THE PLANTING HOPE COMPANY INC.

Management's Discussion and Analysis
For the three months ended March 31, 2023

The following Management's Discussion and Analysis (MD&A) of the consolidated financial results of The Planting Hope Company Inc. is as at and for the three months ended March 31, 2023.

This MD&A is dated as of **May 30, 2023** and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023 and the Company's audited consolidated financial statements for the three months and year ended December 31, 2022. The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Planting Hope Company Inc. ("TPHC", "Planting Hope" or the "Company") was incorporated on November 19, 2020 under the *Business Corporations Act* (British Columbia) as "Campio Capital Corp." and changed its name to "The Planting Hope Company Inc." on May 7, 2021. On August 25, 2021, TPHC completed the acquisition of Planting Hope Brands, LLC (formerly Spinning Wheel IP, LLC) ("PHB"), referred to as a reverse takeover ("RTO") herein. The consolidated financial results include the accounts of the TPHC and its wholly-owned subsidiary, PHB, together referred to herein as the "Company".

The Company's shares trade on the TSX Venture Exchange under the symbol "MYLK", on the Frankfurt Stock Exchange under the symbol "J94" and on the OTCQB Venture Market under the symbol "MYLKF". The Company's shares are also eligible for electronic clearing and settlement through the Depository Trust Company ("DTC") in the United States.

The functional currency of TPHC is the Canadian dollar ("CAD"); the functional currency of PHB is the United States dollar ("USD"). The presentation currency of the Company is the USD. In this MD&A, unless otherwise noted, all dollar amounts are expressed in USD.

Throughout this MD&A and in other materials disclosed by the Company, we adhere to IFRS, however the Company also employs certain non-IFRS and other financial measures to analyze financial performance, financial position, and cash flow. These non-IFRS and other financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures provided by other issuers. The non-IFRS and other financial measures should not be considered to be more meaningful than financial measures which are determined in accordance with IFRS. Please refer to "Non-IFRS and Other Financial Measures" sections at the end of this MD&A for further information.

Additional information regarding the Company, including the Company's audited consolidated financial statements for the three months and year ended December 31, 2022, Annual Information Form, and other filings is available on the Company's profile at www.sedar.com or on the Company's website at www.plantinghopecompany.com.

In this MD&A, the three months ended March 31, 2023 may be referred to as "Q1 2023" and the comparative three months ended March 31, 2022 may be referred to as "Q1 2022". The previous three months ended December 31, 2022 may be referred to as "Q4 2022".

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events of the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", anticipate", "plan", "target", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "intend", "could", "might", "should", "believe", and similar expressions. The Company has based these forward-looking statements on its current expectations and projections about future events and financial, business and industry trends that it believes might affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- The Company's business objectives and milestones;
- The Company's plans and expectations with regards to scaling its business, revenue growth and profitability, expected market and product category growth, customer acquisition, marketing efforts, cost reduction, product quality control, customer service expectations and customer satisfaction, and the acquisition and retention of key management and qualified personnel; and
- Adequacy of the Company's financial resources.

Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner to, those disclosed elsewhere herein and any other of the Company's public filings, and include the availability and final receipt of required approvals, licenses and permits, sufficient working capital to develop the business, access to adequate services and supplies, economic conditions, foreign currency exchange rates, interest rates, access to equity and debt markets and associated costs of funds, availability of a qualified work force, that the Company is able to procure inventory and supplies in sufficient quantities and on a timely basis, and that the Company maintains our ongoing relations with it business partners and governmental authorities. While the Company considers these material factors and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons.

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base their decisions on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risks they entail. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

DESCRIPTION OF BUSINESS

The Planting Hope Company Inc. develops, launches, and scales nutritious, sustainable, and delicious plant-based consumer packaged foods and beverages in Grocery Retail, Foodservice, E-commerce, and Alternative channels, with an initial focus on distribution in the United States and Canada. The Company's products represent disruptive innovation in their respective Food and Beverage product categories, delivering meaningful advances in nutrition, sustainability, and operational performance for consumers, retailers, and Foodservice operators. The Company's products are targeted to displace existing products with new innovation, impacting some of the largest Food and Beverage categories worldwide with plant-based, planet-friendly, and nutrition forward products, including Plant Milk, Rice & Grains, and Snacks.

The Company has three mission pillars:

1. <u>Nutrition</u>: The Company's products deliver strong nutritional benefits, such as significant levels of protein and complete protein (all 9 essential amino acids), dietary fiber, vitamins and minerals, and lower levels of carbohydrates, fats, and sugars. The Company's products are plant-based certified, meaning no animal ingredients are used in the products, and the majority of the Company's products are free from top allergens, including gluten, soy, dairy, and peanuts.
2. <u>Sustainability:</u> The Company strives to use planet-friendly ingredients, packaging, and distribution processes, from degradable packaging film and recyclable containers to upcycled-certified ingredients and ingredients that require minimal water and support regenerative agriculture. The Company's products are primarily shelf-stable with extended shelf life, limiting negative environmental impacts across the supply chain, from minimizing the carbon footprint from shipping, warehousing, and distribution to minimizing food waste.
3. <u>Representation:</u> The Company has built out and is continuing to expand an operating team and a network of partners that bring forward groups traditionally underrepresented in Food and Beverage and in public companies (including women and ethnic and other minorities). In doing so, the Company is able to better reflect its core consumer base, those who are actively leading the adoption of innovative plant-based, better-for-you food & beverage products with a sustainability focus. The Company has also found that this focus is attracting top candidates to a culture and environment that is inclusive and productive, and resulting in better product development and tactical execution on all levels as a result.

The Planting Hope Company's operations are centralized at the Company's United States-based operating subsidiary, Planting Hope Brands, located at 4710 N. Sheridan Road, Chicago, IL 60640.

The Company is scaling four core breakthrough plant-based Food and Beverage brands that are targeted to disrupt three of the largest Food categories worldwide, worth more than $1 trillion with double digit compound annual growth rates (CAGRs): 1) Milk and Milk Alternatives (Plant Milk); 2) Rice; 3) Better-for-You Snacks.

The Company's brands and products are well aligned, with key commonalities and efficiencies that work together to accelerate the Company's growth and profitability objectives. The Company executes all aspects of creation and delivery of these products from product formulation and ingredient sourcing through sales, marketing, and logistics, and utilizes GFSI-certified comanufacturers and third-party logistics warehouses to execute finished goods production and distribution, thereby reducing overhead cost requirements, CAPX investments, and operational complexity. In addition to the Company's full-time Sales and Marketing teams, the Company has also established a network of top-level third-party specialized sales agents, consultants, and brokers to accelerate sales into Foodservice operators, Grocery retailers, and Distributor partners.

All of the Company's products are targeted at the same core 'Flexitarian' consumer (defined as someone who is intentionally incorporating more plant-based foods and vegetables into their diets); currently more than 50% of consumers aged 24-39 identify as Flexitarian[1]. The Company's products are all plant-based and nutrition-forward, specifically honed and developed to target the Food and Beverage categories with the biggest opportunities and needs for breakthrough 'pantry staples' products with high levels of everyday consumption and sizeable opportunities in Foodservice as well as Grocery Retail.

The Company has built a platform that enables efficient execution across multiple brands that share the same core markets and channel opportunities as well as a common distribution chain (shelf-stable/dry). The Company's brands share efficiencies in all aspects of the go-to-market approach, including consumer and trade marketing, and these alignments support and accelerate growth and profitability across brands. This platform approach is also constructed to enable both easy tuck-in and/or divestment of aligned brands, given market opportunities.

The Company's products are currently distributed in more than 15,000 Grocery Retail doors and 70,000 Total Distribution Points (TDP) across retailers in the United States, and in late 2022 the Company started to add retail distribution in Canada with the introduction of Canadian-compliant bilingual packaging for top items in the Hope and Sesame, RightRice, and Mozaics brands. Products are also widely distributed through ecommerce channels and alternative channels like QVC (home shopping).

In 2022, the Company focused on both establishing a core Grocery Retail distribution base and on getting its products approved and launched in key distributors and redistributors (like Dot Foods) in the Foodservice space. These achievements have set up the Company to accelerate distribution to Foodservice end user customers, from cafés to Quick Service Restaurants (QSRs) to institutional foodservice operators, with resulting higher net margins, low investment costs, high velocities, and accompanying ancillary trial and awareness-driven marketing benefits. Going forward in 2023, the Company is focused on opening up and ramping expansion of its products across Foodservice channels.

The Company's four core brands are:

- Hope and Sesame® Sesamemilk: After 5 years of development and testing, in 2022 the Company launched Hope and Sesame® Sesamemilk, which it believes to be the first major disruptive new subcategory in the $6.5 billion US Plant Milk category since Oat milk entered the US market in 2016, with a similar opportunity to displace competitive products and gain traction with retailers, cafes, and consumers.

  To create the first commercialized sesame-based plant milk globally, the Company partnered with top beverage scientists and flavorists, investing millions of dollars and more than 5,000 hours into R&D, production, testing, and trials, starting in 2017. This work resulted in a line of seven flavors of Sesamemilk that have now been commercialized and released, including a Barista Blend that is specially formulated to froth, foam, steam, and perform in both hot and cold café beverages, plus a pipeline of extension products, all of which have proprietary formulations and incorporate cutting-edge ingredient technology,

  Sesamemilk is nutritionally superior to the largest Plant Milk subcategories (3x-8x more complete protein than oat milk, almond milk), with demonstrably better sustainability (a highly effective cover crop, sesame thrives in hot dry climates around the world with little water and requires no water to process the seed; Hope and Sesame® Sesamemilk upcycles the base protein remaining from sesame oil extraction). Hope and Sesame® Sesamemilk has won multiple industry awards for performance in hot and cold café beverages and for delicious taste since the full commercial release of the initial Hope and Sesame® product line in 2022.

  Aside from the Grocery Retail channel, Hope and Sesame® Sesamemilk is targeted at large scale opportunities in the Foodservice and Café channels, delivering superior performance, better nutrition, and better sustainability than currently established Plant Milk subcategories, particularly Almond milk and Soy milk, both of which have challenges with nutrition, sustainability, and particularly with taste and performance in Café beverages. The Company sees a significant opportunity for market share acquisition from Almond milk, a subcategory which, despite product weaknesses and declining market share (down 3% YOY at Grocery Retail), still has 58% share of the US Grocery Retail Plant Milk market[2], making this subcategory alone, at $1.6 billion in Grocery, larger than the entire US Plant-Based Meat Category ($1.4 billion[3]).

