Naturally Splendid Enterprises Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Nine Months Ended

September 30, 2020

This Management's Discussion and Analysis ("MD&A") for Naturally Splendid Enterprises Ltd. ("Naturally Splendid" or the "Company") has been prepared as of November 26, 2020. It should be read in conjunction with the unaudited consolidated interim financial statement of the Company for the nine months ended September 30, 2020 (the "Financial Statements") and related notes thereto, which have been prepared in accordance with International Financial Reporting Standards, ("IFRS") as issued by the International Accounting Standards Board. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Statements in this MD&A that are not historical facts are "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. Readers are cautioned not to put undue reliance on forward-looking statements. Forward-looking statements is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook.

Forward-looking statements involves known and unknown risk, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in the forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking statements contained in this MD&A.

COMPANY OVERVIEW

Naturally Splendid develops, manufactures, and distributes nutritional, natural products focused on plant-based ingredients.

The Company has established multiple Divisions to support a thriving business developing and manufacturing mainstream plant-based food, as well as nutritional and sports related products.

The Company owns a food manufacturing facility, Prosnack Natural Foods and is a joint venture partner in Plasm Pharmaceutical Inc. Additionally, the Company owns several established plant-based brands that are primarily for human consumption. However, the Company also owns pet lines for the canine and equestrian markets as well.

Naturally Splendid owns 100% of Prosnack Natural Foods (Prosnack) which operates a Safe Quality Food (SQF) certified manufacturing facility in Pitt Meadows BC. Prosnack manufactures Company owned brands as well as provides contract manufacturing for a variety of SME Clients.

The Company manufactures a wide range of bars and bites in our 20,000 square foot, Safe Quality Food (SQF) certified, food manufacturing facility, located in Pitt Meadows, BC.

For products in our product portfolio that are not manufactured in our own SQF food manufacturing facility, the Company has forged strategic relationships with several contract manufacturers that are utilized for certain products/ingredients.

Naturally Splendid will own 16% of Plasm Pharmaceutical Inc. (PLASM) upon the completion of a joint venture agreement financial terms. PLASM is a joint venture formed for the purpose of commercializing multiple uses of the drug Cavaltinib™ that has been licensed to PLASM.

Health Canada has authorized PLASM to conduct a phase 2 clinical trial for a potential COVID-19 treatment. Cavaltinib™ is a plant-based drug originating from curcumin, being derived through patented extraction technology. In addition to use as a potential COVID-19 treatment, additional indications from the phase 2 clinical trial with the target drug Cavaltinib™, are anticipated to potentially present additional applications in the area of respiratory ailments as well as inflammatory conditions.

Naturally Splendid has several Company owned brands featuring plant-based ingredients including: NATERA™ Plant Based Foods: NATERA™ Hemp Foods; NATERA™ Sport; CHII™ Hemp Foods; Elevate Me™ protein bars; Woods Wild™ mushroom fortified bars; Pawsitive FX™ for the canine market; and Timer's Nutrition™ for the equestrian market.

The Company is committed to providing plant-based products to ensure a better quality of life for humans, pets and livestock.

Historically, distribution has largely been in Canada. While this remains true, the Company has expanded its distribution network and currently exports into the United States, Australia and South Korea.

PUBLIC MARKETS

The Company's common shares are listed on the TSX Venture Exchange under the symbol "NSP" and on the Frankfurt Stock Exchange under the symbol "50N". The Company is also quoted on the US OTCQB board under the symbol "NSPDF"

HISTORY

The Company's initial foray into plant-based nutritional products began over twelve years ago, focusing at that time on hemp. The Company has established a thriving business developing mainstream and niche plant-based products, designed for grocery and the sports and active lifestyle markets. Most recently, the Company has expanded the range of plant-based products to include nutraceutical and pharmaceutical applications.

Previously, the Company was positioning for the potential opportunities in the evolving cannabis edibles market. At that time, the Company anticipated the cannabis edibles opportunity represented significant growth and revenue potential.

However much of the cannabis industry continues to be challenged with finding viable economic models and the edibles market has simply not met industry forecasted expectations. Furthermore, regulations surrounding cannabinoid edibles continue to be slow to evolve, somewhat limiting the commercialization of such products which has proved to be problematic for much of the cannabis edibles market. Therefore, in response, the Company has suspended business activities in the cannabis edibles market as of April of 2020.

This decision to suspend pursuing the cannabis edibles market was made for several reasons, including the continued uncertainty surrounding cannabis edible regulations in Canada as well as abroad.

The Company continues to expand business by focusing on manufacturing a more mainstream roster of products focused on plant-based ingredients. The plant-based market has proven to be one of the fastest growing consumer trends over the past two years and is expected to grow at a rate outpacing most every other food consumer category.

The strategic decision has been made to direct our focus and resources on the rapidly growing plant-based consumer markets. Plant-based products are rapidly going mainstream and Naturally Splendid has been positioning for this opportunity over the past year and in fact can be argued that the foundation of the Company has been plant-based focused since the origin of Naturally Splendid.

The Company continues to focus energy and resources towards our food manufacturing business that produces nutritious, plant-based, bars and bites for the North American market and continues to derive the majority of revenue from its food manufacturing business from two diverse, yet complimentary revenue streams. Contract manufacturing represents 62% of revenue, while the remaining 38% can be attributed to Company Brands such as NATERA™ Sport, Elevate Me™ and Woods Wild Bar™.

Naturally Splendid product lines are not limited to in-house manufacturing. The Company has several strategic relationships with manufacturers that produce additional products for the sports and nutraceutical markets.

OPERATIONS
Prosnack Natural Foods Inc.
Plasm Pharmaceutical Inc.
Naturally Splendid Hemp Processors Ltd.

Prosnack Natural Foods Inc.
Safe Quality Food Certified (SQF) Food Manufacturing Facility, Pitt Meadows, BC

On October 18, 2017, the Company acquired 100% of Prosnack Natural Foods Inc. ("Prosnack"), a producer of Elevate Me™ energy bars and products as well as private label foods and related production equipment. The Company paid $278,499 by way of 1,345,752 common shares of the Company and $101,000 in cash.

The Company was able to remove a financial obligation to the former Prosnack shareholders who would have received 25% of the sales above a certain target, up to a cumulative maximum of $1.2 million.

Prosnack's results are consolidated with the Company's results from the date of acquisition.

The Company has purchased additional manufacturing and packaging equipment to increase both production capacity and margins. This additional investment of approximately $250,000, increases capacity to a total of over 2,500,000 bars and bites a month. By adding a second shift, capacity increases to over 5,000,000 bars and bites per month. With additional manufacturing and packaging equipment, it is anticipated the range of clients the Company can service, will be expanded.

The Company has evolved and differentiated itself by expanding its ingredient offerings to include a wide range of plant-based ingredients while providing services that include custom formulation with our in-house R&D Department and contract manufacturing in our Safe Quality Food (SQF) food manufacturing facility.

Additionally, the Company further distances itself from competitors by utilizing proprietary or novel ingredients like HempOmega™ and our unique hemp protein isolate and engages our internal R&D department with a focussed approach developing a range of plant-based products– ultimately creating widely distributed value-added products.

Recognizing the growth in plant-based nutrition overall, the Company has expanded its ingredient and product offerings resulting in commercially successful bars and bites being distributed North American wide with plans to expand internationally.

Hemp remains a key ingredient in many of the Company's recipe formulations, however, the Company has expanded its roster of plant-based offerings far beyond hemp products.

With certifications such as Safe Quality Food (SQF), HACCP and cGMP, clients are assured the products they buy meet international standards for food safety and quality. Our SQF certification creates a competitive advantage for the Company to secure significant contract manufacturing clients as well as creates the opportunity to take Company branded products to retailers such as Whole Foods and Costco who demand products be manufactured in highly certified facilities.

The Company currently manufactures a wide variety of bars and bites for their own in-house brands such as NATERA™ Sport KEY-TO-LIFE bars in four flavours, Elevate Me™ with over a dozen SKUs, as well as the four mushroom fortified bars for the Woods Wild Bar™ line.

Pronack provides contract manufacturing services for a wide range of clients from SMEs to internationally recognized brands.

As consumer demands shift to more plant-based ingredients outpacing traditional food channels, the Company continues to expand its ingredient and formulation offerings to include a wider variety of plant-based proteins and omegas and developing products formulated with these plant-based ingredients.

Plasm Pharmaceutical Inc.
Plant-based pharmaceuticals for potential treatment of COVID-19 and other inflammatory ailments

On September 1, 2020, the Company entered into a Joint Venture Agreement ("JV Agreement") with Biologic Publishing Inc. ("Biologic") to form a joint venture for the purpose of further developing and pursuing phase 2 clinical studies, utilizing one of Biologic's patented technologies as a candidate for the potential COVID-19 treatment.

PLASM™ has been conceived and assembled for the purpose of further developing and carrying out clinical trials on the Cavaltinib™-Branded Drug(s) in the specific Field described in the License Agreement. The Field includes but is not limited to treatment and/or prophylaxis of respiratory indications, including COVID-19.

The Company will own 16% of the joint venture as well as a 10% royalty on gross sales of all products and applications arising from the clinical study. Biologic will own 82% of the joint venture with the remaining 2% ownership assigned to key personnel within Biologic at their discretion.

The Company will invest $500,000 into the joint venture for the purposes of conducting a Health Canada approved phase 2 clinical trial gauging the effectiveness of Cavaltinib™ as a potential treatment for COVID-19.

