THE PLANTING HOPE COMPANY INC.

Management's Discussion and Analysis
For the three and nine months ended September 30, 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 and nine months ended September 30, 2023.

This MD&A is dated as of **November 29, 2023** and should be read in conjunction with the Company's September 30, 2023 unaudited condensed interim consolidated financial statements and the Company's audited consolidated financial statements for the 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 ("TSXV") 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 the "Non-IFRS and Other Financial Measures" section 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.sedarplus.ca or on the Company's website at www.plantinghopecompany.com.

In this MD&A, the three and nine months ended September 30, 2023 may be referred to as "Q3 2023" and "9 months September 2023", respectively, or "the 2023 periods" collectively. The comparative three and nine months ended September 30, 2022 may be referred to as "Q3 2022" and "9 months September 2022", respectively, or "the 2022 periods" collectively.

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 its 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 is a foodtech innovation company that leverages cutting-edge ingredient, formulation, and packaging technology to develop breakthrough sustainable food and beverage solutions. The company reimagines and reinvents food products across key global categories, creating 'easy swaps' for staple food items, made from widely cultivated global cover crops that are nutrient-dense and require limited resources to thrive, like sesame, peas, beans, lentils, and chickpeas. Planting Hope's intellectual property (IP) strategy and IP-focused culture is centered on unlocking the nutrition in the world's most sustainable crops to create on-trend products that are delicious, nutritious, and planet-friendly. Planting Hope brands and products fill key needs for consumers and deliver better operational solutions for Foodservice partners. These are the products that Generation Z is demanding and Generation Alpha will grow up with. This is the future of food: this is how we enable our planet to feed 10 billion people in 2050 & beyond.

The Company develops, launches, and scales its sustainable, nutritious, and delicious plant-based consumer packaged foods and beverages across Foodservice, Grocery Retail, E-commerce, and Alternative channels, with an initial focus on distribution in the United States and Canada. The Company's products are targeted at disrupting large global categories with better products that deliver the next quantum leap forward in their sectors with respect to nutrition, sustainability, and scalability. Its four core breakthrough plant-based Food and Beverage brands are targeted to disrupt three of the largest food categories worldwide: Plant Milk ($35B/15% compound annual growth rate - CAGR), Rice ($280B), and Better-For-You Snacks ($85B).

The Company has three mission pillars:

1. Nutrition: 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 certified plant-based, meaning no animal ingredients are used in the products, and the majority of the Company's products are free from most top allergens, including gluten, soy, dairy, and peanuts.
2. Sustainability: 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 from crops that require minimal water and support positive agricultural practices. The Company's products are primarily shelf-stable with extended shelf life (14-24 months from production), limiting negative environmental impacts across the supply chain, from minimizing the carbon footprint driven by shipping, warehousing, and distribution to minimizing food waste.
3. Representation: 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 sustainable, better-for-you food & beverage products with a plant-based focus. The Company has been successful in attracting top candidates to a culture and environment that is inclusive and productive, resulting in better product development and tactical delivery of its brands and objectives.

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'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 their products and brands from product formulation and ingredient sourcing through sales, marketing, and logistics, and utilizes Global Food Safety Initiative ("GFSI") certified contract manufacturers and third-party logistics warehouses to execute finished goods production and distribution, thereby reducing overhead cost requirements, capital expenditure 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 staple' products with high levels of everyday consumption and ability to scale 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 to a common customer base, 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 has also built and continues to develop, protect, and refine a substantial Intellectual Property (IP) platform through its execution and delivery of breakthrough food and beverage products that reflect this IP. The Company engaged a third-party IP valuation company, Metis Partners, to provide both an overall valuation of the Company's IP along with a ranked IP Score that reflects the quality and protectability of its IP. In this independent third-party review, Planting Hope's IP portfolio was valued at more than $50 Million USD, and Planting Hope's IP Score ranked it at #32 overall across the top 100 companies tracked on the Metis Partners Global IP100 Index.

The Company's products are currently distributed in more than 15,000 Grocery Retail doors and 70,000 Total Distribution Points ("TDP") in retailers in the United States. Products are also widely distributed through ecommerce channels and alternative channels like QVC (home shopping).

In 2022, with a Grocery Retail footprint established and able to answer the consumer question 'where can I find your products at a store near me?', the Company focused on developing its products in the Foodservice arena. Foodservice channel development and placement can take significant time and effort to penetrate, but the Company's products are uniquely suited to the Foodservice space, from integrating seamlessly into operations, filling key needs, offering potential for menu enhancement and competitive edge with consumers to optimization to supply chains, with low labor required for preparation (a primary and growing concern across Foodservice operators who are experiencing widespread labor shortages).

Additionally, the unique nature of the Company's innovations makes them recognizable to consumers in Foodservice outlets, and concurrently develops both the category and consumer awareness: Hope and Sesame® Sesamemilk is the only commercialized sesame milk, Mozaics™ chips are supplied at 'grab & go' in their branded packaging, and RightRice® is such as unique innovation that it is listed on menus by name (see CAVA Restaurants (NYSE: CAVA) customer menu favorite Chicken and RightRice® Bowl). The Foodservice channel can offer other tactical benefits to food and beverage brands, including faster payment terms, lower development investment costs, lower or no mandated promotional spend, and its distributors typically pay on time and in full on net 30 terms.

The Company began laying the groundwork to enter the Foodservice channel in the first half of 2022, and by the end of 2022 had achieved significant breakthroughs, including acceptance and listing of its products with DOT Foods, the largest Foodservice redistributor in North America, servicing more than 4,500 distribution warehouses and through them, 200,000 end user locations. DOT is a key linchpin to opening and rapidly scaling Foodservice distribution, and this and other strategic moves, including adding regional distributors in multiple key metro markets that service independent cafés, have enabled the Company to position itself and its products well for growth ahead in multiple segments of Foodservice.

In the first half of 2023, with investor priorities in the capital markets shifting to near-term profitability over investment in growth, the Company realigned its sales mix and resources to focus on striving to achieve profitability by the end of 2024/early 2025, and took the following steps:

- Shifted more resources to the Foodservice channel, which in comparison to Grocery Retail has lower investment requirements to enter and scale in the channel, higher per-customer usage and velocity, and much faster profitability;
- Reorganized its Sales team around Foodservice execution, including transitioning some Grocery Retail-focused sales staff and adding accomplished Foodservice leaders to the team, who brought demonstrated recent experience in scaling pioneering brands across Foodservice channels;
- Realigned its Grocery Retail business to focus on profitability, curtailing any excessive promotional programming, trade spend, and distributor incentives that didn't drive meaningful profitable revenue;
- Honed its product mix to the top-selling SKUs with realized scale margins, tabling slower-selling products that

[1] Dairy Foods News: Flexitarianism Going Mainstream

require additional long term development investment to achieve scale profitability; and

- Implemented a framework to evaluate new Grocery Retail distribution opportunities on an annual profitability level, supported with reasonable promotional programming, prioritizing opportunities with low-cost distribution and no onerous slotting and promotion requirements.

In the last quarter of 2023, the Company is focusing ramping expansion of its products across Foodservice channel, cutting expenses, and developing transactionally profitable revenue, on track to turn the corner on ongoing profitability by the middle of 2024.

To further support its Foodservice strategy, in August 2023 the Company completed the acquisition of the assets of Argo Tea® ("Argo"). Argo Tea®, founded in 2003, had developed into three core areas of business: 1) company-owned Argo Tea® cafés; 2) ready-to-drink tea beverages distributed through retail channels; 3) Argo Tea ® cafés operated by third parties under operating licenses. At its height, Argo Tea® spanned 7 countries, 75 total cafés, and a ready-to-drink tea business selling more than 5 million bottles per year. Argo ran into economic challenges around 2020 that were aggravated by COVID, and shuttered its company-owned cafés, opting to focus on the ready-to-drink tea and operating licenses. Changes made to the ready-to-drink teas (including the incorporation of allulose, a controversial sugar alternative intended to cut calories, and a supply chain-driven switch from glass to PET plastic bottles) greatly cut the market opportunity for that product.

Planting Hope acquired the Argo Tea® assets specifically for the full café licensing program, with active operating licenses at eight major colleges and universities in the US, reaching more than 200,000 students, administrators, and campus visitors. The licensing program (including café design, brand standards, operating manuals and employee training manuals, marketing, menu development and design) is executed by Argo (now the Company) as licensor, in return for a licensing fee representing a percentage of gross revenues transacted through the cafés. The Company has no CAPEX or café employee management overhead from these operating licenses; buildout and infrastructure costs are handled by the institution installing the café, and day-to-day staffing is typically provided by managed foodservice operators who are contracted by the institution to manage the overall foodservice operations.

Through the Argo acquisition, Planting Hope acquired master contracts with several of the largest managed foodservice providers handling college, healthcare, corporate, and travel campuses (including Sodexo and Aramark), each a multi-billion-dollar company controlling food and beverage spend across a multi-national footprint. Given the Company's focus on Foodservice and the direct application of its products across cafés, the café operating licenses provide it the opportunity to 1) showcase all Planting Hope products to these major foodservice operators through the cafés; 2) test new products and beverage concepts that can be expanded to its other café clients; 3) have a marketing testbed for product development; 4) develop the brand with the key Gen Z demographic; 5) expand its strategic relationships with major partners.

The Company is redeveloping Argo Tea cafés as 'Argo Tea 2.0', with a heavy focus on sustainability, a core driver for the managed foodservice operators given the significant value assigned to sustainability by their clients (the colleges and institutions awarding their contracts), and for their end users (Gen Z college students). Once the new Argo has been refined at the current 8 cafés, it will look to expand the operating license footprint significantly, concurrently increasing distribution and awareness for its brands, including Hope and Sesame®, RightRice®, Mozaics™, and Veggicopia®.

