

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: EAT WELL INVESTMENT GROUP INC. (the Issuer”).

Trading Symbol: EWG

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 for the interim period ended February 28, 2022 are attached as Schedule A.

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.

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 and MD&A for the interim period ended February 28, 2022. (Note 11.)

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 and options granted by the Issuer have been disclosed in the Issuer's financial statement notes for the interim period ended February 28, 2022. (Note 9)

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 securities has been provided in the financial statements for the interim period ended February 28, 2022. (on Page 5 and Note 9)

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.

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.

Marc Aneed	Director / CEO / President
Nick DeMare	Director / CFO / Corporate Secretary
Daniel Brody	Director
Nick Grafton	Director
Desmond Balakrishnan	Director
Matthew Fish	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

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

MD&A for the interim period ended February 28, 2022 is attached as Schedule C.

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 June 16, 2022

Nick DeMare
Name of Director or Senior Officer

"Nick DeMare"
Signature

CFO
Official Capacity

Issuer Details Name of Issuer	For Quarter Ended	Date of Report YY/MM/D
EAT WELL INVESTMENT GROUP.	February 28, 2022	June 16, 2022
Issuer Address		
#1305 - 1090 West Georgia Street		
City/Province/Postal Code	Issuer Fax No. ()	Issuer Telephone No. ()
Vancouver, BC V6E 3V7	604-683-1585	604-685-9316
Contact Name	Contact Position	Contact Telephone No.
Nick DeMare	CFO	604-685-9316
Contact Email Address	Web Site Address	
ndemare@chasemgt.com	www.eatwellgroup.com	

Schedule "A"

Financial Statements

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2022**

(inserted as following pages)

EAT WELL INVESTMENT GROUP INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
FEBRUARY 28, 2022

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

EAT WELL INVESTMENT GROUP INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	February 28, 2022 \$	November 30, 2021 \$
ASSETS			
Cash		5,552,018	545,976
Advances receivable	11(b)	16,500	16,500
GST receivable		126,132	67,665
Prepaid expenses	3	1,160,933	1,153,977
Investments in marketable securities	4	560,066	634,846
Private investments, at fair value through profit or loss	5	54,755,080	54,755,080
Loans receivable	6	2,599,209	2,423,922
Deferred share issue costs	9(c)	-	29,448
TOTAL ASSETS		<u>64,769,938</u>	<u>59,627,414</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		661,695	668,153
Current portion on loans payable	7	8,645,307	8,427,999
Credit facility	8	<u>33,756,986</u>	<u>33,205,342</u>
Total current liabilities		<u>43,063,988</u>	<u>42,301,494</u>
Non-current liabilities			
Loans payable	7	7,402,934	8,055,724
Amara economic interest	9(b)	<u>1,338,133</u>	-
Total non-current liabilities		<u>8,741,067</u>	<u>8,055,724</u>
TOTAL LIABILITIES		<u>51,805,055</u>	<u>50,357,218</u>
SHAREHOLDERS' EQUITY			
Share capital	9	49,576,848	44,921,827
Special warrants	9(c)	4,249,788	-
Subscriptions received in advance		-	239,085
Share-based payments reserve		11,399,102	10,908,759
Commitment to issue common shares	5	41,620,369	41,620,369
Contributed surplus	7(a)	187,828	187,828
Deficit		<u>(94,069,052)</u>	<u>(88,607,672)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>12,964,883</u>	<u>9,270,196</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>64,769,938</u>	<u>59,627,414</u>

Nature of Operations and Going Concern - Note 1

Events after the Reporting Period - Note 14

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on June 16, 2022 and are signed on its behalf by:

/s/ Desmond Balakrishnan
Desmond Balakrishnan
Director

/s/ Nick DeMare
Nick DeMare
Director

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

EAT WELL INVESTMENT GROUP INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET(LOSS) INCOME AND
COMPREHENSIVE (LOSS) INCOME
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended February 28	
		2022 \$	2021 \$
Net investment gain (loss)			
Realized loss on sale of investments		-	(172,040)
Unrealized (loss) gain on investments held		(74,780)	1,480,305
		<u>(74,780)</u>	<u>1,308,265</u>
Expenses (Income)			
Accounting and administration	11(a)	174,150	10,800
Audit		100,000	27,500
Corporate development		262,656	-
Corporate finance fee	9(c)	50,000	-
Director and officer compensation and benefits	11(a)(i)	510,064	20,872
Discount on loans payable	7(b)	185,448	-
Foreign exchange		254,882	506
Insurance		30,697	-
Interest expense and financing costs	10	1,815,246	-
Interest income		(51,727)	(6,462)
Investor relations		170,032	-
Legal	11(a)(iv)	306,369	18,659
Marketing		426,644	-
Media		64,587	-
Office		8,622	1,850
Professional fees		55,639	15,874
Regulatory		5,181	2,250
Salaries and benefits		71,278	-
Share-based compensation	9	862,528	697,062
Shareholder costs		1,203	-
Transfer agent		18,046	1,524
Travel		6,468	-
Website design and maintenance		13,120	660
		<u>5,341,133</u>	<u>791,095</u>
Net (loss) income and comprehensive (loss) income for the period		<u>(5,415,913)</u>	<u>517,170</u>
Net (loss) income per share - basic and diluted		<u>\$(0.04)</u>	<u>\$0.01</u>
Weighted average number of common shares outstanding - basic and diluted		<u>131,300,687</u>	<u>66,944,406</u>

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

EAT WELL INVESTMENT GROUP INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian Dollars)

Three Months Ended February 28, 2022									
Share Capital									
	Number of Shares	Amount \$	Special Warrants \$	Subscriptions Received in Advance \$	Share-Based Payments Reserve \$	Commitment to Issue Common Shares \$	Contributed Surplus \$	Deficit \$	Total Shareholders' Equity \$
Balance at November 30, 2021	126,808,154	44,921,827	-	239,085	10,908,759	41,620,369	187,828	(88,607,672)	9,270,196
Common shares issued for:									
Cash - private placement	6,690,666	3,679,867	-	-	-	-	-	-	3,679,867
Cash - exercise of warrants	3,693,899	554,085	-	(239,085)	-	-	-	-	315,000
Cash - special warrants	-	-	5,100,000	-	-	-	-	-	5,100,000
Redemption of RSUs	1,000,000	550,000	-	-	(550,000)	-	-	-	-
Share issue costs	-	(55,695)	(850,212)	-	177,815	-	-	-	(728,092)
Repurchase of common shares	(205,500)	(73,236)	-	-	-	-	-	(45,467)	(118,703)
Share-based compensation:									
Share options	-	-	-	-	226,031	-	-	-	226,031
RSUs	-	-	-	-	636,497	-	-	-	636,497
Net loss for the period	-	-	-	-	-	-	-	(5,415,913)	(5,415,913)
Balance at February 28, 2022	137,987,219	49,576,848	4,249,788	-	11,399,102	41,620,369	187,828	(94,069,052)	12,964,883

Three Months Ended February 28, 2021					
Share Capital					
	Number of Shares	Amount \$	Share-Based Payments Reserve \$	Deficit \$	Total Shareholders' Equity \$
Balance at November 30, 2020	45,595,354	24,865,933	4,111,318	(23,942,121)	5,035,130
Common shares issued for:					
Cash - private placement	40,000,000	3,000,000	-	-	3,000,000
Cash - exercise of warrants	200,000	30,000	-	-	30,000
Redemption of DSUs	125,000	56,875	(56,875)	-	-
Finder's fees	3,550,333	190,196	76,079	-	266,275
Share issue costs	-	(288,290)	-	-	(288,290)
Share-based compensation	-	-	697,062	-	697,062
Transfer on exercise of warrants	-	5,000	(5,000)	-	-
Net income for the period	-	-	-	517,170	517,170
Balance at February 28, 2021	89,470,687	27,859,714	4,822,584	(23,424,951)	9,257,347

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

EAT WELL INVESTMENT GROUP INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended	
	February 28, 2022	February 28, 2021
	\$	\$
Operating activities		
Net (loss) income for the period	(5,413,913)	517,170
Adjustments for:		
Interest income	(48,765)	-
Realized loss on sale of investments	-	172,040
Unrealized gain on investments held	74,780	(1,480,305)
Share-based compensation	862,528	697,062
Interest expense and financing costs	1,815,246	-
Below market interest rate discount - accretion	185,448	-
Foreign exchange	252,401	-
	<u>(2,274,275)</u>	<u>(94,033)</u>
Adjustments for:		
Advances receivable	-	(2,000)
GST receivable	(58,467)	468
Prepaid expenses	(6,956)	925
Accounts payable and accrued liabilities	(6,458)	67,423
Proceeds from sale of investments in marketable securities	-	1,211,334
Advances on loans receivable	(280,502)	-
Repayment on loans receivable	150,000	-
	<u>(2,476,658)</u>	<u>1,184,117</u>
Net cash (used in) provided by operating activities	(2,476,658)	1,184,117
Financing activities		
Issuance of common shares	3,994,867	3,030,000
Issuance of special warrants	5,100,000	-
Amara economic interest	1,338,133	-
Share issue costs	(698,644)	(22,015)
Repurchase of common shares	(118,703)	-
Repayment towards loans payable	(1,288,570)	-
Interest paid on credit facility	(844,383)	-
	<u>7,482,700</u>	<u>3,007,985</u>
Net cash provided by financing activities	7,482,700	3,007,985
Net change in cash	5,006,042	4,192,102
Cash at beginning of period	545,976	3,542,588
Cash at end of period	5,552,018	7,734,690

Supplemental cash flow information - See Note 13

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

EAT WELL INVESTMENT GROUP INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2022
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

The Company is a publicly-traded Canadian based venture capital firm that is focused on investments in early stage companies with high growth potential. On August 30, 2021 the Company changed its name from Rockshield Capital Corp. to Eat Well Investment Group Inc. to more appropriately reflect the Company's investment policy to focus on the agri-business, foodtech and plant-based food industries. The Company's common shares trade on the Canadian Securities Exchange ("CSE") under the trading symbol "EWG". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

During the three months ended February 28, 2022 the Company recorded a net loss of \$5,415,913 and, as at February 28, 2022, had a cash balance of \$5,552,018 and current liabilities of \$43,063,988. The Company will need to secure additional funding to meet ongoing levels of corporate overheads, retire amounts due on the Company's investments in plant-based companies and amounts loaned under the credit facility and repay indebtedness as they come due. The Company intends to secure long-term financing and/or raise additional capital from the sale of additional common shares or other equity instruments. Whether the Company can raise sufficient capital is uncertain. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. See also Note 14.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future and do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern or be unable to realize its assets or discharge its liabilities in the normal course of business. Such adjustments can be material.

During March 2020 the World Health Organization characterized COVID-19 as a pandemic. COVID-19 has had a material adverse impact on global economies. In order to combat the spread of COVID-19 governments worldwide, including Canada, have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. Determining the impact of COVID-19 on the valuation of the Company's investment portfolio required significant judgement given the amount of uncertainty regarding the long-term impact of COVID-19. The ultimate impact of COVID-19 on the financial results of the Company and its investee companies will depend on future developments, including the duration and spread of the pandemic and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain and difficult to predict. If the financial markets and/or the overall economy are impacted for a period significantly longer than currently implied by the markets, the financial results of the Company, including the fair value of its corporate investments, may be materially adversely affected.