The Company will earn into the 16% ownership of the joint venture upon payment of the $500,000, to be made in five equal tranches as follows:
First tranche of $100,000 paid to PLASM on or before December 15, 2020
Second tranche of $100,000 paid to PLASM on or before January 15, 2020
Third tranche of $100,000 paid to PLASM on or before February 15, 2020
Fourth tranche of $100,000 paid to PLASM on or before March 15, 2020
Fifth tranche of $100,000 paid to PLASM on or before April 15, 2020

The Company shall issue 350,000 common shares to Biologic and 500,000 stock options to individuals of Biologic on closing of the JV Agreement.

Health Canada Approved Phase 2 Clinical Trial

On November 2, 2020 Health Canada provided a Notice of Authorization to proceed with a phase 2 clinical trial for a potential COVID-19 treatment utilizing the target drug Cavaltinib™. The Authorization Letter received November 2, 2020, follows the completion of a series of Information Request Notices from Health Canada regarding the clinical trial protocols.

The Company has now completed all required submissions and documentation required by Health Canada and has final approval to initiate the strategic execution of the phase 2 clinical trial for a potential COVID-19 treatment.

About Cavaltinib™

PLASM™ has secured licensing rights for this BIOLOGIC-owned patent that covers 38 countries.

BIOLOGIC has supplied Naturally Splendid with versions of the patented technology that Cavaltinib™ is based on, for almost two (2) years. In this time, the Company has gained an excellent overall understanding of the science and technologies that will be utilized in this clinical study.

Naturally Splendid's internal R&D Scientist, Mehrab Manteghian, who holds a Doctorate of Medicine degree as well a degree in food science, has reviewed the data from the clinical studies on this technology and will be actively involved through the clinical trial process.

Cavaltinib™ is an amplified variant of a current Biologic patented technology, that taken in capsule form, would greatly reduce or eliminate the need for virus infected patients to congregate in hospitals or clinics for infusions or other complex treatments.

The resulting benefit of this type of capsule delivery mechanism would make distribution of the treatment far more effective, at a fraction of the cost of treatment requiring hospitalization, which in turn could provide an extra layer of safety for front line medical staff.

We are optimistic that Cavaltinib™ can be a major part of a successful treatment plan for COVID-19 positive patients.

With this treatment option for those who are at high risk of morbidity or mortality, the goal is to provide hope while reducing the impact on Health Care Services and thus providing additional time for the scientific community to develop the right vaccines.

Cytokine storms are a common complication not only of COVID-19 but of other respiratory diseases caused by coronaviruses such as SARS and MERS. In fact, this mechanism of disease development is also similarly central to autoimmune and autoinflammatory diseases.

Cytokines are small proteins released by many different cells in the body, including those of the immune system where they coordinate the immune and inflammatory response against infection or other triggers.

Sometimes the body's response to the trigger can go into overdrive and such is the case-in the high-risk patients infected by the SARS -CoV-2 virus behind the COVID-19 pandemic. Cavaltinib™ has been shown to inhibit these cytokines. Research has already shown Cavaltinib™ irrefutably inhibits, the NF-kappa-B Signalling Pathway through mechanisms discovered by Biologic Pharmamedical's principle scientist, Franco Cavaleri. As a consequence of its down-regulation the inhibition of several downstream cytokines ensues; cytokines central to the 'cytokine storm' phenomenon characteristic of the COVID-19 pathology (IL-1, IL-2, IL-3, IL-6 and several other cytokines). Mitigation of this biological activity can help the patient survive the 'cytokine storm' and make it through to the antibody stage.

Naturally Splendid Hemp Processors Ltd.
Operations Decommissioned

On April 24, 2018, the Company agreed to acquire all the issued and outstanding shares of Absorbent Concepts Inc. (now known as Naturally Splendid Hemp Processors Ltd. (“NSHP”)), an organic hemp processor located in Abbotsford, Canada in exchange for assuming all the outstanding bank loans of NSHP as at the acquisition date. Concurrent with the closing of the share purchase agreement, the Company entered into a $200,000 interest bearing loan agreement at 5.5% per annum with the seller of NSHP where repayments will be contingent upon achieving milestones related to net income and other qualitative performance targets. The transaction completed on July 16, 2018. During the year ended December 31, 2019, the seller of NSHP left the Company and the loan payable was settled for no additional consideration. A gain on settlement of loan payable of $200,000 was recorded for the year ended December 31, 2019 in the consolidated statements of loss and comprehensive loss.

Currently, the Company has made the decision to decommission this facility and are investigating scenarios to relocate this facility closer to the source of the hemp biomass or sell the processing equipment and contract with hemp processors to provide bulk hemp commodities of hulled seed, hemp oil and hemp protein.

As at December 31, 2019, the remaining value of the equipment of $214,000 was reclassified to asset held for sale. The sale of this equipment has not been completed. As at September 30, 2020, management made the decision to not proceed with the sale of the manufacturing equipment. The estimated value of the equipment of $214,000 was reclassified from asset held for sale to property and equipment.

Company Owned Brands
Plant-based Products for Active Lifestyles
Plant-based Products for the Pet Market

Company Brands for Active Lifestyles
Naturally Splendid has developed and launched several Company owned plant-based brands for the active lifestyle market. The Company also has pet lines for the canine and equestrian markets.

NATERA™ is the Company’s feature brand that has three separate categories:

NATERA™ Plant Based Foods
NATERA™ Sport
NATERA™ Hemp Foods

NATERA Plant Based Foods
20 SKUs of plant-based, meat alternative products. Six SKUs for immediate launch

Naturally Splendid has signed an exclusive sales and distribution agreement for an extensive line of plant-based, meat alternative products, with one of Australia's most popular plant-based manufacturers.

The Company has come to terms with BettaLife Global Food Solutions of Australia for the exclusive sales and distribution rights for Canada for an initial term of two years with successive two year extensions. The Company has also been granted sales and distribution rights to access the United States market.

NATERA™ Plant Based Foods have over 20 SKU's ready to go for the North American market which will begin to be systematically rolled out over the next 6 months.

The NATERA™ Plant Based Foods retail line will include: Burgers, Schnitzel, Kiev, Sweet Chili Tenders, Nuggets, and Garlic Cheese Bites. NATERA Plant Based Foods will offer a range of plant-based alternatives for multiple categories including; beef, chicken, pork, fish, and shellfish.

In each category there are multiple products which in turn provides significant choice for consumers looking to include plant-based foods into their eating habits. NATERA™ Plant Based Foods is currently available for food service and is preparing for their retail and ecommerce launch targeted for Q4, 2020.

www.naterafoods.com

NATERA Sport
Plant-based bars, bites and supplements for the sports and active lifestyle markets

The Company has developed several plant-based bar formulations under several Company brands as well as markets a novel curcumin supplement, ProCurc™ 30.

Plant-Based Bars & Bites
Naturally Splendid has successfully launched its NATERA™ Sport KEY-TO-LIFE™ keto friendly bars, launched in over 2,000 retail stores across Canada.

Natera™ Sport KEY-TO-LIFE™ keto bars were developed, manufactured and marketed from within the resources of Naturally Splendid.

The Company had several new product launches timed for the first quarter of 2020. However, with the Covid-19 pandemic still causing disruptions, many of these launches are being rescheduled.

As well as the success of the NATERA™ Sport KEY-TO-LIFE™ bars, the Company has developed the novel 'NATERA™ Sport Bites' formulated by NSE Advisor, Formulator and 'Practitioner for players on the PGA Tour' by Naturally Splendid Advisor Dr. Stuart Love. NATERA Sport Bites have recently appeared in the widely read Golf Magazine's August and October editions in their monthly feature article, 'What's In My Bag'.

ProCurc™ 30
In February 2020, at CHFA Expo West, Canada's largest west coast health and nutrition tradeshow, the Company launched ProCurc™ 30 under the NATERA™ Sport Brand.

ProCurc™ 30 was formulated based on the strength of the amazing attributes of curcumin, a natural plant-based ingredient that has traditionally been utilized for it's anti-fungal, anti-bacterial and anti-viral properties in many cultures for hundreds of years.

Our curcumin formulated products are clinically tested, peer reviewed and have proven to be amongst the most powerful curcumin based anti-viral, anti-inflammatory and antioxidant products currently available in the market today, based on research recently published in medical journals.

The launching of ProCurc™ 30 has provided additional traction in the sports nutrition and supplement market. The Company will continue to add plant-based products to the NATERA™ Sports line.

www.naterasport.com

NATERA™ Hemp Foods
NATERA™ Hemp Foods have been a popular brand of Naturally Splendid since going public in 2013

Hemp can be said to have the most digestible protein of any plant on Earth and has a ratio of Omega 3 & 6 that according to the World Health Organization is perfect for human health.

The Company has identified and focused on the most popular SKUs under this brand, Hemp Hearts and Hemp Protein.
Hemp Hearts are produced in three flavours, Natural, Maple and Salted.
Hemp Protein is produced in three flavours, Natural, Chocolate and Vanilla.

www.nateralife.com

Additional Nutritional Bar Lines include:
Elevate Me™
Woods Wild Bars™

Elevate Me™
Fruit and nut-based nutritional bars for sports and active lifestyles.
Founded in 2003, Elevate Me™ is dedicated to providing food that combines great taste with healthy ingredients. We ensure that every ingredient on our labels is something you recognize.

Elevate Me™ products contain whole ingredients rich with nutrients and natural protein designed to help achieve a healthy lifestyle.

www.elevateme.com

Woods Wild Bars™
Four flavours of mushroom fortified bars are crafted to provide long-lasting energy while drastically reducing the number of carbohydrates and overall sugar content.

