,064	46,643	170,478
Delivery and packaging	21	70,448	66,858	152,495
Merchandise	137	20,240	68,590	56,545
Impairment	62,964	6,730	63,567	6,730
Other direct costs	72	8,499	7,891	19,255
	\$ 63,194	\$ 250,386	\$ 379,311	\$ 599,562

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(Stated in Canadian dollars)

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21. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	2022	2021
Filing fees	\$ 10,734	\$ (750)	\$ 99,078	\$ 14,504
Insurance	611	874	3,276	3,376
Interest and bank charges	2,180	1,616	7,020	5,853
Kitchen expenses and product development	-	10,339	742	48,674
Meals and entertainment	-	(375)	19,120	90,299
Office expenses	732	(341)	19,641	55,037
Rent	-	8,164	14,080	158,869
Repairs and maintenance	-	2,550	866	10,664
Shipping and delivery	-	3,371	150	6,324
Subscriptions	1,424	18,153	26,565	46,701
Utilities	-	5,640	5,445	27,009
Website expenses	524	7,385	12,835	63,705
	\$ 16,205	\$ 56,626	\$ 208,818	\$ 531,015

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the degree to which the inputs used to estimate the fair values are observable:

- Level 1 – Unadjusted quoted price in active market for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);
- Level 3 - inputs for the asset or liability that are not based on observable market data.

The fair values of cash and cash equivalents, other receivables, accounts payable and other liabilities and loans payable of the Company approximate their carrying values due to their short-term nature.

The investment in Superbolt held by the Company is considered to represent a level 3 fair value measurement.

VEGANO FOODS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022

(Stated in Canadian dollars)

(Unaudited)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and cash equivalents held in bank accounts and other receivables. The majority of cash and cash equivalents are deposited in bank accounts held with a major bank and reputable online payment processing platforms. As the Company's cash and cash equivalents is held by only one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. Other receivables primarily comprise of balances recoverable from the tax authority for sales tax paid and advances due from the Company's CEO. Management has estimated the expected credit loss to be \$nil with respect to these other receivables. The Company's exposure to credit risk is low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by maintaining adequate cash balances and by raising equity financings. The Company has no assurance that such financings will be available on favorable terms. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares.

As at December 31, 2022, the Company had cash and cash equivalents of \$16,404 to settle current liabilities of \$610,642 which fall due for payment within twelve months of the statement of financial position. All of the Company's contractual obligations are current and due within one year. All of the Company's financial liabilities are due on demand.

23. COMMITMENTS

Leases

During the year ended December 31, 2021, the Company entered into a premise lease for an office space with a term of one-year that expired on February 8, 2022. During the year ended December 31, 2021, the Company terminated the lease contract; and as a result, the amount due for the remainder of the lease became due immediately. As at December 31, 2022 and 2021, accounts payable and other liabilities includes \$25,833 with respect to the lease contract.

During the twelve months ended December 31, 2022, the Company leased kitchen space on a month-to-month basis and terminated the lease contract on March 31, 2022.

During the twelve months ended December 31, 2022, the Company recognized total rent expense, included in general and administrative expense, of \$14,080 (December 31, 2021 - \$158,869) in connection with short-term lease contracts.

Schedule “B”

VEGANO FOODS INC.

Management Discussion & Analysis
for the quarter ended December 31, 2022

VEGANO FOODS INC.
Management Discussion and Analysis
For the three and twelve months ended December 31, 2022
(Expressed in Canadian dollars)

INTRODUCTION

The following management's discussion and analysis ("MD&A") is dated February 28, 2023, provides information concerning the financial condition and results of operations of Vegano Foods Inc. ("Vegano" or the "Company") for the twelve months ended December 31, 2022. The following MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the twelve months ended December 31, 2022 and the audited financial statements for the year ended December 31, 2021 and the notes thereto. The Company's financial statements and financial information included in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise stated, all dollar figures included therein and the following MD&A are presented in Canadian dollars.

Additional information relating to the Company is available on the Company's website at www.veganofoods.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation ("forward-looking information"). Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below and as detailed under section "Risks and Uncertainties" in this MD&A.

In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "anticipate", "believe", "expects" or "does not expect", "estimates", "outlook", "prospects"; "projection", "intends", "believes", "should", "will", "would" or the negative of these terms, and similar expressions intended to identify forward looking statements. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

OVERVIEW

Vegano Foods Inc. was incorporated under the Business Corporation Act of British Columbia on March 19, 2020. The registered office of the Company is located at 1500 West Georgia Street, Suite 1300, Vancouver BC V6G 2Z6, Canada. The Company's principal activities relate to the sales and delivery of vegan grocery and household staples to end customers through its proprietary technology platform, the Vegano Marketplace.