2. Basis of Preparation

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended November 30, 2021, which have been prepared in accordance with IFRS as issued by the IASB and interpretations of the IFRS Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's consolidated financial statements for the year ended November 30, 2021.

Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. These condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

EAT WELL INVESTMENT GROUP INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2022
(Unaudited - Expressed in Canadian Dollars)

3. Prepaid Expenses

	February 28, 2022 \$	November 30, 2021 \$
Marketing programs	300,870	578,014
Investor relations programs	340,064	510,096
Media programs	389,424	-
Other	<u>130,575</u>	<u>65,867</u>
	<u>1,160,933</u>	<u>1,153,977</u>

4. Investments in Marketable Securities

The Company's investments in marketable securities include common shares and other equity instruments of Canadian and U.S. companies that are listed on various Canadian stock exchanges or the OTCQB. The Company also has investments in common shares of private companies which plan to publicly list their shares.

Management has designated its investments in common shares and warrants of companies as "investments in equity/debt instruments" with the change in fair value recognized in profit or loss. The carrying values of the listed common shares and warrants have been directly referenced to published price quotations in an active market. The carrying values of equity and debt investments in unlisted private companies are valued at fair value using non-observable market inputs based on specific company information and general market conditions. The carrying values of the unlisted warrants are valued at fair value using the Black-Scholes option pricing model.

During the three months ended February 28, 2022 the Company did not sell any of its investments in marketable securities. During the three months ended February 28, 2021 the Company sold certain of its investments in marketable securities for proceeds totalling \$1,211,334 and recognized a loss of \$172,040.

During the three months ended February 28, 2022 the Company recorded an unrealized loss of \$74,780 (2021 - gain of \$1,480,305) on investments in marketable securities held.

5. Private Investments, at Fair Value Through Profit or Loss

	Cost \$	Fair Value \$
Belle Pulses Ltd. ("Belle Pulses")	30,000,000	30,000,000
Sapientia Technology LLC ("Sapientia")	10,374,680	10,374,680
Pata Foods Inc. ("Amara")	<u>14,380,400</u>	<u>14,380,400</u>
	<u>54,755,080</u>	<u>54,755,080</u>

Investments in Belle Pulses and Sapientia

On April 23, 2021 the Company entered into a binding letter of intent with Novel Agri-Technologies Inc. ("Novel") pursuant to which the Company agreed to assume Novel's contractual rights to acquire 100% of two private arm's length plant-based food companies, Belle Pulses and Sapientia (the "Initial Acquisitions").

On July 30, 2021 the Company completed the Initial Acquisitions. The Company paid \$30,000,000 cash to acquire Belle Pulses. Part of the cash consideration, \$29,750,000, was advanced directly to the vendors by the Cortland Credit Lending Corporation (Note 8). The consideration for the acquisition of Sapientia was the issuance of 3,741,969 common shares of the Company, at a fair value of \$2,394,860, and the obligation to make cash payments totalling US \$6,400,000. See also Note 7(a).

EAT WELL INVESTMENT GROUP INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2022
(Unaudited - Expressed in Canadian Dollars)

5. Private Investments, at Fair Value Through Profit or Loss (continued)

In connection with the closing of the Initial Acquisitions the Company paid \$750,000 and issued a total of 11,476,205 common shares of the Company, at a fair value of \$7,344,771, to Novel for total consideration of \$8,094,771 (the “Novel Consideration”) and issued a total of 6,006,626 common shares of the Company, at a fair value of \$3,844,241, to finders (the “Finders’ Shares”). In addition, the Company has agreed to pay Novel net profits interest shares in the Initial Acquisitions convertible up to an additional 65,031,826 common shares of the Company. These net profits interest shares were assigned a fair value of \$41,620,369 (the “NPI Consideration”). The Novel Consideration, the Finders’ Shares amounts and the NPI Consideration, totalling \$53,559,381, have been expensed as transaction costs incurred for the Initial Acquisitions during fiscal 2021.

Post closing of the Initial Acquisitions certain principals of Novel have been appointed as officers of the Company to provide ongoing investment oversight services in respect of the Company’s plant-based investments.

Investment in Amara

On November 2, 2021, the Company entered into a purchase agreement (the “Series A Preferred Stock Purchase Agreement”) pursuant to which the Company acquired 2,047,299 series A preferred shares in the capital of Amara (the “Amara Series A Shares”), representing 51% equity ownership of Amara on a fully diluted as-converted basis (the “Initial Amara Investment”), together with an option to acquire an additional 29% of the shares of Amara from certain other shareholders of Amara, for an aggregate cash purchase price of US \$29,000,000 (the “Amara Share Purchase Option”), which (if exercised) would result in the Company having an 80% equity ownership of Amara on a fully diluted as-converted basis.

The consideration for the Initial Amara Investment included a cash payment of US \$1,000,000 and the issuance by the Company of a promissory note in favour of Amara in the principal amount of US \$10,600,000 (the “Amara Promissory Note”). See also Note 7(b).

The Amara Series A Shares include certain rights that rank in preference to the currently outstanding shares of Amara, including in respect to dividends (when and if declared), liquidation events, and mergers and other corporate transactions. The Amara Series A Shares will be convertible by the holders thereof at any time into common shares in the capital of Amara. On the seventh anniversary of the closing of the Initial Amara Investment, the Company may redeem its Amara Series A Shares in exchange for the original issue price (plus accrued and unpaid dividends) in the event Amara does not complete a liquidity event or qualified initial public offering by that time.

6. Loans Receivable

	Sapientia \$	Belle Pulses \$	Total \$
Principal			
Balance at November 30, 2021	383,760	2,000,000	2,383,760
Advances received	280,502	-	280,502
Advances repaid	-	(150,000)	(150,000)
Foreign exchange adjustment	(3,966)	-	(3,966)
Balance at February 28, 2022	<u>660,296</u>	<u>1,850,000</u>	<u>2,510,296</u>
Interest			
Balance at November 30, 2021	1,806	38,356	40,162
Interest	2,247	46,520	48,767
Foreign exchange adjustment	(16)	-	(16)
Balance at February 28, 2022	<u>4,037</u>	<u>84,876</u>	<u>88,913</u>

EAT WELL INVESTMENT GROUP INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2022
(Unaudited - Expressed in Canadian Dollars)

6. Loans Receivable (continued)

The Sapiientia loan bears interest at a rate of 1.87% per annum and is repayable with accrued interest on August 17, 2023. During the three months ended February 28, 2022 the Company recorded interest income of \$2,245.

The Belle Pulses loan bears interest at 10% per annum and is repayable with interest on September 22, 2023. During the three months ended February 28, 2022 the Company recorded interest income of \$46,520.

See also Note 14(b).

7. Loans Payable

	Sapiientia \$	Amara \$	Total \$
Principal			
Balance at November 30, 2021	4,146,254	12,062,853	16,209,107
Payments made	(1,288,570)	-	(1,288,570)
Below market interest rate discount accretion	-	185,448	185,448
Foreign exchange	342,212	(85,228)	256,984
Balance at February 28, 2022	<u>3,199,896</u>	<u>12,163,073</u>	<u>15,362,969</u>
Interest			
Balance at November 30, 2021	181,720	92,896	274,616
Interest	86,992	332,227	419,219
Foreign exchange adjustment	(3,404)	(5,159)	(8,563)
Balance at February 28, 2022	<u>265,308</u>	<u>419,964</u>	<u>685,272</u>
Total	3,465,204	12,583,037	16,048,241
Less current portion	<u>(3,465,204)</u>	<u>(5,180,103)</u>	<u>(8,645,307)</u>
Non-current portion	<u>-</u>	<u>7,402,934</u>	<u>7,402,934</u>

- (a) The Company was obligated to pay an initial US \$6,400,000 on the acquisition of Sapiientia, of which US \$1,000,000 was paid on closing and US \$1,000,000 paid on August 31, 2021. The remaining US \$4,400,000 consideration was to be paid as to US \$2,000,000 on or before October 31, 2021 and US \$2,400,000 on or before December 31, 2021. On October 25, 2021 the Company negotiated an extension and revision of the remaining US \$4,400,000 consideration. Under the revised payment terms the Company agreed to pay a revised total of US \$4,520,000 (the "Revised Sapiientia Obligation"), of which US \$1,000,000 was paid on October 31, 2021 and US \$1,000,000 was paid on December 31, 2021 and US \$840,000 to be paid on each of February 28, 2022, April 30, 2022, and June 30, 2022. See also Note 14(b). The incremental \$148,315 (US \$120,000) consideration was expensed in fiscal 2021 as part of interest expense and financing costs.

In the event the Company fails to make or is late, subject to a five day grace period, on any of the payments a late penalty of 5% of the unpaid amount will be assessed and will be immediately due.

The holders of the Sapiientia obligations are shareholders of the Company. The Company determined that the rate implicit in the loan is at a market rate of 10% per annum. Accordingly, during fiscal 2021 the Company recorded an initial benefit of the below-market interest rate loan of \$187,828 to contributed surplus. During the three months ended February 28, 2022, interest expense of \$86,992 was recognized in the consolidated statement of loss and comprehensive loss.

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7. Loans Payable (continued)

- (b) The Amara Promissory Note accrues interest at a rate of 0.18% per annum and is repayable in scheduled quarterly instalments of US \$1,325,000 principal and accrued interest for a period of 24 months from the date of issuance, subject to the Company's right to accelerate payment at any time without penalty and the Company's obligation to prepay the full amount of the Amara Promissory Note in the event the Company completes any transaction (including any issuance of debt in excess of US \$50,000,000) resulting in the Company's receipt of net proceeds in excess of US \$30,000,000. The Company's obligations under the Promissory Note are secured by a share pledge in respect of certain of the Amara Series A Shares issued to the Company pursuant to the Initial Amara Investment.

See also Note 14(b).

8. Credit Facility

	February 28, 2022 \$	November 30, 2021 \$
Principal amounts borrowed	33,500,000	33,500,000
Unamortized debt issue	-	(570,000)
Accrued interest	<u>256,986</u>	<u>275,342</u>
	<u>33,756,986</u>	<u>33,205,342</u>

In connection with the Acquisitions the Company obtained a revolving line of credit (the "Credit Facility") with Cortland Credit Lending Corporation ("Cortland") to borrow a principal amount of \$33,500,000. Outstanding principal amounts borrowed under the Credit Facility bears interest at a rate per annum equal to the greater of 7.55% above prime or 10% and shall be paid monthly. During the three months ended February 28, 2022 the Company has incurred interest of \$826,027 of which \$256,986 was outstanding at February 28, 2022. The Credit Facility is currently scheduled to mature on July 30, 2022, but may be extended by agreement.

The Company has incurred financing transaction costs totalling \$1,710,000 of which \$1,140,000 was expensed during fiscal 2021 and the remaining \$570,000 was expensed during the three months ended February 28, 2022.

9. Share Capital

(a) ***Authorized Share Capital***

The Company's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) ***Reconciliation of Changes in Share Capital***

Three Months Ended February 28, 2022

On February 15, 2022 the Company completed a non-brokered private placement with Nurture Healthy Food LLP ("Nurture Healthy Food" or "NHF") a wholly-owned subsidiary of Nurture Capital LLC of 6,690,666 units at a price of \$0.75 per unit for gross proceeds of \$5,018,000. Each unit was comprised of one common share of the Company and one half of one common share purchase warrant. Each whole warrant has an exercise price of \$1.00 per share that is exercisable on or before February 15, 2025.

