

THE PLANTING HOPE COMPANY INC.

Management's Discussion and Analysis

For the three and nine months ended September 30, 2022



HOPE AND SESAME SOYBEAN MILK

RightRice TEA

MOZAIKS TEA

veggicopia

The following Management's Discussion and Analysis (MD&A) of the consolidated financial results of The Planting Hope Company Inc. is as at and for the three and nine months ended September 30, 2022.

This MD&A is dated as of **November 16, 2022** and should be read in conjunction with the Company's September 30, 2022 unaudited condensed interim consolidated financial statements and December 31, 2021 audited consolidated financial statements. The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

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

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

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

Additional information regarding the Company, including the Company's September 30, 2022 unaudited condensed interim consolidated financial statements and December 31, 2021 audited consolidated financial statements, Annual Information Form, and other filings is available on the Company's profile at www.sedar.com or on the Company's website at www.plantinghopecompany.com.

Throughout the following discussion, the three and nine months ended September 30, 2022 may be referred to as "Q3 2022" and "9 months September 2022", respectively, or "the 2022 periods" collectively. The comparative three and nine months ended September 30, 2021 may be referred to as "Q3 2021" and "9 months September 2021", respectively, or "the 2021 periods" collectively. The fiscal year ended December 31, 2021 may be referred to as "FY 2021".

Forward Looking Statements

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

- Business objectives and milestones; and

- Adequacy of the financial resources.

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

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

DESCRIPTION OF BUSINESS

The Company's mission is to develop, launch and scale nutritious, sustainable, and delicious plant-based consumer packaged foods and beverages in grocery retail, foodservice, ecommerce, and alternative channels in the United States and Canada with the goal of eventually expanding into other global retail marketplaces. The Company strives to operate as a diverse, ethical and sustainable producer of nutritious, plant-based foods and snacks. The Company has three mission pillars:

- Nutrition – delivering strong nutritional benefits from food and beverages, including protein and complete protein (all 9 essential amino acids).
- Sustainability – striving to use the most “planet-friendly” ingredients, packaging, and supply chain
- Representation – building out a team and network of partners that bring forward representation of groups traditionally underrepresented in food & beverage and public companies (including women and ethnic and other minorities), and in doing so better reflect the core consumer base leading the adoption of innovative new plant-based food & beverage products,

PHB operations are based at our Chicago, IL headquarters (4710 N. Sheridan Road, Chicago, IL 60640). The Company develops, produces, markets, and distributes branded plant-based food and beverage products including:

- Hope and Sesame® Sesamemilk: sesame-based plant milk products that provide vegan alternatives to dairy-based milk products and leverage food technology and complex process development to innovate unique, nutritious, delicious, and sustainable plant-based milk products
- RightRice® Veggie Rice: 'rice' grains made from a combination of lentils + chickpeas + peas + rice, a unique product innovation which performs and tastes like rice and provides 11g of complete protein (a Good Source of Protein) and 6g of dietary fiber (an Excellent Source of Fiber) per serving. That's more protein and fiber than quinoa, with 40% fewer carbohydrates than white rice, one of the world's most heavily consumed grains.
- Mozaics™ Real Veggie Chips: popped potato snacks with real vegetables (peas, beans) as the principal ingredients. A low-calorie, nutritious salty snack that eats like a potato chip, Mozaics™ provide a high-quality great tasting plant-based snack.

- Veggicopia® Real Veggie Snacks: breakthrough shelf-stable dip cups - as delicious as refrigerated dips but with 24x the shelf-life, no refrigeration required (which makes the products more sustainable and eliminates food waste), plus other portable, long shelf-life vegetable snacks like single-serving brine-free Greek snacking olives.

The Company currently does not have any manufacturing operations but instead has developed a network of GFSI certified contract manufacturers to produce our products under our brands and to create specific recipes and formulations. Some proprietary ingredients are provided to these contract manufacturers 'white labeled' so as to additionally protect intellectual property. In addition to the Company's full-time sales and marketing teams, the Company has also established a network of third-party sales agents, brokers, and distributors to sell our products directly to distributors, retailers and foodservice partners.