The Company's common shares trade on the Canadian Securities Exchange (the "CSE") under the trading symbol "VAGN" and the OTCQB Venture Market under the trading symbol "VAGNF".

PRINCIPAL PRODUCTS AND SERVICES

Vegano Marketplace

The Company launched a vegan marketplace, accessible through the Company's website, offering a large selection of vegan grocery and household items with e-commerce shopping experience. The marketplace features Vegano proprietary branded supplement products as well as vegan, gluten-free, and vegetarian products from well-know plant-based brands, with the objective of aiming to become the world's largest online destination for plant-based food products.

The Vegano Marketplace is operating in a limited capacity at the moment as the Company does not have enough operating cash to stock appropriate levels of inventory to fulfill customer orders in a timely way. Effectively, orders from the Vegano Marketplace are operating on a drop shipment basis whereby management purchases the inventory after a customer purchase and attempts to fulfill the order after it has been received.

The Company is primarily focused on the sale of its proprietary branded products: Vegano Chocolate Protein Powder, Vegano Vanilla Protein Powder, and Vegano Greens Blend. The plant-based protein powders are made of a blend of three plant-based proteins including non-GMO pea protein, brown rice protein and hemp protein and are designed to repair body tissue and help build muscle. Vegano's Greens Blend contains over 50 natural ingredients which are dense in antioxidants, vitamins and minerals to support optimal health. Complete product information, including ingredients and health benefits, can be found on the Company's website at www.veganofoods.com.

Management intends to sell its existing inventory of these three proprietary products through continued sales direct to consumers via Vegano Marketplace and by securing wholesale distribution agreements with strategic partners.

Meal Subscription Service

The Company previously offered a selection of plant-based meals on a subscription basis, through its custom-built online platform www.veganofoods.com, which were delivered to its customers on a weekly basis. The meals accommodated the following dietary preferences: vegan, vegetarian, and gluten-free and were available for delivery to Metro Vancouver, Vancouver Island, Squamish, Whistler and Pemberton, British Columbia.

During the year ended December 31, 2021, the Company manufactured meal kits, using high-quality ingredients sourced from local farmers and producers to ensure that its meal kits were delivered fresh to subscribers every week. The meal kits could be prepared in less than 45 minutes. The meal kit sales allowed the Company to capitalize on the demands for home delivery of fresh and plant-based, ready-to-cook ingredients that have been emerging in the market and secure a recurring income stream.

Starting January 31, 2022, the Company modified its meals subscription service, replacing meal kits with ready-made meals which required no further preparation by customers. The ready-made meals accommodated the same dietary preferences as the meal kits, were no longer manufactured inhouse, and were sourced from leading plant-based companies local to Vancouver, BC.

Since May 2022, the Company ceased the procurement and delivery of ready-made meals and focused its business strategy on the Vegano Marketplace.

SMPL Oats

On June 20, 2022, the Company completed the acquisition of SMPL Oats Ltd. ("SMPL"). Refer to "Acquisition of SMPL Oats Ltd." below. SMPL has had a number of fulfilment issues post acquisition, which resulted in an impairment charge of \$2,722,308 after the Company has assessed it is unlikely to recover its investment. In particular, the formulation which was being done with a local vendor proved to be ineffective with quality control. There isn't a clear path to maintaining a consistent quality of standard with this vendor. The Company has solidified a vendor in the United States to procure the oat milk, but the Company currently does not have the working capital to manage the order, as it will require an investment of approximately US\$50,000.

HIGHLIGHTS AND DEVELOPMENTS

During the period from January 1, 2022 to the date of this MD&A:

- The Company transitioned from producing and offering meal kits to ready-made meals sourced from local companies, as described in "Principal Products and Services". Meals have since been discontinued from the Company's offerings.
- The common shares of the Company began trading on the CSE on February 15, 2022 and later on the OTCQB Venture Market.
- On April 3, 2022, the Company, its wholly-owned subsidiary, 1355441 B.C. Ltd., and SMPL Oats Ltd. entered into an amalgamation agreement for the purpose of amalgamating SMPL Oats Ltd. and 1355441 B.C. Ltd. (the "Amalgamation").
- On June 20, 2022, the Company completed the acquisition of SMPL. Refer to "Acquisition of SMPL Oats Ltd."
- On October 25, 2022, the Company consolidated its common shares on the basis for one post-consolidated share for every ten pre-consolidated common shares held. All references to share and per share amounts have been retroactively restated to reflect this share consolidation.
- The Company elected to change its financial year end from December 31 to March 31. As a result, the Company will report audited consolidated financial statements for a 15-month transitional fiscal year from January 1, 2022 to March 31, 2023 with a comparative of the 12-month audited financial results from January 1, 2021 to December 31, 2021.