  The Plant Milk and Creamer categories are continuing to project aggressive growth: currently estimated at more than $6.5 billion in the US ($3.5 billion in Grocery Retail[4], $3 billion in Foodservice[5]) and upwards of $35 billion

[1] https://www.dairyfoods.com/articles/95683-flexitarianism-going-mainstream#:~:text=The%20research%20found%20that%2047,either%2C%20Sprouts%20Farmers%20Market%20noted.
[2] SPINS Total MULO + Natural Channel 52 weeks Ending 10/02/22
[3] https://www.plantbasedfoods.org/2022-u-s-retail-sales-data-for-the-plant-based-foods-industry/
[4] **https://www.plantbasedfoods.org/2022-u-s-retail-sales-data-for-the-plant-based-foods-industry/**
[5] Company estimates based on Foodservice café usage of plant based milks

globally, these categories are scaling at a CAGR of 15%[6] and are projected to exceed $120 billion worldwide by 2030[7]. The total global fluid Dairy Milk market is currently estimated at $330 billion (Plant Milk = 10.6% of that market size) and growing at a 6.9% CAGR, and is projected to reach more than $500 billion by 2030[8]; at $120 billion, Plant Milk will represent 24% of the total Global Dairy market size.

Nascent just over a decade ago (estimated at $7.4 billion globally in 2010[9]), the enormous growth in Plant Milk is driven by multiple factors, from accelerated consumer interest in incorporating more plant-based nutrition sources into their diets given Health & Wellness and Sustainability concerns, to a growing level of dairy and lactose intolerance, estimated to be as high as 75% of the world population by the National Institute of Health[10]. Given the high usage rates of Plant Milks as both culinary pantry staples in Food and Beverage (plant milks are now found in more than 41% of US households[11]), and in coffee shops, where plant milk usage is reported to be ordered in more than 50% of the milk-based beverages in the more than 31,000 independents cafes in the United States[12], this rapid growth presents a category that is continuing to shift and evolve quickly.

Hope and Sesame® is currently the only plant milk globally to achieve Upcycled Certification from the Upcycled Food Association. To the Company's knowledge, Hope and Sesame® Sesamemilk is also the only commercialized sesame-based plant milk worldwide with sesame protein as the core ingredient and offering comparable nutrition to dairy milk, including 8g of complete protein per serving. Adding to the global opportunity for Sesamemilk, Sesame as a culinary product has global awareness and relevance in cuisine and is a trending taste profile in hot and cold beverages, with leading coffee chains and café suppliers launching sesame-focused and Asian-themed beverages recently, from Torani's 2023 'Flavor of the Year': Toasted Black Sesame Syrup[13], to Dunkin's Matcha lattes[14]. All of these factors, combined with the quality, taste and performance of Sesamemilk position Hope and Sesame® Sesamemilk as an excellent product to meet global growth and demand for Plant Milk: the popularity and relevance of sesame in cuisine worldwide, consumer, retailer, and Foodservice operator interest in demonstrably sustainable food products, and the high-quality taste and performance of sesamemilk in hot and iced café beverages.

- RightRice® Veggie Rice: RightRice® grains look and eat like white rice, but are made from a combination of lentils, chickpeas, and peas, plus a touch of rice flour (less than 10%). This unique product innovation cooks up ready-to-eat in under 10 minutes, just add boiling water and serve hot or cold. RightRice® is a Good Source of protein and an Excellent Source of fiber, providing more than 11g of complete protein and 6g of dietary fiber per serving (more than 3x the protein in rice and 40% fewer net carbohydrates).

  In fact, ounce for ounce, uncooked RightRice® contains comparable protein to salmon and more than twice the protein in eggs, and unlike RightRice®, animal proteins do not provide dietary fiber. RightRice is also nutritionally superior to Plant-based Meats, containing 20-30% more protein than Beyond Meat or Impossible burgers, plus more than four times the dietary fiber. In addition to functioning as a grain, RightRice® can be an effective alternative protein to animal or plant-based meat in a meal, effecitvely acting as a center-of-plate protein source.

  RightRice® represents a category-disrupting innovation in the Rice category, also impacting quinoa, cauliflower rice, and other rice alternatives or substitutes. With more than $1.5 million and over 2,000 R&D hours invested in the development of RightRice®, the product has a unique formulation and production process that is challenging to replicate. RightRice® has attracted widespread consumer and Grocery Retailer attention, and is established in QSR chains like CAVA, now garnering awareness from other Foodervice operators for its ability to effectively provide the protein of a centerplate item with easy and consistent preparation and handling.

  The traditional farming processes for white rice come with significant sustainability issues: rice is one of the world's most heavily consumed grains, but the process of growing rice through flooding the fields both uses a large amount of water for irrigation and drives significant methane production. Flooding the rice fields creates the conditions for

[6] https://www.globenewswire.com/news-release/2022/12/21/2577853/0/en/plant-based-milk-market-sales-data-pointing-123-billion-industry-opportunity-emerging-leader-in-functional-beverages-dairy-alternatives.html
[7] https://www.globenewswire.com/news-release/2022/12/21/2577853/0/en/plant-based-milk-market-sales-data-pointing-123-billion-industry-opportunity-emerging-leader-in-functionalbeverages-dairy-alternatives.html
[8] https://www.statista.com/outlook/cmo/food/dairy-products-eggs/milk/worldwide
[9] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5069255/
[10] National Institutes of Health: The Interrelationships Between Lactose Intolerance and the Modern Dairy Industry
[11] https://foodinstitute.com/focus/deep-dive-the-state-of-alternative-milk/#:~:text=Alt%2DMilk%20Booming%20in%202022,slightly%20lower%20rate%20of%203%25.
[12] https://freshcup.com/should-coffee-shops-charge-extra-for-plant-milks/
[13] https://sfstandard.com/arts-culture/its-in-your-coffee-ice-cream-and-cocktails-meet-the-it-flavor-of-2023/
[14] https://news.dunkindonuts.com/blog/dunkin-matcha-topped-donut#:~:text=In%20case%20you%20missed%20it,reset%20any%20time%20of%20day.

bacteria to thrive that process organic matter through anerobic digestion and release methane as a result. Ultimately, rice farming is responsible for more than 10% of global methane emissions[15].

Since RightRice® is composed of primarily (90%+) water-efficient crops (lentils, chickpeas, and peas), it has a dramatically smaller environmental impact than that an equivalent portion of white rice. RightRice® performs particularly well in Foodservice applications, offering an easy-to-prepare, consistent, reliable, and delicious product which is an effective alternative to white rice, brown rice, quinoa, and cauliflower rice in bowls, salads, tacos, and other preparations. The US quinoa market alone is estimated at more than $800 million and growing[16]; Plant-Based Meat is currently $1.4 billion; the Rice market in the United States is estimated at $6.1 billion[17].

To the Company's knowledge, RightRice® Veggie Rice is the only veggie-based rice alternative that provides an supplies complete protein from a combination of rice flour and a complement of nutritious vegetables - effectively 'rice and beans' in the same grain – and is equivalent in protein to animal sources. RightRice®'s dry supply chain and ultra-fast, simple, and consistent preparation providing unparalleled operational convenience to Foodservice operators.

- Mozaics™ Real Veggie Chips: Mozaics™ popped potato chips uniquely feature real vegetables (peas, beans) that are visible in each chip as the principal ingredients. Given the high vegetable and legume content, Mozaics™ deliver protein (3g/serving) and dietary fiber (3g/Good Source) from a delicious low calorie salty snack that eats like a potato chip.

  Mozaics™ are packaged in sustainable NEO Plastics film, which degrades in any waste stream without special handling, releasing a biogas harvested in landfills as a clean energy source. Mozaics™ offer a better-for-you chip that also tastes great and effectively addresses the packaging sustainability issue in the Chip category, attributes which collectively fill an important void in the Potato Chips space, estimated at more than $12 billion in the US alone[18].

- Veggicopia® Real Veggie Snacks: Veggicopia® portable, convenient, long shelf-life veggie-based snacks require no refrigeration, and effectively deliver clean nutrition, providing significant breakthroughs in the Healthy Snacks space, a market estimated at more than $20 billion and scaling rapidly.[19]

  - Veggicopia® breakthrough Shelf-Stable Dip Cups (hummus, black bean, etc.) are based on beans and pulse ingredients and deliver great nutrients including protein and fiber. Veggicopia® dips are both delicious and extremely portable, with breakthrough ingredient and packaging technology that enables them to be shelf-stable, no refrigeration required, with a shelf life of 24 months (up to 24x the shelf life of refrigerated dips). Not only are Veggicopia® dip cups therefore more planet-friendly than refrigerated products, which is how 99% of bean-dips are now sold, and also curtail food waste, but the shelf-stable nature of the products opens up many channels and opportunities not available for refrigerated products. Veggicopia® dip cup's unique ingredient technology and recipes are proprietary to the Company, developed in partnership with a Michelin starred chef, and the resulting products are as delicious or better-tasting than refrigerated hummus bean-based dips, a market worth more than $5 billion globally today, growing at a 7.6% CAGR and anticipated to crest $8 billion by 2028[20].

  - Veggicopia® Greek Snack Olives offer shelf-stable, long shelf life, brine-free portions of keto- and paleo-friendly olives that can be consumed anytime, anywhere. Each packet contains around ten olives, great for healthy snacking or for use in recipes, from martinis to salads. Veggicopia® olives are packaged in Greece within a close radius of where the olives are grown, harvested, and then cured in salt or wine vinegar. This natural curing process is part of the Greek standard of identity for olives, differing significantly from common pasteurization and chemical curing techniques used in olive canning practices in the United States (some of which have been tied to increased levels of acrylamide, a substance linked to cancer risk, per the National Toxicology Program's Report on Carcinogens[21]).

In total, the Company's products address markets that in the United States alone are estimated at an aggregate of $30 billion in 2022 and are some of the fastest growing food categories in Food and Beverage globally.