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9. Share Capital (continued)

In connection with the private placement the Company has entered into a purchase agreement (the "Purchase Agreement") with NHF, pursuant to which the Company has sold to NHF an economic interest (the "Amara Economic Interest") in the shares of Amara. The Amara Economic Interest provides NHF with the right to receive 8% of the net proceeds or other property (after having deducted the Company's investment cost base for its equity interest in Amara) received by the Company upon the occurrence of: (i) a liquidation event in respect of Amara (including a merger of Amara or any sale of all or a portion of the overall equity interest in Amara held by the Company); and (ii) an initial public offering of the shares of Amara or other public listing event in respect of Amara, all pursuant to the Purchase Agreement. In addition, NHF is entitled to 8% of any dividend declared and paid by Amara to the Company. The Company has determined the fair value of the Amara Economic Interest to be \$1,338,133, which has been bifurcated from the private placement.

The Company has incurred \$55,695 in legal and filing costs associated with the private placement.

Fiscal 2021

- (i) On January 15, 2021 the Company completed a non-brokered private placement of 40,000,000 units at \$0.075 per unit for total proceeds of \$3,000,000. Each unit comprised one common share and one share purchase warrant entitling the holder to purchase an additional common share at a price of \$0.15 per share on or before January 15, 2023. Certain directors and officers of the Company acquired a total of 4,133,334 units of the private placement.

The Company also issued 3,550,333 finders' units having the same terms as the private placement units. The units were recorded at a fair value of \$266,275.

The Company incurred a total of \$25,686 for filing fees and legal costs.

- (ii) The Company issued 60,000 common shares for an ascribed value of \$33,000 in settlement of outstanding accounts payable.

(c) ***Special Warrants***

On December 23, 2021 the Company completed a brokered private placement of 9,272,727 of special warrants (the "Special Warrants") of the Company at a price of \$0.55 per Special Warrant for \$5,100,000 gross proceeds.

The Agents received \$241,921 for commissions and \$35,700 for syndication fees. In addition, the Company granted the Agents 508,043 non-transferable compensation warrants (the "Compensation Warrants"). Each Compensation Warrant entitles the holder thereof to purchase one unit (a "Compensation Warrant Unit") at an exercise price per Compensation Warrant Unit of \$0.55 until December 23, 2024. The fair value of the Compensation Warrants has been estimated using the Black-Scholes Option Pricing Model. The assumptions used were as follows: risk-free interest rate of 1.16%; expected volatility of 104%; an expected life of 3 years; and a dividend yield of 0%. The value assigned to the Compensation Warrants was \$177,815. The weighted average fair value of the Compensation Warrants issued was \$0.35 per warrant.

The Company has incurred \$394,776 for legal and filing costs associated with the private placement, of which the Company had recorded \$29,488 at November 30, 2021.

The Company also paid a \$50,000 corporate finance fee which has been expensed.

See also Note 14(a).

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9. Share Capital (continued)

(d) ***Normal Course Issuer Bid***

On April 30, 2021 the Company filed a normal course issuer bid (the “NCIB”) which authorizes the Company to repurchase for cancellation up to 4,473,534 common shares. The NCIB will expire on April 30, 2022. During the three months ended February 28, 2022 the Company repurchased a total of 205,000 common shares for \$118,703 cash consideration under the NCIB. See also Note 14(b).

(e) ***Warrants***

A summary of the number of common shares reserved pursuant to the Company’s outstanding warrants at February 28, 2022 and 2021 and the changes for the three months ended on those dates is as follows:

	2022		2021	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	29,093,666	0.16	-	-
Issued	3,345,333	1.00	43,550,333	0.15
Exercised	<u>(3,693,899)</u>	0.15	<u>(200,000)</u>	0.15
Balance, end of period	<u>28,745,100</u>	0.26	<u>43,350,333</u>	0.15

The following table summarizes information about the number of common shares reserved pursuant to the Company’s warrants outstanding and exercisable at February 28, 2022:

Number	Exercise Price \$	Expiry Date
24,399,767	0.15	January 15, 2023
3,345,333	1.00	February 15, 2025
<u>1,000,000</u>	0.58	July 30, 2026
<u>28,745,100</u>		

The Company also has 508,043 Compensation Warrants outstanding as at February 28, 2022. See also Note 9(c).

See also Notes 14.

(f) ***Share Option Plan***

On February 26, 2021 the Company’s Board of Directors approved a rolling share option plan (the “Rolling Share Option Plan”) as a replacement to the Company’s Fixed Share Option Plan. Under the Rolling Share Option Plan the maximum number of common shares which can be reserved for issuance is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options shall not be less than the price determined in accordance with CSE policies while the Company’s shares are listed on the CSE. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of ten years.

During the three months ended February 28, 2022 the Company granted share options to purchase 200,000 (2021 - 1,700,000) common shares and recorded share-based compensation expense of \$226,033 (2021 - \$129,852) on the vesting of share options granted.

The fair value of share options granted and vested during the three months ended February 28, 2022 and 2021 was estimated using the Black-Scholes Option Pricing Model using the following assumptions:

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9. Share Capital (continued)

	<u>2022</u>	<u>2021</u>
Risk-free interest rate	0.62% - 1.59%	0.90%
Estimated volatility	75% - 104%	112%
Expected life	0.5 year - 4 years	5 years
Expected dividend yield	0%	0%
Estimated forfeiture rate	0%	0%

The weighted average measurement date fair value of all share options granted and vested during the three months ended February 28, 2022, using the Black-Scholes Option Pricing Model, was \$0.11 (2021 - \$0.45) per option.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at February 28, 2022 and 2021 and the changes for the three months ended on those dates is as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Number of Options Outstanding</u>	<u>Weighted Average Exercise Price \$</u>	<u>Number of Options Outstanding</u>	<u>Weighted Average Exercise Price \$</u>
Balance, beginning of period	8,200,000	0.58	-	-
Granted	<u>200,000</u>	0.60	<u>7,700,000</u>	0.56
Balance, end of period	<u>8,400,000</u>	0.58	<u>7,700,000</u>	0.56

The following table summarizes information about the share options outstanding and exercisable at February 28, 2022:

<u>Number Outstanding</u>	<u>Number Exercisable</u>	<u>Exercise Price \$</u>	<u>Expiry Date</u>
7,700,000	3,975,000	0.56	February 26, 2026
500,000	500,000	0.88	August 30, 2022
<u>200,000</u>	<u>-</u>	0.60	January 5, 2024
<u>8,400,000</u>	<u>4,475,000</u>		

(f) ***Deferred Share Unit ("DSU") Plan and Restricted Share Unit ("RSU") Plan***

On January 27, 2021 the Company issued 125,000 common shares of the Company on the partial redemption of DSUs by a former director of the Company, with the remaining 75,000 DSUs cancelled.

On February 26, 2021 the Company's Board of Directors approved a rolling restricted share unit plan (the "RSU Plan") as a replacement for the Company's DSU plan. Under the RSU Plan the maximum number of restricted shares units ("RSUs") which can be awarded is 10% of the issued and outstanding common shares of the Company. RSUs awarded may be subject to vesting provisions as determined by the Board of Directors. The remaining 1,550,000 DSUs outstanding were transferred to the RSU Plan, with equivalent and no additional vesting, subject to the terms and provisions of the RSU Plan. Under IFRS 2, *Share-based Payment*, the transferring of the DSUs into RSUs are considered to be a modification and the Company has recognized additional share-based compensation expense of \$337,250 during fiscal 2021.

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9. Share Capital (continued)

A summary of the Company's DSUs is as follows:

	Number of DSUs
Balance as at November 30, 2020	1,250,000
Awarded	500,000
Redeemed	(125,000)
Cancelled	(75,000)
Transferred to RSU Plan	<u>(1,550,000)</u>
Balance as at November 30, 2021 and February 28, 2022	<u>-</u>

During fiscal 2021 the Company awarded 9,470,000 RSUs, of which 1,300,000 RSUs vested immediately and the remaining 8,170,000 RSUs are subject to vesting over two years. During the three months ended February 28, 2022 the Company recognized \$636,495 as share-based compensation expense relating to the vesting of the RSUs.

A summary of the Company's RSUs is as follows:

	Number of RSUs
Balance as at November 30, 2021	10,020,000
Redeemed	<u>(1,000,000)</u>
Balance as at February 28, 2022	<u>9,020,000</u>

The following table summarizes information about the RSUs outstanding and exercisable at February 28, 2022:

Number Outstanding	Number Exercisable
7,900,000	4,375,000
<u>1,120,000</u>	<u>620,000</u>
<u>9,020,000</u>	<u>4,995,000</u>

10. Interest Expense and Financing Costs

	February 28, 2022 \$	February 28, 2021 \$
Interest on Revised Sapientia Obligation (Note 7(a))	86,992	-
Interest on Amara Promissory Note (Note 7(b))	332,227	-
Cortland Facility financing transaction costs (Note 8)	570,000	-
Interest on Cortland Facility (Note 8)	<u>826,027</u>	<u>-</u>
	<u>1,815,246</u>	<u>-</u>

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11. Related Party Disclosures

(a) 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 consists of members of the Company's Board of Directors and executive officers.

(i) During the three months ended February 28, 2022 and 2021 the following amounts were incurred with respect to these positions:

	2022 \$	2021 \$
Directors and officers compensation	466,047	20,872
Benefits	44,017	-
Share-based compensation on share options	122,051	4,644
Share-based compensation on DSUs	-	41,484
Share-based compensation on RSUs	133,710	170,794
Share-based compensation on transferring DSUs to RSUs	<u>-</u>	<u>313,500</u>
	<u>765,825</u>	<u>551,294</u>

As at February 28, 2022, \$nil (November 30, 2021 - \$13,432) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the three months ended February 28, 2022 the Company incurred a total of \$27,500 (2021 - \$10,800) by Chase Management Ltd. ("Chase"), a private corporation owned by the Chief Financial Officer ("CFO"), for accounting and administration services provided by Chase personnel, excluding the CFO. As at February 28, 2022 \$12,500 (November 30, 2021 - \$20,000) remained unpaid and has been included in accounts payable and accrued liabilities.

During the three months ended February 28, 2021 the Company recorded \$137,495 share-based compensation for share options, DSUs and RSUs granted to Chase.

(iii) During the three months ended February 28, 2022 the Company incurred a total of \$146,560 (2021 - \$nil) by Dunn, Pariser & Peyrot ("Dunn"), a private corporation owned by the Vice-President of Finance, for accounting and administration services provided by Dunn.

(iv) During the three months ended February 28, 2022 the Company incurred a total of \$408,131 (2021 - \$nil) by McMillan LLP ("McMillan"), a law firm, of which a Director of the Company is a partner of McMillan, for legal services. As at February 28, 2022 \$292,064 (November 30, 2021 - \$436,723) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) The Company has made ongoing advances to Rockshield Opportunities Corp. ("Rockshield Opportunities") a company which was initially incorporated as a wholly-owned subsidiary of the Company and of which its common shares were subsequently distributed to the Company shareholders. The advances are non-interest bearing and repayable on demand. As at February 28, 2022, \$16,500 (November 30, 2021 - \$16,500) is outstanding. A director of the Company is also a director of Rockshield Opportunities.