RESULTS OF OPERATIONS

Twelve months ended December 31, 2022 and 2021

During the twelve months ended December 31, 2022, the Company recorded a net loss of \$5,307,290 compared to a net loss of \$3,967,871 for the same period of the prior year. A detailed discussion of the components which make up net loss for each period is below.

Revenue

During the twelve months ended December 31, 2022, the Company recognized revenue of \$187,614 (2021 - \$407,694) generated from the sale of meal kits and prepared meals totaling \$139,962 (2021 - \$329,845) and the sale of grocery and household staples via Vegano Marketplace totaling \$47,652 (2021 - \$77,849). The decrease in revenue period over period of \$220,080 is primarily explained by the cessation of meals kits and prepared meals in May 2022 which contributed \$189,883 to the total decrease in revenue. Revenue generated from the Vegano Marketplace also decreased by \$30,197 for the twelve months ended December 31, 2022 compared to the same period of the prior year while the Vegano Marketplace operated in a limited capacity, as discussed above in "Principal Products and Services".

Cost of goods sold and gross profit (loss)

Cost of goods sold consists of costs of ingredients, direct labour, packaging and shipping, merchandise, impairment losses, and other direct costs. During the twelve months ended December 31, 2022, the Company incurred \$379,311 (2021 - \$599,562) in costs of goods sold and a negative gross margin of \$191,697 (2021 - \$191,868). The decline in gross margin for the twelve months ended December 31, 2022 is attributable to the impact of inflation on the price of inputs and fulfillment costs, and the impairment of inventory to its net realizable value based on management's expectation of the likelihood of completing a sale of certain inventory items.

Operating expenses

	Twelve months ended December 31, 2022	Twelve months ended December 31, 2021
Advertising and promotion	\$ 237,323	\$ 308,011
Amortization of intangible assets	279,633	77,464
Consulting fees	772,349	419,391
Depreciation of equipment	15,786	16,063
General and administrative	208,818	531,015
Professional fees	389,296	498,054
Salaries and benefits	191,160	897,385
Share-based compensation	189,768	397,539
Travel expenses	57,857	164,500
Total operating expenses	\$ 2,341,990	\$ 3,309,422

Operating expenses decreased by \$967,432 for the twelve months ended December 31, 2022 compared to the twelve months ended December 31, 2021. Variances within expense items are summarized below.

- Decrease in advertising and promotion of \$70,688 was due to curtailing advertising and promotion initiatives during the twelve months ended December 31, 2022. This reduction in advertising and promotion activities was partially offset by SMPL engaging a third party for marketing services for which payment was made in advance prior to the Amalgamation. During the twelve months ended December 31, 2021, the Company focused on advertising and promotion to support the launch of meal kits subscriptions and the Vegano Marketplace to bolster sales and the Company's market share.
- Amortization of intangible assets increased by \$202,169. Amortization for the twelve months ended December 31, 2022 consists of amortization of the intangible assets acquired from SMPL in connection with the Amalgamation. Refer to "Acquisition of SMPL Oats Ltd." Amortization for the twelve months ended December 31, 2021 consisted of amortization of the Company's website.