Planting Hope's achievements in the Foodservice channel to date have set up the Company to accelerate distribution to Foodservice end user customers, from cafés to Fast- Casual and Quick Service Restaurants ("QSRs") to institutional and managed Foodservice operators, with higher net margins, low investment costs, high velocities, and accompanying ancillary trial and awareness-driven marketing benefits. Like with Grocery Retail, it takes time to get in front of customers and get placement on menus. However, given the vast breadth of opportunities and customers available to the Company and the unique nature of its products, the Company believes that it is structuring the initial core platform that will enable it to start to build a profitable, scalable Foodservice business ahead.

The Company's products have global opportunities and applications, and represent meaningful breakthroughs in their categories, all of which are major consumer 'kitchen pantry' and Foodservice staples globally. Ultimately, the Company intends to scale its brands in Foodservice, select Retail customers, and Alternative Channels in the US and North America, and then to expand internationally, primarily through strategic partnerships and relationships that enable rapid and effective in-country execution.

The Company's five core brands are:

- **Hope and Sesame® Sesamemilk:** After 5 years of development and testing, in 2022 the Company launched Hope and Sesame® Sesamemilk, well-positioned to be the first major disruptive new global subcategory in the $35 billion global Plant Milk category since oat milk. In 2016, oat milk emerged from Sweden to North America and the oat milk subcategory scaled from $45 million to $6 billion globally in a short seven-year period. This growth was driven by oat milk's excellent performance in café beverages over existing plant-based milk alternatives like almond and soy; oat milk performed more like dairy milk on key café attributes including frothing, foaming, steaming, and latte art.

Sesamemilk has matched or exceeded oat milk's performance (as evaluated by top baristas) and is more sustainable and more nutritious, with twice the protein in oat milk.

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, which began in 2017. This work resulted in a line of multiple flavors of Hope and Sesame® 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.

Nutrition: Sesamemilk has 8g of complete protein, with all 9 essential amino acids (comparable to animal proteins), which is 3x the protein in oat milk and 8x the protein in almond milk, both of which are less-quality 'partial' proteins. Barista products tend to have less protein to promote performance, and Hope and Sesame's Barista Blend, with 4g of complete protein, is double that of oat and almond barista products.

Sustainability: Per a study conducted in 2023 by Planet FWD, Hope and Sesame Sesamemilk has the lowest cradle-to-grave water footprint of any commercialized milk, including oat milk (76% less), almond milk (87% less), and dairy milk (92%). 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 after sesame seeds are crushed to extract sesame oil. Hope and Sesame® is currently the only Plant Milk globally to achieve Upcycled Certification from the Upcycled Food Association.

Opportunity: The Company believes that Hope and Sesame® Sesamemilk has a similar opportunity to oat milk to displace competitive products and gain breakout traction with retailers, cafés, and consumers, with a particular target on acquiring market share from almond milk, where sesamemilk is dramatically superior on café performance, nutrition, and sustainability. Almond milk is starting to decline in market share (down 3% year-over-year at Grocery Retail) even as the overall category expands, given its weaknesses in taste, nutrition, performance, and sustainability. However, almond milk still has a 58% share ($1.6 billion) of the U.S. Grocery Retail Plant Milk market[2], representing a very sizeable opportunity for sesame milk. It should be noted that the almond milk subcategory of Plant Milk alone is larger than the entire U.S. Plant- Based Meat Category ($1.4 billion[3]).

Awards and Press: Since the full commercial release of the initial Hope and Sesame® product line in 2022, Hope and Sesame® Sesamemilk has won more than a dozen industry awards for performance in hot and cold café beverages as well as for delicious taste, including most recently the 2023 Chicago Innovation Award, given to one food company annually representing breakthrough food innovation (other former recipients include McDonalds, US Foods, Farmer's Fridge).

Consumer Reports, the leading independent publication for consumer product information, featured the sesame milk subcategory of Plant Milk (launched by Hope and Sesame®) along with Hope and Sesame® Sesamemilk in the article 'Is Milk Good For You?', included in their September 2023 'Live Healthier Longer' issue. Sesame milk, described as having a 'toasty flavor', is called out as a core subcategory in plant milk next to almond, oat, soy, cashew, and coconut. Hope and Sesame® is featured as the category leader in sesame milk, 'one of the newest types of plant milks to hit supermarkets.'[4]

Foodservice opportunity: Beyond Grocery Retail Hope and Sesame® Sesamemilk is targeted at large scale opportunities in the Foodservice and Café channels, where sesame milk delivers superior performance, better nutrition, and better sustainability than almond, oat, and soy milks. Cafés and snack shops are becoming more important as social and food centers to Gen Z, and the total number in the U.S. now exceeds 72,000[5], with more than 30,000 of those independent (non-chain) cafes, representing a critical and fast evolving market opportunity for plant milks.

Market size: The Plant Milk category is continuing to project aggressive growth and is taking share from Dairy Milk. Currently estimated at more than $6.5 billion in the U.S. ($3.5 billion in Grocery Retail[4], $3 billion in Foodservice[6]) and upwards of $35 billion globally, Plant Milk is scaling at a CAGR of 15% and is projected to exceed $120 billion worldwide by 2030[7]. The total global Fluid Milk market is currently estimated at $330 billion, growing at a 6.9% CAGR, and is projected to reach more than $500 billion by 2030[8]. Today, Plant Milk is 10.6% of the Fluid Milk market, but by 2030 is estimated to grow to more than $120 billion, or 24% of the total global Fluid Milk market.

[2] SPINS Total MULO + Natural Channel 52 weeks Ending 10/02/22
[3] Plant Based Foods 2022 US Retails Sales Data Report
[4] Consumer Reports: Which Milk Should You Drink?
[5] IBIS Worldwide: Number of Businesses Coffee Shops
[6] Company estimates based on Foodservice café usage of plant-based milks
[7] Strategic Market Research: Plant-Based Milk Market Sales Data Dec 2022
[8] Statista Milk – Worldwide Report Aug 2023

Nascent just over a decade ago (the global Plant Milk market was estimated at $7.4 billion 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 per health & wellness and sustainability concerns, to a growing level of dairy allergies and lactose intolerance, estimated to impact as much as 75% of the world population per the National Institute of Health[10]. Given the high usage rates of Plant Milks as both culinary pantry staples (plant milks are now found in more than 41% of U.S. households[11]), and in coffee shops, (plant milk usage in independent cafés is reported to be ordered in more than 50% of milk-based beverages[12]), this category is clearly on a trajectory to continue to accelerate and evolve quickly.

Uniqueness – 1 of 1: To the Company's knowledge, Hope and Sesame® Sesamemilk is the only commercialized sesame-based plant milk worldwide with sesame protein as the core ingredient and offering comparable nutrition to dairy milk with 8g of complete protein per serving. Sesame is prized as a culinary ingredient worldwide and is on-trend as a taste profile that is fast-emerging in beverages and food products, 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 sesame milk position Hope and Sesame® Sesamemilk as an excellent product to become the 'next big thing' in Plant Milk globally.

- **RightRice® High Protein Veggie Rice**: RightRice® swaps one-for-one for white rice in culinary applications, but the RightRice® grains are made from a combination of lentils, chickpeas, and peas with just a touch of rice flour (less than 10%). RightRice® cooks up ready-to-eat in under 10 minutes, just add boiling water, and it serves well both hot and cold. RightRice® is a good source of protein and an excellent source of fiber, providing 11g of complete protein and 6g of dietary fiber per serving, which is more than three times the protein in white rice with 40% fewer net carbohydrates.

  Ounce-for-ounce, RightRice® contains comparable protein to salmon and more than twice the protein in eggs, and unlike RightRice®, animal proteins are not a source of dietary fiber. RightRice is also nutritionally superior to plant-based meats, containing 20% to 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, effectively acting as a center-of-plate protein source.

  RightRice® represents a category-disrupting innovation in the Rice category, with the opportunity to impact quinoa, cauliflower rice, and other rice alternatives or substitutes. With more than $1.5 million and over 2,000 research and development 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 on the menus of Fast-Casual restaurant chains like CAVA (NYSE: CAVA) by name. RightRice® is garnering awareness from other Foodservice operators for its ability to effectively provide the protein of a centerplate item with low labor required to prepare and provide consistent quality.

  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 rice fields both uses a large amount of water for irrigation and creates conditions for methane production. The flooding enables bacteria to thrive and process organic matter through anerobic digestion, releasing 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 and delivers significantly more and higher-quality nutrition. 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 U.S. 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 U.S. is estimated at $6.1 billion[17].

  To the Company's knowledge, RightRice® Veggie Rice is the only veggie-based rice alternative that provides a complete protein (equivalent to animal sources) from a combination of nutritious vegetables and pulses plus rice flour - effectively 'rice and beans' in the same grain. Highly popular with consumers for easy at-home use, great taste, and

[9] National Library of Medicine Plant-based Milk Alternatives An Emerging Segment of Functional Beverages Sep 2016
[10] National Institutes of Health: The Interrelationships Between Lactose Intolerance and the Modern Dairy Industry
[11] Plant Based Foods 2022 US Retails Sales Data Report
[12] Fresh Cup: Should Coffee Shops Charge Extra for Plant Milks
[13] The San Francisco Standard: It's in Your Coffee, Ice Cream and Cocktails. Meet the It Flavor of 2023.
[14] Dunkin Donuts News: The Story Behind Dunkin's New Matcha Topped Donut
[15] World Bank Blogs: Greening the Rice We Eat
[16] Fact. Mr: Quinoa Market Outlook 2022-2032
[17] Statista: Rice – United States

menu flexibility, RightRice®'s dry supply chain and ultra-fast, simple, and consistent preparation provides unparalleled operational convenience to Foodservice operators.