[15] https://blogs.worldbank.org/eastasiapacific/greening-rice-we-eat
[16] https://www.factmr.com/report/1186/quinoa-market
[17] https://www.statista.com/outlook/cmo/food/bread-cereal-products/rice/united-states
[18] https://www.marketdataforecast.com/market-reports/north-america-potato-chips-and-crisps-market
[19] https://www.grandviewresearch.com/industry-analysis/healthy-snack-market
[20] https://www.theinsightpartners.com/reports/hummus-market
[21] https://newhopemedicalcenter.com

BUSINESS HIGHLIGHTS FOR THE THREE MONTHS ENDED MARCH 31, 2023

Key Financial Achievements in Q1 2023:

During Q1 2023, the Company achieved the following growth versus Q1 2022:

- Earned $3.2 million of gross revenues, an increase of 28%.
- Earned $2.4 million of net revenues, an increase of 22%.
- Reduced selling, general and administrative expenses by 21%.
- Reduced interest and accretion expenses by 50%.
- Improved Adjusted EBITDA by 22%.

Q1 2023 achievements include:

- Retail expansion into the Chain Drug channel, adding two flavors of RightRice® Veggie Rice to 4,581 CVS Pharmacy retail locations nationwide (+ 8,807 TDP).
- Shaping the organization to 1) drive velocity in existing and new distribution in Grocery Retail doors; 2) expand into Foodservice and transactionally profitable alternative retail channels (like Club).

  Changes implemented to execute the above strategies effectively include:

  - Adjustment of internal teams: re-deployed resources from Grocery sales management to Foodservice sales and Marketing resources, including hiring industry veterans into new roles (Marketing Director and Foodservice VP) and eliminating several existing Grocery Retail Sales roles at the Company.
    - Corinn Williams – Director, Marketing (January 2023): Leadership track record of building brand awareness, driving trial, and increasing sales at leading beverage companies Diageo, Anheuser-Busch, and Fever-Tree.
    - Becky Harrison – Vice President, Foodservice (started May 2023): Accomplished brand-builder skilled at pioneering innovative Natural, Plant-Based, and Better-For-You food and beverage products into Foodservice and Alternate Channels. Skilled at building strategic partnerships and crafting and executing go-to-market strategies, with past successes at Wicked Kitchen, Good Catch, HumanCo, and Coconut Bliss.
  - Expanded national top-tier sales broker representation, securing new top national sales brokerage and consulting partnerships focused on expanding Sales growth into Foodservice, Grocery, and Club channels, including:
    - BizLink: Foodservice channel QSR expert
    - Allied Resources, LLC: Café channel brokerage
    - Alliance Sales & Marketing: top full-service national retail food brokerage
    - Club Innovate: Club channel brokerage specialized in pioneering Better-For-You food and beverage brands
- Expanded distribution through Dot Foods, the largest food industry redistributor in North America, to include the top eleven items from Hope and Sesame® and RightRice®. Dot is considered the 'linchpin' customer to open up and rapidly scale Foodservice channel growth and expansion, given their capabilities and reach. Through the Dot Foods foodservice distribution network, the Company's products can now reach more than 4,500 Foodservice and wholesale customers and more than 200,000 end user customers nationwide. Dot Foods supplies wholesalers and distributors through order consolidation and cross-docking, enabling these customers to order product without needing to slot the item into their warehouse. Dot customers can order as little as a single case of any product from Dot (as part of a combined truckload of 5,000 lbs across Dot's full catalog) and will receive it within 72 hours. Dot has an annual customer trade show (June 2023, St Louis), and the Company will be attending and exhibiting its products.
- Significantly expanded e-commerce presence, including launch of the full Planting Hope product assortment launch on the Walmart.com marketplace, making products available to millions of Walmart shoppers across the United States. Additional new e-commerce listings include the launch of Mozaics™ Real Veggie Chips in bilingual

Canadian-compliant packaging on Amazon.ca, and the launch of wholesale and bulk RightRice®, Hope and Sesame®, and Mozaics™ foodservice items on both leading e-wholesale channel Faire.com and on PlantingHopeBrands.com.

- Achieved a record-breaking quarterly number of national TV airings on home shopping network, QVC, showcasing Mozaics™ Real Veggie Chips, RightRice® Veggie Rice, and Veggicopia® Olives. During Q1 2023, the company had a total of 17 airings, including 9 main channel airings and 8 secondary online airings, representing over 90 minutes of national broadcast airtime. The product assortments sold to QVC customers (through a combination of live broadcasts and ecommerce sales) are unique assortments not otherwise available through Grocery Retail. Each broadcast opportunity generates revenue and margin-accretive sales while simultaneously marketing to millions of viewers who become aware of the products through a trusted source and may go on to buy or consume them through QVC or through any other retail or Foodservice outlet where the products are sold.
- Three flavors of Hope and Sesame® Sesamemilk were featured in the first curated assortment featured at the launch of Pop Up Grocer's new permanent flagship store in New York City (Greenwich Village).
- Hope and Sesame® Sesamemilk was featured at Coffee Fest - New York in March, resulting in rapid adoption of Hope and Sesame® Barista Blend Sesamemilk at a series of independent East Coast and Mid-Atlantic cafés and coffee house chains.
- Hope and Sesame® Sesamemilk became the first plant milk globally to earn the Upcycled Certified™ mark from the Upcycled Food Association, highlighting Sesamemilk's sustainability. The Upcycled Certified™ seal verifies that a product is produced with surplus food or food by-products that otherwise would not have gone to human consumption, are procured or produced with verifiable supply chains, and have a positive impact on the environment (www.upcycledfood.org). Hope and Sesame® Sesamemilk is made with the ultra-nutritious pulp remaining after sesame seeds are pressed for sesame oil production. Upcycled food and beverages represent a rapidly scaling trend that both retailers and consumers are looking for - and indicating they will pay extra for - as avoiding food waste becomes a priority part of the sustainability equation.
- Achieved earned media coverage on the Company's products across a wide group of publications including Parade, VegNews, Food Network, SF Gate, and Strategy, and Food & Beverage Magazine.
- In January, in coordination with the Veganuary movement (https://veganuary.com/en-us/), the Company launched the 2023 Planting Hope Brands Plant-Based Starter Pack, featuring a variety of top-selling Hope and Sesame®, RightRice®, Mozaics™, and Veggicopia® products. This item has become a top-seller on PlantingHopeBrands.com.
- Achieved cost-effective strategic marketing and brand awareness growth through targeted and strategic social media influencer campaigns. The Company has partnered with relevant social media influencers focused on key consumer segments, including Registered Dieticians, Health, Fitness, Plant-based Living, and Coffee Enthusiast-focused influencers, through grassroot outreach and direct relationship building. These influencers were provided with samples and information on the Company's products (only) - notably, given the coverage received, none of these partnerships have been paid. In Q1 2023 alone, the Company's Marketing team engaged with and secured posts (photos, videos) from more than 50 significant influencers (individual follower bases from 10k to 1 million+) across these categories, with a total reach representing millions of engaged viewers across Instagram and TikTok.
- Initiated expansion into Macau and Hong Kong through with Alarcon Enterprise Limited, a distributor specializing in five-star hospitality clients (i.e. Ritz Carlton, Four Seasons Hotels and Resorts). Through Alarcon, Hope and Sesame® exhibited at the Hong Kong LOHAS 2023 Natural, Organic, and Green Living Expo in February, and the Unsweetened Sesamemilk won the Best Plant Milk Award.
- With Q1 distribution additions, Planting Hope products are now available in more than 15,000 retail locations and 70,000 TDP.

OUTLOOK AND GROWTH

The Company effectively executed on its business plan for Q1 2023, including increasing the distribution of core products across key channels, setting up new distributors, and opening up discussions with Grocery Retail and Foodservice partners that are expected to set the stage for expanding growth and adding to profitability later in 2023 and in 2024.

There are two significant areas of market demand in Foodservice that management believes have particular alignment with the Company's products:

- The opportunity for Hope and Sesame's® breakthrough Sesamemilk to drive sesame milk as the next new disruptive Plant Milk segment in Foodservice and cafés is strong. Most cafés carry oat milk, soy milk, and almond milk, but have significant concerns about almond milk's taste, performance in hot and cold beverages, and the sustainability of almond farming, as almonds are widely understood to require a significant amount of water to grow and bees to pollinate the groves. Soy milk also carries concerns for café operators, primarily about taste in hot and cold coffee beverages, and with consumers relative to both sustainability and health concerns. In fact, in the Grocery Retail channel, both almond and soy milk have been flat or declining in share over time even as the Plant Milk category has grown[22]. There is a clear opportunity for sesame milk in the café channel, given its taste, performance in hot and cold beverages, nutrition, and sustainability, and the Company has already seen independent cafés and small coffee chains announce on social media and in their stores that they are discontinuing almond milk and/or soy milk in favor of Hope and Sesame® Sesamemilk as a better tasting, better performing, and more environmentally friendly alternative.

  The sales potential for Hope and Sesame® Barista Blend Sesamemilk in cafés represents a significant revenue opportunity as well as an opportunity to drive marketing awareness with consumers that will lead to higher adoption of sesamemilk a Grocery Retail, in the same fashion that demand for oat milk in the home grew from consumer exposure to oat milk in cafes. The trial and consumer marketing that occurs through cafés carrying Hope and Sesame® Sesamemilk is a key strategy for increasing awareness and sales velocity for sesame milk at grocery and e-commerce retailers.

  Per Company research and market surveys, plant-based milks currently account for 40%-50% of the 'milk' usage in independent cafés[23] and 25% of the 'milk' usage in larger chain cafés, indicating a market size of greater than $3+ billion Plant Milk just in the 65,000 cafés in the United States[24], and doubling the Grocery Retail Plant Milk and Creamer market size of $3.4 billion to a total current market size for Plant Milk of more than $6.4 billion.