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12. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; amortized cost; and FVOCI. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	February 28, 2022 \$	November 30, 2021 \$
Cash	Amortized cost	5,552,018	545,976
Advances receivable	Amortized cost	16,500	16,500
Investments in marketable securities	FVTPL	560,067	634,846
Private investments	FVTPL	54,755,080	54,755,080
Loans receivable	Amortized cost	2,599,209	2,423,922
Accounts payable and accrued liabilities	Amortized cost	(661,695)	(668,153)
Loans payable	Amortized cost	(16,048,241)	(16,483,723)
Credit facility	Amortized cost	(33,756,986)	(33,205,342)

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

Fair Value

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, advances receivable, accounts payable and accrued liabilities, loans payable and credit facility approximate their fair value due to their short-term nature. The recorded amounts for investments in marketable securities, private investments, at fair value through profit or loss, and loans receivable approximate their fair value. The fair value of investment in marketable securities under the fair value hierarchy is measured using Level 1 and Level 3 inputs. The fair value of private investments, at fair value through profit or loss, and loans receivable are measured using level 3 inputs.

(i) *Valuation techniques used to determine fair values*

Specific valuation techniques used to fair value financial instruments, specifically those that are not quoted in an active market. Plant-Based News Limited, Belle Pulses, Sapientia and Amara are private companies not traded on any public exchange and are considered level 3 assets because there is no market in which a share price can be readily observed. These are start up and development stage companies and, as such, the Company utilized a market approach:

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12. Financial Instruments and Risk Management (continued)

- (a) The use of quoted market prices in active or other public markets
- (b) The use of most recent transactions of similar instruments
- (c) Changes in expected operational milestones of the investee
- (d) Changes in management, strategy, litigation matters or other internal matters
- (e) Significant changes in the results of the investee compared with the budget, plan, or milestone

(ii) *Transfers between levels 2 and 3*

There were no transfers between levels 2 and 3 during the three months ended February 28, 2022 and 2021.

(iii) *Valuation inputs and relationships to fair value*

The following table summarises the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements (see above for valuation techniques adopted):

Description	Fair Value		Unobservable Inputs	Range of Inputs
	February 28, 2022 \$	November 30, 2021 \$	February 28, 2022 \$	February 28, 2022 \$
Plant-Based News Limited	175,444	175,444	Timeline for milestones	N/A
Belle Pulses	30,000,000	30,000,000	Timeline for milestones	N/A
Sapientia	10,374,680	10,374,680	Timeline for milestones	N/A
Amara	14,380,400	14,380,400	Timeline for milestones	N/A
	<u>54,930,524</u>	<u>54,930,524</u>		

(iv) *Valuation processes*

The Investment Committee includes a team that performs the valuations of all items required for financial reporting purposes, including level 3 fair values. This team collaborates with the CFO and the audit committee ("AC"). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every three months which is in-line with the Company's reporting requirements. The main Level 3 inputs derived and evaluated by the Company's team are the timeline for expected milestones and assessment of the technical matter relating to the technology.

The Company performed a sensitivity analysis on the carrying value of its Level 3 assets and noted that a 20% decrease would result in an approximately \$10,986,000 decrease in fair value.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, advances receivable and loans receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and advances receivable is remote. The Company mitigates its credit risk in loans receivable by only providing loans to companies where it has detailed knowledge of the company's operations and business strategy.

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12. Financial Instruments and Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company anticipates that it will need to secure additional funding to retire its indebtedness as they come due, or in the alternative, renegotiate terms of payment. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

Liquidity Analysis at February 28, 2022					
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	5,552,018	-	-	-	5,552,018
Advances receivable	16,500	-	-	-	16,500
Accounts payable and accrued liabilities	(661,695)	-	-	-	(661,695)
Loans payable	(3,826,370)	(4,445,209)	(8,436,653)	-	(16,708,232)
Credit facility	(256,986)	(33,500,000)	-	-	(33,756,986)

Liquidity Analysis at November 30, 2021					
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	545,976	-	-	-	545,976
Advances receivable	16,500	-	-	-	16,500
Accounts payable and accrued liabilities	(668,153)	-	-	-	(668,153)
Loans payable	(1,289,889)	(8,322,112)	(8,499,107)	-	(18,111,118)
Credit facility	(275,342)	(32,930,000)	-	-	(33,205,342)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and demand deposits bear floating rates of interest. The interest rate risk on cash, loans receivable and loans payable are not considered significant.

(b) Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

As at February 28, 2022, \$57,179,002 of the Company's investments in and loans to plant-based companies represents approximately 96% of the Company's total assets and poor performance in these investments could adversely affect the Company's results.

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12. Financial Instruments and Risk Management (continued)

(c) Foreign Currency Risk

The Company's functional currency is the Canadian Dollar. The Company maintains a US Dollar bank account to support the cash needs of its US operations. Management does not hedge its foreign exchange risk. At February 28, 2022, 1 Canadian Dollar was equal to 0.79 US Dollar.

Balances are as follows:

	US Dollars	CDN \$ Equivalent
Cash	176,134	222,954
Loans receivable	523,179	662,252
Accounts payable and accrued liabilities	(80,000)	(101,266)
Loans payable	<u>(12,569,038)</u>	<u>(16,048,241)</u>
	<u>(11,949,725)</u>	<u>(15,264,301)</u>

Based on the net exposures as of February 28, 2022 and, assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's net loss being approximately \$1,400,000 higher (or lower).

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its investments. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and amounts borrowed under the Credit Facility. The Company will continue to assess new investment opportunities as they arise and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

13. Supplemental Cash Flow Information

During the three months February 28, 2022 and 2021 non-cash activities were conducted by the Company as follows:

	2022 \$	2021 \$
Financing activities		
Issuance of share capital	789,085	252,071
Share issue costs on Special Warrants	(177,815)	(266,275)
Subscriptions received in advance	(239,085)	-
Share-based payments reserve	<u>(372,185)</u>	<u>14,204</u>
	<u>-</u>	<u>-</u>

EAT WELL INVESTMENT GROUP INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2022
(Unaudited - Expressed in Canadian Dollars)

14. Events after the Reporting Period

- (a) On April 25, 2022 the Special Warrants were exercised, for no additional consideration, into an aggregate of 10,403,995 units, consisting of 10,403,995 common shares of the Company and 5,201,997 common share purchase warrants. Each warrant entitles the holder thereof to purchase one additional common share of the Company at a price of \$0.75 per share until December 23, 2024.
- (b) Subsequent to February 28, 2022:
 - (i) the Company made further advances totalling US \$100,000 to Sapiaientia;
 - (ii) the Company paid a total of US \$1,680,000 pursuant to the payments due on February 28, 2022 and April 30, 2022 on the Revised Sapiaientia Obligation;
 - (iii) Belle Pulses repaid a total of \$700,000 of principal;
 - (iv) the Company repurchased a total of 96,000 common shares for \$40,604 cash consideration under the NCIB;
 - (v) the Company issued 5,440,333 common shares on the exercise of warrants for \$816,050; and
 - (vi) the Company paid US \$1,333,364 (US \$1,325,000 principal and US \$8,364 interest expense) in respect of the Amara Promissory Note.

Schedule “C”

Management Discussion and Analysis

MD&A FOR THE THREE MONTHS ENDED FEBRUARY 28, 2022

(inserted as following pages)

EAT WELL INVESTMENT GROUP INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED FEBRUARY 28, 2022

This discussion and analysis of financial position and results of operation is prepared as at June 16, 2022 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the three months ended February 28, 2022, of Eat Well Investment Group Inc. ("Eat Well" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward Looking Statements

This report includes certain statements that may be deemed "forward looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts, that address future events or developments, are forward looking statements and, as such, are subject to risks, uncertainties and other factors which are beyond the reasonable control of the Company. Such statements are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward looking information. With respect to forward looking statements and information contained herein, we have made numerous assumptions including among other things, assumptions about economics and competition surrounding the services provided by the Company, anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward looking statement or information herein will prove to be accurate. Forward looking statements and information are, by their nature, based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or information. Factors that could cause actual results to differ materially from those in forward looking statements include such matters as continued availability of capital and financing and general economic, market or business conditions. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward looking statements or information. Any forward looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date, and the Company does not undertake any obligation to update publicly or to revise any of the forward looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

COVID-19

In March 2020 the World Health Organization declared COVID-19 as a global pandemic. COVID-19 has had a material adverse impact on global economies. In order to combat the spread of COVID-19 governments worldwide, including Canada, have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. Determining the impact of COVID-19 on the valuation of the Company's investment portfolio required significant judgement given the amount of uncertainty regarding the long-term impact of COVID-19. The ultimate impact of COVID-19 on the financial results of the Company will depend on future developments, including the duration and spread of the pandemic and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain and difficult to predict. If the financial markets and/or the overall economy are impacted for a period significantly longer than currently implied by the markets, the financial results of the Company, including the fair value of its corporate investments, may be materially adversely affected.

Company Overview

The Company was incorporated under the provisions of the Business Corporations Act (British Columbia) on October 23, 2007. On August 30, 2021, the Company changed its name from Rockshield Capital Corp. to Eat Well Investment Group Inc. to more appropriately reflect the amendment of the Company's investment policy to focus on the agri-business, food tech and plant-based food industries. The Company's common shares trade on the Canadian Securities Exchange ("CSE") under the trading symbol "EWG". The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7. The Company is a reporting issuer in British Columbia, Alberta and Ontario.

Since 2014, the Company has focused on providing venture capital funding to early stage seed investments and investments in marketable securities, focusing on high growth sectors. As a junior venture capital investment firm, the Company is subject to risks and challenges similar to other companies in a comparable stage. These risks include, but are not limited to, dependence on key individuals, investment risks, market risks, illiquid securities and the ability to maintain adequate cash flows. In early 2021, the Company determined to amend its investment policy to focus its investments in the agri-business, food tech and plant-based food industries.

Investments in Marketable Securities

The Company's investments in marketable securities include common shares and other equity instruments of Canadian and U.S. companies that are listed on various Canadian stock exchanges or the OTCQB in the United States of America. The majority of the marketable securities instruments held are shares of companies in the mining, energy, financial technology and medical technology industries. With the change in focus to investments in agri-business, food tech and plant-based foods sector, the Company is conducting an orderly liquidation of its non-plant-based marketable securities to augment its cash position.

During the three months ended February 28, 2022 the Company did not sell any of its investments in marketable securities. During the three months ended February 28, 2021 the Company sold certain of its investments in marketable securities for proceeds totalling \$1,211,334 and recognized a loss of \$172,040.

During the three months ended February 28, 2022 the Company recorded an unrealized loss of \$74,780 (2021 - gain of \$1,480,305) on investments in marketable securities held.

As at February 28, 2022, the carrying value of the Company's investment portfolio in marketable securities was \$560,066 (November 30, 2021 - \$634,846).

Private Investments and Loans

Portfolio Update/Summary

The following table provides a summary of the Company's investments in agri-business, food tech and plant-based food companies as at February 28, 2022.

Name	Investment Type	%	Location	Cost \$	Fair Value \$
Belle Pulses Ltd. ("Belle Pulses")	Common shares	100	Canada	30,000,000	30,000,000
Sapientia Technologies LLC ("Sapientia")	Membership interests	100	USA	10,374,680	10,374,680
PataFoods Inc. ("Amara")	Preferred shares	51 ⁽¹⁾	USA	14,380,400	14,380,400
				<u>54,755,080</u>	<u>54,755,080</u>

(1) The Company also has an option to purchase an additional 29% of the shares of Amara from certain other shareholders of Amara for an aggregate cash purchase price of US \$29,000,000. See "Investment in Amara".

The Company has assessed the fair values of the private investments at February 28, 2022 to be unchanged from November 30, 2021.