- **Mozaics™ Real Veggie Chips**: The number one ingredient in Mozaics™ popped potato chips are real veggies (peas, beans) that you can see in each chip. Real veggies = real nutrition, delivering protein (3-4g per serving) and a good source of dietary fiber (34g per serving) from 'guilt-free' low calorie potato chips.

  Mozaics™ are packaged in sustainable NEO Plastics film, which degrades in waste streams without special handling, releasing a biogas that can be harvested in landfills as a clean energy source. Mozaics™ offer a better-for-you chip that also tastes great and provides an effective solution to the packaging sustainability challenge facing the Potato Chip segment of Salty Snacks, a subcategory estimated at more than $12 billion in North America alone[18].

- **Argo Tea® Bijoux™:** Via the acquisition of the assets of Argo Tea®, the Company obtained the "Argo® Bubbles" product IP, supply chain network relationships and inventory. This product is a natural, ready-to-use bubble tea alternative, providing a delicious texture ingredient for beverages. The Company branded the product as 'Argo Tea® Bijoux™ Jellies' and plans to expand Bijoux™ distribution beyond Argo cafés. Made of fermented coconut water gel, cut into squares, and packaged in a natural caramel syrup, Bijoux™ have healthy prebiotic qualities and are a source of fiber as well as taste and texture. Most 'boba' or 'bubble' tea is made with tapioca balls that must be cooked on-site at a café and served within three hours of preparation, making them challenging to offer for cafés that aren't dedicated to bubble tea. Bubble tea is one of the fastest growing beverage segments, particularly popular with Gen Z and Gen Alpha; the global bubble tea market is currently estimated at $2.75 billion, with an 8.9% CAGR, expected to exceed $6 billion globally by 2032[19]. The Bijoux® product is a 'fan favorite' at Argo® cafés on college campuses, ordered in more than 40% of beverages purchased. The Company believes there is a substantial opportunity to offer the shelf-stable, foodservice-packaged, ready-to-use Bijoux™ broadly to café customers through its established foodservice distribution channels.

- **Veggicopia® Real Veggie Snacks**: Veggicopia® makes delicious, nutritious servings of veggies portable and convenient to eat anytime, anywhere. These long shelf-life veggie-based snacks require no refrigeration and deliver clean nutrition, packaged in single-serving portions that minimize food waste. Veggicopia® products represent significant breakthroughs in the Healthy Snacks space.

  - Veggicopia® Dip Cups (hummus, black bean, etc.): breakthrough shelf-stable dip cups based on beans and pulse ingredients, delivering great nutrients including protein and fiber. Veggicopia® dips are both delicious and extremely portable, with proprietary ingredient technology and packaging that enables them to be shelf-stable, no refrigeration required, with a shelf life of 24 months (up to 24 times the shelf life of refrigerated dips). Not only are Veggicopia® dip cups more planet-friendly than refrigerated dips (which currently represent more than 99% of bean dip sales), but the extended shelf life and the shelf-stable nature of the products opens 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. The resulting Veggicopia® dips are comparable or better-tasting than refrigerated 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 use in recipes, from martinis to salads. Veggicopia® olives are packaged in Greece within a close radius of where the olives are grown and harvested, then cured in natural agents (salt or wine vinegar) and packaged in high-barrier, long shelf-life packaging. 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 other parts of the world (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 represent some of the fastest growing food categories in Food and Beverage globally.

BUSINESS HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023

After seven consecutive quarters focused on achieving topline revenue growth and effectively establishing the Company's brands across Grocery Retail, Ecommerce, and Alternative Channels, the Company shifted its focus in early 2023 to focus

[18] Market Data Forecast: North America Potato Chips and Crisps Market
[19] The Bubble Tea Industry - How One Drink Found Global Success
[20] The Insight Partners: Hummus Market 2021 Industry Share and Trend to 2027
[21] New Hope Unlimited

on rapid acceleration of its penetration of Foodservice channels (higher net margins and faster scaling), with the target of driving transactionally profitable revenue with low investment cost requirements and reaching ongoing EBITDA profitability by mid-2024,

In parallel with scaling currently profitable business and channels, the Company has cut retailer promotional programs and incentives, striving to ensure that both current and new Grocery Retail and Alternate channel distribution is profitable with manageable levels of retail trade spend.

Business analysis and strategic alignment:

The Company has invested in the integration of software and management decision-making tools to support its growth, including the implementation of the NetSuite ERP system across its operations. Started in September 2022, the implementation was rolled out in stages until fully complete in Q2 2023, and functions include Financial Reporting, Inventory Management, Sales Reporting, and Order Processing and Management. This successful implementation is providing the Company with more and timely Customer Sales performance and Operations data to support management decision-making.

In early 2023, the Company made a strategic decision to evaluate all channels and accounts for excessive trade spend and promotional programming that was leading to transactionally unprofitable business. Most of the excessive promotional programming identified in Grocery Retail was associated with the RightRice® business, through commitments made in 2021 for the 2022 calendar year by the original RightRice® management team (and inherited in January 2022 by Planting Hope). These layered commitments included multiple distributor and retailer programs, trade spend, discounts, and incentives, collectively driving some incremental topline revenue but eroding overall brand profitability in the Grocery channel. The Company stripped back and eliminated excessive RightRice® Grocery channel promotional programming and incentives at both the distributor and retailer levels, re-aligning to industry-appropriate levels of annual account contribution and profitability. When the realignments are complete, the Grocery channel for RightRice® is anticipated to be transactionally profitable at an improved level.

The strategy adopted by the RightRice® team is not an uncommon one for early-stage food and beverage brands striving to get retailer and distributor attention and to drive marketing awareness with consumers through in-store promotions, but there are alternative paths that are more profitability-forward. Long-term, excessively deep retail and distributor promotional and incentive strategies have diminishing returns and are not sustainable, particularly when capital is not readily available to support this level of market spend. The Company's management is experienced at strategic retail execution with profitability at its core, and in RightRice®'s case saw opportunities to drive profitability through altering strategic promotional execution. Although some sales impact will be seen in the short term while these re-alignments are in process, in the long term these adjustments are expected to lead to profitability gains and an overall financially stronger channel picture.

Additionally, the RightRice® management team had required shipping programs that effectively forced the over-loading of slower moving Shop-Keeping Units ("SKUs") into individual distributor warehouses, ultimately leading to short code date-related chargebacks for items with insufficient distribution opportunities in those warehouses at the time to justify the high inventory levels. The Company adjusted the shipping policies to ensure better managed inventory levels appropriate to the opportunity in each warehouse location.

In the interest of driving near-term profitability and allocating resources to these opportunities, the Company has also taken steps to tailor its product suite across brands and focus on near-term development of the most profitable SKUs with the highest current and future potential velocity across channels, including Foodservice. This includes tabling slower-moving products that require significant long-term investment to achieve velocity hurdles and profitable production scale, which can be revisited in the future for market re-introduction once the Company has turned the corner on profitability on its core business. An initial round of SKU rationalization cut out the lowest velocity RightRice® flavors and discontinued those from retail channels. Additionally, the Company put the refrigerated and several of the retail shelf stable SKUs of Hope and Sesame® Sesamemilk on hold, pending more profitable and/or sustainable packaging options.

In addition to the above strategic analysis and adjustments, the Company realigned both financial and people resources internally across Sales and Marketing and Operations to focus on accelerating larger, near-term profitable opportunities.

In making operational improvements to the Grocery Retail business, the Company is also exploring regional retail distributor opportunities with lower cost structures to reach Grocery Retail clients, which could add to overall Grocery Retail channel profitability.

These strategic realignments effectively prioritized distribution to and development of channels with near-term profitability opportunities and lower investment requirements (i.e. Foodservice), and improved overall Grocery Retail current and future profitability. Goals of these strategic realignments include:

1) Establishing the Company as a profitable entity, targeting resources to build a strong foothold and customer following in Foodservice, while maintaining current profitable Grocery Retail distribution and continuing to scale profitable Ecommerce and Alternative Channels
2) Focusing Grocery Retail growth on incrementally accretive opportunities in meaningful development markets

with strong retail partners who have low-cost distribution and minimal trade spend requirements, and striving to find opportunities to improve distribution costs to retailers (and collectively expand channel profitability);

3) Returning to invest in broader expansion across Grocery Retail (with targeted channel development budgets) once the Company's products are further established with consumers through Foodservice, Ecommerce, Alternative, and other transactionally profitable channels, resulting in built-in velocity and customer recognition and reducing the need for deep investments in in-store marketing to drive initial trial.

Foodservice Channel Focus:

Today, more than 56% of meals in the U.S. are eaten outside of the home[22]. The Foodservice channel, identified as a core priority by Management, encompasses outlets from quick-service and fast-casual restaurants to coffee shops and cafés to 'grab & go' to managed and institutional Foodservice (colleges, institutions, corporations).

The Foodservice channel is a priority for the Company for reasons that include:

- The Company's products were designed to be ideal fits for the channel, with significant opportunities to scale with unique, breakthrough, relevant, on-trend items;
- Higher realized net margins;
- Faster adoption (in single locations/small chains);
- Faster scaling and velocities by customer *(as an example: one average café could sell through the same weekly velocity of Hope and Sesame® Barista Sesamemilk as 20 retail stores);*
- Large single customer development opportunities;
- SKU concentration leading to supply side efficiencies and near-term margin improvements;
- Lower channel development costs;
- Limited/no charge backs or promotional programs required outside of sampling;
- Provides exposure ('free marketing') to consumers through the integration of products on menus;
- Fast payment terms, on time/in full, without deductions; and
- Opportunities to partner with distributors to develop the channel, from regional coffee distributors to DOT Foods (redistributor) and broadline distributors.