- The opportunity for RightRice® products in Foodservice is equally strong as a bowl base and salad component; RightRice® Veggie Rice can replace white rice, brown rice, cauliflower rice, and quinoa effectively as a protein-packed rice alternative that also provides an effective vegan protein alternative to animal protein. Additionally, RightRice® can be served cold or hot, and is extremely simple operationally to prepare in Foodservice environments

  Timing is opportune, as according to Technomic research (2020) the appearance of bowl meals on menus increased 29.7% over the preceding five years[25]. Menu penetration of 'bowl' dishes has risen steadily; when QSR Magazine, the industry journal for Quick Serve Restaurants, released its top 22 trends for 2023. trend #21 was "bowls will be the hottest menu trend in 2023", with bowls currently featured on over 31% of all restaurant menus [26]. Per the Lentil Growers' Association trend spotlight: "Bowls have taken over Foodservice menus recently and the trend is not expected to go away anytime soon. Power bowls offer the consumer highly customizable and balanced meals in convenient and often portable vessels for on-the-go." [27] RightRice® features lentil flour as a top ingredient. Additionally, both white rice and quinoa have recently experienced supply chain disruptions and shortages that are increasing pricing of these ingredients and making Foodservice operators wary of menu planning that involves ingredients with volatile availability.

Key Growth Priorities for 2023:

- Continue to expand Foodservice placements and opportunities across Hope and Sesame®, Mozaics™, and RightRice®, diversifying revenue streams to add scale and margin, with specific focus on increasing Hope and Sesame® Barista Blend Sesamemilk into regional Foodservice and café channel distributors and independent cafés.
- Increase velocity across Grocery Retail distribution through cost-effective targeted marketing, trial, and brand awareness as well as through measurable, ROI-focused marketing efforts, primarily outside of the store, including social media. The Company's goal is to get products on consumers' radar as evoked shopping list options prior to the entry into the store, instead of trying to compete with 40,000 consumer products on grocery shelves when the

22 https://perfectdailygrind.com/2022/11/why-isnt-soy-milk-popular-anymore/#:~:text=As%20almond%20milk%20grew%20in,soy%20milk%20continued%20to%20drop.

23 Source: Company market testing, market experience, and market analysis.

24 https://www.ibisworld.com/industry-statistics/number-of-businesses/coffee-snack-shops-united-states/

25 https://www.megamexFoodservice.com/why-you-should-have-bowl-options-on-your-menu/

26 https://www.qsrmagazine.com/content/22-fast-food-trends-watch-2023

27 https://www.lentils.org/food-trend-spotlight-power-bowls/

consumer is engaged in shopping from their list.

- Continue accelerating consumer awareness of Hope and Sesame® Sesamemilk, driving trial, adoption, and usage though cafés with the aim of heightening demand in grocery retail stores.
- Promote continued consumer awareness of RightRice® brand via Foodservice outlets such as CAVA.
- Continue to expand e-tail and ecommerce distribution, including the Company's digital footprint and scaling the direct-to-consumer (D2C) business, Amazon.com presence and revenue, and expanding presence and sales on third party e-commerce marketplaces, both B2C (consumer) and B2B (wholesale).
- Expand the Company's operating team with key hires to support the execution of the Company's strategy and scaling plans, as appropriate across departments.
- Implement internal infrastructure solutions to further build the Company's operational base to support effective and rapid scaling, including continued implementation of NetSuite ERP modules, continuing the installation initiated in late Q3 2022.
- Continue to focus on key business fundamentals including margin and income improvements, executing along the path to profitability targeted by the end of 2024.

SUMMARY OF FINANCIAL INFORMATION

(expressed in $)	Three months ended March 31 2023	2022
Revenues	3,236,693	2,530,743
Net revenues	2,438,844	2,000,524
Net loss	(2,457,341)	(721,796)

(expressed in $, except shares outstanding)	March 31 2023	December 31 2022	December 31 2021
Current assets	4,650,450	4,074,311	6,969,780
Current liabilities	7,050,753	7,257,391	11,381,984 [2]
Working capital deficit [1]	(2,400,303)	(3,183,080)	(4,412,204)
Add back:			
Derivative liability	–	–	7,084,160
Convertible notes	–	–	2,845,522
Adjusted working capital surplus (deficit) [1]	(2,400,303)	(3,183,080)	5,517,478
Total assets	10,237,724	9,840,872	7,591,605
Non-current financial liabilities [1]	3,375,711	944,707	496,367
Share capital	34,307,944	34,307,944	22,636,830
Total SVS equivalent shares outstanding	111,968,971	111,968,971	82,300,948

(1) "Working capital surplus (deficit)" and "Adjusted working capital surplus (deficit)" are capital management measures. "Non-current financial liabilities" is a supplemental financial measure. See "Non-IFRS and Other Financial Measures" for additional disclosures.

(2) Current liabilities at December 31, 2021 includes a $7,084,160 derivative liability and $2,804,864 of convertible notes.

PERFORMANCE REVIEW

(expressed in $)	Three months ended March 31 2023	2022
Net loss	(2,457,341)	(721,796)
Add back:		
Interest and accretion	178,849	356,393
Amortization	137,589	111,710
Depreciation	42,898	36,942
EBITDA (1)	(2,098,005)	(216,751)
Adjustments		
Equity-based compensation	187,831	166,019
Total other (income) expense	3,996	(2,393,295)
Adjusted EBITDA (1)	(1,906,178)	(2,444,027)

(1) "EBITDA" and "Adjusted EBITDA" are supplemental financial measures. See "Non-IFRS and Other Financial Measures" for additional disclosures.

EBITDA for Q1 2023 was higher in comparison to Q1 2022 as Q1 2022 includes the recognition of $2.5 million "upside" related to the change in the fair value of financial instruments on convertible notes which were converted in November 2022.

Adjusted EBITDA for Q1 2023 improved in comparison to Q1 2022 due primarily to the reversal of said "gain" of $2.5M on the fair value of the financial instruments, in addition to a reduction in selling, general and administrative expenses specifically within professional fees. Q1 2022 included legal fees and audit fees associated with the RightRice acquisition and capital markets marketing initiatives.

Gross Profit

(expressed in $)	Three months ended March 31 2023	2022
Revenues	3,236,693	2,530,743
Trade spend	(608,426)	(495,464)
Spoilage and cash discounts	(189,423)	(34,755)
Net revenues	2,438,844	2,000,524
Trade spend as a % of revenues (2)	19%	20%
Cost of goods sold	(1,651,233)	(1,221,587)
COGS as a % of revenues (2)	51%	48%
Gross profit	787,611	778,937

(2) "Trade spend as a % of revenues" and "COGS as a % of revenues" are supplemental financial measures. See "Non-IFRS and Other Financial Measures" for additional disclosures.

Revenues

Q1 2023 revenue drivers include:

- Launch of RightRice®, Hope and Sesame®, with re-distributor Dot Foods.
- Launch of two top-selling RightRice® flavors into 4,581 CVS stores nationwide.
- Increased sales of Mozaics™, RightRice®, and Veggicopia® brands on e-commerce and e-tail platforms.
- Record-breaking number of national TV broadcast airings on QVC and QVC.com digital platforms.

Overall and as planned, revenue earned in Q1 2023 was based on retail distribution and scaling in Grocery Retail, Foodservice, and E-commerce channels, primarily through ongoing growth accounts.

Trade Spend

Trade Spend consists of expenditures primarily associated with the Grocery Retail channel and includes 'slotting' expense into new store distribution, returns and allowances, and in-store promotional programs, including periodic temporary price reductions and end cap end-of-aisle displays that drive trial and increased consumption. Trade Spend as a percentage ("%") of revenue decreased in Q1 2023 in comparison to Q1 2022 as noted in the above table. Trade Spend was higher in 2022 due in part to new slotting for retail distribution for the Company's brands; however, a large part of the Trade Spend incurred in 2022 stemmed from promotional and sales programs, over-large slotting commitments, and other in-store programming commitments made for RightRice® products in the 2022 calendar year by the previous management team that were “inherited” by the Company. Most of these forward-looking commitments were not disclosed to the Company prior to the Acquisition and were discovered over the course of 2022 through deductions materializing on invoice payments from retailers and distributors. The RightRice® promotional agreements were coupled with aggressive required minimum customer ordering levels that repeatedly resulted in distributors over-purchasing product and eventual product expiration-based deductions. Over the course of 2022, the Company’s management adjusted distributor ordering requirements, streamlined distribution and ordering processes through the implementation of programs in partnership with key distributors such as UNFI, and discontinued egregious ‘off-invoice’ and EDLP programs that were curtailing profitability.

Going forward into 2023, the Company has streamlined Trade Spend to focus on effective, meaningful retailer partnerships and promotions intended to increase sales but with an eye on annual profitability on an account-by-account basis. In lieu of expensive marketing trade spend in the stores to attract consumer attention, the Company is focusing on levering marketing tools to increase awareness of its products and drive trial outside of the retail store environment, in order to earn a place on consumer shopping lists before they enter the store. The Company believes the bulk of the Trade Spend and over-ordering driven deductions related to commitments made by the former RightRice® management team have been realized and will not recur after Q2 2023.

This fiscal year, the Company is focused on developing recurring revenue and sales through Foodservice, a channel which spans all food prepared and consumed outside of the home, and which does not require similar Trade Spend slotting and promotional commitments as Grocery Retail, thereby delivering higher net accretive revenue. Overall, the Company is focused on reducing Trade Spend from the level incurred in 2022 (as percentage of revenue) in order to improve overall profitability.

Cost of Goods Sold

Cost of goods sold (“COGS”) includes several different cost elements depending on the brand and its supply chain. COGS includes raw ingredients, toll processing and/or kitting, packaging materials and transportation as applicable, including freight for inbound packaging material and ingredients.

COGS as a percentage of revenues is impacted by the volume of product produced and sold and the variability of supply chain costs. COGS performance is dynamic and influenced by a number of factors such as commodity and freight pricing, third party agreements, labor rates, and the management of global supply chains.

COGS also varies by product and product line. Currently, the Company designs products to target COGS between 47% and 63% across products and brands (and a resulting gross margin before trade spend of 53%-37%). In Q1 2023, COGS as a percentage of revenue was 51% in comparison to 48% for Q1 2022 and 60% in Q4 2022. For FY 2022, average COGS as a percentage of revenue was 55%, which was reflective of the sales product mix for the year.