- Increase in consulting fees of \$352,958 is explained by engaging business advisory services with respect to acquisition target identification, market research and business development during the twelve months ended December 31, 2022. Included in consulting fees is \$337,908 paid to related parties. Refer to “Related Party Disclosures”.
- General and administrative expenses consist of expenses relating to business activities such as occupancy costs for office spaces, costs for website maintenance and user interface development, office supplies, utilities, regulatory and filing fees, and meals and entertainment. The decrease in general and administrative expenses of \$322,197 is primarily due to the closure of leased commercial space and reduction in meals and entertainment to conserve cash resources. During the twelve months ended December 31, 2021, the Company incurred website expenses prior to launching the Vegano Marketplace in the period whereas during the twelve months ended December 31, 2022 website expenses primarily reflect ongoing maintenance costs. These decreases were partially offset by increased filing fees incurred in connection with the Company’s listing on the CSE and the OTCQB Venture Market.
- Decrease in professional fees of \$108,758 incurred in the twelve months ended December 31, 2022 is attributed to the completion of listing the Company’s common shares on the CSE as of February 15, 2022 which required considerable legal and accounting fees during the twelve months ended December 31, 2021. In addition, as a result of the change in year-end from December 31 to March 31 certain professional fees, including audit fees, are deferred subsequent to December 31, 2022.
- Decrease in salaries and benefits of \$706,225 was due to the Company reducing its workforce and focusing its business strategy on evaluating new opportunities.
- Decrease in share-based compensation of \$207,771 is explained by the number of stock options granted in each period and the underlying vesting terms and resulting fair values recognized.
- Decrease in travel expenses of \$106,643 was a result of the Company’s focus on completing the listing on the CSE and the Amalgamation during the twelve months ended December 31, 2022. During the twelve months ended December 31, 2021, the Company was focused on engagement with shareholders and investors.

Other expenses

During the twelve months ended December 31, 2022, the Company recorded a loss on disposal of equipment of \$28,714 related to the sale of kitchen equipment and a vehicle, a gain on debt settlement of \$1,500 upon issuing shares to settle amounts payable, an impairment loss of \$2,722,308 related to the intangible assets of SMPL as a result of a revised assessment of the recoverable amount of the assets, and an impairment loss of \$21,713 related to idle assets.

During the twelve months ended December 31, 2021, the Company recorded accretion expense and finance costs of \$8,581 and \$17,123, respectively, related to a convertible note issued to the CEO of the Company on July 10, 2020. Refer to “Related Party Disclosures”. As a result of the change in fair value of the Company’s investment in Superbolt Tea Inc., the Company also recorded a loss on investment of \$349,999 during the twelve months ended December 31, 2021. The Company recorded impairment losses related to intangible assets and equipment totaling \$106,388 with respect to website costs and kitchen facilities with net realizable values of \$nil as of December 31, 2021. These expenses and losses were partially offset by government assistance of \$16,973 recorded for grants and subsidies.

Three months ended December 31, 2022 and 2021

During the three months ended December 31, 2022, the Company recorded a net loss of \$201,753 compared to a net loss of \$1,505,757 for the same period of the prior year. A detailed discussion of the components which make up net loss for each period is below.

Revenue

During the three months ended December 31, 2022, refunds exceeded revenue by \$24 compared to revenue of \$179,779 for the three months ended December 31, 2021. During the three months ended December 31, 2022, refunds were issued on prior period sales via the Vegano Marketplace while current period revenue decreased. The decrease in revenue relates to decreased digital marketing in the period as well as the cessation of prepared meals. During the three months ended December 31, 2021, revenue was derived from meal kits and prepared meals (\$136,944) and the Vegano Marketplace (\$42,835) following the launches and concurrent marketing campaigns.

Cost of goods sold and gross profit (loss)

Cost of goods sold consists of costs of ingredients, direct labour, packaging and shipping, merchandise, other direct costs and impairment of inventory. During the three months ended December 31, 2022, the Company incurred \$63,194 (2021 - \$250,386) in costs of goods sold and a negative gross margin of \$63,218 (2021 - \$70,607). The decline in gross margin is attributable to the decline in sales volumes and the impairment of inventory during the three months ended December 31, 2022.

Operating expenses

	Three months ended December 31, 2022	Three months ended December 31, 2021
Advertising and promotion	\$ 3,059	\$ 45,367
Amortization of intangible asset	-	19,366
Consulting fees	33,482	203,021
Depreciation of equipment	2,841	5,220
General and administrative	16,205	56,626
Professional fees	52,760	187,932
Salaries and benefits	7,082	237,157
Share-based compensation	1,527	11,142
Travel expenses	60	(20,293)
Total operating expenses	\$ 117,016	\$ 745,538

Operating expenses decreased by \$628,522 for the three months ended December 31, 2022 compared to the three months ended December 31, 2021. Variances within expense items are summarized below.

- Decrease in advertising and promotion of \$42,308 was due to curtailing advertising and promotion initiatives during the three months ended December 31, 2022. During the three months ended December 31, 2021, the Company focused on digital marketing campaigns to support the launch of meal kits subscriptions and the Vegano Marketplace to bolster sales and increase the Company's market share.
- Amortization of intangible assets decreased by \$19,366. Amortization for the three months ended December 31, 2022 was \$nil as a result of impairing the carrying value of intangible assets to \$nil in a previous period. Amortization for the three months ended December 31, 2021 consisted of amortization of the Company's website.