It should be noted that product demand in Foodservice channels is typically concentrated on a limited number of core 'workhorse' products and bestsellers for each product line or brand (i.e. Original RightRice® High Protein Veggie Rice, Hope and Sesame® Barista Blend). The Foodservice channel does not have the continual demand for new finished goods flavors or varieties to expand assortments and attract new customers that is seen in Grocery Retail. Rather the focus is on products that are levered as ingredients in creative menu development conducted at the operational level (as for Hope and Sesame®, RightRice®) or the core bestselling flavors in 'grab and go' ready-to-eat items (as for Mozaics™ Real Veggie Chips, Veggicopia® Veggie Snacks). Fewer SKUs are required to meet customer needs effectively, and typically buying is in bulk amounts/larger case packages versus retail, providing cost and pricing efficiencies that are realized and scale more quickly.

Results of changes:

Results of these shifts will be seen throughout 2023 and the stage is set to turn the corner on ongoing profitability by mid-2024, further accelerating the Company's original timeline to achieve break-even. Q2 2023 and Q3 2023 were the first quarters to markedly reflect the strategic shift to higher profitability customers and channels and the concurrent elimination of promotional and trade spend programs that in certain instances drove sales revenue but not net profitability. As anticipated, the implemented changes resulted in lower quarterly gross sales revenue as the Company pulled back on trade spend in Grocery Retail, including removing standard quarterly 'off-invoice' promotions that typically drove forward-buying at a discount to load up distribution warehouses. Longer term, the result will be ongoing transactional profitability on sales revenue from Grocery Retail – lower topline sales, higher bottom-line margin.

During Quarter 3 this year, as the Company made changes within its sales channels to focus efforts on more profitable customers, reducing retail promotions, and navigating periodic inventory availability challenges related to restricted capital, gross revenue declined for the first time in 2023. Gross revenue for the 9 months ended September 2023 was at $7.9M versus $9.5M for the 9 months 2022. However, with this shift, the company realized an increase in its gross profit for Quarter 3, 2023, meeting one of the Company's goals: to improve its gross profit, which will eventually lead to an improved overall EBITDA.

[22] USDA Economic Research Service: 2022 U.S. Food-Away-From-Homem Spending

The Company also continued to focus on reductions within Selling, General and Administrative ("SG&A") expenses resulting in $0.4 million of savings in Q3 2023 and $1.5 million of savings for the nine months ended September 2023. SG&A reductions were realized through cuts in Payroll, Sales and Marketing spend, and in reductions in General Expenditures. These reductions are not expected to have negative long-term impacts on the Company.

During Q3 2023, the Company reported the following results versus Q3 2022:

- Earned $1.9 million of gross revenues, a decrease of 48% in comparison to $3.7 million earned in Q3 2022.
- Earned $1.6 million of net revenues, a decrease of 41% in comparison to $2.7 million earned in Q3 2022.
- Earned $0.4 million in gross profit, an increase of 33% in comparison to $0.3 million earned in Q3, 2022
- Reduced SG&A expenses by 13% (approximately $0.4 million).
- Reduced interest and accretion expenses by 26%.
- Adjusted EBITDA of ($2.1) million compared to ($2.5) million in Q3 2022, an improvement of 13%.

During the 9 months September 2023 the Company reported the following results versus the 9 months September 2022:

- Earned $7.9 million of gross revenues, a decrease of 18% in comparison to $9.5 million earned in the 9 months September 2022.
- Earned $5.6 million of net revenues, a decrease of 22% compared to $7.2 million of net revenues earned in the 9 months September 2022.
- Earned $1.5 million in gross profit, a decrease of 25% compared to $2.0 million earned in the 9 months September 2022
- Reduced SG&A expenses by 17% (approximately $1.5 million).
- Reduced interest and accretion expenses by 30%.
- Adjusted EBITDA of ($6.5) million compared to ($7.1) million in the 9 months September 2022, an improvement of 9%.

Q3 2023 highlights include:

- Continued distribution expansion of Hope and Sesame® Barista Blend Sesamemilk and RightRice® bulk foodservice product into key distributors, influential partners, and leading foodservice retail operations across the U.S., including:

  Regional Distributors:
  - Pete's Milk Delivery (Seattle WA) – A division of Catapult NW, a major regional foodservice and retail distributor in the Northwest Region of the US, Pete's services 300+ espresso bar, café, and tea café locations. Pete's has added Hope and Sesame® Barista Blend Sesamemilk to its catalog.
  - Nicholas and Company Foodservice Distributors (Salt Lake City, UT) -- Added both Hope and Sesame® Barista Blend Sesamemilk and RightRice® bulk foodservice product to their catalogs; purchasing inventory from redistribution partner DOT Foods (Mt. Sterling, IL).
- Continued to expand RightRice® High Protein Veggie Rice in Foodservice and CAVA Restaurants (NYSE: CAVA) nationwide. CAVA Restaurants had a successful IPO listing on the NYSE on June 15, 2023, raising expansion capital to more than triple their current store footprint of 270 stores by the end of the decade.

  A primary application of RightRice® in Foodservice with the potential to drive significant volume is in 'Bowls', a top menu trend from restaurants to corporate and college campuses. More nutritious and easier to handle operationally than cauliflower rice (which requires frozen supply and has a shorter shelf life), with a stronger supply chain and typically competitive or lower-priced than quinoa, RightRice® also supplies 11g of complete protein per serving. Ounce-for-ounce RightRice® has comparable complete protein to salmon, 3 times the protein in tofu, and 25% more protein than most alternative meats (Beyond Meat, Impossible Burger).
- Expanded Retail distribution of Mozaics™ Real Veggie Chips with the addition of Whole Foods Markets entire US store group. 515 Whole Foods Stores are now stocking 3 SKUs of Mozaics for 1,545 points of distribution for the brand. Negotiated as a profitable retail distribution partnership from the outset, this distribution provides excellent brand visibility and awareness in retail locations that are a perfect fit for the Company's core customer demographic of 'flexitarian' consumers adding 'better for you' plant-based foods to their pantries.
- Doubled topline sales in Direct-to-Consumer Ecommerce channel PlantingHopeBrands.com from Q3 2022 to Q3

2023 through cross-sell initiatives, promotions, and optimized user experience. Notably, the Company grew its average order value by 22% to over $60 USD per transaction. Additionally, the Company is continuing to see strong (~5.7) 'Return On Ad Spend' (ROAS) on Amazon.com with demonstrated customer loyalty and repeat purchase rates of 40%. Company products sold online have an average customer rating of 4.8 out of 5 stars. Ecommerce is a profitable area for the Company and has multiple operational and customer development benefits; this is a potential area to scale more aggressively in the future with incremental marketing investment.

- Reduced and managed spend on SG&A expenses, including marketing, professional fees, freight, and payroll to align with resources and path to profitability.
- Planting Hope's team showcased RightRice® bulk foodservice product at CAVA Connect, the annual gathering of CAVA Mediterranean Restaurants senior management, regional directors, and store management personnel. In all, over 600 people were able to taste RightRice® in several new menu offering ideations, including CAVA's CEO and its Culinary Development team.
- Continued success on QVC with six additional airings across RightRice®, Mozaics™, and Veggicopia®, as well as a new product airing for Argo® Ready-To-Drink Teas in September 2023. All three Planting Hope Brands products with recurring spots on QVC were named as finalists in the QVC® 2023 Customer Choice® Food Awards. Mozaics™ Real Veggie Chips and Veggicopia® Greek Snack Olives were nominated for 'Best Snack' and RightRice® High Protein Veggie Rice was nominated for 'Best Smart Swap'. This marked the first nomination for Veggicopia® Greek Snack Olives; both RightRice® and Mozaics® were also nominated in 2022.
- Planting Hope Brands showcased multiple brands and products at the KeHE Foods Summer Show where Hope and Sesame® Chocolate Sesamemilk received the acclaimed 2023 KeHE Holiday Show On Trend® Award for the Dairy & Refrigerated category, marking the 12th major industry award for Hope and Sesame® since 2021. KeHE is one of the leading food and beverage distributors in North America, servicing more than 30,000 retail doors across the United States, from major grocery retail and specialty chains to natural retailers and independent grocery stores.
- Received articles and press mentions from notable publications including Nosh, Forbes, Consumer Reports, VegOut, Food Navigator-USA, Daily Mom, Crain's Chicago Business, and Vegconomist, resulting in over 100 million total potential impressions. Consumer Reports, the leading independent publication for consumer product information, featured sesame milk in the article <u>'Is Milk Good For You?'</u>, part of their September 2023 'Live Healthier Longer' issue. Sesame milk, described as having a 'toasty flavor', is called out as a core subcategory in plant milk next to almond, oat, soy, cashew, and coconut, and Hope and Sesame® is featured as the category leader in sesame.

Team Hires & Role Changes:

To complement the strategic shift to Foodservice, in the first half of 2023 the Company reorganized its Sales and Marketing divisions to direct resources to building out the Foodservice channel and to focus internal expertise on managing profitability in the Grocery Retail channel (targeting transactionally profitable business and increased velocity). The Company also realigned its brokerage partners to strategically fit its business objectives, and added key Foodservice representation, as reflected below:

- **Changed Role: James Curley, Co-founder / EVP Sales**

  Mr. Curley has returned to leading the Grocery Retail channel for Planting Hope, which he did prior to the hiring of the former Chief Sales Officer. Mr. Curley has 45 years of Sales and Business Development expertise in Natural and Specialty packaged food brands distributed across Grocery Retail and related channels. As both an executive and a consultant, Mr. Curley has led multiple teams that successfully grew sales from the 'start-up' phase to run rates exceeding $50 million in annual revenue. A recognized expert in consumer product development in the Natural/Specialty CPG arena, Mr. Curley is a featured expert at industry events, focusing on start-up and scaling dynamics for early-stage brands and on successful execution with Grocery Retailers and Food and Beverage distributors.