BUSINESS HIGHLIGHTS FOR THE 9 MONTHS SEPTEMBER 2022

Acquisition of RightRice® Business Assets

On January 14, 2022, the Company closed the arm's-length acquisition of certain RightRice® business assets (the "Acquisition") from Betterer Foods, Inc. This acquisition added a high-potential line of innovative and differentiated grain alternative products to the Company's growing portfolio of plant-based, planet-friendly, highly-nutritious brands.

The aggregate purchase price of \$6,875,904 was comprised of \$4,000,000 in cash funded at closing, with the balance payable under two unsecured promissory notes bearing interest at 5% per annum.

As the business assets of RightRice® were determined to meet the definition of a business as defined under IFRS 3 Business Combinations, the Acquisition was accounted for as a business combination. The purchase price was allocated to the fair value of assets acquired and liabilities assumed on the acquisition date as follows:

Fair value of consideration:	
Cash	\$ 4,000,000
Promissory notes	2,875,904
	<hr/>
	\$ 6,875,904
Fair value of net assets:	
Working capital	\$ 1,122,621
Intangible assets	3,679,000
Goodwill	2,074,283
	<hr/>
	\$ 6,875,904

The preliminary estimates of the fair value of net assets acquired were made by management at the time of preparation of these unaudited condensed interim consolidated financial statements based on available information and may be adjusted as the amounts subject to estimates are finalized.

Bought-Deal Public Offering

On March 15, 2022, the Company closed a bought-deal public offering ("the Offering") of 10,062,500 subordinated voting shares ("SVS") of the Company at a price of CAD \$0.80 per SVS for gross proceeds of approximately \$6,287,589 (CAD \$8,050,000), including 1,312,500 SVS shares issued to the Agent following the exercise of their over-allotment option. The Agent received a cash fee of \$503,007 (CAD \$644,000) equal to 8% of the gross proceeds of the Offering plus a \$66,391 (CAD \$85,000) advisory fee. The Company incurred \$218,724 of other share issue costs.

Key Growth Achievements in Q3 2022 and the 9 months September 2022:

Financial Growth:

During Q3 2022, the Company achieved the following growth versus Q3 2021:

- Earned \$3.7 million of gross revenues, an increase of 378%.
- Earned \$2.7 million of net revenues, an increase of 313%.

During the 9 months September 2022, the Company achieved the following growth versus the 9 months September 2021:

- Earned \$9.5 million of gross revenues, an increase of 314%.
- Earned \$7.2 million of net revenues, an increase of 247%.

Additional Growth and Achievements:

Acquisitions:

- Closed the Acquisition of the RightRice® business assets for \$6.9 million and the company has successfully integrated RightRice into its sales and operating organization.

ACHIEVEMENTS IN Q3 2022, 3 MONTHS SEPTEMBER 2022 INCLUDE:

Distribution:

The Company added distribution across products by more than 1,000 doors and more than 4,100 TDP, driving today doors to over 9,000 and Total Distribution Points to over 55,000, including new distribution in Sprouts Farmers Market stores and Kroger banners.

Notable distribution expansion during Q3 2022 includes:

- **Hope and Sesame® Sesamemilk**
 - 3 SKUs into 683 Kroger stores - *various banners* (+2,043 TDP)
 - 3 SKUS into 331 Sprouts Farmers Market stores (+993 TDP)
 - Hope and Sesame® Barista Blend Sesamemilk now available through Baldor Specialty Foods – access to 4,600+ restaurants across NYC (all five boroughs) plus additional Baldor customers from Boston to Philadelphia via Baldor's satellite warehouse and delivery operations
 - Regional café distribution added for Hope and Sesame® Barista Blend Sesamemilk with Metropolis Coffee, the leading coffee roaster and distributor in the Chicago area. At this point, Barista Blend is widely available through both regional distributors (reaching 22% of the population of the US in markets from Boston to DC, including Charlotte, Atlanta, San Francisco and Chicago) and direct-to-café outlets like BaristaUnderground.com (reaching 80% of the US population)
 - Canadian bilingual SKUs produced and shipped to Canadian master distributor; rollout started into independent stores and small chains in Eastern + Western Canada.
 - Barista Blend Sesamemilk continued to expand with distribution added to high visibility, high turn locations including all University of Chicago cafes
- **Mozaics Real Veggie Chips:**
 - 3 SKUs into 380 Sprouts Farmers Market Stores (+1,140 TDP)
 - Corporate office foodservice expansion (snack size bags)
 - Added to UNFI and KeHe Foodservice distribution programs (single-serving and multi-serve bags)
 - Canadian dual-language SKUs produced and shipped to Canadian master distributor; rollout started to independent stores and small chains in Eastern + Western Canada.
- **RightRice® Veggie Rice:**