COGS performance is reflective of the complete supply chain (design, production, fulfillment, etc.) and reflects the lifecycle of the product. Frequently at the early stage of the product life the COGS as a percentage of revenue is higher than the designed goal level. As the product matures and the volumes increase there are improvements in the COGS that are expected and achieved. On an annual basis (or more frequently as needed), the Company reviews the cost, margin and sales competitiveness and performance, as a part of their best practices of continuous improvement and SKU rationalization. When COGS falls outside of expectations by product or brand, the Company evaluates the production/supply chain alternatives to address and navigate any cost challenges. COGS can vary significantly by product line, and take longer to reach scale margin, depending on the product, MOQ (minimum order quantity) levels, and other start-up inputs at early stages.

While current COGS (averaged across products) are staying within the range of expectations, the Company has incurred price increases related primarily to ingredient costs, labor rate increases, inflation, and freight, and expects these to continue throughout 2023 given current world and market events. However, the Company has been proactively getting in front of these costs where possible by:

(1) adjusting formulations to include alternative ingredients or sources for those with realized or anticipated supply chain issues (addressing ingredient costs)
(2) expanding co-manufacturing, warehousing and 3PL distribution relationships (addressing labor/efficiency)
(3) and proactively sourcing better freight and logistics costs (addressing freight costs)

Overall COGS strategies and solutions are targeted at reducing and/or maintaining costs at current levels over the next 12 – 24 months. The Company continues to monitor COGS and pricing relationships; should there be a longer-term COGS increase anticipated or observed, the Company will evaluate whether a product price increase is viable while maintaining sales velocity.

Selling, General and Administrative Expenses

(expressed in $)	Three months ended March 31 2023	2022
Advertising and marketing	1,056,208	639,284
Payroll and recruiting	850,914	859,301
Professional fees	221,706	1,184,634
Outbound freight and fulfillment	308,749	345,336
General office expenses	112,771	194,409
Selling, general and administrative	2,550,348	3,222,964

The Company intends to continue to scale in 2023 and intends to do so while continuing to compress expenses. In Q1 2023 the Company was able to achieve a reduction in SG&A. Variances by category are explained below:

- Advertising and marketing expenses are higher in Q1 2023 than in Q1 2022 as the Company is placing emphasis and attention on customer acquisition and retention, including driving velocity through secured retail placements. These tactical efforts include:
    - Increasing social media presence and interactions with influencers across brands
    - Customer reports and data for trending and performance (i.e. SPINS data)
    - Website development, fees and advertising expenses associated with e-commerce platforms.
    - The QVC Sales channel continues to grow and scale. The increase incurred in Q1 2023 represents an increase in marketing fees associated with selling on-air and on QVC's website.
    - The Company incurred additional promotional spend expenses related to 2022 that were committed to by the prior Right Rice management.
    - The Company invests significantly exhibiting at industry trade shows and marketing events. Trade show and event attendance provides the Company opportunities to meet and sample key retailers, buyers, consumers, Foodservice outlets, partners, media, and influencers, resulting in sales, business, and opportunity growth. The Company exhibited at five trade shows in Q1 2023, including CoffeeFest NYC, the KeHE Summer Show, Whole Foods/Whole Planet South by Southwest Showcase, and the Sprouts HQ Roadshow.
- Payroll and recruiting expenses for Q1 2023 remained relatively flat over Q1 2022.
- Professional fees incurred in Q1 2023 are lower than in Q1 2022 as Q1 2022 includes significant one-time accounting, legal and advisory fees related to the acquisition of the RightRice® business assets completed in January 2022.
- Outbound freight costs relate to dry trucking and refrigerated container shipping and storage. Outbound freight and fulfillment costs are lower in Q1 2023 than in Q1 2022 due to freight costs falling back to more normal levels, including international container shipments.
- General office expenses are lower in Q1 2023 than in Q1 2022 due to cost reduction efforts and efficiencies realized through technology-driven process improvements across financial reporting, inventory management, Sales CRM management, and other key functions for the company.

Interest and Accretion

During Q1 2023, the Company recognized $178,849 of interest and accretion compared to $356,393 in Q1 2022. Interest expense on short-term debt and convertible debt increased in Q1 2023 however this was offset by a decrease in accretion of convertible debt following the conversion of convertible notes to shares in November 2022. . See "Liquidity and Capital Resources".

Equity-based Compensation

During Q1 2023, the Company recognized $187,831 of equity-based compensation compared to $166,019 in Q1 2022. Equity-based compensation is related to (1) 1,241,287 stock options granted in January and July 2022 to certain employees, contractors and directors of the Company and to two investor relations advisors and (2) 2,516,434 restricted share units ("RSUs") granted in July 2022 to certain directors, officers and employees of the Company.

Amortization and Depreciation

During Q1 2023, the Company recognized $42,898 of depreciation expense comprised of $29,187 on right-of-use assets and $13,711 on other property and equipment compared to $36,942 in Q1 2022 comprised of $29,187 on right-of-use assets and $7,755 on other property and equipment.

Amortization relates to the intangible assets acquired as part of the acquisition of RightRice® business assets completed in January 2022. Amortization is recognized on a straight-line basis over the estimated useful lives which is 10 years for customer relationships and 5 years for brand name and technology assets.

Other Income and Expenses

(expressed in $)	Three months ended March 31 2023	2022
Change in fair value of financial instruments	–	2,461,686
Loss on settlement of promissory notes	–	(30,821)
Foreign exchange	(3,996)	(37,570)
Total other income (expense)	(3,996)	2,393,295

Convertible Debenture Issuance

In February and March 2023, the Company closed two tranches of a private placement of unsecured, non-transferable convertible debentures (the "2023 Debentures") for aggregate gross proceeds of $2,924,679 (CAD $4,004,600). The March 31, 2023 face value of the 2023 Debentures is $2,958,999 (CAD $4,004,600) representing the principal amount. The 2023 Debentures bear interest at 10% per annum, payable semi-annually in arrears and mature three years from the date of issuance. At any time prior to the maturity date, holders of the 2023 Debentures may convert all or a portion of the principal amount into units of the Company at CAD $0.50 per unit where each unit is comprised of one SVS and one warrant exercisable into one SVS at an exercise price of CAD $0.80 at any time prior to the maturity date. See "Liquidity and Capital Resources – 2023 Debentures" for additional information and conversion details.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not meet financial obligations as they become due. The Company manages its liquidity risk through management of capital structure and annual budgeting of revenues, expenditures and cash flows.

The Company's March 31, 2023 unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize assets and discharge liabilities in the normal course of business. During Q1 2023, the Company reported a net loss of $2,457,341 (Q1 2022 – $721,796) and $1,685,511 of cash flows used by operating activities (Q1 2022 – $2,230,461). As at March 31, 2023, the Company had an accumulated deficit of $40,017,860 (December 31, 2022 – $37,560,519) and a working capital deficit of $2,400,303 (December 31, 2022 – $3,183,080). As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent on the ability of the Company to achieve positive cash flow from operations and/or obtain necessary equity or other financing to continue. Subsequent to March 31, 2023, the Company settled $0.3 million of accounts payable through the issuance of 924,576 SVS to the creditors and received $0.3 million of proceeds from the issuance of two promissory notes. See "Subsequent Events" for additional information.

The Company continues to be in the building stage of the business, establishing new distribution of brands, developing and launching new products, making strategic accretive acquisitions where advisable, establishing a marketing strategy that reaches and builds a consumer community with high demand for the Company's products, and building a shared services organization and supply chain to effectively serve consumer demand. Management has mapped out a path to profitability over the next two years which includes continued growth and scaling with a focus on migrating scale in more profitable sales channels and customers, including Foodservice, as well as building in production and go-to-market efficiencies which will enhance margins. Ultimately, growth of the business and implementing a path to profitability over the next two years will support the Company's going concern success and is a key focus for Management. Management considers all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period.

Contractual Payments

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual payments:

As at March 31, 2023	Carrying amount $	Less than 1 year $	1 to 2 Years $	3 to 5 Years $	5 years + $	Total contractual amount $
Accounts payable and accrued liabilities	4,240,022	4,240,022	–	–	–	4,240,022
Promissory note	1,094,386	1,094,386	–	–	–	1,094,386
Credit facility	1,399,934	1,399,934	–	–	–	1,399,934
2022 Debentures	644,297	79,214	–	1,840,304	–	1,919,518
2023 Debentures	2,459,208	17,884		2,958,999		2,976,883
Convertible Note Interest	104,167	104,167	–	–	–	104,167
Government loans	26,382	–	–	8,360	141,640	150,000
Lease liability	452,116	111,728	151,321	277,306	–	540,355
Due to related parties	5,952	5,952	–	–	–	5,952
	10,426,464	7,053,287	151,321	5,084,969	141,640	12,431,217

The Company's liabilities as at March 31, 2023 include obligations relating to the 2022 Debentures with a face value of $1,840,304 (CAD $2,490,600) which mature on October 20, 2025 and the 2023 Debentures with a face value of $2,958,999 (CAD $4,004,600) which mature in February 28, 2026 and March 13, 2026. On the maturity dates, the Company has the option to make a cash settlement offer to the debenture holders should it have sufficient cash and if the Company considers such payment to be in the best interests of the Company taking into account the Company's liquidity risk management strategy, or to convert the principal amount of 2022 Debentures into units at CAD $0.55 per unit and the principal amount of the 2023 Debentures into units at the Principal Conversion Price per unit.

Promissory Notes

As part of the consideration for the acquisition of RightRice® business assets completed on January 14, 2022, the Company issued two promissory notes.

The first unsecured promissory note ("Promissory Note 1") in the amount of $2,000,000 plus $17,260 of accrued interest was paid on March 18, 2022 at which time the Company recognized a $30,821 loss on settlement of promissory notes in the condensed interim consolidated statement of loss and comprehensive loss.

The second unsecured promissory note ("Promissory Note 2") in the amount of $1,000,000 was fully due and payable (including all accrued interest) on January 14, 2023. Pursuant to the terms of the Acquisition, the Company has the right to withhold from payment on Promissory Note 2 an amount equal to the Company's good faith, reasonable estimate of the maximum amount of indemnifiable losses for Seller's breach of representations and warranties in the Asset Purchase Agreement.