  <u>Mr Curley's focus in this role includes</u>: 1) eliminating transactionally unprofitable retail business; 2) realigning retail sales to focus on customers delivering profitability; 3) realigning distributor relationships and strategy to improve profitability; 4) strategically adding new transactionally profitable Grocery Retail distribution in key markets; 5) overseeing the profitability picture and strategic growth for the full Sales function at Planting Hope.

- **Promoted/Expanded Role: Jeannie Andolena – SVP of Marketing + Ecommerce**

  Ms. Andolena joined Planting Hope in March 2022 as the Company's Vice President of Ecommerce and has been promoted to Senior Vice President of Ecommerce and Marketing. Her responsibilities include the execution of the Company's digital strategy, revenue, and profitability across online channels, as well as overseeing and managing the Company's trade, consumer, and social marketing efforts. Ms. Andolena's background includes extensive training in the Consumer-Packaged Goods industry and senior leadership roles at Jet.com, Walmart.com, and online food distributor VEDGEco.

Ms. Andolena's focus in this role includes: 1) building an effective consumer marketing function leveraging low-cost, guerilla tactics including social media to drive brand awareness; 2) building brand partnerships; 3) driving E-tail revenue, with a twin focus on brand exposure and profitability, in channels from Ecommerce to QVC.

- **Added: Becky Harrison, VP of Foodservice**

  Ms. Harrison joined Planting Hope from Good Catch and Wicked Kitchen where she led the Foodservice initiatives for both brands. Prior to that, she developed the full Foodservice channel for Coconut Bliss (now owned by HumanCo). Ms. Harrison has expertise in pioneering, developing, and scaling brands across managed Foodservice operations, from colleges to Fast Casual dining to institutional Foodservice. Ms. Harrison is active in the Plant-Based foods industry, including the Plant-Based Foods Association.

  Ms. Harrison's focus in this role includes: 1) building out Planting Hope's brands across Foodservice channels; 2) adding and developing distributors and brokers; 3) developing scalable relationships with Fast Casual chains.

New Sales Partners and Brokerage Relationships:

The following new expert brokers and leading sales partners are now contracted to represent Planting Hope products in their designated channels and markets:

- Chef Andy Co (Entiat, WA) - Chef Andy Co. offers expert sales execution for Food Manufacturers in the Northwest region. Our services include end-user sales calls, distribution support and culinary support for R & D formulations and presentations.
- Melinda Cross Sales (Huntington Beach, CA) – offering representation of our brands to 'better for you' foodservice operators across Southern CA, including healthcare, Fast Casual, and education segments.
- Sunbelt Foods (Norcross GA) - Sunbelt Foods is a full service food sales and marketing company founded in Atlanta, Georgia in 1973. For over 40 years, Sunbelt Foods has provided its principals with in-depth market knowledge, lasting relationships with distributors, chain accounts and operators in Georgia, the South and nationally. Sunbelt is representing our entire Portfolio to regional foodservice operators as well as national operators based in their coverage area.
- Infinity Worlds (Bentonville AR), division of The Barcode Group - representing Planting Hope's brands to the Walmart corporate retail and club segments for in-store foodservice, retail, and club store opportunities.

OUTLOOK AND GROWTH

Throughout the balance of 2023, the Company's continued focus is on realigning its business for profitable scaling ahead, laying strong groundwork to scale Hope and Sesame®, RightRice®, and Mozaics™ in Foodservice, and growing Grocery Retail with a focus on transactionally profitable accounts and improving overall retail channel profitability. Strong focus is being paid to constructing a solid platform under the brands and the Company to scale the business rapidly and profitably after the achievement of ongoing break-even operations.

In looking at expansion opportunities, the Company is evaluating strategic relationships and opportunities that enable it to accelerate its Foodservice business. The Company announced in August 2023 that it had successfully closed an acquisition of the assets of Argo Tea®, a tea café company with a 20-year multinational brand and taken over its master agreements with managed Foodservice providers. This opportunity opens immediate active relationships with the top managed Foodservice operators (Aramark, Sodexo) and Foodservice distributors (Sysco, Performance Food Group), as well as previous agreements and relationships with Delaware North, Compass, and other managed Foodservice providers which became dormant due to COVID. In addition to a large North American footprint, each of these large managed Foodservice providers operates across multiple countries and geographies outside of the U.S., and each generates more than $10 billion in annual revenues, controlling multi-billions in annual food and beverage spend.

Key Priorities for the balance of 2023

Business building

- Key Priority: Hope and Sesame® Barista Blend in Foodservice - Partnering directly with distributors and brokers to open new cafés and restaurants for Hope and Sesame® Barista Blend Sesamemilk, including a heavy focus on driving café sampling, trial, and development and launch of Limited Time Offer (LTO) specialty beverages featuring sesame milk to drive consumer awareness and adoption. The Company is continuing to build out its network of regional café distributors, and in August 2023 announced the addition of leading regional distributors Pete's Dairy (Pacific Northwest) and DWC (Midwest).

- Associated Program: The 'Barista 1000' – In Q3 2023, the Company launched their 'Barista 1000' marketing program, with a goal of getting 1,000 new independent café customers to adopt Hope and Sesame® Barista sesamemilk on their menus by the end of Q2 2024. In addition to initial samples, the cafés are receiving a trial offer that enables them to receive free cases to test an LTO with their customers. It should be noted that the average café uses 5-10 cases per type of barista milk per week (oat, soy, almond). Extrapolated to sesame milk, the incremental revenue projected from each additional 1,000 cafés is estimated to add a minimum of -$1M/quarter.

  In the first month of this program more than 2,000 leading influential café owners, decision makers, and baristas were sampled directly by the Company or through its distributors (delivering sample products to their customers). Sampling is the most cost-effective marketing tool available. Given the limited investment costs required to sample a café and sponsor a trial, each café is transactionally profitable on an ongoing basis within 6-12 weeks from adoption.
  The Company sees the goal of 1,000 incremental leading independent cafés as a tipping point number to kick off accelerated adoption across the channel given the number of customers served by each café and the geography covered by the footprint. Early adopter cafés are powerful influencers and overall tend to reach a discriminating and engaged audience.

- Key Priority: Argo 2.0: The company is actively defining its forward looking plans for Argo cafes, including its strategic partners and products that will further the company's nutritional/ingredients with a purchase and sustainability missions. The Company is rebranding Argo 'bubbles' as Argo Bijoux® Jellies, providing them with branding that will fuel unique positing in beverage foodservice café distribution beyond Argo cafés (this expansion is a goal for 2024).

- Key Priority: RightRice® High Protein Veggie Rice in Foodservice: Partnering directly with distributors and brokers to open opportunities for RightRice® High Protein Veggie Rice in restaurants and managed Foodservice, including Fast Casual chains, building on the demonstrated success of RightRice® on both operational and consumer adoption levels in CAVA Restaurants and others. This includes the expansion of RightRice as an ingredient in prepared foods sold in Foodservice and at retail locations.

- Additional Priority: Mozaics™ Real Veggie Chips: Mozaics™ continue to succeed with consumers (for the second year in the row, voted top Customer Favorite by QVC customers), and the Company will continue to develop distribution in Foodservice channels as well as targeted Retail where it makes sense. Foodservice has long been in search of a 'healthy chip' that succeeds with consumers and can fit into grab & go sections adjacent to fried chips; Mozaics™ fill this gap. Currently Mozaics™ are distributed into corporate campuses with trials underway at multiple university campuses this Fall.

- Expand ecommerce and e-tail business; levering cost-effective social media marketing and influencer sampling to increase sales.

- Continue to build on success in social media marketing and influencer coverage through sampling to build awareness of all products. Goal: drive awareness of the products to increase online sales and to draw attention to the products outside of the crowded store environment where the consumer is focused on shopping their list, not on new item awareness.

- Target transactionally profitable retail opportunities, including clients like Warehouse/Club Retailers (i.e. Costco, Sam's, BJs), which do not require substantial initial upfront investment or support to deliver profitable sales.

- Continue accelerating consumer awareness of Hope and Sesame® Sesamemilk, driving trial, adoption, and usage though cafés with the aim of heightening future demand in grocery retail stores.

- 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).

- 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.

- Focus Product Development and innovation on new items or rollouts of new items acquired through strategic acquisitions on products with potential for significant scale within in Foodservice and direct application to the same customers and distributors already opened for current product lines.

Improved Profitability Through Strategic Cost Reduction:

- Continue to evaluate Grocery Retail and associated distributor programs for profitability, culling promotional programs without net positive return (i.e. associated increased retailer purchasing to support a visible and effective promotion), and cutting distribution that does not have a profitable near-term horizon.
- Renegotiate with Grocery Retail distribution partners and other vendors to cut costs where possible.
- Work with vendors and comanufacturers to identify areas to increase margin and reduce COGS on the production side.
- Identify lower cost distribution opportunities to reach retailers, including regional distributors.
- Cull unprofitable channels and/or products; focus inventory dollars on high-velocity, profitability-driving SKUs over developmental SKUs.
- Consolidate SKUs and production to a tailored combination of best-selling SKUs, allowing for more efficient production runs and lower COGS. It should be noted that the products with the most potential for significant scale in the Foodservice channel, including Hope and Sesame® Barista Blend Sesamemilk and Original RightRice®, are also the lower-cost SKUs within their product lines.
- Continue to evaluate ways to slim SG&A and variable expenses without impacting opportunity to grow profitability and long-term scaling.

Intellectual property valuation:

- The Planting Hope Company has a defined IP strategy, that includes a specific approach to development, protection, and continuous improvement to their IP assets. The Company has engaged global intellectual property (IP) valuation firm Metis Partners to conduct an in-depth third-party valuation of the Company's deep bench of IP (Planting Hope Recognized for Food Technology Leadership, IP Valuation Underway).