Investments in Belle Pulses and Sapientia

On April 23, 2021, the Company entered into a binding letter of intent with Novel Agri-Technologies Inc. (“Novel”) pursuant to which the Company agreed to assume Novel’s contractual rights to acquire 100% of two private arm’s-length plant-based food companies, Belle Pulses and Sapientia (the “Initial Acquisitions”).

On July 30, 2021, the Company completed the Initial Acquisitions. The Company paid \$30,000,000 in cash to acquire Belle Pulses. Part of the cash consideration, \$29,750,000, was advanced directly to the vendors by Cortland Credit Lending Corporation (“Cortland”). The consideration for the acquisition of Sapientia was the issuance of 3,741,969 common shares of the Company, at a fair value of \$2,394,860, and the obligation to make cash payments totalling US \$6,400,000 (subsequently amended to US \$6,520,000; see “*Amounts Due on Investments in Agri-business, Food Tech and Plant-Based Food Companies - Sapientia*”).

In connection with the closing of the Initial Acquisitions the Company paid \$750,000 and issued a total of 11,476,205 common shares of the Company, at a fair value of \$7,344,771, to Novel for total consideration of \$8,094,771 (the “Novel Consideration”) and issued a total of 6,006,626 common shares of the Company, at a fair value of \$3,844,241, to finders (the “Finders’ Shares”). In addition, the Company has agreed to pay Novel net profits interest shares in the Initial Acquisitions convertible up to an additional 65,031,826 common shares of the Company. These net profits interest shares were assigned a fair value of \$41,620,369 (the “NPI Consideration”). During fiscal 2021 the Novel Consideration, the Finders’ Shares amounts and the NPI Consideration, totalling \$53,559,381, were expensed as transaction costs incurred for the Initial Acquisitions.

Post closing of the Initial Acquisitions certain principals of Novel have been appointed as officers of the Company to provide ongoing investment oversight services in respect of the Company’s plant-based investments.

Investment in Amara

On November 2, 2021, the Company entered into a purchase agreement (the “Series A Preferred Stock Purchase Agreement”) pursuant to which the Company acquired 2,047,299 series A preferred shares in the capital of Amara (the “Amara Series A Shares”), representing a 51% equity ownership of Amara on a fully diluted as-converted basis (the “Initial Amara Investment”), together with an option to acquire an additional 29% of the shares of Amara from certain other shareholders of Amara for an aggregate cash purchase price of US \$29,000,000 (the “Amara Share Purchase Option”), which (if exercised) would result in the Company having an 80% equity ownership of Amara on a fully diluted as-converted basis.

The consideration for the Initial Amara Investment included a cash payment of US \$1,000,000 and the issuance by the Company of a promissory note in favour of Amara in the principal amount of US \$10,600,000 (the “Amara Promissory Note”).

The Amara Series A Shares include certain rights that rank in preference to the currently outstanding shares of Amara, including in respect to dividends (when and if declared), liquidation events, and mergers and other corporate transactions. The Amara Series A Shares will be convertible by the holders thereof at any time into common shares in the capital of Amara. On the seventh anniversary of the closing of the Initial Amara Investment, the Company may redeem its Amara Series A Shares in exchange for the original issue price (plus accrued and unpaid dividends) in the event Amara does not complete a liquidity event or qualified initial public offering by that time.

On February 15, 2022, the Company completed a non-brokered private placement with Nurture Healthy Food LLP (“Nurture Healthy Food” or “NHF”), a wholly-owned subsidiary of Nurture Capital LLC, of 6,690,666 units at a price of \$0.75 per unit for \$5,018,000. In connection with the private placement, the Company entered into a purchase agreement (the “Purchase Agreement”) with NHF, pursuant to which the Company sold to NHF an economic interest (the “Amara Economic Interest”) in the shares of Amara which are held by the Company. The Amara Economic Interest provides NHF with the right to receive 8% of the net proceeds or other property (after having deducted the Company’s investment cost base for its equity interest in Amara) received by the Company upon the occurrence of: (i) a liquidation event in respect of Amara (including a merger of Amara or any sale of all or a portion of the overall equity interest in Amara held by the Company); and (ii) an initial public offering of the shares of Amara or other public listing event in respect of Amara, all pursuant to the Purchase Agreement. In addition, NHF is entitled to 8% of any dividend declared and paid by Amara to the Company.

Description and Highlights of Portfolio Companies

Belle Pulses

Belle Pulses is a leading North American processor of high quality pulses such as yellow and green peas, faba beans, and chick peas, and is based in Saskatchewan Canada. Belle Pulses' proteins, starches, and fiber are now common ingredients in a variety of vegan and non-vegan products, from crackers, snacks, pastas, breads, plant-based meats, and milks and beverages. Belle Pulses distributes to 35 countries to both people and pet food customers.

Belle Pulses was formed by way of amalgamation on August 1, 2001. The management team of Belle Pulses consists of Anthony Gaudet and Francis Gaudet, who co-founded Belle Pulses, each of which were arm's-length to the Company prior to the Company's investment in Belle Pulses. Following the Company's investment in Belle Pulses, Anthony Gaudet and Francis Gaudet resigned as directors and Patrick Dunn and Nick Grafton were appointed directors of Belle Pulses, while Anthony Gaudet and Francis Gaudet continued in their management roles with Belle Pulses following the investment. Management of Belle Pulses is compensated in a manner consistent with industry standards.

The Company has invested a total of \$30,000,000 to acquire 100% of the outstanding equity interest in Belle Pulses. See "*Investments in Belle Pulses and Sapientia*". The Company anticipates holding its investment in Belle Pulses for approximately 3-7 years, with the present expectation that the Company will sell all or a majority portion of its equity position in Belle Pulses to a private equity firm, national or multi-national industry participant or, alternatively, seek liquidity in connection with an initial public offering of Belle Pulses shares.

Belle Pulses - Selected Financial Information

The following selected financial information in respect of Belle Pulses (on a consolidated basis with its wholly-owned subsidiary) has been derived from information provided to the Company by management of Belle Pulses and, in the case of comparative financial information for the years ended July 31, 2021 and 2020, the audited consolidated financial statements of Belle Pulses, which have been prepared in accordance with Canadian Accounting Standards for Private Enterprises.

	Six Months Ended		Three Months Ended		Year Ended	
	January 31, 2022 \$ (unaudited)	January 31, 2021 \$ (unaudited)	January 31, 2022 \$ (unaudited)	January 31, 2021 \$ (unaudited)	July 31, 2021 \$ (audited)	July 31, 2020 \$ (audited)
Operations:						
Revenue	28,459,581	25,448,155	12,809,752	13,594,270	58,661,758	62,595,905
Gross profit	3,793,129	4,476,935	2,072,824	1,897,075	7,282,556	7,665,909
Expenses	887,986	1,173,260	906,677	989,162	2,797,868	3,301,921
Net earnings	3,557,333	3,271,704	1,166,147	920,539	3,236,976	3,194,983

Belle Pulses - Operations Update

During the second quarter of fiscal 2022, Belle Pulses overcame several significant hurdles including but not limited to: Vancouver mud slides, the Delta and Omicron variants of COVID, increasing challenges in the global supply chain crisis, and managing through drought conditions from the prior season. However, several of Belle Pulses' major customers increased orders for plant-based foods, for both human and pet consumption, heading into 2022.

Management of Belle Pulses indicates while the second quarter of their fiscal year (ending July 31, 2022) has reduced revenue due to global supply chain conditions, profitability has increased as expenses have been well-managed. However, management also reflects that year-to-date revenue and profitability has increased over the previous year. Because Belle Pulse's business is fairly seasonal with a majority of the sales in the first two quarters of its fiscal year, which are the final two quarter of the calendar year, EatWell reviews the trailing six month financials in order to assess performance and ongoing value, while smoothing out seasonal effects.

Belle Pulses is expanding its product and service offerings to tailor to both domestic and international customers, with added sales of premium chickpeas and faba beans over time. International sales are stable, despite COVID and cross-border complexities, as Belle Pulses has partnered closely with customers to overcome multiple supply chain and labor hurdles, reflecting Belle Pulses' leadership position as a go-to supplier of high quality North American pulses.

Belle Pulses anticipates entering into new contracts, including the expansion of its direct supplier relationship with General Mills for a variety of end consumer products featuring pulse proteins, and the expansion of the Ingredion strategic partnership. Ingredion’s product for their newly-opened plant in Vanscoy, Saskatchewan, Canada is being sourced by Belle Pulses. Ingredion and General Mills, both NYSE Fortune 500 companies, are among the global leaders in plant-based ingredients and nutrition.

The Russia-Ukraine conflict has created unique dynamics for Canadian-sourced pulses in general, and for Belle Pulses specifically. On average, Russia produces 3,800,000 tonnes and exports around 1,000,000 tonnes of peas annually¹, and Ukraine’s pea exports can reach up to 500,000 tonnes per year.² Belle Pulses produced approximately 90,000 metric tonnes of protein in 2021. As a response to increased global demand, Belle Pulses is planning increased shifts at its main plant in Saskatchewan to increase Canadian annual production capacity to nearly 100,000 metric tonnes annually while adding up to an additional 15,000 metric tonnes per year of annual production capacity at its United States facility.

High-quality, transparent, and sustainably produced agricultural products and pulse crops have become increasingly important worldwide. In addition to corn and wheat, pulses are at the center of the global food industry. Recent supply chain disruptions and sharp increases in fertilizer prices have significantly strained food production. Belle Pulses will continue to assess options for expanded production capacity to meet this demand, including but not limited to expanded shifts at existing plants, expanding capacity through additional investment at the existing facility, acquiring new land nearby and building new facilities, and expanding internationally with joint ventures.

Canada is already one of the largest producers of agricultural products globally. The globe is now turning to Canada for a secure supply of pulse crops, proteins, and agricultural products. Management of the Company believes that Belle Pulses remains well-positioned to service global pulse demand for years while accelerating the scale at which they serve healthy, better-for-you consumer products worldwide.

Management of the Company expects that Belle Pulses will obtain improved margin performance in the remainder of 2022 due to normalizing supply chains and improvement with COVID-19 related restrictions, plus strong global demand, intensified by the Russia / Ukraine conflict disrupting pulse supply overseas.

Sapientia

Sapientia is a limited liability company and was organized under the laws of the State of Florida on January 19, 2016. Dr. Eugenio Bortone was the sole authorized representative of Sapientia and was arm’s-length to the Company prior to the Company’s investment in Sapientia. Following the Company’s investment in Sapientia, Dr. Eugenio Bortone remained the sole principal of Sapientia. Management of Sapientia is compensated in a manner consistent with industry standards.

Sapientia is primarily involved in the development of intellectual property (“IP”) in the savory snacking sector, with a secondary focus on pet treats, toddler snacks, and meal staples such as plant-protein based pulses. Sapientia further evaluates emerging snacking sectors such as vegan jerky and has begun preliminary reviews of technology and production platforms required to operate in those sectors. Sapientia is led by Dr. Eugenio Bortone, a preeminent food scientist with a Ph.D. in Food Engineering, an MS in Nutrition, 25 issued patents, and over 25 years of food, snack foods, pet foods, formulation, product development, process scale-up, and commercialization experience. To date, the majority of Sapientia’s products remain in the development stage and the company continues to work towards commercialization of its products. The Company owns all of the issued and outstanding equity securities of Sapientia.