Sustainably picked gourmet mushrooms with powerful immune regulating and adaptogenic benefits paired with a robust array of antioxidants, vitamins, and minerals for the active lifestyle market.

www.woodswildbar.com

Additional Hemp Food Brand

CHII™ Hemp Foods
Originating in 1998, CHII is one of Canada's longest established hemp companies

The CHII™ line is mainly distributed through an e-commerce platform, marketing. These products are offered to the consumer as conventional or organic.

Hemp Hearts
Hemp Protein
Hemp Flour
Hemp Oil

www.chii.ca

Company Brands for the Pet Markets
The pet brands at Naturally Splendid are considered 'micro-brands' at this time. The Company is entertaining opportunities to collaborate with industry experts to build these products.

Pawsitive FX™

Timer's Nutrition™

Pawsitive FX™
PawsitiveFX™ is formulated to improving the health and wellness of canines. We ensure that our products use 100% natural ingredients that are not only healthy and safe for your pet, but that are also sustainable for the environment.
Three natural balms for the canine market for paw and snout health. The line also offers hemp oil for canine nutrition.

Happy Snout
Happy Paws
Strong Paws
Hemp Oil

www.pawsitivefx.com

Timer's Nutrition™
Timer's Nutrition is a line of hemp-based nutritional products for the equestrian market.

Several products have been tested for this market and the Company is looking to collaborate with industry experts to launch this line.
Currently, the Company has delayed the launch of this niche market to focus on the more mainstream plant-based nutritional markets for human nutrition.

SALES

Naturally Splendid sales can be separated into three categories; domestic; international; and e-commerce.

DOMESTIC SALES

In Canada, the Company has focused on retail sales of its Company Branded Products, servicing major retailers across the country by using a combination of National Brokers and Distributors managed by an internal sales force. Through this strategy, NSE has steadily increased the number of stores and in-store sales in Canada since March 2017.

The NATERA™ / Elevate Me™ brands have been distributed widely across Canada in retail stores such as Whole Foods, Metro, Sobeys, Nesters, Save On Foods, Donald's Markets, IGA, Natures Emporium and Urban Fare stores to name a few.

The Company will continue focusing on building national sales opportunities, leveraging the Prosnack relationship and building on the foundation of products that have been distributed in over 2,000 stores across Canada.

Additionally, the Company continues to increase private label and co-packing manufacturing capacity and as a result has attracted several significant contract manufacturing clients. The combined sales opportunities in these categories surpass the Company's branded product sales and will likely continue to do so thanks to the retail distribution network and marketing strength of these clients. The combined distribution networks of these clients represent an estimated 15,000 points of sale across Canada.

Collectively, Company branded products and contract manufacturing client's products, are available in most of the major retailers in Canada.

In addition to retail, the Company has now expanded into food service, selling to restaurants and diversifying its sales distribution channels, in turn increasing overall sales.

Food service represents a substantial area of growth for the Company and is trending to become a significant contributor to both top and bottom-line sales while opening new doors for the Company.

Naturally Splendid's most recent addition, NATERA™ Plant Based Foods will be the major focus of the Company expanding distribution across Canada.

INTERNATIONAL SALES

United States
The Company has distribution into the United States primarily through the TJX family of companies including: TJ Max, Marshalls and HomeSense.

Australia
During 2017 the Company developed its relationship with a major distributor with access to five key market segments; Retail, Food Service, Health Practitioners, Veterinarians and E-commerce. On November 9, 2017 the Company completed its first shipment to Australia. The Company is preparing to market its NATERA and Elevate Me™ brands of products (conventional and organic and bars, hemp seeds & hemp protein) to satisfy three of the five sectors as an initial launch; allowing for market research, customer acceptance and development of logistical elements to prepare for further key market segment penetration and product introductions.

South Korea
In 2016 the Company began exporting bulk hulled hemp seed to South Korea. In a 10-month span, the Company exported approximately $6,000,000 CDN to Korea. By the end of 2017 the price for bulk hulled

hemp seed prices declined by as much as 65%. Therefore, at that time, the Company made the decision to suspend exporting to Korea.

However, in Q2 of 2020, the Company experienced a resurgence in orders for bulk hulled hempseed from this region. The Company has shipped three containers of bulk hemp seed to South Korea, has taken orders for a fourth container of bulk hemp seed as well as pursuing additional contracts with these clients as well as new opportunities.

Additionally, the Company has developed a line of hemp and plant-based fortified products under the NATERA™ Sport banner that will be presented to Korean distributors. The hemp market in Korea has proven out in the past and is going through the expected consumer education process resulting in consumers seeking finished, value added nutritional products rather than the more basic hulled hemp seed.

Western Europe
Although sales continue via the ecommerce platform in the Western Europe market, results to date have been minimal. Therefore, the Company has adjusted strategies and are looking now to expand these distribution channels leveraging a more robust e-commerce platform. Advertising and promotion activities are being developed to build more awareness and generate sales opportunities.

Thailand
Naturally Splendid began nurturing a distribution relationship with a long-established Thai distribution company. The Company has presented to private industry as well as government organizations as hemp regulations evolve in Thailand. In addition to the hemp products presented initially, the Company will look to market our wider appealing, plant-based products in this territory.

Japan
The arrangement the Company had with the prior Importer/Distributor has been terminated. Developing relationships and markets in Japan requires a vital and necessary process that cannot be circumvented in order to have an orderly and lawful approval of our products, The Company is currently seeking an alternative Importer/Distributor to fill this role.

As Japan's hemp regulations continue to evolve in a favourable manner, the Company will look to market our wider appealing, plant-based products in this territory.

Naturally Splendid Expands E-Commerce Strategy

In April 2020, the Company expanded its e-commerce strategy in direct response to the rapidly changing purchasing habits of a wide segment of consumers. In this time of 'physical distancing', due to the ongoing pandemic, on-line shopping has increased significantly and is expected to continue this trend.

The on-going pandemic has altered many activities including daily shopping with more and more consumers resorting to online shopping for their purchases. Studies predict penetration rates, which are currently at 15 percent, are expected to increase to 25 percent by 2025, making a 67 percent increase in online sales in just five years.

The Company engaged the services of AMZing Marketing to assist with expanding its on-line sales presence and to begin selling its Company branded products on Amazon. AMZing Marketing are experts in e-commerce for over 15 years with a proven track record of increasing sales through on-line marketing campaigns. E-commerce accounts have been established and inventory sent to Amazon for distribution for several of these products.

With the recent pandemic outbreak and the need for social distancing measures more consumers are moving to on-line shopping for safety at first and then once exposed to this manner, many consumers will alter shopping habits to order on-line for convenience.

On November 13, 2020, Mr. Kris Tarr was added as an Advisory Board member. Mr. Tarr has over three decades of online marketing and e-commerce experience having worked for globally recognized organizations such as Coca Cola, Disney and Nickelodeon. As a consultant he has guided over a hundred small and medium-size businesses developing and implementing online, e-commerce strategies. Mr. Tarr will be assisting in the area of e-commerce and online marketing.

Our e-commerce strategy will bolster our company branded products sales over time. The products available on-line include; NATERA™ Plant Based Foods; NATERA™ Hemp Foods; NATERA™ Sport; Chii™ Hemp Foods; Elevate Me™, Woods Wild Bars™ and Pawsitive FX™.

COVID-19 Pandemic Update

On March 24, 2020, the COVID-19 pandemic took over the global world and markets forcing the Company to halt production for safety concerns while developing and then initiating new safety protocols . On May 19, 2020, the Company resumed production with limited employees respecting the new safety procedures including social distancing where possible to continue to fulfill sales orders.

Like many businesses, the pandemic has significantly impacted the Company's revenue for 2020. In this regards the Company is directing resources towards the new NATERA Plant Based Foods, as the 'meat alternative' category has outpaced traditional food categories prior to the pandemic and is actually benefiting.

BIOTECHNOLOGY & INNOVATION

Novel plant-based ingredients

Naturally Splendid continues to explore biotechnology opportunities that are based on botanicals and plant-based formulations.

Recently, the Company entered a non-binding Letter of Intent with Biologic Pharmamedical (Biologic) to license certain patented technologies from Biologic, to conduct a Phase 2 Clinical Trial for a potential COVID 19 treatment, using the target drug Cavaltinib™.

On September 1, 2020 a Definitive Agreement was executed with Biologic to pursue a phase 2 clinical trial for a potential COVID-19 treatment utilizing the target drug Cavaltinib™.

In addition to applications for Cavaltinib™ as it directly relates to COVID 19, the joint venture will have licensing rights to several other auto-immune, anti-inflammatory categories determined by the outcome of the clinical studies.

ProCurc 30, ProCurc 50, Cavaltinib™

Naturally Splendid launched ProCurc™ 50 under the NATERA™ FX banner, in 2019, In February 2020, the Company launched ProCurc™ 30 under the NATERA™ Sports brand. And currently, the Company has entered an LOI that will see Naturally Splendid and Biologic Pharmamedical form a joint venture to conduct a Phase 2 clinical trial for the drug, Cavaltinib™, for a potential COVID 19 treatment. The Company has been granted approval from Health Canada in regards to commencing a phase 2 clinical Ttial utilizing Cavaltinib™ as a potential treatment for COVID-19.