  Metis Partners' process includes identifying both an IP Score reflecting IP quality, as well as an IP valuation range. Depending on the strength of its IP Score, the Company could earn a coveted spot on the Metis Partners IP100 list. The Metis Partners IP100 is an annual ranking of companies based on a rating of their IP asset strength and track record in exploiting IP and is recognized as the leading global intellectual property league table. Per Metis Partners, businesses featured on the IP100 are the most effective at commercializing their IP assets. The Metis Partners IP scoring process involves an assessment of IP-specific data linked to the following IP asset classes: brands, software, patents, trade secrets, and critical databases. The IP100 research team uses its proprietary process to calculate an IP Score and subsequent ranking for each company.

  The Company received the results of this valuation, the Company's IP was valued at more than $50 million and ranked 32nd out of 100 on Metis's IP ranking list. (this valuation was done prior to the acquisition of Argo, as such the value of the Argo IP would be additive).

  Today the Company's deep IP bench is an unrecognized and unleveraged asset that it believes will be of significant size and value and be able to be used to secure additional non-dilutive debt financing. The Company is identifying channels to communicate their IP strategy and the value of their IP/Food Tech to the market and its shareholders.

SUMMARY OF FINANCIAL INFORMATION

(expressed in $)	Three months ended September 30		Nine months ended September 30	
	2023	**2022**	**2023**	**2022**
Revenues	1,922,155	3,673,626	7,877,745	9,548,886
Net revenues	1,591,981	2,684,424	5,594,083	7,165,877
Net loss	(2,711,888)	(4,995,567)	(7,384,669)	(4,568,124)

(expressed in $, except shares outstanding)	**September 30 2023**	**December 31 2022**	**December 31 2021**
Current assets	2,634,914	4,074,311	6,969,780
Current liabilities	7,345,823	7,257,391	11,381,984 (2)
Working capital deficit (1)	(4,710,909)	(3,183,080)	(4,412,204)

Add back:			
Derivative liability	–	–	7,084,160
Convertible notes	–	–	2,845,522
Adjusted working capital surplus (deficit) (1)	(4,710,909)	(3,183,080)	5,517,478
Total assets	7,864,022	9,840,872	7,591,605
Non-current financial liabilities (1)	4,342,059	944,707	496,367
Share capital	35,510,222	34,307,944	22,636,830
Total SVS equivalent shares outstanding	15,683,981	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 include a $7,084,160 derivative liability and $2,845,522 of convertible notes.

PERFORMANCE REVIEW

(expressed in $)	Three months ended September 30		Nine months ended September 30	
	2023	**2022**	**2023**	**2022**
Net loss	(2,711,888)	(4,995,657)	(7,384,669)	(4,568,124)
Add back:				
Interest and accretion	332,187	450,376	837,193	1,190,591
Amortization	140,646	135,227	417,353	380,695
Depreciation	42,868	38,630	128,937	110,982
Taxes	–	9,332	–	9,332
EBITDA (1)	(2,196,187)	(4,362,092)	(6,001,186)	(2,876,524)
Deduct:				
Equity-based compensation	175,630	398,147	568,802	640,496
Total other (income) expense	(119,885)	1,499,448	(1,027,333)	(4,839,892)
Adjusted EBITDA (1)	(2,140,442)	(2,464,497)	(6,459,717)	(7,075,920)

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

EBITDA for Q3 2023 improved in comparison to Q3 2022 as Q3 2022 includes the recognition of $1.7 million loss related to the change in the fair value of financial instruments on convertible notes which were converted in November 2022.

Adjusted EBITDA for Q3 2023 improved in comparison to Q3 2022 due primarily to an increase in gross profit combined with a reduction in SG&A expenses specifically within advertising and marketing and general office expenses.

Gross Profit

(expressed in $)	Three months ended September 30		Nine months ended September 30	
	2023	**2022**	**2023**	**2022**
Revenues	1,922,155	3,673,626	7,877,745	9,548,886
Trade spend	(307,312)	(828,978)	(1,924,792)	(2,082,185)
Spoilage and cash discounts	(22,862)	(160,224)	(358,870)	(300,824)
Net revenues	1,591,981	2,684,424	5,594,083	7,165,877
Trade spend as a % of revenues (2)	16%	23%	24%	22%
Cost of goods sold	(1,161,099)	(2,340,888)	(4,128,708)	(5,118,658)
COGS as a % of revenues (2)	60%	64%	52%	54%
Gross profit	430,882	343,536	1,465,375	2,047,219

(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

Revenue drivers for the 2023 periods include:

- Expansion of Hope and Sesame® Barista Blend Sesamemilk distribution in additional regional café distributors and coffee shops.
- Launch of RightRice®, Hope and Sesame®, and Mozaics™ 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.

Revenue earned in Q3 2023 was based on retail distribution and scaling in Grocery Retail, Foodservice, and E-commerce channels, primarily through ongoing growth accounts. Revenue decreases in Q3 2023 were primarily due to the strategic shift to curtail unprofitable retailer promotional programs and long-term developmental business requiring ongoing investment, in order to focus resources on higher profitability product segments and channels (i.e. Foodservice) and business that is transactionally profitable in the short term. Revenues were also depressed due to periodic inventory shortages resulting from working capital constraints during Q3 2023.

Trade Spend

Trade Spend consists of expenditures primarily associated with the Grocery Retail channel and includes 'slotting' expense for new store distribution, returns, shelf-worn chargebacks (spoils) and allowances, and promotional programs at retailer and distributor level, 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 Q3 2023 in comparison to Q3 2022 due to focused reduction of expensive legacy RightRice promotional programs. Trade spend in Q3 2023 does also reflect the close-out sales of short coded and discontinued SKUs.

The Company's primary direct and strategic marketing investments going forward are in tools that drive awareness of its products outside of the 'noise' of the crowded retail store environment where more than 20,000 SKUs compete for attention, including in cafés and restaurants.

The Foodservice channel, a primary focus for the Company going forward, does not require similarly deep levels of trade spend and promotional commitments; promotional activity is primary offered in terms of a discount or sampling to drive trial, customer testing and adoption. 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.

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 % 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% to 37%). In Q3 2023, COGS as a % of revenue was 60% in comparison to 64% for Q3 2022, 48% in Q2 2023, 51% in Q1 2023 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) reviewing 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 to 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 September 30		Nine months ended September 30	
	2023	**2022**	**2023**	**2022**
Payroll and recruiting	799,652	871,783	2,526,726	2,636,216
Professional fees	514,012	273,507	1,421,001	1,850,116
General office expenses	98,033	256,842	318,386	684,410
Outbound freight	256,291	436,851	776,411	1,101,313
Advertising and marketing	786,520	969,050	2,557,807	2,851,084
SG&A expenses	2,454,508	2,808,033	7,600,331	9,123,139

The Company intends to continue to scale in 2023 and intends to do so while continuing to focus on flat-line or reduction in overall expenses. In the 2023 periods, the Company was able to reduce SG&A by $1.5 million. Variances by category are explained below:

- Advertising and marketing expenses are lower in Q3 2023 than in Q3 2022 as the Company acquired significant 2022 marketing promotional commitments to Grocery Retailers with the acquisition of the RightRice® brand. For 2023, the Company has pulled back on the advertising and marketing efforts/programs initiated at the retail sales channel level and both streamlined and reallocated these resources. However, the Company is still receiving some residual charges from the 2022 programs that are impacting 2023 financials.

- Payroll and recruiting expenses, including contractor fees, for the 2023 periods are lower than in the 2022 periods due to focused efforts to reduce overhead spend, particularly in recruiting and outside labor.

- Professional fees incurred in Q3 2023 are higher than in Q3 2022 due to increases in consulting services to support investor relations activities and to focus on one-time initiatives like the IP Valuation and the acquisition of Argo Tea®. Professional fees are lower in the 9 months September 2023 than in the 9 months September 2022 as the 2022 period 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. The Company is continually sourcing and rebidding freight to new carriers with more competitive pricing and a focus on maintaining or increasing service levels while reducing costs.

- General office expenses are lower in the 2023 periods than in the 2022 periods 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, some of which are driven by the implementation of NetSuite ERP system across the Company's core functions, a process that was kicked off in Q3 2022.

Interest and Accretion

During Q3 2023 and the 9 months September 2023, the Company recognized $332,187 and $837,193, respectively, of interest and accretion compared to $450,376 and $1,190,591 in Q3 2022 and the 9 months September 2022, respectively. Although interest expense on convertible debt increased in the 2023 periods, the increase was offset by decreases in interest and accretion on short-term debt, imputed interest on lease liabilities and 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 Q3 2023 and the 9 months September 2023, the Company recognized $175,630 and $568,802, respectively, of equity-based compensation compared to $398,147 and $640,496 in Q3 2022 and the 9 months September 2022, respectively. Equity-based compensation in the 2023 periods primarily relates to the granting of 619,876 stock options and 645,362 restricted share units ("RSUs") to certain directors, officers, and employees of the Company in April 2023 as performance bonuses for 2022; no cash compensation was paid to employees for performance bonuses.

Amortization and Depreciation

During Q3 2023 and the 9 months September 2023, the Company recognized $140,646 and $417,353, respectively, of amortization compared to $135,227 and $380,695 in Q3 2022 and the 9 months September 2022, respectively. 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.

During Q3 2023 and the 9 months September 2023, the Company recognized $42,868 and $128,937, respectively, of deprecation compared to $38,630 and $110,982 in Q3 2022 and the 9 months September 2022, respectively. Depreciation relates to right-of-use assets and other property and equipment.

Other Income and Expenses

(expressed in $)	**Three months ended September 30**		**Nine months ended September 30**	
	2023	**2022**	**2023**	**2022**
Change in fair value of financial instruments	–	(1,663,983)	–	4,668,685
Loss on repayment of promissory notes	–	–	–	(30,821)
Gain on short-term debt settlement	–	–	978,426	–
Loss on convertible debenture conversion	(2,739)	–	(5,460)	–
Gain on accounts payable settlement	68,994	–	68,994	
Foreign exchange	53,630	164,535	(14,627)	202,028
Total other income (expenses)	119,885	(1,499,448)	1,027,333	4,839,892

The change in fair value of financial instruments reported in the 2022 periods relates to the revaluation of the derivative liability associated with convertible notes issued in 2021 and converted to shares in November 2022.