The Company has invested an aggregate of \$10,374,680 (consisting of 3,741,969 common shares of the Company, at a fair value of \$2,394,860, and the obligation to make cash payments totalling US \$6,400,000 (subsequently amended to US \$6,520,000; see “*Amounts Due on Investments in Agri-business, Food Tech and Plant-Based Food Companies – Sapientia*”) to acquire 100% of the outstanding equity interests in Sapientia. See “*Investments in Belle Pulses and Sapientia*”. The Company anticipates holding its investment in Sapientia for approximately 3-7 years, with the present expectation that the Company will sell all or a majority portion of its equity position in Sapientia to a private equity firm or food-technology company.

¹ Source: Saskatchewan Pulse Growers, In the Market (March 2022), Chuck Penner (https://saskpulse.com/files/report/220304_Penner_Market_Report.pdf)

² Source: Saskatchewan Pulse Growers, In the Market (March 2022), Brian Clancey(https://saskpulse.com/files/report/220308_Clancey_Market_Report.pdf)

Sapientia Intellectual Property

Sapientia has developed a breakthrough in fried vs. baked extrusion technology processing, creating a proprietary trade secret. Sapientia has created a unique process that produces the textural attributes of a fried product instead of baked, with a high nutritional value as a “better for you” source of protein and fiber, with reduced-fat, as a puffed, crisp product. This breakthrough has been a long-term challenge for leading players in the consumer packaged good sector and sets Sapientia apart as an innovator in “better for you” foods.

Dr. Bortone and his team of culinary chefs, who work in partnership with seasoning houses, have developed natural 100% plant-based seasonings that are entirely vegan. Intellectual property centers around process and formula that uniquely creates plant-based food snacks with very high nutritional value, palatability, and a crispy eating experience.

In addition to the existing patents, Sapientia is researching high moisture meat analogue (“HMMA”) alternatives, fermentation processes, plant-based protein cultivation, and phytonutrient-forward formulae to deploy across foods and beverages. Led by Dr. Bortone and leveraging Dr. Bortone’s extensive network and global reach in the plant-based food industry, Sapientia is in active discussions with several marquis players in bioinformatics, biomimicry, and extrusion technology to develop the next generation of plant-based foods.

Sapientia – Operations Update

Since closing of the Initial Acquisitions, the Sapientia team has been working on a number of items including the following:

- (i) launch a pilot program in the Federated Coop of western Canada;
- (ii) develop an Ecommerce pilot program via Amazon US for summer 2022;
- (iii) evaluate multiple tiered manufacturing solutions to scale the core product (protein curls);
- (iv) refine the business development pipeline for private labelling; and
- (v) develop an innovation pipeline for several additional usage occasions as noted above.

The Sapientia team has conducted multiple reviews with co-manufacturing providers in North America and Canada to pursue production and manufacturing solutions. Resulting analyses will be confirmed in the second quarter of 2022 to establish a proprietary extrusion footprint in the United States, in addition to current production at the Saskatchewan Food Centre. Sapientia has expanded flavor innovation with a premier global flavor house, as well as having executed prototype testing of pet treats. Sapientia’s progress as it moves through these early development stages is continuing. Eat Well maintains its thesis of investing in companies that are commercializing food-tech and R&D products not within years of acquisition but 12-18 months. Launching its first white-label products within six months, at the end of December 2021, has been a defining moment for Sapientia amid complex global supply chain challenges.

Sapientia launched its first white-labeled protein twists with Federated Co-op stores in western Canada, rolling out 350 stores beginning in December 2021, with ongoing discussions to increase store count by another several hundred stores.

On April 14, 2022, Eat Well Group announced that Sapientia’s first products launched under the white label division, the Co-op Gold PURE Plant Based Protein Twists, had been awarded finalist status in the 29th annual Canadian Grand Prix New Product Awards. The Canadian Grand Prix New Product Awards recognize the best in new product innovation from private label and consumer packaged good products launched into the Canadian market. A Retail Council of Canada consumer-focused annual awards program, the Canadian Grand Prix New Product Awards celebrates advancement and excellence in new food distribution industry products to further encourage manufacturer innovation and profile continued value to consumers.

Sapientia is working closely with Co-op for expanded distribution of its existing flavours and launching new flavours to existing channels. Additionally, Sapientia plans to launch its version of the plant-based snacks Direct to Consumer (“DTC”) on its website in the coming months.

Amara

Amara is a food technology company that uses science and proprietary IP that locks in taste and texture to make healthy, organic, non-GMO, plant-based, convenient baby and children’s food possible for modern-day families.

From baby food to toddler food and beyond, Amara is driven by the belief that setting kids on the right path from a young age will help them live better, feel better and think better for the rest of their lives. Amara first disrupted the baby food market in 2017, supporting the demand from parents for fresh, nutrient-rich, low-sugar baby food that was minimally processed and shelf-stable. Amara's baby food is one of the most unique product lines that can deliver the benefits of fresh, with the convenience and scale of shelf-stable. The baby blend line is designed to mix with breast milk, formula, or water for a gentle transition to starting solids.

Amara's new snack line continues to deliver on the promise of fresh tastes and texture with no added sugar or long ingredient lists. Like their major snack line, the 100% organic whole fruit and vegetable blend baby meals use the natural properties available in the fruits and vegetables, without additives and concentrated sugars. Amara's products are sold throughout major North American retailers, including Whole Foods, Costco, Amazon, Sobeys, Loblaws and Walmart Canada.

Amara was incorporated under the laws of Delaware on November 25, 2019. Prior to the Company's investment in Amara, the management team of Amara consisted of Jessica Sturzenegger, as President, CEO and CFO, and Sonia Schiess, as Secretary, and the board of directors of Amara consisted of Jessica Sturzenegger, Gonzalo Gutierrez, Sonia Shiebs and Benjamin Leavenworth. Each of the directors and officers of Amara were arm's-length to the Company prior to the Company's investment in Amara. Following the Company's investment in Amara, all of the directors and officers of Amara remained with Amara and Marc Aneed, the CEO of the Company, joined Amara's board of directors.

The Company has invested \$14,380,400 (US\$11,600,000) (consisting of a cash payment of US \$1,000,000 and the issuance by the Company of the Amara Promissory Note in favour of Amara in the principal amount of US \$10,600,000) to acquire a 51% equity ownership in Amara. The Company also acquired the option to acquire an additional 29% equity ownership in Amara from certain other shareholders of Amara. See "*Investment in Amara*". The Company anticipates holding its investment in Amara for approximately 2-5 years, with the present expectation that the Company will sell all or a majority portion of its equity position in Amara to a major consumer packaged goods company, national or multi-national industry participant or, alternatively, seek liquidity in connection with an initial public offering of Amara shares.

Amara – Operations Update

In early 2022, Eat Well announced Amara's substantial new distribution partners for its products, including Costco, Walmart Canada, Walmart.com, Kroger.com, vitacost.com, select Sobeys Inc., IGA stores in Canada, and HEB. Sobeys has more than 111 years of experience in the retail food business. As one of only two national grocery retailers in Canada, Sobeys serves the food shopping needs of Canadians with approximately 1,500 stores in all ten provinces under retail banners that include Sobeys, Safeway, IGA, Foodland, FreshCo, Thrifty Foods, and Lawtons Drugs. Distribution to both Sobeys and IGA locations across Canada adds to Amara's strong retail footprint with distribution to many of North America's leading big-box retailers, including Walmart Canada, Whole Foods, Costco, Sprouts Farmer's Market, HEB, Loblaws, and more. Amara remains focused on accelerating its omnichannel sales distribution strategy and continued growth across natural health food stores and traditional big-box retailers, and eCommerce.

Business Insider has ranked Amara as the 5th fastest growing direct-to-consumer ("D2C") brand in America. Business Insider has also compiled a list of the 25 fastest-growing direct-to-consumer brands across food, personal care, and health and are ranked according to monthly traffic and Q1 growth from Similarweb data. Amara secured the 5th slot out of 25, with average monthly visits to the website reaching nearly 40,000 and quarter-over-quarter web-traffic growth of 286%. Additionally, Good Housekeeping has named Amara to its list of the 12 Best Organic Food Brands, According to Moms and Babies. Good Housekeeping tested several brands through a panel of children, parents, and Good Housekeeping editors to see which organic food products are the best for babies while also including information on what measures are being taken to minimize heavy metals.

The Company's management believes Amara's growth can be attributed to the global trend of consumers seeking nutritious plant-based foods to add into their everyday lifestyles, and Amara's delicious toddler snacks and baby foods being 100% organic with excellent taste.

Loans to Agri-business, Food Tech and Plant-based Food Companies

	Sapientia \$	Belle Pulses \$	Total \$
Principal			
Balance at November 30, 2021	383,760	2,000,000	2,383,760
Advances received	280,502	-	280,502
Advances repaid	-	(150,000)	(150,000)
Foreign exchange	(3,966)	-	(3,966)
Balance at February 28, 2022	<u>660,296</u>	<u>1,850,000</u>	<u>2,510,296</u>
Interest			
Balance at November 30, 2021	1,806	38,356	40,162
Interest	2,247	46,520	48,767
Foreign exchange	(16)	-	(16)
Balance at February 28, 2022	<u>4,037</u>	<u>84,876</u>	<u>88,913</u>

On August 17, 2021, the Company provided Sapientia with an initial loan of US \$250,000. On November 10, 2021, the Company loaned a further US \$50,000 to Sapientia. The loans bear interest at a rate of 1.87% per annum and is repayable with accrued interest on August 17, 2023. During the three months ended February 28, 2022, the Company recorded interest income of \$2,245. Subsequent to February 28, 2022, the Company advanced a further US \$100,000 to Sapientia.

On September 22, 2021, the Company loaned \$2,000,000 to Belle Pulses, bearing interest at 10% per annum and repayable with interest on September 22, 2023. During the three months ended February 28, 2022 the Company recorded interest income of \$46,520. Subsequent to February 28, 2022, Belle Pulses repaid \$700,000 of principal.

Credit Facility

	February 28, 2022 \$	November 30, 2021 \$
Principal amount	33,500,000	33,500,000
Unamortized debt issue costs	-	(570,000)
Accrued interest	256,986	275,342
Balance at November 30, 2021	<u>33,756,986</u>	<u>33,205,342</u>

In connection with the Initial Acquisitions, the Company obtained a revolving line of credit (the “Credit Facility”) with Cortland to borrow a maximum principal amount not to exceed \$33,500,000. Outstanding principal amounts borrowed under the Credit Facility bears interest at a rate per annum equal to the greater of 7.55% above prime or 10% and shall be paid monthly. The Company will also pay an utilization fee equal to 2.4% of the unutilized portion of the Credit Facility. As at February 28, 2022, the Company has received \$33,500,000 under the Credit Facility. During the three months ended February 28, 2022 the Company has incurred interest of \$826,027 of which \$256,986 was outstanding at February 28, 2022. The Credit Facility is scheduled to mature on July 31, 2022.

Pursuant to the credit agreement between the Company and Cortland during fiscal 2021, the Company paid Cortland a financing fee of \$83,750 and a commitment fee of \$251,250. In addition, the Company issued 500,000 common shares, at a fair value of \$320,000, and 1,000,000 share purchase warrants to purchase 1,000,000 common shares on or before July 30, 2026 at an exercise price of \$0.58 per share. The value of the warrants was \$505,000 based on the Black-Scholes option pricing model. The Company also reimbursed \$100,000 to Cortland for due diligence costs incurred.

The Company also incurred a \$450,000 financing facilitation fee associated with the Credit Facility from an arm’s-length party.