- Decrease in consulting fees of \$169,539 is explained by reduced overall corporate activities for the three months ended December 31, 2022 in addition to discretionary bonuses which were incurred during the three months ended December 31, 2021 were not granted as of December 31, 2022.
- The decrease in general and administrative expenses of \$40,421 is primarily due to decreased operating levels and transaction volumes, the closure of leased commercial space and the reduction in discretionary spending in an effort to conserve cash resources.
- Professional fees for the three months ended December 31, 2022 decreased by \$135,172 compared to the three months ended December 31, 2021 due to the completion of listing the Company's common shares on the CSE as of February 15, 2022 which required considerable legal and accounting fees during the three months ended December 31, 2021. In addition, as a result of the change in year-end from December 31 to March 31 certain professional fees, including audit fees, are deferred subsequent to December 31, 2022.
- Decrease in salaries and benefits of \$230,075 was due to the Company reducing its workforce.
- Decrease in share-based compensation of \$9,615 is explained by the number of stock options granted in each period and the underlying vesting terms and resulting fair values recognized.

Other expenses

During the three months ended December 31, 2022, the Company recorded an impairment loss of \$21,713 related to idle assets.

During the three months ended December 31, 2021, the Company recorded impairment losses related to intangible assets and equipment totaling \$106,388 with respect to website costs and kitchen facilities with net realizable values of \$nil as of December 31, 2021. As a result of the change in fair value of the Company's investment in Superbolt Tea Inc., the Company also recorded a loss on investment of \$599,999 during the three months ended December 31, 2021. These expenses and losses were partially offset by government assistance of \$16,973 recorded for grants and subsidies.

SUMMARY OF QUARTERLY RESULTS

Three months ended,	Quarter	Total revenue (\$)	Net loss (\$)	Basic and diluted net loss per share (\$)
December 31, 2022	Q4	(24)	(201,753)	(0.02)
September 30, 2022	Q3	383	(3,559,697)	(0.41)
June 30, 2022	Q2	43,645	(526,382)	(0.09)
March 31, 2022	Q1	143,610	(1,049,458)	(0.19)
December 31, 2021	Q4	179,779	(1,505,757)	(0.27)
September 30, 2021	Q3	126,520	(883,070)	(0.16)
June 30, 2021	Q2	51,321	(715,868)	(0.13)
March 31, 2021	Q1	50,074	(863,176)	(0.29)

Historical quarterly results of operations and loss per share data do not necessarily reflect any recurring expenditure patterns or predictable trends.

Revenue generally increased in each of the quarters ending in 2021 as a result of increased product offerings and customer base. Since the quarter ended June 30, 2022, sales have decreased as the Company focused its attention on the completion of the Amalgamation, evaluating strategic opportunities, and ceased the procurement and delivery of ready-made meals. Refer to “Principal Products and Services” for additional discussion of revenue streams.

The Company’s expenditures and net loss are primarily driven by the availability of financing and the timing of new product and offering launches and corporate and strategic transactions. Net loss generally increased from the quarter ended March 31, 2021 to the quarter ended March 31, 2022 as corporate activities increased and the Company transitioned to a publicly listed entity in February 2022. In the quarter ended June 30, 2022, net loss decreased due to the closure of the Company’s leased spaces and workforce reductions. The increased loss incurred in the quarter ended September 30, 2022 is primarily explained by the amortization and impairment of intangible assets from the Amalgamation. For the quarter ended December 31, 2022, net loss returned to reduced levels while the Company curtailed operations and focused on evaluating strategic opportunities.

OFF BALANCE SHEET ARRANGEMENTS

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

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes the Company’s cash flows for the twelve months ended December 31, 2022 and 2021:

	Twelve months ended December 31, 2022	Twelve months ended December 31, 2021
Cash used in operating activities	\$ (1,381,156)	\$ (2,957,488)
Cash provided by (used in) investing activities	16,978	(408,124)
Cash provided by (used in) financing activities	(59,000)	2,529,265
Change in cash and cash equivalents	(1,423,178)	(836,347)
Cash and cash equivalents, beginning of period	1,439,582	2,275,929
Cash and cash equivalents, end of period	\$ 16,404	\$ 1,439,582

During the twelve months ended December 31, 2022, the Company used cash of \$1,381,156 in operating activities. As the Company is in its early-stage and only started carrying on business in its current capacity as of December 2020, the cash used to fund the development of its operations exceeded the cash inflows from revenue that it generated. As a result, the Company has relied on its ability to raise financing through the issuance of equity securities to obtain sufficient cash flows. There is no certainty that equity financing will continue to be available at the times and in the amounts required to fund the Company’s future activities.