The gain on short-term debt settlement reported in the 9 months September 2023 relates to the settlement of promissory notes described below in the "Liquidity and Capital Resources" section.

The gain on accounts payable settlement reported in the 2023 periods relates to the settlement of $248,922 (CAD $334,551)) of accounts payable through the issuance of 711,810 SVS to the creditors at a deemed price of CAD $0.47 per SVS. The fair value of the 711,810 SVS was determined to be $183,762 (CAD $242,015) based on the CAD $0.34 market price of the Company's SVS on the date of settlement. As a result, the Company recognized a $68,994 gain on settlement of accounts payable.

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 September 30, 2023 unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. During the 9 months September 2023, the Company reported a net loss of $7,384,669 (9 months September 2022 –$4,568,124) and $3,785,133 of cash flows used by operating activities (9 months September 2022 – $6,256,015). As at September 30, 2023, the Company had an accumulated deficit of $44,945,188 (December 31, 2022 – $37,560,519) and a working capital deficit of $4,710,909 (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 September 30, 2023, the Company announced a private placement of convertible note units, obtained gross proceeds of $620,000 from the sale of future receipts and issued promissory notes for gross proceeds of $50,000. See the "Subsequent Events" section 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 nine months that includes continued growth and scaling with a focus on migrating to more profitable sales channels and customers, including Foodservice, as well as enhanced production and go-to-market efficiencies, improving realized margins. Ultimately, growth of the business and implementing a path to profitability by mid-2024 will support the Company's success as going concern 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 September 30, 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	5,245,363	5,245,363	–	–	–	5,245,363
Short-term debt	1,711,774	1,711,774	–	–	–	1,711,774
Convertible debt	4,098,834	239,639	–	5,504,777	–	5,744,416
Promissory note	206,514	60,000	65,000	145,000	–	270,000
Lease liability	399,461	37,562	151,321	277,306	–	466,189
Government loan	25,936	–	–	8,360	141,640	150,000
	11,687,882	7,294,338	216,321	5,935,443	141,640	13,587,742

The Company's liabilities as at September 30, 2023 include obligations relating to convertible debt (described below) with an aggregate face value of $5,504,777 (CAD $7,442,910) that mature in 2025 and 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 $0.50 Debentures and 2023 $0.42 Debentures into units at the Principal Conversion Price per unit.

Short-term Debt

	September 30 2023	December 31 2022
Promissory notes (a)	$ 63,292	$ 1,093,290
Credit facility (b)	895,540	1,807,000
Promissory notes (c)	427,029	–
Bridge loans (d)	325,913	–
	$ 1,711,774	$ 2,900,290

(a) Promissory notes

As part of the consideration for the 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 for the comparative period.

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.

In January 2023, the Company exercised the right of setoff in connection with indemnification claims it has asserted against the Seller withheld payment of Promissory Note 2. In May 2023, the Company and Seller signed a settlement agreement and mutual release. Pursuant to the settlement agreement, the Company will make a $100,000 payment to the Seller, of which $36,708 was paid during the nine months ended September 30, 2023, $10,000 was paid in October and November 2023, and the remaining $53,292 is due on or before January 31, 2024, as settlement of Promissory Note 2 plus all accrued and unpaid interest and net of setoffs. In connection with the settlement agreement, the Company recognized a $978,426 gain on settlement of promissory notes in the current period condensed interim consolidated statement of loss and comprehensive loss.

(b) 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 $5.9 million as at September 30, 2023, and is in place for 18 months to November 4, 2023. A facility fee of $65,625 equal to 1.75% of the maximum amount of the Credit Facility was charged and paid via proceeds from eligible accounts receivable which are first applied against the facility fee until fully repaid and next against accrued and unpaid interest. Proceeds from eligible accounts receivable in excess of the facility fee and accrued interest are paid to the Company. The facility fee is amortized to interest and accretion expense on a straight-line basis. The Company received an extension on the maturity date, resulting in an increase of the simple interest rate to 15.25% and additional fees of $6,067.

(c) Promissory notes

- On May 17, 2023, the Company executed a promissory note agreement (the "Note") with an unrelated individual (the "Holder") for proceeds of $129,990 (CAD $175,000). The Note bears interest at 10% per annum and matures on July 17, 2023. Unless paid earlier, the unpaid principal amount of the Note 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 July 17, 2023 (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, the effect of which is nominal and therefore not accounted for. The Note and accrued interest were repaid on July 28, 2023.
- On August 21, 2023, the Company entered into a bridge loan agreement (the "Loan") in connection with the Argo Tea® Acquisition with a third-party (the "Lender") for up to $1,000,000 of loan proceeds. The Loan is secured by the assets of PHB, for which such security is subordinated to the credit facility.

  The initial $400,000 tranche was advanced pursuant to a promissory note on August 21, 2023, is due on August 18, 2024, and bears interest at 11% per annum on the basis of a 360-day year. Under the terms of the Loan, subject to TSXV approval, the Company intends to issue to the Lender 1,547,714 warrants exercisable at CAD $0.35 CAD SVS for a period of 36 months following the date of issuance. No additional funds were advanced under a second tranche.
- On September 26, 2023, the Company executed a promissory note agreement (the "Note") with an unrelated individual for proceeds of $22,206 (CAD $30,000). The Note is unsecured, bears interest at 8% per annum and matures on November 26, 2023.

(d) Bridge loans

Between June 8 and July 14, 2023, the Company received an aggregate of $322,920 (CAD $428,899) of proceeds pursuant to bridge loan agreements (the “Bridge Loans”) signed with various current and new investors (the “Lenders”). The Bridge Loans mature on the date which is the earlier of (i) January 19, 2024, and (ii) the date that the Company closes a financing for gross proceeds greater than CAD $12.5 million. The Bridge Loans are unsecured, bear interest at 10% per annum, accruing daily on each amount advanced from the date of advance, compounding monthly and payable on the maturity date. The Company may prepay the Bridge Loans and accrued interest, upon 30 days’ prior written notice, at any time without premium or penalty.

Subject to the approval of the TSXV, the Company will issue to each Lender a number of warrants that is the CAD amount advanced divided by CAD $0.34, being the closing market price of the Company’s shares on July 19, 2023. This equates to a total of 1,261,468 warrants in respect of CAD $428,899 of Bridge Loan proceeds. Warrants will be exercisable at CAD $0.34 per SVS for a term of one year from the date of issuance.

Convertible Debt

		September 30 2023		December 31 2022
Convertible debentures (a)	$	3,989,530	$	589,422
Convertible note interest (b)		109,304		101,990
		4,098,834		691,412
Current portion		(239,639)		(144,913)
Long-term portion	$	3,859,195	$	546,499

(a) Convertible debentures

(i) 2022 Convertible Debentures

As at 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”).

At any time prior to the maturity date, holders of the 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 subordinated voting share (“SVS”) at an exercise price of CAD $0.80 at any time prior to the maturity date.

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 TSXV) 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.

- Conversion of principal amounts

  On May 16, 2023, the Company issued 90,909 units for the conversion of $37,160 (CAD $50,000) principal amount of 2022 Debentures at which time the Company recognized a $2,721 loss on convertible debt conversion.

  On July 14, 2023, the Company issued 90,909 SVS upon the conversion of $37,930 (CAD $50,000) principal amount of 2022 Debentures at which time the Company recognized a $2,739 loss on convertible debt conversion.

- Conversion of interest

On June 8, 2023, the Company issued an aggregate of 137,049 SVS for the payment $6,166 (CAD $8,236) bonus interest and unpaid accrued interest on the converted 2022 Debentures converted on May 16, 2023, and $32,308 (CAD $43,158) of other unpaid accrued interest at an Interest Conversion Price of CAD $0.375.

On August 23, 2023, the Company issued 901,766 SVS as payment of $186,982 (CAD $253,397) of interest owing on 2022 Debentures at an Interest Conversion Price of CAD $0.28.

On September 15, 2023, the Company issued 24,367 SVS as settlement of $4,594 (CAD $6,214) of bonus interest and unpaid accrued interest on the 2022 Debentures converted on July 14, 2023, at an Interest Conversion Price of CAD $0.255.

The September 30, 2023, face value of the 2022 Debentures is $1,759,213 (CAD $2,378,600) representing the $1,570,726 (CAD $2,123,750) principal amount plus $188,487 (CAD $254,850) of bonus interest.

(ii) 2023 $0.50 Debentures

In February and March 2023, the Company completed the private placement of unsecured, non-transferable convertible debentures (the "2023 $0.50 Debentures") in two tranches for aggregate gross proceeds of $2,924,679 (CAD $4,004,600) representing the principal amount, of which $981,941 (CAD $1,250,500) matures on February 28, 2026, and $2,005,738 (CAD $2,754,000) matures on March 13, 2026. The 2023 $0.50 Debentures bear interest at 10% per annum, payable semi-annually in arrears. 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 $0.50 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 $0.50 Debenture holders to redeem, by cash payment, the principal amount of the 2023 $0.50 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 TSXV) 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 $0.50 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 for six months plus one day from the closing date.

At issuance, the principal amount of the 2023 $0.50 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 $0.50 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 the 2023 $0.50 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.

The debt portion, net of attributed issue costs, is accreted using an effective interest rate of approximately 1.4% per month. Accretion expense is included in accretion and interest expense in the consolidated statement of loss and comprehensive loss.

The September 30, 2023, face value of the 2023 $0.50 Debentures is $2,961,802 (CAD $4,004,600) representing the principal amount.