In total, the Company has incurred financing transaction costs totalling \$1,710,000, of which \$1,140,000 was expensed during fiscal 2021 and the remaining \$570,000 was expensed during the three months ended February 28, 2022.

Amounts Due on Investments in Agri-business, Food Tech and Plant-Based Food Companies

	Sapientia \$	Amara \$	Total \$
Principal			
Balance at November 30, 2021	4,146,254	12,062,853	16,209,107
Payments made	(1,288,570)	-	(1,288,570)
Below market interest rate discount	-	185,448	185,448
Foreign exchange adjustment	342,212	(85,228)	256,984
Balance at February 28, 2022	<u>3,199,896</u>	<u>12,163,073</u>	<u>15,362,969</u>
Interest			
Balance at November 30, 2021	181,720	92,896	274,616
Interest	86,992	332,227	419,219
Foreign exchange adjustment	(3,404)	(5,159)	(8,563)
Balance at February 28, 2022	<u>265,308</u>	<u>419,964</u>	<u>685,272</u>
Total	3,465,204	12,583,037	16,048,241
Less current portion	<u>(3,465,204)</u>	<u>(5,180,103)</u>	<u>(8,645,307)</u>
Non-current portion	<u>-</u>	<u>7,402,934</u>	<u>7,402,934</u>

Sapientia

The Company was obligated to pay a total of US \$6,400,000 on the acquisition of Sapientia, of which US \$1,000,000 was paid on closing and US \$1,000,000 paid on August 31, 2021. The remaining US \$4,400,000 consideration was to be paid as to US \$2,000,000 on or before October 31, 2021 and US \$2,400,000 on or before December 31, 2021. On October 25, 2021, the Company negotiated an extension and revision of the remaining US \$4,400,000 consideration. Under the revised payment terms, the Company agreed to pay a revised total of US \$4,520,000 (the “Revised Sapientia Obligation”), of which US \$1,000,000 was paid on October 31, 2021, US \$1,000,000 was paid on December 31, 2021, US \$840,000 was paid on March 1, 2022 and US \$840,000 was paid on May 5, 2022. The remaining US \$840,000 amount is to be paid on June 30, 2022. The incremental \$148,315 (US \$120,000) consideration has been expensed as part of interest expense and financing costs.

The recipients of the Revised Sapientia Obligation are shareholders of the Company. The Company determined that the rate implicit in the loan is at a market rate of 10% per annum. Accordingly, the Company recorded an initial benefit of the below-market interest rate loan of \$187,828 to contributed surplus. During the three months ended February 28, 2022, interest expense of \$86,992 was recognized in the consolidated statement of loss and comprehensive loss.

Amara

The Amara Promissory Note accrues interest at a rate of 0.18% per annum and is repayable in scheduled quarterly instalments of approximately US \$1,300,000 for a period of 24 months from the date of issuance, subject to the Company’s right to accelerate payment at any time without penalty and the Company’s obligation to prepay the full amount of the Amara Promissory Note in the event the Company completes any transaction (including any issuance of debt in excess of US \$50,000,000) resulting in the Company’s receipt of net proceeds in excess of US \$30,000,000. The Company’s obligations under the Amara Promissory Note are secured by a share pledge in respect of certain of the Amara Series A Shares issued to the Company pursuant to the Initial Amara Investment. Subsequent to February 28, 2022, the Company paid US \$1,333,364 (US \$1,325,000 principal and US \$8,364 interest expense) in respect of the Amara Promissory Note.

The Company determined that the rate implicit in the loan is at a market rate of 10% per annum. Accordingly, the Company recorded an initial benefit of the below-market interest rate loan of \$1,447,088 to profit or loss. During the three months ended February 28, 2022, interest expense of \$332,227 was recognized in the consolidated statement of loss and comprehensive loss.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

Three Months Ended	Fiscal 2022	Fiscal 2021				Fiscal 2020		
	Feb. 28, 2022 \$	Nov. 30, 2021 \$	Aug. 31, 2021 \$	May 31, 2021 \$	Feb. 28, 2021 \$	Nov. 30, 2020 \$	Aug. 31, 2020 \$	May 31, 2020 \$
Operations:								
Net investment gain (loss)	(74,780)	(356,019)	183,969	(238,278)	1,308,265	34,507	451,684	(246,504)
Expenses (income)	(5,341,133)	(47,078,774)	(15,561,648)	(1,937,871)	(791,095)	(7,926)	(67,975)	(96,381)
Net (loss) income	(5,415,913)	(47,434,793)	(15,377,679)	(2,176,149)	517,170	26,581	383,709	(342,885)
(Loss) income per share - basic and diluted	(0.04)	(0.52)	(0.16)	(0.02)	0.01	0.00	0.01	(0.01)
Dividend per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Total assets	64,769,938	59,627,414	45,653,780	9,074,937	9,333,070	5,043,430	5,066,140	4,658,660
Total long-term liabilities	(8,741,067)	(8,055,724)	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended February 28, 2022 Compared to Three Months Ended November 30, 2021

During the three months ended February 28, 2022 (“Q1/2022”), the Company reported a net loss of \$5,415,913 compared to net loss of \$47,434,793 for the three months ended November 30, 2021 (“Q4/2021”), a decrease in loss of \$42,018,880. The decrease in loss is primarily due to recognition of \$41,620,369 as transaction costs in connection with the private investments in Q4/2021. See also “Investments in Agri-business, Food Tech and Plant-based Food Companies”.

Three Months Ended February 28, 2022 Compared to the Three Months Ended February 28, 2021

During Q1/2022 the Company reported a net loss of \$5,415,913 compared to a net income of \$517,170 for the three months ended February 28, 2021 (“Q1/2021”), an increase in loss of \$5,933,083. The increase in loss is primarily due to significant fluctuations in the following:

- (i) in Q1/2021 the Company reported \$1,308,265 net investment gain (\$1,480,305 unrealized gain offset by \$172,040 realized loss) compared to \$74,780 net unrealized investment loss in Q1/2022, an increase in loss of \$1,383,045;
- (ii) incurred \$306,369 legal costs in Q1/2021, an increase of \$287,710 from \$18,659 in Q1/2021, primarily due to significant increases in legal and due diligence activities in respect of the Company’s private investments and revisions to certain of its loan obligations;
- (iii) \$489,192 increase in director and officer compensation, from \$20,872 in Q1/2022 to \$510,064 in Q1/2022, due to the appointments of a number of executives to the Company to provide ongoing oversight services in respect of the Company’s investments in agri-business, food tech and plant-based food companies;
- (iv) recognition of \$1,815,246 of interest expense and financing costs incurred in respect of the Credit Facility, Amara Promissory Note and Revised Sapientia Obligation during Q1/2022; and
- (v) incurred significant corporate development, investor relations, professional fees, salaries and benefits and marketing expenses during Q1/2022 due to strategic consulting, media and business development as the Company has changed its focus to investments in the agri-business, food tech and plant-based food industries.

During Q1/2022 the Company generated interest income of \$51,727 (Q1/2021 - \$6,462).

Financing Activities

- (i) On December 23, 2021, the Company completed a brokered private placement of 9,272,727 of special warrants of the Company at a price of \$0.55 per special warrant for \$5,100,000 gross proceeds. On April 25, 2022 the special warrants were exercised, for no additional consideration, into an aggregate of 10,403,995 units, consisting of 10,403,995 common shares of the Company and 5,201,997 common share purchase warrants.

On February 15, 2022 the Company the Company completed a non-brokered private placement with Nurture Healthy Food LLP (“Nurture Healthy Food” or “NHF”) a wholly-owned subsidiary of Nurture Capital LLC of 6,690,666 units at a price of \$0.75 per unit for \$5,018,000 of which \$3,679,867 was bifurcated to the common shares to the private placement and \$1,338,133 to the Amara Economic Interest. See also “Private Investments and Loans - Investment in Amara”. In addition the Company issued 3,693,899 common shares for \$554,085 of which \$239,085 was received in fiscal 2021.

- (ii) During Q1/2021 the Company completed a non-brokered private placement of 40,000,000 units for proceeds of \$3,000,000. The net proceeds were used by the Company to finance continuing making acquisitions and investments pursuant to the Company’s investment policy, including investments in emerging industries, public and private equities or debt. In addition the Company issued 200,000 common shares for \$30,000 on the exercise of warrants.

On April 30, 2021 the Company filed a NCIB submission authorizing the Company to repurchase for cancellation up to 4,473,534 common shares. The NCIB expired on April 30, 2022. During Q1/2022 the Company repurchased a total of 205,000 common shares for \$118,703 cash consideration under the NCIB. Subsequent to February 28, 2022 and as of the date of this MD&A the Company has repurchased an additional 96,000 common shares for \$40,604 cash consideration.

Financial Condition / Capital Resources

During Q1/2022, the Company recorded a net loss of \$5,415,913 and, as at February 28, 2022, had a cash balance of \$5,552,018 and current liabilities of \$43,063,988. The Company will need to secure additional funding to retire amounts due on the Company’s investments in agri-business, food tech and plant-based food companies and amounts loaned under the credit facility and repay indebtedness as they come due. The Company intends to secure long-term financing and/or raise additional capital from the sale of additional common shares or other equity instruments. Whether the Company can raise sufficient capital is uncertain. These uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company has no proposed transactions.

Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through or loss (FVTPL); amortized cost; and fair value through other comprehensive income (“FVOCI”). The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instruments	Category	February 28, 2022 \$	November 30, 2021 \$
Cash	Amortized cost	5,552,018	545,976
Advances receivable	Amortized cost	16,500	16,500
Investments in marketable securities	FVTPL	560,067	634,846
Private investments	FVTPL	54,755,080	54,755,080
Loans receivable	Amortized cost	2,599,209	2,423,922
Accounts payable and accrued liabilities	Amortized cost	(661,695)	(668,153)
Loans payable	Amortized cost	(16,048,241)	(16,483,723)
Credit facility	Amortized cost	(33,756,986)	(33,205,342)

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

Fair Value

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash, advances receivable, accounts payable and accrued liabilities, loans payable and credit facility approximate their fair value due to their short-term nature and market interest rates. The recorded amounts for investments in marketable securities, private investments, at fair value through profit or loss, and loans receivable approximate their fair value. The fair value of investment in marketable securities under the fair value hierarchy is measured using Level 1 and Level 3 inputs. The fair value of private investments, at fair value through profit or loss, is measured using level 3 inputs.

(i) *Valuation techniques used to determine fair values*

Specific valuation techniques used to fair value financial instruments, specifically those that are not quoted in an active market. Plant-Based News Limited, Belle Pulses, Sapientia and Amara are private companies not traded on any public exchange and are considered level 3 assets because there is no market in which a share price can be readily observed. These are start up and development stage companies and, as such, the Company utilized a market approach:

- (a) The use of quoted market prices in active or other public markets
- (b) The use of most recent transactions of similar instruments
- (c) Changes in expected operational milestones of the investee
- (d) Changes in management, strategy, litigation matters or other internal matters
- (e) Significant changes in the results of the investee compared with the budget, plan, or milestone

(ii) *Transfers between levels 2 and 3*

There were no transfers between levels 2 and 3 during the three months ended February 28, 2022 and fiscal 2021.