Credit Facility

On May 16, 2022 the Company entered into a non-dilutive revolving line of credit agreement (the "Credit Facility") with CircleUp Credit Advisors LLC to support the Company's growth. The Credit Facility has a credit limit of $2,500,000 at a simple interest rate of 10.25% per annum, offers an advance rate on eligible accounts receivable (75%), purchase orders (65%), and inventory (50%), is secured against certain assets of PHB with a carrying value of $6.8 million as at March 31, 2023 and is in place for 18 months to November 4, 2023. A fee of $65,625 equal to 1.75% of the maximum amount of the Credit Facility is assessed annually and paid via proceeds from eligible accounts receivable which are first applied against the annual fee until fully repaid and next against accrued and unpaid interest. Proceeds from eligible accounts receivable in excess of the annual fee and accrued interest are paid to the Company. The annual fee is amortized to interest and accretion expense on a straight-line basis.

As at March 31, 2023, the balance drawn on the Credit Facility was $1,399,934 (December 31, 2022 – $1,807,000).

2022 Debentures

As at March 31, 2023 and December 31, 2022, the Company had CAD $2,223,750 principal amount of convertible debentures (the "2022 Debentures") outstanding. The principal amount bears interest at 12% per annum, payable semi-annually in arrears and matures on October 20, 2025 (the “maturity date”). The March 31, 2023 face value of the 2022 Debentures is $1,840,304 (CAD $2,490,600) representing the $1,643,129 (CAD $2,223,750) principal amount plus $197,175 (CAD $266,850) of bonus interest.

At any time prior to the maturity date, holders of 2022 Debentures may convert all or a portion of the principal amount into units of the Company at CAD $0.55 per unit where each unit is comprised of one SVS and one warrant exercisable into one SVS at an exercise price of CAD $0.80 at any time prior to the maturity date. Any units, SVS and warrants issued in respect of the conversion of 2022 Debentures may not be transferred or sold until April 21, 2023. Interest may be paid at the election of the Company in cash or converted into SVS at a conversion price (the “Interest Conversion Price”) equal to the maximum Discounted Market Price (as defined under the policies of the TSX-V) based on the closing price of the Company’s shares on the date immediately preceding the interest payment due date.

On the maturity date, the Company has the option to:

- repay in cash the principal amount plus all bonus interest and accrued and unpaid interest; or
- convert the principal amount into units at CAD $0.55 per unit and repay all bonus interest and accrued and unpaid interest in cash or convert into SVS at the Interest Conversion Price.

At any time after April 21, 2023, the Company may provide a redemption notice to the 2022 Debenture holders to redeem, by cash payment, the face value of the 2022 Debentures and all accrued and unpaid interest plus a redemption penalty of 8% of the face value (the “Redemption Amount”). After receipt of the redemption notice, holders may elect to convert all or a portion of the principal amount into units at CAD $0.55 per unit and convert all or a portion of related bonus interest and accrued and unpaid interest into SVS at the Interest Conversion Price. The Redemption Amount shall be paid in cash.

2023 Debentures

In February and March 2023, the Company closed two tranches of a private placement of unsecured, non-transferable convertible debentures (the “2023 Debentures”) for aggregate gross proceeds of $2,924,679 (CAD $4,004,600) representing the principal amount. The March 31, 2023 face value of the 2023 Debentures is $2,958,999 (CAD $4,004,600) representing the principal amount.

The 2023 Debentures bear interest at 10% per annum, payable semi-annually in arrears and mature three years from the date of issuance. Interest may be paid at the election of the Company in cash or converted into SVS at the Interest Conversion Price. At any time prior to the maturity date, holders of the 2023 Debentures may convert all or a portion of the principal amount into units of the Company at CAD $0.50 per unit where each unit is comprised of one SVS and one warrant exercisable into one SVS at an exercise price of CAD $0.80 at any time prior to the maturity date.

At any time that is one year after the date of issuance and prior to the maturity date, the Company may provide a redemption notice to the 2023 Debenture holders to redeem, by cash payment, the principal amount of the 2023 Debentures and all accrued and unpaid interest plus a Redemption Penalty. After receipt of the redemption notice, holders may elect to convert all or a portion of the principal amount into units at CAD $0.50 per unit and convert all or a portion of accrued and unpaid interest into SVS at the Interest Conversion Price. The Redemption Penalty shall be paid in cash.

On the maturity date, the Company has the option to:

- repay in cash the principal amount plus all accrued and unpaid interest; or
- convert the principal amount into units at the lesser of (i) CAD $0.50 per unit and (ii) the maximum Discounted Market Price (as defined under the policies of the TSX-V) based on the closing price of the Company’s shares on the date immediately preceding the maturity date (the “Principal Conversion Price”); and
- repay all accrued and unpaid interest in cash or convert into SVS at the Interest Conversion Price.

The 2023 Debentures, SVS, warrants and underlying securities of the Company issuable on conversion or exercise are subject to a four-month hold period. In addition, the SVS, warrants and underlying securities will not be transferable or saleable until August 29, 2023.

At issuance, the principal amount of the 2023 Debentures is considered to be a financial liability because although there is no contractual obligation to settle in cash, it is convertible into a variable number of units based on the Principal Conversion Price, if and when converted. The interest payable on the 2023 Debentures, is also considered to be a financial liability as it is convertible into a variable number of SVS based on the Interest Conversion Price, if and when converted. The estimated fair value of the principal amount and interest payable was determined to be $2,445,188 (CAD $3,348,060) based on the present value of expected cash flows discounted at 18% and the $479,491 (CAD $656,540) the residual portion of 2023 Debenture proceeds was allocated to equity. At issuance, the estimated fair value of the Redemption Amount was determined to be nominal and therefore no amount has been recognized in the consolidated financial statements.

The Company paid $8,284 (CAD $11,343) of finders' and broker fees and incurred $56,597 (CAD $77,495) of other direct costs in connection with the private placement which have been attributed to debt and equity issue costs based on the relative values of the debt and equity portions.

Convertible Note Interest

As at December 31, 2022, the Company had $101,990 of accrued and unpaid interest due in respect of unsecured convertible notes issued in 2021 for which the principal portion was converted to 17,303,571 SVS of the Company in November 2022. On March 31, 2023, the Company issued a promissory note for a portion of the accrued and unpaid interest in the principal amount of $99,475 (CAD $134,625). The promissory note bears interest at 10% per annum commencing on November 14, 2022 until the full and final payment of the principal amount on or before March 31, 2024. The remaining portion of accrued and unpaid interest will continue to accrue interest at 10% per annum until paid.

As at March 31, 2023, the Company the aggregate balance of accrued and unpaid interest due in respect the convertible notes was $104,167.

Government Loan

As at March 31, 2023, the Company had a government loan with an amortized cost of $26,382 (December 31, 2022 – $26,547) outstanding. The loan was obtained in 2020 pursuant to a long-term Economic Injury Disaster Loan ("EIDL") agreement with the U.S. Small Business Administration ("SBA") in the amount of $150,000. The SBA EDIL is secured by assets of the Company, bears interest at a rate of 3.75% per annum, requires monthly principal and interest payments commencing on October 11, 2022 and matures on June 22, 2050.

RELATED PARTY TRANSACTIONS

- As at March 31, 2023, due to related parties was comprised of $5,952 (December 31, 2022 – $5,952) of reimbursable corporate expenses.
- During the three months ended March 31, 2023, the Company incurred $18,000 (three months ended March 31, 2022 – $17,542) of consulting fees charged by the sibling of a founding member. As at March 31, 2023, accounts payable and accrued liabilities included $43,000 (December 31, 2022 – $30,000) due to this related party.

SUBSEQUENT EVENTS

Grant of Stock Options and RSUs

On April 14, 2023, the Company granted the following stock options exercisable at CAD $0.62 per SVS and 645,363 RSUs:

- 48,387 stock options to an officer of the Company for a five-year term from the grant date and vesting annually in three equal tranches over three years from the grant date;
- 592,993 stock options to employees and contractors of the Company for a five-year term from the grant date of which 36,129 stock options vest immediately and 556,864 stock options vest quarterly in 12 equal tranches over three years from the grant date; and
- 353,428 RSUs to certain officers of the Company and 241,935 RSUs to employees of the Company, all of which vest annually in three equal tranches over three years from the grant date.

Debt Settlements

In April 2023, the Company entered into binding agreements to settle eleven outstanding debts (the "Debt Settlements") for a total amount of $243,297 and CAD$107,560 (for combined amount of approximately $323,327 (CAD $434,551)). Subject to the approval of the TSXV, the Debt Settlements will consist of the issuance of 924,576 SVS to the creditors at a deemed price of CAD $0.47 per SVS. The SVS issued in connection with the Debt Settlements will bear a statutory four-month hold period from the date of issuance in accordance with applicable securities legislation and will also be subject to restrictions on transfer and will be released from such restrictions in tranches of 15% on the dates that are six months, seven months, eight months, nine months, 10 months and 11 months from the date of issuance, and a remaining tranche of 10% on the date that is 12 months from the date of issuance.

Services Agreement

In April 2023, the Company retained a third-party securities dealer to provide market-making services in accordance with

TSXV policies. The securities dealer will trade the Company's SVS on the TSXV to maintain an orderly market and improve the liquidity and depth of the SVS. As consideration for the services provided, the Company will pay the securities dealer a fee of $7,500 per month for an initial minimum term of 12 months, after which the agreement may be terminated by the Company at any time upon 30 days' written notice.

Promissory Notes

In May 2023, the Company executed two promissory note agreements (the "Notes" or "Note") with third-party individuals (the "Holders" or "Holder") for aggregate proceeds of $315,960 (CAD $450,000). The Notes bear interest at 10% per annum and mature two months from the date of issue (the "Maturity Date"). Unless paid earlier, the unpaid principal amount of the Notes and accrued interest shall be payable on the earliest of (1) fifteen days following the demand of the Holder which may not be made earlier than the Maturity Date (2) one business day following the completion of a qualified financing for gross proceeds of $1 million or CAD $1.4 million and (3) an event of default as defined in the Note agreement. The unpaid principal amount of the Notes and accrued interest is convertible, at the option of the Holder, into SVS of the Company at the lowest price per SVS of the Company's next equity financing.