Cash provided by investing activities for the twelve months ended December 31, 2022 consisted of \$41,500 received from the sale of equipment and \$44,025 in cash assumed on the acquisition of SMPL Oats Ltd., net of equipment purchases of \$68,547. Cash used in investing activities for the twelve months ended December 31, 2021 related to an investment of \$350,000 in common shares of Superbolt Tea Inc. and the purchase of equipment for \$58,124.

Cash used in financing activities for the twelve months ended December 31, 2022 related to the repurchase of 130,000 common shares for consideration paid of \$32,500, loan repayments of \$25,000, and share issuance costs paid of \$1,500. Cash generated by financing activities for the twelve months ended December 31, 2021 related to the proceeds on issuance of common shares for net proceeds of \$3,105,942. The cash generated from equity financings was partially offset by the repayment of \$540,959 to Conor Power, CEO of the Company, for the principal and interest on a convertible note which matured on May 5, 2021 and other loan repayments of \$35,718.

As at December 31, 2022, the Company had a working capital deficit of \$471,686 (December 31, 2021 – working capital of \$1,222,034). The decrease in working capital of \$1,693,720 is primarily due to the decrease in cash and cash equivalents of \$1,423,178 discussed above and the increase in accounts payable and other liabilities of \$266,645 due to the timing of payments and availability of cash.

As at December 31, 2022, the Company has not generated profits or positive cash flows from operations. These conditions cast significant doubt about the Company's ability to continue as a going concern. The Company is dependent on its ability to develop profitable operations and to continue to raise adequate financing from external sources to carry out its business objectives. The Company will require additional financing for continuing operations, to evaluate strategic opportunities, and for working capital purposes. However, there is no assurance that the Company will be able to secure such financing on favorable terms.

RELATED PARTY DISCLOSURES

The Company has determined that related parties consist of the Company's Directors and its senior officers who are responsible for planning, directing and controlling the activities of the Company. A summary of current and former directors and senior officers of the Company applicable to the reporting periods presented are summarized as follows:

- Conor Power, CEO and Director (appointed on March 19, 2020)
- Alexander McAulay, CFO (appointed on November 30, 2020)
- Kaylee Astle, Former COO (appointed on January 1, 2021; resigned January 1, 2022)
- Luka Petkovic, Former VP of Sales (appointed on March 19, 2020; resigned on March 31, 2021); Director (appointed on August 23, 2022)
- Julie Daley, Former Director (appointed on August 10, 2021; resigned on July 13, 2022)
- Joel Primus, Director (appointed on August 10, 2021)

Remuneration attributed to key management personnel is summarized in the table below.

	Twelve months ended December 31, 2022	Twelve months ended December 31, 2021
Salaries and benefits		
Conor Power, Chief Executive Officer ("CEO")	\$ 57,854	\$ 306,742
Kaylee Astle, former Chief Operating Officer ("COO")	42,086	111,071
Luka Petkovic, Director	4,253	40,212
Joel Primus, Director	12,000	-
Julie Daley, former Director	6,395	-
Kristin Fedchuk, domestic partner of the CEO	1,920	-
Consulting		
Alora Design and Consulting, controlled by the CEO	307,083	151,134
Kristin Fedchuk, domestic partner of the CEO	30,825	71,878
Share-based compensation		
CEO	-	60,952
Alex McAulay, Chief Financial Officer ("CFO")	-	22,857
Former COO	-	226,970
Joel Primus, Director	21,999	10,970
Julie Daley, former Director	13,569	10,970
Kristin Fedchuk, domestic partner of the CEO	78,858	-
	\$ 576,842	\$ 1,013,756

During the twelve months ended December 31, 2022, the Company incurred professional fees of \$241,422 (2021 - \$173,089) to Treewalk Consulting Inc. (formerly ACM Management Inc.), a company controlled by Alex McAulay, CFO. The Company outsources bookkeeping, financial reporting, and corporate secretarial services to Treewalk Consulting Inc.

As at December 31, 2022, accounts payable and other liabilities include \$nil (December 31, 2021 - \$8,654) due to Conor Power, CEO for accrued salaries and benefits. The amount was non-interest bearing, unsecured and due on demand.