Company Proprietary, Novel, Plant-Based Ingredients
The development of HempOmega™, a micro-encapsulated hemp oil and a hemp protein isolate continues to be a focus of the Company. These proprietary ingredients can be used in product development for Company Branded Products as well as offered as unique ingredients, creating innovative products and formulations in several marketing sectors such as retail, health practitioners, food service, skin care and pets.

HempOmega™
Naturally Splendid is including HempOmega™ as an ingredient in the NATERA Pro 3-6-9 hemp protein, a functional beverage for athletic clients. NATERA™ Pro 3-6-9 was launched at the CHFA in August 2017. The Company commercialized its microencapsulated hemp oil, HempOmega™, by selling to Sipp Industries Inc. who were using the ingredient in the formula of unique Hemp Omega™ fortified craft beers.
Hemp infused IPA sold in five states. This opportunity is on hold due in part to pandemic and economic conditions in the United States.

Hemp Protein Isolate
The enthusiasm for plant-based protein ingredients is creating significant interest in our proprietary hemp protein isolate. The Company anticipated this consumer preference in the development of this product. Through our own efforts and in collaboration with other protein ingredient processors, the Company expects to capitalize on this latest food trend.

The Company has completed preliminary work formulating beverages utilizing HempOmega™ and will now continue R&D into the utilization of our hemp protein isolate into functional and sports beverages. Naturally Splendid will focus its resources on selling products developed proprietary with ingredients, such as HempOmega™ powder and HempOmega™ emulsion, as well as look for applications for the Company's proprietary technology.

OPERATIONS - PROSNACK ACQUISITION

On October 18, 2017, the Company acquired 100% of the issued and outstanding shares of Prosnack. Prosnack is a company that develops, manufactures, and distributes healthy lifestyle and meal replacement products throughout North America. Under the terms of the agreement, the Company paid $101,000 cash and issued 1,098,901 common shares with a fair value of $200,000 during the year ended December 31, 2017. The remaining 246,851 common shares with a fair value of $78,499 were recorded as an obligation to issue shares as at December 31, 2017 and were issued during the year ended December 31, 2018.

The acquisition of Prosnack was accounted for as a business combination. The resulting goodwill represents the established growth potential and synergies between Prosnack and the Company.

The Company performs an annual impairment test of goodwill at December 31 of each year. The recoverable amounts have been determined based on a value-in-use calculation using pre-tax cash flow projections from financial budgets approved by senior management. During the year ended December 31, 2019, the recoverable value was determined to be $nil resulting in an impairment charge of $404,067.

On closing of the transaction, the sellers of Prosnack and the Company entered into a five year earn-out agreement. During the term of the earn-out agreement, the Company was to pay a 25% commission on the sales exceeding a base rate generated by the Vice President of Sales and Marketing. This has been accounted for as contingent consideration payable and added to the purchase price. No payments have been made to date.

As at December 31, 2018, the fair value of the contingent consideration payable was reassessed in accordance with IFRS 9, and a loss on revaluation of contingent consideration payable of $565,000 was recorded in the consolidated statements of loss and comprehensive loss during the year ended December 31, 2018 due to a change in forecasted sales revenues.

During the year ended December 31, 2019, the earn-out agreement was terminated, with the departure from the Company of Prosnack principal, Alan Maddox.
No payments have been made and the contingent consideration payable was revalued to $nil resulting in a gain of contingent consideration payable of $965,000.

The changes in the contingent consideration payable for the periods ended September 30, 2020 and December 31, 2019 are as follows:

		September 30, 2020		**December 31, 2019**
Balance, beginning of year	$	-	$	965,000
Revaluation		-		(965,000)
Balance, end of year	**$**	-	**$**	-
Current portion		-		-
Long term portion	**$**	-	**$**	-

OPERATIONS – NATURALLY SPLENDID HEMP PROCESSORS LTD ACQUISITION

On July 16, 2018, the Company acquired 100% of the issued and outstanding shares of Absorbent Concepts Inc. (now known as Naturally Splendid Hemp Processors Ltd). NSHP is a company that previously produced organic hemp products. Under the terms of the agreement, the Company paid $1 cash and repaid loans of $640,018.

As the business was closed for some time before acquisition and was not considered to have inputs and processes, the acquisition of NSHP was accounted for as an asset acquisition. The consideration paid was recorded in the accounts of the Company at its fair value determined as follows:

Cash	**$**	1
Repayment of bank loans		640,018
	$	640,019

The net assets acquired, and the purchase price allocation was:

Accounts receivable	$	58,205
Inventory		212,498
Prepaid expenses		3,913
Property and equipment		805,568
Accounts payable		(164,067)
Long-term debt		(214,354)
Leases payable		(61,744)
	$	**640,019**

On closing of the acquisition, NSHP entered into a long-term loan agreement with the seller of NSHP for $200,000. The seller of the NSHP was also an officer of the Company. The repayment of the loan to the seller is dependent on satisfaction of 6 different milestones based on net income, the achievement of research and development milestones and continued employment. Should the milestones not be reached, the loan from the seller of NSHP will be forgiven and included in income.

As at December 31, 2018, $20,000 is classified as current portion of loan payable for milestones achieved and $180,000 is classified as long-term portion of loan payable for milestones not yet achieved and not expected to be achieved within twelve months.

During the year ended December 31, 2019, the seller of NSHP left the Company and the loan payable was settled for no additional consideration. A gain on settlement of loan payable of $200,000 was recorded for the year ended December 31, 2019 in the consolidated statements of loss and comprehensive loss.

MANAGEMENT AND BOARD OF DIRECTORS

Director (Chair), George Ragogna
Effective December 17, 2019, George was appointed Director of the Company. George has been working in the Financial Services industry for over 30 years. He has over 20 years of experience in progressive leadership roles for distribution at the Cooperators and was a Trustee for a $1 billion pension fund and is the Compliance and Privacy Officer. George is responsible for developing and executing annual business plans, identify new product risks and improve the company's distribution expenses. George's recent accomplishments outside of the Financial Services industry is in consulting and completing applications for individuals/Corporations seeking to become a Licensed Producer and has worked directly with Health Canada completing the application processes successfully.

Co-Founder, President, Chief Executive Officer and Director, Craig Goodwin
As of August 27, 2019, Co-Founder and current President, Mr. J. Craig Goodwin, will resume his role as CEO of Naturally Splendid in addition to maintaining his role as President and a member of the board of directors. Craig has focused on both domestic and international business opportunities including joint ventures and developing strategic partnerships. His role includes development of domestic and international sales and distribution channels, as well as creating and implementing sales strategies, while overseeing day to day sales and marketing activities. Australia, Asia and the EU are among the international sales and distribution opportunities that are in development. Craig has continued to act as the key contact for corporate communications which includes press releases, individual investor engagement, as well as potential institutional investors. Additionally, Craig has continued to raise capital through non-brokered Private Placements.

Co-Founder, Chief Financial Officer, Executive Director of Operations and Director, Bryan Carson
As of February 14, 2020, Co-Founder and current Executive Director of Operations, Mr. Bryan Carson became the CFO of Naturally Splendid. Bryan has taken on a significant role in operations, optimizing production capacity including on-going analysis of budgets, costing and margins. Bryan's increased attention in this area provided immediate returns in increased capacity and margins. He is also responsible for overseeing facility expansions and certifications such as SQF2 (Safe Quality Food Level 2).
Additionally, Bryan has taken a significant role in new product development, proactively creating market ready products in a variety of categories.

Director, Larry Gilmore
Effective November 1, 2020, Larry was appointed Director of the Company. Larry's professional career began in sales and marketing with internationally recognized brands such as; Libby's (Libby, McNeil and

Libby); Playtex Corp.; and Black and Decker. Larry has also owned and operated chain grocery outlets including owner / operator of a Super Valu grocery store and an IGA grocery store, both of which were located in Vancouver, BC. . More recently Larry has been advising small to medium business owners in infrastructure, financing, sales and marketing where he has a successful track record taking businesses with existing consumer bases and growing that business.

Director and Senior Management Advisor, Russ Crawford
On March 31, 2020, Russ resigned as a consultant of the Company. Effective October 29, 2020, Russ resigned as a Director of the Company.

Chief Financial Officer, Reena Sall, CPA, CMA
Effective January 6, 2020, Reena resigned as the Company's CFO.

Chief Operating Officer, Barry Dashner
Effective February 7, 2020, Barry resigned as the COO of the Company.

SELECTED ANNUAL INFORMATION

The following table includes information obtained from the audited consolidated financial statements of the Company and from its accounting predecessor. The audited consolidated financial statements for these fiscal years were prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

Statements of Loss Data	**Year Ended December 31, 2019 $**	**Year Ended December 31, 2018 $**	**Year Ended December 31, 2017 $**
Total Revenue	3,037,512	2,073,776	1,550,469
Cost of Sales	(2,114,712)	(1,549,652)	(1,333,434)
Expenses	(6,935,495)	(6,692,118)	(4,741,226)
Other Income (Loss)	(1,017,375)	(558,242)	154,016
Deferred Income Tax	-	43,652	43,808
Discontinued Operations	-	5,071,223	(490,179)
Net Loss	(7,030,070)	(1,611,361)	(4,816,546)
Basic and Diluted Loss Per Share	(0.06)	(0.01)	(0.06)
Statements of Financial Position Data	**As at December 31, 2019 $**	**As at December 31, 2018 $**	**As at December 31, 2017 $**
Total Assets	5,600,947	6,569,652	6,686,043
Total Current Liabilities	3,570,308	1,798,783	2,108,829
Total Non-Current Liabilities	1,312,545	1,143,296	821,531
Total Liabilities	4,882,853	2,942,079	2,930,360
Total Equity	718,094	3,627,573	3,755,683

SUMMARY OF QUARTERLY RESULTS

Certain comparative information has been restated to reflect the current presentation in the financial statements. All periods listed below were prepared in accordance with IFRS and are expressed in Canadian dollars.