(iii) 2023 $0.42 Convertible Debentures (require confirmation of $0.50 agreements modified to $0.42)

On August 23, 2023, the Company completed the private placement of $791,111 (CAD $1,059,710) principal amount of unsecured, non-transferable convertible debentures (the “2023 $0.42 Debentures”). The 2023 $0.42 Debentures bear interest at 10% per annum, payable semi-annually in arrears and mature on August 23, 2026.

The terms of the 2023 $0.42 Debentures are identical to those of the 2023 $0.50 Debentures except that the 2023 $0.42 Debentures are convertible into units of the Company at CAD $0.42 per unit where each unit is comprised of one SVS and one warrant exercisable into one SVS at an exercise price of CAD $0.50 at any time prior to the maturity date.

The 2023 $0.42 Debentures, SVS, warrants and underlying securities of the Company issuable on conversion or exercise are subject to a hold period and may not be traded until December 24, 2023. In addition, the SVS, warrants and underlying securities will not be transferable or saleable until February 24, 2024.

The estimated fair value of the principal amount and interest payable was determined to be $647,958 (CAD $865,710) based on the present value of expected cash flows discounted at 19% and the $143,153 (CAD $194,000) the residual portion of the 2023 $0.42 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 incurred approximately $19,614 (CAD $26,273) of 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.

The debt portion, net of attributed issue costs, is accreted using an effective interest rate of approximately 1.5% per month. Accretion expense is included in accretion and interest expense in the consolidated statement of loss and comprehensive loss.

The September 30, 2023, face value of the 2023 $0.42 Debentures is $783,762 (CAD $1,059,710) representing the principal amount. During the nine months ended September 30, 2023, the Company recognized $8,220 of interest expense on the 2023 $0.42 Debentures.

(b) 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 (the “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 September 30, 2023, the aggregate balance of accrued and unpaid interest due in respect of the Notes was $109,304.

Promissory Note

Pursuant to the Argo Tea® Acquisition completed on August 21, 2023, the Company issued a $270,000 unsecured, non-interest bearing promissory note to Golden Fleece payable in graduated installments of $60,000 on November 30, 2023, $65,000 on November 30, 2024, $70,000 on November 30, 2025 and $75,000 on November 30, 2026. The $206,514 amortized cost of the promissory note was determined based on the present value of future cash flows discounted at 17.5%

Government Loan

As at September 30, 2023, the Company had a government loan with an amortized cost of $25,936 (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

- Included in accounts payable and accrued liabilities as at September 30, 2023 and December 31, 2022, is $5,952 of reimbursable corporate expenses due to related parties.
- During Q3 2023 and the 9 months September 2023, the Company incurred $18,000 and $54,000 (Q3 2022 and the 9 months September 2022 – $27,046 and $70,345), respectively, of consulting fees charged by the sibling of a founding

member. As at September 30, 2023, accounts payable and accrued liabilities included $58,000 (December 31, 2022 – $30,000) due to this related party.

- An individual who is an officer and director of the Company is a Lender under the Bridge Loans for a loan of $10,000 (CAD $13,254) for which the related interest expense recognized in the consolidated statement of loss and comprehensive loss for the period is $257.

SUBSEQUENT EVENTS

- On October 7, 2023, the Company announced a non-brokered private placement of convertible note units ("Units") for aggregate gross proceeds of up to $5,000,000 available to U.S. and international investors outside of Canada. Each Unit shall be comprised of one 10% unsecured convertible note of the Company with a face value of $1,000 (each, a "Note") and 1,925 SVS purchase warrants of the Company.

  Each Note shall mature 36 months from the date of issue (the "Maturity Date") and will bear interest at 10% per annum on the basis of a 360-day year, payable annually in arrears commencing on March 31, 2024. Interest may be paid, at the election of the Company, either in cash, subject to the prior approval of the TSXV, in SVS of the Company at a deemed price per SVS equal to the greater of (i) the 30-day trading volume weighted average price of the SVS for the 30-day trading price ended five days immediately prior to each interest payment date ("the 30-day VWAP"); (ii) CAD $0.25; and (iii) the last closing price of the Company's SVS on the TSXV immediately prior to the interest payment date (or such other minimum price prescribed by the TSXV).

  Subject to the approval of the TSXV, at any time prior to the Maturity Date, the Company shall have the right, but not the obligation, to convert all or any part of the Notes into SVS at a conversion price per SVS equal to the greater of (i) the 30-day VWAP and (ii) CAD $0.25.

  Each warrant shall be exercisable into one SVS at an exercise price of CAD $0.35 for 36 months from the date of issue which must occur on or before March 31, 2024. In the event the Company files a registration statement with the SEC or the 30-day VWAP exceeds CAD $0.50 at any time for 30 consecutive trading days, the Company may, at any time thereafter, accelerate the expiry date of the warrants on no less than 10 business days' notice to the warrant holders.

  All amounts converted from USD to CAD under the terms of the Units shall be done using a foreign exchange rate equal to the Bank of Canada conversion rate of USD to CAD on the date that is five trading days immediately prior to each Note conversion date or interest payment date.

- On October 13, 2023, the Company entered into an agreement for the Sale of Future Receipts pursuant to which the Company sold $367,250 of future receipts for gross cash proceeds of $250,000 less $5,995 of fees. The buyer will collect a weekly amount of $11,495 until the $367,250 amount sold is collected.

- On October 27, 2023, the Company entered into an agreement for the Sale of Future Receipts pursuant to which the Company sold $536,500 of future receipts for gross cash proceeds of $370,000 less $18,500 of fees. The buyer will collect a weekly amount of $20,635 until the $536,500 amount sold is collected.

- In October 2023, the Company executed promissory note agreements (the "Notes") with an individual who is an officer and director of the Company for aggregate proceeds of $50,000. The Notes are unsecured, bear interest at 8% per annum and mature six months from the date of issuance.

- On November 6, 2023, the Company entered into an amended Credit Facility agreement with CircleUp Credit Advisors LLC to extend the maturity date of the Credit Facility to February 4, 2023 and increase the simple interest rate to 15.25% per annum. The Company incurred a $6,067 underwriting fee for the extension.

SHARE CAPITAL

	Equivalent SVS (1)	Warrants (2)	Warrants (3)	Stock options (2)	RSUs (2)
Balance, December 31, 2022	111,968,971	13,216,897	180,000	2,091,287	2,516,434
Issued/granted	3,715,010	181,818	–	619,876	645,362
Exercised	–	(1,758,200)	–	–	–
Forfeited	–	–	–	(494,937)	(527,524)
Balance, September 30, 2023	**115,683,981**	**11,640,515**	**180,000**	**2,216,226**	**2,634,272**
Issued	–		–	–	–
Forfeited	–	–	–	–	(374,115)
Balance, date of MD&A	**115,683,981**	**11,640,515**	**180,000**	**2,216,226**	**2,260,157**

Pending approval of the TSXV	690,209	2,809,182	–	–	(690,209)
Balance upon receipt of approval	**116,374,190**	**14,449,697**	**180,000**	**2,216,226**	**1,569,948**

(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 September 30, 2023:

	SVS	MVS	Performance warrants exercisable into SVS	Performance warrants exercisable into MVS	Stock options exercisable into SVS
Balance, September 30, 2023	40,974	104	64,800	198,000	292,652
Scheduled release:					
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	Q3 2023 $	Q2 2023 $	Q1 2023 $	**FY 2022 $**	Q4 2022 $	Q3 2022 $	Q2 2022 $	Q1 2022 $	Q4 2021 $
Revenues	1,922,155	2,718,897	3,236,693	**12,211,743**	2,662,857	3,673,626	3,344,517	2,530,743	358,964
Net revenues	1,591,981	1,563,258	2,438,844	**8,980,769**	1,814,892	2,684,424	2,480,929	2,000,524	254,412
Net income (loss)	(2,711,888)	(2,215,440)	(2,457,341)	**(7,805,766)**	(3,237,642)	(4,995,657)	1,149,329	(721,796)	(8,636,430)
Basic net income (loss) per share	(0.02)	(0.02)	(0.02)	**(0.08)**	(0.03)	(0.05)	0.01	(0.01)	(0.13)

Significant quarter-over-quarter variances are explained below:

- Q3 2023 net loss is higher than the net loss for Q2 2023 due to $0.98 million gain on short-term debt settlement recognized in Q2 2023 offset by gross profit earned in Q3 2023 and lower SG&A expenses.
- Q2 2023 net loss decreased compared to Q1 2023 due to the $0.98 million gain on short-term debt settlement which offset the decrease in revenues and net revenues.
- Q1 2023 net loss decreased compared to Q4 2022 due to a 22% increase in revenues and a 34% increase in net revenues versus Q4 2022 combined with a decrease in SG&A expenses and interest and accretion expenses.
- 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; Q3 2022 also included distribution warehouse pipeline-loading orders to support new Grocery Retail distribution for new shelf sets reset in early Q4 2022.
- 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 included substantial one-time charges and non-cash adjustments due to merger and IPO expenses, related accounting adjustments and one-time professional fees.
- 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 ANTICIPATED LOSSES

In addition to the other risk factors in this MD&A and in the Company's MD&A 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 (i.e. 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 September 30, 2023 had an accumulated deficit of $45 million. Historically, this accumulated deficit increased due to operating losses including a loss of $17.6 million in 2021 which included $3.7 million of merger transaction costs, a $5.6 million charge for the change in fair value of financial instruments and $2.6 million of equity-based compensation. Operating losses in other years were between $2.5 million and $7.8 million per year, including non-cash items and accounting adjustments (i.e. change in fair value of financial instruments, accretion of debt costs, amortization and depreciation and equity-based compensation). 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 the 9 months September 2023, the Company derived approximately 57% of its gross revenues from four direct customers and direct-to- consumer e-commerce platforms (9 months September 2022 – 56% 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 are 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 a 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 of 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 September 30, 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 is 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.