SHARE CAPITAL

	Equivalent SVS [1]	Warrants [2]	Warrants [3]	Stock options [2]	RSUs [2]
Balance, March 31, 2023	111,968,971	13,216,897	180,000	1,816,287	2,516,434
Issued	924,576	–	–	641,380	595,363
Balance, date of MD&A	112,893,547	13,216,897	180,000	2,457,667	3,111,797

[1] The Company's share capital consists of SVS and multiple voting shares ("MVS"), with each MVS equivalent to 100 SVS.
[2] Exercisable into SVS
[3] Exercisable into MVS

Pursuant to an escrow agreement dated October 29, 2021 in connection with the Company's initial public offering completed on November 12, 2021, the following equity instruments are held in escrow at March 31, 2023:

	SVS	MVS	Performance warrants exercisable into SVS	Performance warrants exercisable into MVS	Stock options exercisable into SVS
Balance, March 31, 2023	51,217	130	81,000	247,500	365,815
Scheduled release:					
May 12, 2023	10,243	26	16,200	49,500	73,163
November 12, 2023	10,243	26	16,200	49,500	73,163
May 12, 2024	10,243	26	16,200	49,500	73,163
November 12, 2024	20,488	52	32,400	99,000	146,326

SELECTED FINANCIAL AND QUARTERLY INFORMATION

Unaudited	Q1 2023 $	**FY 2022 $**	Q4 2022 $	Q3 2022 $	Q2 2022 $	Q1 2022 $	Q4 2021 $	Q3 2021 $	Q2 2021 $
Revenues	3,236,693	**12,211,743**	2,662,857	3,673,626	3,344,517	2,530,743	358,964	768,590	889,787
Net revenues	2,438,844	**8,980,769**	1,814,892	2,684,424	2,480,929	2,000,524	254,412	649,789	819,376
Net income (loss)	(2,457,341)	**(7,805,766)**	(3,237,642)	(4,995,657)	1,149,329	(721,796)	(8,636,430)	(7,573,700)	(924,912)
Basic net income (loss) per share [1]	(0.02)	**(0.08)**	(0.03)	(0.05)	0.01	(0.01)	(0.13)	(0.14)	–

[1] The results prior to the completion of the RTO are those of PHB which is an LLC with no issued share capital.

Significant quarter-over-quarter variances are explained below:

- Q1 2023 net loss decreased due to a 22% increase in revenues and a 34% increase in net revenues versus Q4 2022 combined with a decrease in selling, general and administrative expenses and interest and accretion expense.

- Q4 2022 net loss decreased due to a $0.3M increase in the fair value of financial instruments prior to conversion of the related convertible notes in November 2022 combined with a decrease in interest and accretion expense. Equity-based compensation also decreased in Q4 2022.
- Revenue decreased by 28% in Q4 2022 versus Q3 2022 due to seasonal sales fluctuations in the Grocery and E-commerce channels; also Q3 included distribution warehouse pipeline-loading orders to support new Grocery Retail distribution for new shelf sets reset in early Q4.
- Quarter-over-quarter revenue growth achieved: 10% growth in Q3 2022 over Q2 2022 and 32% growth in Q2 2022 over Q1 2022.
- Comparative quarter revenue growth achieved: 642% growth in Q4 2022 over Q4 2021; 378% growth in Q3 2022 over Q3 2021; 276% growth in Q2 2022 over Q2 2021; and 291% growth in Q1 2022 vs Q1 2021.
- Q3 2022 net loss is due to a $1.6M decrease in the fair value of financial instruments, a 7% increase in cost of goods sold, continued expected increase in trade spend, an increase in expense associated with equity-based compensation and interest and accretion associated with the convertible notes.
- Q2 2022 net income due in large part to a positive change in the fair value of financial instruments.
- Q2 2022 and Q3 2022 revenues and net revenues were higher due to continued momentum from new retailer distributors and customers added in Q1 2022 and the latter part of FY 2021, as well increases in the sale of RightRice® products.
- Q1 2022 revenues of $2.5M represent 95% of the total FY 2021 revenues of $2.7M, and growth of 605% over Q4 2021 revenues of $0.4M.
- Q1 2022 net revenues of $2.0M represent 86.2% of the total FY 2021 net revenues of $2.3M, and growth of 686% over Q4 2021 net revenues of $0.3M.
- Q1 2022 net loss represents 4.1% of the FY 2021 net loss (95.9% lower), and 8.4% of the Q4 2021 net loss (91.6% lower), due to higher revenues and the positive change in fair value of financial instruments.
- Q1 2022 revenues and net revenues were higher due to increased sales velocity, new retailer distribution wins, new revenues from the sale of RightRice® products, and new customers.
- Q4 2021's net loss also included substantial one-time charges and non-cash adjustments due to merger and IPO expenses, related accounting adjustments and one-time professional fees.
- Q4 2021 revenues and net revenues were lower due to both seasonality as retailers focused on Holiday items (in the United States, this seasonality can impact shipments and sales for better-for-you foods between mid-October and mid-December of each calendar year), and to the anticipated winding down of the airline Mozaics™ chips program due to scheduled annual menu changes by the airline.
- Q3 2021 net loss increased due to the consolidation of results following the RTO and the recognition of one-time merger transaction costs and equity-based compensation.
- From Q4 2020 to Q2 2021 revenues and net revenues increased, with a slight decrease to net revenue in Q3 2021 reflecting the initial impact of limited availability of organic ingredients. The Company has subsequently converted organic product lines to Non-GMO to minimize supply chain risk and cost increases from organic ingredients.
- Although the Company has experienced significant revenue growth in recent periods, such growth rates are not necessarily sustainable and will likely decrease in the future. However, the Company's experienced Management team believes in building strong financial fundamentals while scaling the business and believes it has the experience and skills to do so. The Management Team is placing focus on establishing infrastructure to support growth, driving improved marketing to boost customer acquisition, increasing distribution and driving efficiencies in production. Overall, Management is concerned with growing and improving the business with time, resources and focus.

LIMITED OPERATING HISTORY, ACCUMULATED DEFICIT AND ANTCIPATED LOSSES

In addition to the other risk factors in this MD&A and in the Company's management's discussion and analysis for the three months and year ended December 2022, the following risk factors should be carefully considered in evaluating the Company and its business because such factors currently or may have a significant impact on the Company's business, opportunities, and results from operations.

The Company was incorporated in 2016 and commenced selling its current product lines into Grocery Retail distribution in 2019. Accordingly, the Company has a limited operating history on which to base an evaluation of its business and prospects. Investors should consider the Company's future prospects in light of the risks, expenses, challenges and uncertainties frequently encountered by companies in an early stage of development and market penetration, particularly companies in the fast-moving, innovative Food and Beverage space and companies navigating challenging capital markets and economic headwinds. These risks include, but are not limited to, an evolving and unpredictable business model and the management of rapid growth. To address these risks, the Company believes it must, among other things, maintain and increase its customer reach/base, implement and successfully reach consumers with marketing, continue to shift its business mix to include a greater percentage of more profitable sales (e.g. Foodservice channel sales), ensure that product quality, customer service and order fulfillment stay high, meet the needs and expectations of the customers and stay ahead of competition, and retain and motivate qualified personnel. There can be no assurance that the Company will be successful in addressing the risks as set out above, and failure to do so could have a material adverse impact on the Company's business, prospects, financial condition and operating results.

Since its inception, the Company has incurred significant losses, and as of March 31, 2023 had an accumulated loss of $40 million. Historically, this accumulated loss increased due to operating losses of not more than $9.9 million per year, one-time charges and accounting adjustments (e.g. change in future value of financial instruments, merger transaction fees of $9.3 million in 2021), and non-cash items (e.g. interest and accretion, amortization and depreciation and equity-based compensation at not more than $2.8 million per year). The Company's ability to continue as a going concern is dependent upon its ability to attain future profitable operations and/or obtain the necessary financing to meet its obligations and repay liabilities as they become due. While the Company is continuing its best efforts to achieve the above plans, there is no assurance that the Company will be successful.

The Company believes that its success will depend in large part on building a robust distribution network to support sales volume, expanding its marketing presence to successfully improve its ability to reach more consumers with its products, providing these customers with high-quality products and customer service, achieving sufficient sales volume to realize economies of scale, and enhancing and expanding its team to deliver high caliber growth and management to the Company. Accordingly, the Company intends to continue to invest in Marketing, Product Development, Channel and Sales Development, Business Infrastructure and People.

FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, trade accounts receivable, accounts payable and accrued liabilities, short-term debt and due to related parties. The fair values of those financial instruments approximate their carrying values due to the short-term maturity of those instruments. The fair values of convertible debt and government loans approximate their carrying values as they bear interest at an effective rates or fixed rates consistent with market rates for similar debt.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet contractual obligations. The Company maintains cash in bank deposits which, at times, may exceed federally insured limits. The Company believes it is not exposed to any significant credit risk on cash as it is held with reputable financial institutions in the United States and Canada.

The principal markets for the Company's products are in the United States and Canada, however, a portion of sales are to foreign distributors. Management performs continuing credit evaluations of customers and generally does not require collateral. Historically, the Company has not experienced significant losses related to receivables from individual customers. During Q1 2023, the Company derived approximately 56% of its gross revenues from four direct customers and direct-to-consumer e-commerce platforms (Q1 2022 – 67% from three direct customers and direct-to-consumer e-commerce platforms). Significant changes in industry conditions will increase the risk of not collecting receivables. Management believes the risk is generally mitigated by the size and reputation of the companies to which they extend credit.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The accounting policies subject to such judgments and the key sources of estimation uncertainty that the Company believes could have the most significant impact on the reported results and financial position are disclosed in Note 2 of the Company's audited December 31, 2022 consolidated financial statements.