	Three months ended			
	September 30, 2020	**June 30, 2020**	**March 31, 2020**	**December 31, 2019**
	$	**$**	**$**	**$**
Total revenue	323,195	305,381	720,255	677,987
Gross profit	30,368	(14,067)	126,629	191,549
Loss from operations	(911,215)	(1,108,183)	(1,320,761)	(3,402,598)
Comprehensive income (loss)	(911,215)	(1,108,183)	(1,320,761)	(3,402,598)
Basic and diluted income (loss) per share	(0.00)	(0.01)	(0.01)	(0.02)

	Three months ended			
	September 30, 2019	**June 30, 2019**	**March 31, 2019**	**December 31, 2018**
	$	**$**	**$**	**$**
Total revenue	635,984	950,738	772,803	769,736
Gross profit	199,755	281,962	249,534	110,889
Income (loss) from operations	(2,046,395)	(477,112)	(1,103,965)	(1,402,512)
Discontinued operations	-	-	-	5,102,068
Comprehensive income (loss)	(2,046,395)	(477,112)	(1,103,965)	1,653,463
Basic and diluted income (loss) per share	(0.02)	(0.00)	(0.01)	0.02

DISCUSSION OF OPERATIONS

Overview

On March 24, 2020, the COVID-19 pandemic took over the global world and markets forcing the Company to halt production for safety concerns. On May 19, 2020, the Company resumed production with limited employees to fulfill sales orders. The pandemic has significantly impacted the Company's revenue for 2020.

During the nine-month period ended September 30, 2020, the Company's sales decreased by approximately $1,010,700 from the comparative period. The Company had decreased sales in its private label bars and bites business by approximately $502,300 and other branded products increased by approximately $300. Branded hemp products decreased by approximately $294,000 and its new Natera Sport products decreased by approximately $214,700.

During the nine-month period ended September 30, 2020, selling and distribution expense decreased by approximately $140,000 largely due to decreased quality assurance costs, freight and employees and salaries. Administrative expenses decreased by approximately $1,490,000. Significant decreases include consulting fees, corporate promotion and amortization offset by increases in interest, penalties and legal fees.

Q3 Results

Revenue

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenue	$ 323,195	$ 635,984	$ 1,348,831	$ 2,359,525

Revenue during the nine-month period ended September 30, 2020 was $1,348,831 (2019 - $2,359,525). The Company had decreased sales in its private label bars and bites business by approximately $502,300 and other branded products increased by approximately $300. Branded hemp products decreased by approximately $294,000 and its new Natera Sport products decreased by approximately $214,700. The Company is focused on private label and branded sales and has entered the international markets such as US and Korea markets.

Costs of Sales and Gross Profit

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Cost of Sales	$ 292,827	$ 436,229	$ 1,205,901	$ 1,628,274
Gross Profit	30,368	199,755	142,930	731,251
Margins	9.40%	31.41%	10.60%	30.99%

Cost of Sales during the nine-month period ended September 30, 2020 was $1,205,901 compared to $1,628,274 in 2019. The Company changed its sales mix when compared to 2019 with an increase of export bulk seed sales, which, sold at a lower gross margin percentage, thus the nine-months ended September 30, 2020 provided lower margins due to the increase volume of bulk seed sales. The Company is now focused on its higher margin products and new commercial opportunities.

Selling and Distribution Expenses

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Facility	$ 215,769	$ 419,101	$ 890,275	$ 901,549
Freight and delivery	33,567	51,948	68,340	80,987
Product development, net of grants	-	11,357	-	11,705
Product promotion, net of grants	54,327	98,621	106,607	179,628
Inventory write-down and bad debts	79,696	141,200	231,219	262,475
Selling and distribution expenses	**$ 383,359**	**$ 722,227**	**$ 1,296,441**	**$ 1,436,344**

Selling and distribution expenses in total during the nine-month period ended September 30, 2020 decreased compared to the comparative period mainly due to the decreased facility expenses in 2020 which are mainly due to the decreased costs in production wages and salaries. Product development slightly decreased during the period as the Company looks forward to developing new products. Product promotion is related to the decreased promotion of the Natera Sports bars and bites. Also, during the nine-month period ended September 30, 2020 the Company had a write-down of inventory of $202,263 (2019 - $121,275) and bad debts of $28,956 (2019 - $nil).

Administrative Expenses

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Accounting and audit	$ 19,500	$ 526	$ 58,500	$ 259,214
Amortization and depreciation	162,269	267,019	456,955	653,699
Bank charges and interest	30,807	19,356	111,255	45,774
Corporate promotion	76,968	163,481	368,816	427,999
Directors' fees	10,000	10,000	30,000	39,500
Interest on lease liabilities	35,161	38,709	108,239	118,570
Legal	39,731	12,030	76,333	59,046
Management and consulting	122,806	614,389	404.376	1,268,309
Office, rent and salaries	274,104	440,194	875,029	1,135,958
Share-based payments	-	-	-	66,852
Transfer agent and filing fees	24,015	23,715	45,234	72,000
Travel	2,392	10,674	14,931	27,371
	$ 797,753	**$ 1,600,093**	**$ 2,549,668**	**$ 4,040,477**

Administrative expenses decreased in 2020 compared to 2019 by $1,490,809. The decrease was mainly due to a reduction in consulting and office, rent and salaries, and increases were mainly due to bank charges, legal fees and corporate promotion. The Company is developing a number of new commercial ingredient products which have a longer sales cycle and is working to develop a number of international markets.

Accounting and audit fees were lower during the nine-month period ended September 30, 2020 due to audit costs in the prior year and the timing of invoices; ***Amortization and depreciation*** has decreased compared to the prior year due to the impairment and decrease in property, plant and equipment in 2019 this amount also includes the depreciation on right of use assets for the operating premise leases remained consistent to the prior year; ***Bank charges and interest*** increased due to bank transactional costs and cross-border fines; ***Management and consulting***, which represent outside business consultants and certain officers of the Company, were significantly lower in 2020 as the Company had senior management resign during 2019; ***Corporate promotion*** increased over the year as corporate promotional activities and investor relations programs regarding corporate and general product awareness campaigns in comparison to the comparative period; ***Directors' fees*** slightly decreased compared to the prior year, as a result of directors resigning in 2019. ***Interest on lease liabilities*** is a new category due to IFRS 16 in the treatment of leases, the operational leases have been recorded as a liability at a net present value and the interest is accreted during the period of the lease similar to an interest financing cost; ***Legal*** increased during the nine-month period ended September 30, 2020 as the Company used legal counsel to provide some of the services on its settlement with an ex-officer of the company and commercial agreements and its investment in international trade mark and intellectual property protection in the prior year; ***Office rent and salaries*** reflects the cost of the production, warehouse and office premises, corporate salaries, the decrease was mainly due to the adoption of IFRS 16 as noted above and reduction in corporate staff; ***Transfer agent and filing fees*** decreased during the current period; ***Travel*** decreased in 2020 with key management traveling less abroad to court potential business opportunities during the year.

During the nine months ended September 30, 2020, the Canadian Federal Government rolled out the Canadian Emergency Wage Subsidy (CEWS) to assist businesses that were heavily impacted by COVID-19. The Company was eligible to receive the federal government wage subsidy and received $331,957 from April 1 to September 30, 2020.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2020, the Company had cash of $506,561 (December 31, 2019 - $113,566) and a working capital deficit of $1,600,626 (December 31, 2019 –$981,371). As at the date of this MD&A, the Company has working capital deficit of approximately $990,000.

Capital Lease Obligations

The Company has various lease contracts outstanding for food packaging equipment and production equipment. The monthly lease payments and terms are summarized below. Following the final lease payments, the Company will own the equipment free and clear of all encumbrances. The aggregate interest expense recognized for these lease contracts is $12,860 (2019 – $7,176). These assets are included within manufacturing facility and equipment under property and equipment on the consolidated statements of financial position.

As at September 30, 2020 and December 31, 2019, the Company has the following four lease contracts for food packaging and production equipment:

(a) Food packaging equipment – monthly lease payments of $9,765 (including GST) until May 2022;
(b) Food production equipment acquired from NHSP – monthly lease payments of $3,141 (including GST) until September 2020;
(c) Food packaging equipment – monthly lease payments of $851 (including GST) until March 22, 2024; and
(d) Food packaging equipment – monthly lease payments of $643 (including GST) until August 2024.

The Company recognized right-of-use assets for its operating premise leases. The aggregate interest expense recognized for these lease contracts is $108,240 (2019 – $79,861). These assets are included within manufacturing facility under property and equipment on the consolidated statements of financial position.

Cash Flows for the Year Ended

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Cash used in operating activities	$ (766,333)	$ (1,370,446)	$ (1,385,597)	$ (3,006,585)
Cash used in operating activities	(766,333)	(1,370,446)	(1,385,597)	(3,006,585)
Cash used in investing activities	(9,549)	(356,270)	10,201	(608,650)
Cash provided by (used in) investing	(9,549)	(356,270)	10,201	(608,650)
Cash provided by financing activities	1,153,107	2,279,116	1,768,391	4,215,874
Cash provided by financing activities	1,153,107	2,279,116	1,768,391	4,215,574
Increase in cash from continuing operations during the year	377,256	552,400	392,995	600,639
Net change in cash	377,256	552,400	392,995	600,639
Cash, beginning of year	129,335	237,053	113,566	188,814
Cash, end of year	$ 506,561	$ 789,453	$ 506,561	$ 789,453

SHARE CAPITAL

During 2019, 600,000 common shares with a fair value of $81,500 were issued as consulting fees.