As at December 31, 2022, accounts payable and other liabilities include \$nil (December 31, 2021 - \$13,010) due to Kaylee Astle, former COO and/or a company controlled by her for accrued salaries and benefits and expense reimbursements. The amount was non-interest bearing, unsecured and due on demand.

As at December 31, 2022, accounts payable and other liabilities include \$125,226 (December 31, 2021 - \$25,000) due to Treewalk Consulting Inc., a company controlled by Alex McAulay, CFO for professional fees, as described above. The amount is non-interest bearing, unsecured and due on demand.

As at December 31, 2022, accounts payable and other liabilities include \$nil (December 31, 2021 - \$5,687) due to Kristin Fedchuk, domestic partner of the CEO for consulting fees and accrued salaries and benefits. The amount was non-interest bearing, unsecured and due on demand.

As at December 31, 2022, accounts payable and other liabilities include director fees of \$6,000 due to Joel Primus, \$396 due to Julie Daley, and \$4,253 due to Luka Petkovic. As at December 31, 2021, no director fees were payable. The amounts are non-interest bearing, unsecured and due on demand.

As at December 31, 2022, accounts payable and other liabilities include \$142,820 (December 31, 2021 - \$nil) due to Alora Design and Consulting, a company controlled by Conor Power, CEO for consulting fees. The amount is non-interest bearing, unsecured and due on demand.

As at December 31, 2022, advances due from related parties included in other receivables consisted of \$15,451 (December 31, 2021 - \$nil) in advances to Conor Power, CEO, for the purpose of expenses to be incurred on behalf of the Company. This amount is non-interest bearing, unsecured and is due on demand.

During the twelve months ended December 31, 2021, the Company recognized accretion expense of \$8,581 and recorded finance costs of \$17,123 for accrued interest with respect to a convertible note payable to Conor Power, CEO. During the twelve months ended December 31, 2021, the Company repaid the principal amount of \$500,000 and the accrued interest of \$40,959, for a total cash payment of \$540,959. As at December 31, 2022 and 2021, the carrying value of the convertible note was \$nil.

All transactions with related parties were intended to be carried on the same basis as they would have occurred if the transaction was with an arm's length party.

ACQUISITION OF SMPL OATS LTD.

On April 3, 2022, the Company, its wholly-owned subsidiary, 1355441 BC Ltd. ("Subco"), and SMPL Oats Ltd. entered into an amalgamation agreement (the "Amalgamation Agreement") for the purpose of amalgamating SMPL and Subco.

On June 20, 2022 (the "Closing Date"), pursuant to the Amalgamation Agreement:

- The Company issued 2,867,868 common shares in exchange for 32,092,949 common shares of SMPL being all of the issued and outstanding shares of SMPL immediately prior to the Amalgamation. The common shares were valued at \$2,294,295 or \$0.80 per common share which was the closing price per common share of the Company on the Closing Date.
- The Company issued 1,959,914 warrants in exchange for 21,932,949 warrants of SMPL being all of the outstanding warrants of SMPL immediately prior to the Amalgamation. Each warrant issued by the Company is exercisable for one common share of the Company at an exercise price of \$0.56 to \$1.12 and expires on June 20, 2024. The fair value of the warrants of \$916,694 was determined using the Black-Scholes Option Pricing Model and the following assumptions: share price of \$0.80, risk-free interest rate of 3.26%, expected life of 2 years, annualized volatility of 109.5%, and dividend yield of 0%.
- The Company issued 11,615 special warrants in exchange for 130,000 special warrants of SMPL being all of the outstanding special warrants of SMPL immediately prior to the Amalgamation. Each special warrant issued by the Company is exercisable for no additional consideration into one unit of the Company with each unit consisting of one common share and one warrant of the Company. Each warrant is exercisable for one common share of the Company at an exercise price of \$1.12 for a period of 24 months. The special warrants were valued at \$9,294 or \$0.80 per special warrant which was the closing price per common share of the Company on the Closing Date.
- SMPL and Subco were amalgamated and the resulting entity, SMPL Oats Ltd., became a wholly-owned subsidiary of the Company.

The Amalgamation was determined to be an asset acquisition as no substantive processes were transferred to the Company.

Consideration paid:		
Value of equity instruments	\$	3,220,283
Transaction costs		86,654
	\$	3,306,937
Net identifiable assets acquired:		
Cash and cash equivalents	\$	44,025
Other receivables		34,980
Prepaid expenses		294,663
Intangible assets		3,001,941
Accounts payable and accrued liabilities		(68,672)
	\$	3,306,937

Refer to “Principal Products and Services – SMPL Oats” for additional information on SMPL post acquisition.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value.