NON-IFRS AND OTHER FINANCIAL MEASURES

This MD&A includes certain non-IFRS performance measures that do not have a standardized meaning prescribed by IFRS. These measures may differ from those used by other issuers and may not be comparable to such measures as reported by other issuers. The Company believes that these measures are commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of an issuer's performance. These measures have been derived from the Company's financial statements and applied on a consistent basis and include the following measures:

"Working capital surplus (deficit)" and "Adjusted working capital surplus (deficit)" are capital management measures. Working capital surplus (deficit) is comprised of current assets less current liabilities. Adjusted working capital surplus (deficit) is working capital surplus (deficit) adjusted for current liabilities that will not be settled in cash, such as convertible notes and the related derivative liability. Management believes that working capital surplus (deficit) and adjusted working capital surplus (deficit) are useful measures to assess the Company's capital position and ability to execute the business strategy. See "Summary of Financial Information" for a reconciliation of working capital surplus (deficit) to current assets and current liabilities and a reconciliation of adjusted working capital surplus (deficit) to convertible notes and derivative liability, being nearest measures prescribed by IFRS.

"Non-current financial liabilities" is a supplemental financial measure. Non-current financial liabilities is comprised of the non-current portions of government loans and lease liabilities as presented in the Company's consolidated statements of financial position. See "Summary of Financial Information".

"EBITDA" (earnings before interest, taxes, depreciation and amortization) and "Adjusted EBITDA" are supplemental financial measures. The Company uses EBITDA to measure the Company's overall performance. The Company uses Adjusted EBITDA to measure overall performance before certain non-cash items such as equity-based compensation and change in value of financial instruments. See "Performance Review" for the calculation of EBITDA and Adjusted EBITDA.

"Trade spend as a percentage of revenues" is a supplemental financial measure. The Company uses trade spend as a percentage of revenues as a metric that demonstrates the support the Company provides to distributors and retailers for product placement, and to execute promotions at the retailer level to attract new consumers and increase sales of the Company's products**.** See "Performance Review" for the calculation trade spend as a percentage of revenues.

"COGS as a percentage of revenues" is a supplemental financial measure. The Company uses COGS as a percentage of revenues as a tool to improve the predictability and financial performance of each of the Company's product lines through improvements in supply chain management, production efficiencies gained through volume increase and economies of scale, decisions on in-sourcing versus out-sourcing, and a variety of other processes. See Performance Review for the calculation of COGS as a percentage of revenues.

NEW AND AMENDED STANDARDS ADOPTED

The Company adopted amendments to certain accounting pronouncements effective January 1, 2023, however, the amendments had no impact on the Company's unaudited March 31, 2023 condensed interim consolidated financial statements nor do the amendments relate to accounting policies considered material to the Company. An accounting policy is considered material to the Company if it provides information to facilitate the understanding of other material information reported and disclosed in the Company's consolidated financial statements.

BUSINESS RISKS AND UNCERTAINTIES

A summary of risks and uncertainties relating to the Company's business are provided below. For additional details of these risks and how the Company mitigates such risks, see the Company's most current Annual Information Form, which is available on SEDAR at www.sedar.com.

- Brand Value – The Company's success largely depends on its ability to maintain and grow its brands. Maintaining, promoting and positioning the Company's brands and reputation will depend on, among other factors, the success of its product offerings, management's ability to respond to customer preference changes, food safety, quality assurance, marketing and merchandising efforts and the Company's ability to provide a consistent, high-quality customer experience.
- Reputation Risk – Real or perceived quality or food safety concerns or failures to comply with applicable food regulations and requirements, whether these potential concerns actually involve the Company or are based on facts, could cause negative publicity and reduced confidence in the Company and the Company's products, which could cause harm to the Company's brand, reputation and sales, and could materially adversely affect the business, financial condition and results of operations.
- Disruption at Production Facilities – A natural disaster, fire, power interruption, work stoppage or other calamity at a partner production facility or at any future facility where the Company produces its products, would significantly disrupt the Company's ability to deliver its products and operate its business. Further, any government action restricting the operations or access to the Company's co-manufacturing facilities or at any future facility would have a material adverse effect on its business.
- Failure to Introduce New Products or Successfully Improve Existing New Products – A key element of management's growth strategy depends on its ability to develop and market new products and improvements to the Company's existing products that meet its standards for quality and appeal to consumer preferences. If the Company is unsuccessful in meeting its objective with respect to new or improved products, the business could be harmed.
- Reliance on Key Personnel – The Company is strongly dependent on the business and technical expertise of its management team and there is little possibility that this dependence will decrease in the near term. The contributions of the existing management team to the Company's immediate and near-term business are likely to be of central importance.
- Product Defect Risk – Selling food for human consumption involves inherent legal and other risks, and there is increasing governmental scrutiny of and public awareness regarding food safety.
- Protection of Intellectual Property Rights – The Company currently relies on unpatented proprietary expertise, recipes and formulations and other trade secrets to develop and maintain its competitive position. The Company's success depends upon its ability to protect and preserve its intellectual property.
- Competition – The industry the Company operates in is intensely competitive and the Company faces competition from numerous brands that produce plant-based food and beverage products, including small and large independent companies and large-scale manufacturers.
- Reliance on Customers – If the Company is unable to maintain good relationships with existing customers, its business could suffer. There can be no assurance of continued business relationships with distributors and vendors of the Company's products.
- Consumer Trends and Preferences for Plant-Based and Natural Food Products are Difficult to Predict and May Change – The Company's business is focused on the development, manufacturing, marketing and distribution of plant-based foods and beverages. Consumer demand for these products could change based on a number of possible factors, including dietary habits and nutritional values, concerns regarding the health effects of ingredients and shifts in preference for various product attributes. The Company's success depends, in part, on its ability and its customers' ability to offer products that anticipate the tastes and dietary habits of consumers and appeal to their preferences on a timely and affordable basis.
- Fluctuation of Quarterly Operating Results – Revenue is difficult to forecast and may fluctuate significantly from quarter to quarter. Delays, reduction in scope or cancellation of orders could materially adversely affect the Company's business, financial condition, and results of operations.
- Supply Chain Management – The Company's supply chain is complex. Insufficient or delayed supply of products threatens the Company's ability to meet customer demands, while over-capacity threatens its ability to generate

profits. Accordingly, any failure by the Company to properly manage its supply chain could have a material adverse effect on its business, financial condition, and results of operations.

- Public Health Crises – Public health crises could adversely affect the Company's business. The Company's financial and/or operating performance could be materially adversely affected by the outbreak of public health crises, epidemics, pandemics, or outbreaks of new infectious diseases or viruses, such as the global outbreak of the novel coronavirus disease, COVID-19, and new variants of concern.
- Inability to Achieve and/or Manage Growth – The growth of the Company's business may place a strain on managerial, financial, and human resources. The Company's ability to maintain its rate of growth will depend on several factors.
- Inability to Efficiently Expand Production Network – There is a risk in the Company's ability to effectively scale production processes and effectively manage its supply chain requirements.
- Government Regulation of Food Industry – The production, distribution and sale of the Company's products in Canada, the United States and other countries are subject to various federal, provincial and state regulations, including, but not limited to, food and drug regulations, health and safety laws, environmental statues, as well as various other federal, provincial, state and local statues and regulations applicable to the production, transportation, sale, safety, advertising, labelling and ingredients of its products.
- Impact of Product Marketing and Product Recalls – The success of the Company depends on its ability to build and maintain brand image for existing products, new products and brand extensions. The Company has no assurance that its advertising, marketing, and promotional programs will have the desired impact on its products' brand image and on consumer preference and demand.
- Labelling – Food labelling regulations and resulting debates over word choices and/or packaging label disclosures related to ingredient use, ingredient labels, product nutritional and product attributes and/or composition, use or purpose have become frequent areas of contention and may become the basis for product recalls, consumer class action suits and/or regulatory fines.
- Limited or Disrupted Supply of Key Ingredients – A number of the ingredients in the Company's products are vulnerable to adverse weather conditions and natural disasters, such as floods, droughts, frosts, earthquakes, hurricanes and pestilence.
- Price of Raw Materials – Costs of the ingredients and packaging for the Company's products are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, weather conditions, consumer demand, supply chain disruptions caused by war and political instability, and changes in governmental trade and agricultural programs.
- Significant Business Expenditures – The Company anticipates that its operating expenses and capital expenditures will increase in the foreseeable future as the Company continues to invest to increase its customer base, supplier network, co-manufacturing partners, marketing channels, and distribution, as well as hire additional employees, enhance the Company's technology infrastructure, including e-commerce capabilities for outside sales and internal ERP systems for revenue and inventory management, and develop new products. The Company's expansion efforts may prove more expensive than initially anticipated, and the Company may not succeed in increasing its revenues and margins sufficiently to offset the anticipated higher expenses.
- Availability of Capital – The availability of capital on acceptable terms, including the ability of the Company to raise funds through the issuance of equity or debt securities, obtain credit facilities, renegotiate the terms of its existing convertible debt if necessary and/or repay the principal and interest owing under its existing convertible debt, may impact the Company's ability to fund its business plan and growth strategy.
- Reliance on Information Technology – Information technology helps the Company operate efficiently, interface with customers, maintain financial accuracy and efficiency, and accurately produce its financial statements. If the Company does not allocate and effectively manage to build and sustain the proper technology infrastructure, it could be subject to transaction errors, processing inefficiencies, the loss of customers, business disruptions or the loss of or damage to intellectual property through security breach.
- Global Economic Risk – Adverse and uncertain events that may affect the prevailing economic conditions, including a global pandemic, climate change, political events, wars, natural disasters or other global events, may impact consumer demand for the Company's products.

- Fluctuations in Foreign Currency Exchange Rates May Adversely Affect Operating Results – The functional currency of The Planting Hope Company is the CAD; the functional currency of operating subsidiary Planting Hope Brands is the USD. The presentation currency of the Company is the USD. However, doing business globally, the Company is exposed to foreign currency exchange rate risk with respect to its sales, expenses, profits, assets and liabilities.
- Litigation Risk – The Company may become party to litigation from time to time in the ordinary course of business, which could adversely affect the business of the Company. Among other matters, businesses in the Company's industry (including the Company itself) are regularly subject to pre-litigation demands or formal litigation proceedings from consumers (including class action litigation making consumer fraud claims related to food labelling) or regulatory agencies regarding labelling or other alleged legal or regulatory violations.
- Climate Change Risk – The Company is focused on maintaining and improving the sustainability of our products. If climate change has a negative effect on agricultural productivity, the Company may be subject to decreased availability or less favorable pricing for certain commodities that are necessary to produce the Company's products.