On April 17, 2019, the Company closed a first tranche of its private placement issuing 7,382,642 units at $0.14 per unit for total gross proceeds of $1,033,570. Each unit is comprised of one common share and one-half common share purchase warrants exercisable at $0.21 for a period of 2 years. Additionally, the Company completed a Gypsy Swap where certain directors, officers and close associates collectively sold 1,750,000 shares and used the proceeds from the sale of shares to subscribe for 1,750,000 units of the private placement.

On April 30, 2019, the Company closed a second tranche of its private placement issuing 1,817,128 units at $0.14 per unit for total gross proceeds of $254,398. Each unit is comprised of one common share and one-half common share purchase warrants exercisable at $0.21 for a period of 2 years.

On June 7, 2019, the Company closed a third tranche of its private placement issuing 2,581,426 units at $0.14 per unit for gross proceeds of $361,400. Each unit is comprised of one common share and one-half common share purchase warrants exercisable at $0.21 for a period of 2 years.

On September 6, 2019, the Company closed a non-brokered private placement financing announced on July 8, 2019, issuing 6,019,571 units at $0.14 per unit for total gross proceeds of $842,740. Each unit is comprised of one common share and one-half common share purchase warrants exercisable at $0.21 for a period of 2 years.

On September 27, 2019, the Company closed non-brokered private placement financing for a total of 18,990,292 units at $0.0.085 per unit for total gross proceeds of $1,614,175. Each unit is comprised of one common share of and one common share purchase warrant exercisable at $0.12 per share for the first year and $0.20 per share for the second year for the second year from date of issuance.

On June 5, 2020, the Company closed a non-brokered private placement financing for a total of 42,857,159 units (the "Units") at $0.035 per Unit, for total gross proceeds and debt settlement of $1,500,000. Of the $1,500,000, the Company settled loans and trade payables of $720,005. Each Unit consists of one common share of the Company and one common share purchase warrant (each a "Warrant"), with each Warrant entitling the holder to purchase one additional common share for a period of two years from the date of the issue at an exercise price of $0.055 per share. The Company has the right to accelerate the expiry date of the Warrants if, at any time, the average closing price of the Company's common shares is equal to or greater than $0.10 for 10 consecutive trading days. In the event of acceleration, the expiry date will be accelerated to a date that is 30 days after the Company issues a news release announcing that it has elected to exercise this acceleration right. In connection with the initial tranche of financing, the Company paid finders a cash commission totaling $19,278 and issued a total of 550,800 finder's warrants. Each finder's warrant has the same terms and conditions as the Warrants.

On September 21, 2020, the Company closed a non-brokered private placement financing for a total of 17,454,168 units (the "Units") at $0.06 per Unit, for total gross proceeds and debt settlement of $1,047,250. Each Unit consists of one common share of the Company and one half common share purchase warrant (each a "Warrant"), with each Warrant entitling the holder to purchase one additional common share for a period of two years from the date of the issue at an exercise price of $0.10 per share. The Company has the right to accelerate the expiry date of the Warrants if, at any time, the average closing price of the Company's common shares is equal to or greater than $0.15 for 10 consecutive trading days. In the event of acceleration, the expiry date will be accelerated to a date that is 30 days after the Company issues a news release announcing that it has elected to exercise this acceleration right. In connection with the initial tranche of financing, the Company paid finders a cash commission totaling $20,434 and issued a total of 123,867 finder's warrants. Each finder's warrant has the same terms and conditions as the Warrants.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 201,750,340 common shares outstanding common shares outstanding plus 4,965,000 share purchase options and 81,650,392 warrants.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not engaged in off-balance sheet arrangements.

TRANSACTIONS BETWEEN RELATED PARTIES

Related Parties

Key Management Compensation

	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Management and consulting fees	$270,000	$ 612,400
Consulting fees	48,750	-
Shares issued for services	-	67,500
Share-based payments	-	53,654
Directors' fees	30,000	39,500
	$ 348,750	**$ 773,054**

i) Management fees of $135,000 (December 31, 2019 – $180,000) were accrued for 1105953 B.C. Ltd., a company controlled by the Company's Chief Executive Officer.

ii) Management fees of $135,000 (December 31, 2019 – $180,000) were accrued for Kal-Mad Enterprises Ltd., a company controlled by the Company's Vice President of Operations and was appointed Chief Financial Officer on February 14, 2020.

iii) Management fees of $nil (December 31, 2019 – $120,000) were accrued for Waterfront Capital Partners LLC, a company controlled by the Company's former Chief Executive Officer who resigned on August 27, 2019.

iv) Management fees of $nil (December 31, 2019 – $60,000) were accrued for the Company's Chief Financial Officer. On January 6, 2020, the individual stepped down as Chief Financial Officer.

v) Management fees of $nil (December 31, 2019 – $23,286) were accrued for the Company's Chief Operating Officer. On February 7, 2020, the individual resigned from the Company.

vi) Management fees of $nil (December 31, 2019 – $60,900) were accrued for the Company's former Chief Financial Officer who resigned on June 25, 2019.

vii) Consulting fees of $nil (December 31, 2019 – $57,500) were accrued for Agrinomics I.T. Consulting Ltd., a company controlled by a director of the Company. On March 31, 2020, the individual resigned as a consultant of the Company. Subsequent to the period ended September 30, 2020, the individual resigned as a director of the Company.

viii) Consulting fees of $48,750 (December 31, 2019 – $14,833) were accrued for a director of the Company.

ix) During the period ended September 30, 2020 $nil (2019 - $67,500) worth of shares were issued for services. During the year ended December 31, 2019, 500,000 common shares with a fair value of $67,500 were issued to the former CEO and former CFO of the Company and recorded in management and consulting fees.

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the period ended September 30, 2020 and the year ended December 31, 2019.

During the year ended December 31, 2019, a claim was made against the Company by a former officer of the Company for constructive dismissal. During the period ended September 30, 2020, the Company and the former officer of the Company came to a mutual agreement to pay the outstanding balance of $45,080 for services rendered during the year.

Related Party Liabilities

The following amounts are included in accounts payable and accrued liabilities as at September 30, 2020 and December 31, 2019:

Amounts due to:		**September 30, 2020**		**December 31, 2019**
1105953 BC Ltd.	$	90,393	$	103,746
Kal-Mad Enterprises Ltd.		-		22,990
Agrinomics I.T. Consulting Ltd.		93,604		82,021
Former CFO		1,963		4,463
Former CEO		-		49,875
Former Director		19,905		-
Directors		-		32,147
Total related party payables	**$**	**205,865**	**$**	**295,242**

As at September 30, 2020, $nil (December 31, 2019 – $nil) is due to the former owner of NSHP and former officer of the Company. During the year ended December 31, 2019, this loan payable was settled for no additional consideration. The Company recorded a gain of $200,000 on the consolidated statements of loss and comprehensive loss.

As at September 30, 2020, $55,000 (December 31, 2019 – $55,000) is due to the CEO, President and director of the Company for a non-interest bearing, short-term loan.

During the year ended December 31, 2019, the Company entered consulting agreements with directors of the Company. The terms of these consulting agreements include 750,000 common shares and 600,000 stock options to be issued as consideration for provision of consulting services. During the nine-months ended September 30, 2020, an additional 150,000 common shares are to be issued to directors of the Company pursuant to these consulting agreements. As of the date of these consolidated financial statements, authorization to issue these shares and stock options has not been received from the TSX-V Exchange and no accrual has been made for these common shares and stock options in these consolidated financial statements.

Related Party Receivables

As at September 30, 2020, a $5,758 (2019 – $4,000) advance is due from the CFO.

As at December 31, 2019, $nil (2018 – $200,780) is due from the former owner of NSHP and former officer. The loan has an annual interest rate of 5.5% and is receivable on or before April 30, 2020. This loan receivable is secured by assignment of a $200,000 of the former officer's life insurance policy for the benefit of NHSP and mortgage on the borrower's primary residence. During the year ended December 31, 2019, this loan receivable was settled for $70,780, resulting in a loss of $130,000 being recorded in the consolidated statements of loss and comprehensive loss.

CHANGES IN ACCOUNTING POLICIES

Accounting Pronouncements Adopted

The following are accounting pronouncements that have been adopted by the Company.

IFRS 16 *Leases*

On January 1, 2019, the Company adopted IFRS 16 *Leases*. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases* ("IAS 17").

The Company has recognized right-of-use assets and corresponding lease liabilities for its operating premise leases previously classified as operating leases under IAS 17. Upon transition to IFRS 16, these lease liabilities were measured at the present value of the remaining lease payments discounted using an incremental borrowing rate of 12% as of January 1, 2019. As a result, the Company, as a lessee, has recognized $1,353,021 as lease liabilities, representing its obligation to make lease payments. Right-of-use assets of the same amount were recognized, representing its right to use the underlying assets. The Company elected to adopt the standard using the modified retrospective approach and has not restated comparative information in accordance with the transitional provisions in IFRS 16. As a result, the comparative information continues to be presented in accordance with the Company's previous accounting policies.