(iii) *Valuation inputs and relationships to fair value*

The following table summarises the quantitative information about the significant unobservable inputs used in the level 3 fair value measurements (see above for valuation techniques adopted):

Description	Fair Value		Unobservable Inputs	Range of Inputs
	February 28, 2022 \$	November 30, 2021 \$	February 28, 2022 \$	February 28, 2022 \$
Plant-Based News Limited	175,444	175,444	Timeline for milestones	N/A
Belle Pulses	30,000,000	30,000,000	Timeline for milestones	N/A
Sapientia	10,374,680	10,374,680	Timeline for milestones	N/A
Amara	14,380,400	14,380,400	Timeline for milestones	N/A
	<u>54,930,524</u>	<u>54,930,524</u>	Timeline for milestones	

(iv) *Valuation processes*

The Investment Committee includes a team that performs the valuations of all items required for financial reporting purposes, including level 3 fair values. This team collaborates with the CFO and the audit committee (“AC”). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every three months which is in-line with the Company’s reporting requirements. The main Level 3 inputs derived and evaluated by the Company’s team are the timeline for expected milestones and assessment of the technical matter relating to the technology.

The Company performed a sensitivity analysis on the carrying value of its Level 3 assets and noted that a 20% decrease would result in an approximately \$10,986,000 decrease in fair value.

Credit Risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to cash, advances receivable and loans receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and advances receivable is remote. The Company mitigates its credit risk in loans receivable by only providing loans to companies where it has detailed knowledge of the company’s operations and business strategy.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company’s financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company anticipates that it will need to secure additional funding to retire its indebtedness as they come due, or in the alternative, renegotiate terms of payment. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

Contractual Maturity Analysis at February 28, 2022

	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	5,552,018	-	-	-	5,552,018
Advances receivable	16,500	-	-	-	16,500
Accounts payable and accrued liabilities	(661,695)	-	-	-	(661,695)
Loans payable	(3,826,370)	(4,445,209)	(8,436,653)	-	(16,708,232)
Credit facility	(256,986)	(33,500,000)	-	-	(33,756,986)

Contractual Maturity Analysis at November 30, 2021

	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	545,976	-	-	-	545,976
Advances receivable	16,500	-	-	-	16,500
Accounts payable and accrued liabilities	(668,153)	-	-	-	(668,153)
Loans payable	(1,289,899)	8,322,112	(8,499,107)	-	(18,111,118)
Credit facility	(33,205,342)	-	-	-	(33,205,342)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash and demand deposits bear floating rates of interest. The interest rate risk on cash, loans receivable and loans payable are not considered significant.

(b) Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

As at February 28, 2022, \$57,179,002 of the Company's investments in and loans to plant-based companies represents approximately 96% of the Company's total assets and poor performance in these investments could adversely affect the Company's results.

(c) Foreign Currency Risk

The Company's functional currency is the Canadian Dollar. The Company maintains a US Dollar bank account to support the cash needs of its US operations. Management does not hedge its foreign exchange risk. At February 28, 2022, 1 Canadian Dollar was equal to 0.79 US Dollar.

Balances are as follows:

	US Dollar \$	Cdn \$ Equivalent \$
Cash	176,134	222,954
Loans receivable	523,179	662,252
Accounts payable and accrued liabilities	(80,000)	(101,266)
Loans payable	<u>(12,569,038)</u>	<u>(16,048,241)</u>
	<u>(11,949,725)</u>	<u>(15,264,301)</u>

Based on the net exposures as of November 30, 2021 and, assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's net loss being approximately \$1,800,000 higher (or lower).

Concentration of Investments

Other than as described in the Company's investment policy, there are no restrictions or limits on the amount or proportion of our funds that may be allocated to any particular investment. We may participate in a limited number of investments and, as a consequence, our financial results may be substantially adversely affected by the unfavorable performance of a single investment. Completion of one or more investments may result in a highly-concentrated investment in a particular company, geographic area, or industry resulting in the performance of the Company depending significantly on the performance of such company, geographic area, or industry. As at February 28, 2022, \$57,354,289 of the Company's investments in and advance to three plant-based food companies represents approximately 89% of the Company's total assets and poor performance in these investments could adversely affect the Company's results. The Company is planning to further diversify as we grow to reduce this risk.

Investments in Associates

The Company's investments in associates are operated by independent management teams. The business success of these investments is to some extent dependent on the expertise and ability of the investment's management team to successfully operate the underlying businesses. While the Company relies on the judgment and operating expertise of the management of the investments, the Company mitigates this risk by exercising prudent management oversight through board representation and relying on an operator that has a proven track record of operating the business.

Investments may be pre-revenue

The Company may make investments in entities that have no significant sources of operating cash flow and no revenue from operations. As such, the Company's investments are subject to risks and uncertainties that new companies with no operating history may face. In particular, there is a risk that the Company's investments will not be able to: (i) implement or execute their current business plan, or create a business plan that is sound; (ii) maintain their anticipated management team; and/or (iii) raise sufficient funds in the capital markets or otherwise to effectuate their business plan. If the Company's investments cannot execute any one of the foregoing, their businesses may fail, which could have a materially adverse impact on the business, financial condition and operating results of the Company.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its investments. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital and amounts borrowed under the Credit Facility. The Company will continue to assess new investment opportunities as they arise and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- (i) The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.
- (ii) Management is required to make judgments to determine the fair value of investments in marketable securities subsequent to initial recognition. Management is also required to determine on whether those marketable securities have sufficient trading volume and reasonable bid-ask spread to determine if they are active enough to be measured at Level 1 of the fair value hierarchy or if other levels are more appropriate. Where the fair values of those investments cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. Changes in estimates and assumptions about these inputs could affect the reported fair value.
- (iii) The Company applies the exception to consolidation of particular subsidiaries available to investment entities with the exception of RCM as this subsidiary provides services related to the Company's investment activities. Management has determined that the Company qualifies for the exemption from consolidation given that the Company has the following typical characteristics of an investment entity:
 - (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
 - (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
 - (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- (i) Management is required to make estimates to determine the fair value of investments in private companies subsequent to initial recognition. Where the fair value of the investments in private companies cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, judgment is required to establish fair value and this value may not be indicative of recoverable value.
- (ii) The Company measures financial instruments, such as derivatives, at fair value at the end of each reporting period. Where the Company holds investments in warrants that are publicly traded and have sufficient trading volume, the fair value is generally the closing price on the principal securities exchange on which the warrant is traded. Investments in warrants that are not traded on a recognized securities exchange do not have a readily available market value. When there are sufficient and reliable observable market inputs, a valuation technique is used. Changes in estimates and assumptions about these inputs could affect the reported value. If no such market inputs are available, the warrants are valued at intrinsic value that approximates fair value.
- (iii) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.
- (iv) The Company recognizes a loss allowance for expected credit losses on amounts receivable and loans receivable. The amount of expected credit losses ("ECL") is updated at each reporting date to reflect changes

in credit risk since initial recognition of the respective financial instrument. The Company recognizes lifetime ECLs for amounts receivable and loans receivable. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Determining an allowance for ECLs requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest. Financial assets in this category include amounts receivable and loans receivables.

- (v) During March 2020 the World Health Organization characterized COVID-19 as a pandemic. COVID-19 has had a material adverse impact on global economies. In order to combat the spread of COVID-19 governments worldwide, including Canada, have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures.

Determining the impact of COVID-19 on the valuation of the Company's investment portfolio required significant judgement given the amount of uncertainty regarding the long-term impact of COVID-19. The ultimate impact of COVID-19 on the financial results of the Company will depend on future developments, including the duration and spread of the pandemic and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain and difficult to predict. If the financial markets and/or the overall economy are impacted for a period significantly longer than currently implied by the markets, the financial results of the Company, including the fair value of its corporate investments, may be materially adversely affected.

Changes in Accounting Policies

There are no changes in accounting policies.

Related Party Disclosures

- (a) 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 consists of members of the Company's Board of Directors and executive officers.

- (i) During Q1/2022 and Q1/2021 the following compensation and health benefit amounts were incurred, paid or payable:

	Q1/2022 \$	Q1/2021 \$
Dave Doherty, CEO and Director ⁽¹⁾	-	13,372
Nick DeMare, CFO and Director	7,500	7,500
Marc Aneed, President and Director ⁽²⁾⁽³⁾	127,671	-
Daniel Brody, Director ⁽⁴⁾	38,008	-
Nick Grafton, Director ⁽⁴⁾	48,750	-
Mark Coles, Chief Investment Officer ⁽³⁾	152,327	-
Pat Dunn, VP Finance ⁽³⁾	49,124	-
Barry Didato, VP Strategy ⁽³⁾	86,684	-
	<u>510,064</u>	<u>20,872</u>

	Q1/2022 \$	Q1/2021 \$
Share-based compensation - Mr. Doherty	-	187,490
Share-based compensation - Mr. DeMare	-	32,499
Share-based compensation - Mr. Cernovitch ⁽⁵⁾	-	24,995
Share-based compensation - Mr. Brody	215,408	146,834
Share-based compensation - Mr. Grafton	25,469	138,604
Share-based compensation - Mr. Coles	14,884	-
	<u>255,761</u>	<u>530,422</u>
	<u>765,825</u>	<u>551,294</u>

- (i) Mr. Doherty did not seek re-election as a director of the Company at the Company's AGM held on October 20, 2021 and retired as CEO of the Company on December 22, 2021.
- (2) Mr. Aneed was appointed as CEO of the Company on December 22, 2021.
- (3) Compensation for Messrs, Aneed, Coles, Dunn and Didato commenced August 1, 2021.
- (4) Mr. Brody and Mr. Grafton were elected as new directors at the Company's AGM held September 29, 2020.
- (5) Mr. Cernovitch did not seek re-election as a director of the Company at the Company's AGM held on October 20, 2021

As at February 28, 2022, \$nil (November 30, 2021 - \$13,432) remained unpaid

- (ii) During Q1/2022 the Company incurred a total of \$27,500 (2021 - \$10,800) by Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at February 28, 2022 \$12,500 (November 30, 2021 - \$20,000) remained unpaid

During Q1/2021 the Company recorded \$137,495 share-based compensation for share options, DSUs and RSUs granted to Chase.

- (iii) During Q1/2022 the Company incurred a total of \$146,560 (2021 - \$nil) by Dunn, Pariser & Peyrot ("Dunn"), a private corporation owned by the Patrick Dunn Vice-President of Finance, for accounting and administration services provided by Dunn.
- (iv) During Q1/2022 the Company incurred a total of \$408,131 (2021 - \$nil) by McMillan LLP ("McMillan"), a law firm, of which Desmond Balakrishnan a Director of the Company, is a partner of McMillan, for legal services. As at February 28, 2022 \$292,064 (November 30, 2021 - \$436,723) remained unpaid.

- (b) The Company has made ongoing advances to Rockshield Opportunities Corp. ("Rockshield Opportunities") a company which was initially incorporated as a wholly-owned subsidiary of the Company and of which its common shares were subsequently distributed to the Company shareholders. The advances are non-interest bearing and repayable on demand. As at February 28, 2022, \$16,500 (November 30, 2021 - \$16,500) is outstanding. Certain of the Company's directors remain as directors of Rockshield Opportunities.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at June 16, 2022, there were 153,735,547 (net of 262,500 common shares purchased under the NCIB to be cancelled) issued and outstanding common shares and 65,031,826 common shares issuable on the exercise of net profits interest shares. In addition the Company has 23,304,767 warrants outstanding at an exercise price ranging from \$0.15 per share to \$1.00 per share, 508,043 Compensation Warrants at an exercise price of \$0.55 per Compensation Warrant, 8,400,000 share options outstanding, at an exercise price ranging from \$0.56 per share to \$0.88 per share and 9,020,000 RSUs outstanding.