During the twelve months ended December 31, 2022, the Company consolidated its common shares on the basis for one post-consolidated share for every ten pre-consolidated common shares held. All references to share and per share amounts have been retroactively restated to reflect this share consolidation.

The Company has securities outstanding as follows:

	December 31, 2022	Date of Report
Common shares	8,702,445	8,702,445
Stock options	255,000	255,000
Warrants	1,979,274	1,959,914
Special warrants	11,615	11,615
Total – fully diluted	10,948,334	10,928,974

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited annual financial statements for the year ended December 31, 2021 and to the condensed consolidated interim financial statements for the three and twelve months ended December 31, 2022.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company’s financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingencies at the date of the Company’s financial statements, and revenue and expenses during the reporting period. Estimates and assumptions are subject to uncertainty and actual results could significantly differ from those estimated. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant estimates in the Company's financial statements include the following:

- Fair value measurement of intangible assets
- Economic recoverability of intangible assets
- Useful lives of equipment and intangible assets
- Fair value of share-based payments
- Fair value of investment

The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty
- The assessment of whether an acquisition meets the criteria of business combination

Actual results could differ from management's best estimates as additional information could become available in the future and may have an impact on future periods.

RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the degree to which the inputs used to estimate the fair values are observable:

- Level 1 – Unadjusted quoted price in active market for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);
- Level 3 - inputs for the asset or liability that are not based on observable market data.

The fair values of cash and cash equivalents, other receivables, accounts payable and other liabilities and loans payable approximate their carrying values due to their short-term nature.

The Company's long-term investment is considered to represent a level 3 fair value measurement.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash and cash equivalents held in bank accounts and other receivables. The majority of cash and cash equivalents are deposited in bank accounts held with a major bank and reputable online payment processing platforms. As the Company's cash and cash equivalents are held by only one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. Other receivables primarily comprise balances recoverable from the tax authority for sales tax paid and advances due from the Company's CEO, Conor Power. Management has estimated the expected credit loss to be \$nil with respect to these other receivables. The Company's exposure to credit risk is low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by maintaining adequate cash balances and by raising equity financings. The Company has no assurance that such financings will be available on favorable terms. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares.

As at December 31, 2022, the Company had cash and cash equivalents of \$16,404 to settle current liabilities of \$610,642 which fall due for payment within twelve months of the statement of financial position. All of the Company's contractual obligations are current and due within one year. All of the Company's financial liabilities are due on demand.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and sustain the future development of its business. The capital structure of the Company comprises of all components of shareholders' equity.

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 common shares through private placements. The Company is not exposed to any externally imposed capital requirements. There were no changes to the capital management of the Company during the twelve months ended December 31, 2022.

RISKS AND UNCERTAINTIES

The following are certain risk factors and uncertainties relating to the business of the Company. These risks, described below, as well as additional risks and uncertainties not presently known to the Company, or that are currently considered immaterial, may impact the Company, operating results, liquidity and financial condition and could have material adverse affects. If any or all of these risks become increasingly significant and threaten the Company as a going concern. Refer to the Risk Factors section of the Final Prospectus filed on Sedar (www.sedar.com) on January 28, 2022.

Limited Operating History

The Company has a very limited history of operations and is considered a start-up company. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of its early stage of operations.

Negative Operating Cash Flow

The Company's business has incurred losses since its inception. Although the Company expects to become profitable, there is no guarantee that will happen, and the Company may never become profitable. The Company currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future. To date, the Company has not generated positive net income. The Company's ability to generate additional revenues and potential to become profitable will depend largely on its ability to manufacture or procure and market its products and services. There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, the Company cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, the Company may be unable to continue its business.

Dependence on Key Personnel and Consultants

The success of the Company will be largely dependent upon the performance of its management and key employees. Failure by the Company to retain or to attract and retain additional key employees with necessary skills could have a materially adverse impact upon the Company's growth and profitability. These individuals, and the contributions they will make, are important to the future operations and success of the Company. The unexpected loss or departure of any of the key officers, employees or consultants of the Company could be detrimental to the Company's future operations. The Company's success will depend in part on its ability to attract and retain qualified personnel, as they are needed. The competition for highly skilled technical, management, sales and other employees is high in the Company's industry and the cost of hiring and retaining such personnel has been increasing. There can be no assurance that the Company will be able to engage the services of such personnel or retain the Company's current personnel.

APPROVAL

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