The right-of-use assets will be depreciated on a straight-line basis over the remaining lease terms ending July 31, 2026.

Operating lease commitments as at December 31, 2019	$ 1,810,325
Effect of discounting at incremental borrowing rate	567,538
Lease liabilities recognized as at January 1, 2020	**$ 1,242,787**

ACCOUNTING ESTIMATES AND JUDGMENTS

Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

Recoverability of receivables

Provisions are made against accounts that, in the estimation of management, may be uncollectible. The recoverability assessment of trade and other receivables is based on a range of factors, including the age of the receivable and the creditworthiness of the customer. The provision is assessed monthly with a detailed formal review of balances and security being conducted annually.
Determining the recoverability of an account involves estimation and judgment as to the likely financial condition of the customer and their ability to subsequently make payments. To the extent that future events impact the financial condition of the customers these provisions could vary significantly.

Valuation of inventory

Management makes estimates of future customer demand for products when establishing appropriate provisions for inventory obsolescence. In making these estimates, management considers the shelf-life of inventory and profitability of recent sales.

Useful lives of property, equipment and intangibles

Depreciation and amortization of the Company's equipment and intangible assets incorporate estimates of useful lives and residual values. These estimates may change as market conditions change and the future economic benefits from the use of the asset changes, thereby impacting the useful life and residual value of the equipment or intangible asset. Any revisions to useful life are accounted for prospectively.

Interest rates

The Company estimates a market interest rate in determining the fair value of its long-term liabilities and right-of-use assets. The determination of the market interest rate is subjective and could materially affect the fair value estimate.

Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. As the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the expected volatility of the Company’s share prices and expected forfeiture rates, changes in subjective input assumptions can materially affect the fair value estimate.

Determination of purchase price allocations and contingent consideration

Judgements are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. Further, estimates are made in determining the value of contingent consideration payments that should be recorded as part of the consideration on the date of acquisition and changes in contingent consideration payable in subsequent reporting periods, if any. Contingent consideration payments are generally based on acquired businesses achieving certain performance targets. The estimates are based on management’s best assessment of the related inputs used in the valuation models, such as future cash flows and discount rates. Future performance results that differ from management’s estimates could result in changes to liabilities recorded, which are recorded as they arise through profit or loss.

Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its tax assets and liabilities and applies tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Determination of cash-generating units ("CGU")

CGUs are defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash flows of other assets or groups of assets. The classification of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, external users and the way in which management monitors the Company's operations.

Impairment of property and equipment, technology license and other intangibles and goodwill

Determining the amount of impairment of property and equipment, technology license and other intangibles and goodwill requires an estimation of the recoverable amount, which is defined as the higher of fair value less the cost of disposal or value in use.
Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

Assessment of the transactions as an asset acquisition or business combination

Management has had to apply judgment relating to acquisitions with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of each acquisition in order to reach a conclusion.

Determination of discontinued operations

Judgement is required in determining whether an asset or disposal group should be classified as held for sale. An asset or disposal group should be classified as held for sale when it is available for immediate sale in its present condition and its sale is highly probable.

Management applies judgement to determine whether a component of the Company that either has been disposed of, or is classified as held for sale, meets the criteria for discontinued operations. The key area that involves management judgement in this determination is whether the component represents a separate major line of business or geographical area of operation. During the year ended December 31, 2018, the Company disposed of BPC and this was determined to be a discontinued operation as it is a separate component that represents a major line of business and geographical area of operation.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Contingent liabilities

Judgement is required in determining whether a contingent liability should be accrued in the consolidated financial statements. The determination of whether there is a probable future outflow of resources requires significant judgement. Many factors in assessing the likelihood of a future outflow of resources are outside of the control of management.

Application of IFRS 16

The Company applies judgment in determining whether the contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create economic incentive to exercise renewal options.

FINANCIAL INSTRUMENTS

Categories of Financial Instruments

Financial Assets	**Fair Value Hierarchy**	**September 30, 2020**	**December 31, 2019**
Fair value through profit or loss, at fair value			
Cash	Level 1	$ 506,561	$ 113,566
Restricted cash	Level 1	34,500	79,580
Loans and receivables, at amortized cost			
Trade and other receivables	Level 1	135,385	264,799
Advances and deposits	Level 1	16,746	30,408
		$ 693,192	**$ 488,353**

Financial Liabilities	**Fair Value Hierarchy**	**September 30, 2020**	**December 31, 2019**
Fair value through profit or loss, at fair value			
Contingent consideration payable	Level 3	$ -	$ -
Other liabilities, at amortized cost			
Trade and other payables	Level 1	3,047,609	2,690,564
Loan from related party	Level 1	55,000	55,000
Short-term loans	Level 1	200,000	525,000
Lease liabilities	Level 2	1,385,523	1,612,289
		$ 4,688,132	**$ 4,882,853**

Fair Value

The fair value recorded on initial recognition of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

The carrying value of cash, accounts payable and accrued liabilities, loan from related party and short-term loans approximate their fair value due the short-term maturity of these instruments.

Management of Financial Risks

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of these risks.
These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. The risks associated with these consolidated financial instruments and the policies on how to mitigate these risks are set out below.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash, trade and other receivables, and restricted cash. The Company deposits cash with major Canadian commercial banks. In order to reduce its credit risk in relation to trade receivables, the Company has adopted credit policies that include the analysis of the financial position of its customers and the regular review of their respective credit limits.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company is reliant upon equity issuances and loans as its main sources of cash. The Company manages liquidity risk by maintaining an adequate level of cash to meet its ongoing obligations. The Company continuously reviews its actual expenditures, forecasts cash flows and matches the maturity dates of its cash to capital and operating needs. The Company's accounts payable and accrued liabilities are due within 90 days of September 30, 2020, loan from related party and short-term loans are due on demand. The Company's lease liabilities have payments due in accordance with the lease agreements.

The Company has been successful in raising financing in the past; however, there is no assurance that it will be able to do so in the future. As at September 30, 2020, the Company had a working capital deficit of $1,600,626 (December 31, 2019 – $981,371).

Currency risk

The Company is exposed to financial risk related to the fluctuation of foreign exchange rates. A significant change in the exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's future results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at September 30, 2020 and December 31, 2019, the Company is exposed to currency risk through the following financial assets denominated in a currency other than the Canadian dollar:

	September 30, 2020		December 31, 2019	
	US $	CDN $	US $	CDN $
Cash	822	1,099	32,056	41,724
Trade receivables	-	-	19,914	25,919
Accounts payable and accrued liabilities	180,129	240,711	152,173	198,067

Based on the above, assuming all other variables remain constant, a 5% (December 31, 2019 – 5%) strengthening or weakening of the Canadian dollar against the US dollar would have decreased/increased the Company's loss and comprehensive loss by $8,954 (December 31, 2019 – $6,469).

Other risk

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or other risk. The Company does not hold or issue financial instruments for trading purposes, nor does it utilize derivative instruments in the management of foreign currency, commodity price or interest rate market risks.

FURTHER INFORMATION

Risk Factors

An investment in the Company is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this document, before making any decision to invest in the Company. The directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the directors may also have an adverse effect on the Company's business.

Limited Operating History

Although the Company earns revenues, the Company has not been profitable to date and there is no assurance that it will do so in the future. The Company's business operations are at an early stage and its success will be largely dependent upon its ability to market its products, increase sales and, if warranted, develop new products. There is no assurance that the Company will be successful in its ability to increase sales and develop new products.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful in developing its business. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Management of Growth

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base.

The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects.

While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees.

There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

Success of Products is Dependent on Public Taste

The Company's revenues are substantially dependent on the success of its products, which depends upon, among other matters, pronounced and rapidly changing public tastes, factors which are difficult to predict and over which the Company has little, if any, control. A significant shift in consumer demand away from the Company's products or its failure to expand its current market position will harm its business.
Consumer trends change based on a number of possible factors, including nutritional values, a change in consumer preferences or general economic conditions. Additionally, there is as a growing movement among some consumers to buy local food products in an attempt to reduce the carbon footprint associated with transporting food products from longer distances, and this could result in a decrease in the demand for food products and ingredients that the Company imports from western Canadian region. These changes could lead to, among other things, reduced demand and price decreases, which could have a material adverse effect on the Company's business.

Raw Materials

The Company and/or its manufacturers must acquire sufficient raw materials so that the products can be produced to meet the demand of its customers. A shortage could result in loss of sales and damage to the Company. The Company may be required to source other raw goods producers in the event that consumer demand increase. Also, if the Company and/or its manufacturers become unable to acquire raw goods, and are unable to find one or more replacement suppliers a substantially equivalent cost, in substantially equivalent volumes and quality, and on a timely basis, the Company will likely be unable to meet customer demand.

Limited Number of Products

The Company was heavily reliant on the production and distribution of hemp and related products. The change to branded products and private label may not achieve sufficient market acceptance, it will be difficult for us to achieve consistent profitability.

Even if branded and private label products are distributed by the Company they will need to conform to international safety and quality standards, sales could be adversely affected if consumers in target markets lose confidence in the safety, efficacy, and quality.

Consumer Perception of Hemp

Prior to expanding formulation capability to include a wide array of plant-based ingredients the Company was highly dependent upon consumer perception of hemp and hemp based products. Hemp is a term reserved for low tetrahydrocannabinol ("THC") strains of the cannabis plant. Some in the public may associate hemp with high TCH cannabis plants, which are regulated substances. Additional negative perception has occurred due to the fact that some countries prohibit the growing of the hemp plant even though consumption of hemp-based food products is allowed. However, hemp regulations continue to see positive advancement in many countries as the awareness of the benefits become more widely known. Although not completely mainstream as yet, the perception of hemp in general continues to improve.

Brand Awareness

Historically, the Company's products were primarily sold in Canada. In 2016, the Company commenced selling its shelled hemp seed in South Korea and in 2017 began initial sales in Australia and Japan.
As the Company is in the early stages of marketing and distributing, brand awareness has been limited. However, the Company has seen recent successes with the Natera™ KEY-TO-LIFE keto friendly bars have been sold in over 1,000 retail outlets, as well as making inroads with the Natera™ Sport Bites which have been featured in mainstream magazines.

The Company's efforts to enter the United States market are in the formulation stage, there is no assurance that it will be able to achieve brand awareness across South Korea, or to successfully enter the United States or other markets with its brands and products. In addition, the Company must develop successful marketing, promotional and sales programs in order to sell its products. If the Company is not able to develop successful marketing, promotional and sales programs, then such failure will have a material adverse effect on the business, financial condition and operating results.

Development of New Products

The Company's success will depend, in part, on its ability to develop, introduce and market new and innovative products. In the event that there is a shift in consumer demand, the Company must meet such demand through new and innovative products or else its business will fail. The Company's ability to develop, market and produce new products is subject to it having substantial capital. There is no assurance that the Company will be able to develop new and innovative products or have the capital necessary to develop such products.

Dependence on Management Team

The Company will depend on certain key senior managers to oversee the core marketing, business development, operational and fund-raising activities and who have developed key relationships in the industry. Their loss or departure in the short-term would have an adverse effect on the Company's future performance.

Reliance on Third-Party Manufacturers

The Company relies on outside sources to manufacture some of its products. The failure of such third-party manufacturers to deliver either components or finished goods on a timely basis could have a material adverse effect on the business. The Company does not intend to develop its own manufacturing capacity in the short term. As these are third parties over which the Company will have little or no control, the failure of such third parties to provide components or finished goods on a timely basis could have a material adverse effect on the business, financial condition and operating results.

Reliance on Distributors and Key Customers

The Company will rely on third-party distributors for the sale and distribution of our products. We plan to sell our products through an extensive regional sales and distribution network throughout Canada. To the extent that our distributors are distracted from selling our products or do not expend sufficient efforts in managing and selling our products, our sales will be adversely affected. Our ability to maintain our distribution network and attract additional distributors will depend on a number of factors, many of which are outside of our control. Some of these factors include: (i) the level of demand for our brand and products in a particular distribution area; (ii) our ability to price our products at levels competitive with those offered by competing products and (iii) our ability to deliver products in the quantity and at the time ordered by distributors.

While the Company will seek to diversify its customer base, the loss of any one of its large customers will result in a material adverse effect on the Company's business and may adversely affect revenues going forward.

Development of Generic In-House Brands

Large retail stores often develop in-house generic brands when name brand products have been successful. The Company currently distributes a significant portion of its products to large retail stores. As a result of generic brand competition, these stores could cause the Company to lose a significant portion of its sales in a very short period of time.

Product Liability Insurance

The Company carries limited product liability insurance coverage. Even though the Company is not aware of any product liability claims at this time, the Company's business exposes it to potential product liability, recalls and other liability risks that are inherent in the sale of food products. The Company can provide no assurance that such potential claims will not be asserted against it.
A successful liability claim or series of claims brought against the Company could have a material adverse effect on its business, financial condition and results of operations.

Although the Company reviews its insurance coverage with its agent and internally, and it believes it has adequate product liability insurance, the Company cannot provide any assurances that it will be able to obtain or maintain adequate product liability insurance on acceptable terms, if at all, or that such insurance will provide adequate coverage against potential liabilities. Claims or losses in excess of any product liability cover that may be obtained by the Company could have a material adverse effect on its business, financial conditional and results of operations.

Product Recall

The sale of products for human consumption involves inherent risks. The Company could decide to, or be required to, recall products due to suspected or confirmed contamination or product tampering. A product recall could adversely affect product sales financial condition and results of operation as well as the Company's general reputation in the industry.

Trademark Protection

The Company currently has obtained trademarks on ""Naturally Splendid", "NATERA", "Taking Responsibility for Your Health", "Your Health is Serious", "It's For Everybody" as well as the "NS" and "NATERA" design. The loss of any of these trademarks could require the Company to rebrand its products resulting in a material adverse impact on its business.

Patent Infringement

While the Company believes that its products and operations do not violate the intellectual property rights of third parties, other parties could bring legal actions against the Company claiming damages and seeking to enjoin the manufacture, sale and distribution of the Company's products for allegedly conflicting with patents held by them. Any such litigation could result in substantial cost to the Company and diversion of effort by its management and technical personnel. If any such actions are successful, in addition to any potential liability for damages, the Company could be required to obtain a license in order to continue to market the affected products.
There can be no assurance that the Company would prevail in such action or that any license required under any such patent would be available on acceptable terms, if at all. Failure to obtain needed patents, licenses or proprietary information held by others may have material adverse effect on the Company's business. In addition, if the Company were to become involved in such litigation, it could consume a substantial portion of the Company's time and resources.

Government Regulation

The processing, manufacturing, packaging, labeling, advertising and distribution of the Company's products is subject to regulation by one or more federal agencies, and various agencies of the provinces and localities in which our products are sold. These government regulatory agencies may attempt to regulate any of our products that fall within their jurisdiction. Such regulatory agencies may not accept the evidence of safety for any new ingredients that the Company may want to market, may determine that a particular product or product ingredient presents an unacceptable health risk and may determine that a particular statement of nutritional support that we want to use is an unacceptable claim. Such a determination would prevent the Company from marketing particular products or using certain statements of nutritional support on its products.
The Company also may be unable to disseminate third-party literature that supports its products if the third-party literature fails to satisfy certain requirements.

In addition, a government regulatory agency could require the Company to remove a particular product from the market. Any future recall or removal would result in additional costs to the Company, including lost revenues from any products that we are required to remove from the market, any of which could be material. Any such product recalls or removals could lead to liability, substantial costs and reduced growth prospects.

Competition

The Company faces competition in the markets in which it operates. Some of the Company's competitors may also be better positioned to develop superior product features and technological innovations and able to better adapt to market trends than the Company. The Company's ability to compete depends on, among other things, high product quality, short lead-time, timely delivery, competitive pricing, range of product offerings and superior customer service and support. Increased competition may require the Company to reduce prices or increase costs and may have a material adverse effect on its financial condition and results of operations. Any decrease in the quality of the Company's products or level of service to customers or any occurrence of a price war among the Company's competitors and the Company may adversely affect the business and results of operations.

Product Liability Claims

The Company may be required to pay for losses or injuries purportedly or actually caused by its products. Historically, there have been no product liability claims; however, there is no assurance that this trend will continue in the future. In the event that the Company's products are found to cause any injury or damage, the Company will be subject to substantial liability. This liability may exceed the funds available by the Company and result in the failure of its business.

Global Economic Conditions

Current global economic conditions could have a negative effect on the Company's business and results of operations. Market disruptions have included extreme volatility in securities prices, as well as diminished liquidity and credit availability. An economic crisis may adversely affect the Company in a variety of ways. Access to lines of credit or the capital markets may be severely restricted, which may preclude the Company from raising funds required for operations and to fund continued expansion. It may be more difficult for the Company to complete strategic transaction with third parties. Financial and credit market turmoil could also negatively impact suppliers, customers and banks with whom the Company does business.
Such developments could decrease the Company's ability to source, produce and distribute its products or obtain financing and could expose it to risk that one of its suppliers, customers or banks will be unable to meet their obligations under agreements with them. If economic conditions worsen, it is possible these factors could significantly impact the Company's financial conditions.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. There can be no assurance that the Company will not be further impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets which may reduce share prices and financial liquidity, thereby severely limit the financing capital available.

Smaller Companies

Market perception of junior companies may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds through the issue of further common shares or otherwise. The share price of publicly traded smaller companies can be highly volatile. The value of the common shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the common shares.

Forward Looking Statements

Certain statements contained in this management discussion and analysis constitute "forward-looking statements." These statements, identified by words such as "plan," "anticipate," "believe," "estimate," "should," "expect" and similar expressions include our expectations and objectives regarding our future financial position, operating results and business strategy. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; lack of brand awareness; dependence on consumer taste; reliance on third party suppliers and third party distributors; limited operating history of the Company; market fluctuations; potential product liability claims and retention of key personnel, as well as those factors discussed in the section titled "*Risk Factors*" above.

Forward looking statements are based on a number of material factors and assumptions, including consumer buying patterns will increase in specialty and grocery stores, economic conditions in Canada will continue to show modest improvement in the near to medium future, the average cost of whole hemp seed will fluctuate in line with historical trends, no material change to competitive environment in the distribution of hemp-based food additives and supplements, the Company will be able to access sufficient qualified staff, there will be no material changes with the Company's larger customers and there will be no material changes to the tax and other regulatory requirements governing the Company. While the Company considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section titled "*Risk Factors*" above.

The Company intends to discuss in its quarterly and annual reports any events or circumstances that occurred during the period to which such documents relate that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this Filing Statement. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of such factors, may cause actual results to differ materially from those contained in any forwarding looking statement.

The Company advises you to carefully review the reports and documents we file from time to time with the applicable securities commissions. Additional Information relating to the Company can be found on SEDAR at www.sedar.com.