- Limited edition Holiday SKUs shipped to retailers for Q4 placement in Whole Foods Markets and Thrive Market.
- Added multiple SKUs of distribution in Carmela Distributors serving Michigan and the Great Lakes Region for both foodservice and retail outlets
- **Veggiecopia® Veggie Snacks:**
 - Veggiecopia® olives successfully launched on the leading home shopping network, in August 2022.

Ecommerce: The Company experienced continued ecommerce sales growth, with more than 12,000 customers purchasing its products on [Amazon.com](https://www.amazon.com) in Q3 2022, 35% of which were repeat customers, and 65% of which were new customers of the Company's products on Amazon. The Company has continued to expand its ecommerce performance with additional listings on Amazon.com, new listings (including the launch of RightRice®) on US Army and Air Force Exchange Service, and limited edition Holiday RightRice® on Amazon and [ThriveMarket.com](https://www.thrivemarket.com). Additionally, the Company beta-launched an enhanced Planting Hope Brands web-store that promotes cross-selling and introductions of new Planting Hope products to loyal customers of individual Planting Hope brands.

Alternate channels: The Company continued to see growth and success in alternative and specialty channels. As an example, the leading home shopping network invited the Company to showcase curated assortments of its products to viewers on 11 separate occasions during Q3 alone. Each 7 to 8 minute airing reaches millions of television viewers and generates thousands of dollars per minute in revenue and margin-accretive sales for the Company.

New products launched during Q3 2022 (initial production):

- Hope and Sesame® Sesamemilk – shelf-stable cartons, Canadian bilingual packaging, 3 SKUs (946 ml size)



Canadian bilingual Hope and Sesame packaging – first produced September 2022

- Mozaics™ Real Veggie Chips – Canadian bilingual packaging, 3 SKUs (100g size)
- RightRice® – limited edition Holiday SKUs, 2 SKUs (Holiday Stuffing, Brown Butter Sage)

Industry trade shows: In 2022, the Company invested heavily in industry trade shows to get its products in front of key buyers in grocery retail and foodservice. Many of these shows had not been held in person since 2019 due to COVID, and the Company had all-new products and packaging to showcase, including the RightRice® products. Through Q3 2022, the Company exhibited at 16 trade shows. In Q3 2022, the Company exhibited at 5 industry trade shows:

- Carmela Specialty Foods Expo (August 2022)
- CoffeeFest Los Angeles (September 2022)
- Plant Based World NYC (September 2022)
- CHFA NOW East (September 2022)

- o CoffeeFest Northwest (September 2022).

Consumer marketing highlights: The Company is showcasing its brands at consumer marketing events, including:

- Sampled Hope and Sesame® at UbeFest (NYC), and SFU Burnaby's SummerFest Anime Festival.
- For International Coffee Day, Hope and Sesame® hosted themed 'Peace and Love Tour' events across Chicago including University of Chicago café's, Metropolis Coffee's flagship location, and others; at these events, customers could try a sesamemilk latte free of charge and the cafés were decked out with Hope and Sesame® merchandising, including t-shirts on the Baristas
- Pop Up Grocer (Denver) – RightRice® (4 SKUs) and Hope and Sesame® (3 SKUs) were included in the highly curated assortment of 100 emerging brands at the Denver Pop-Up Grocer, a month-long 'pop-up' store showcasing new and exciting food, beverage, and consumable goods brands to curious consumers, who can purchase the products onsite. This is the third Pop-Up Grocer event participated in by RightRice® and other Planting Hope Brands, in different US metro areas (previously Miami, Washington DC).

Hope and Sesame® Sesamemilk showcased at Pop Up Grocer Denver (September-October 2022)



Trade marketing highlights:

- Hope and Sesame® and Mozaics™ products showcased on 'Innovation Centers' in Sprouts Farmers Market Stores to draw visibility to the brand rollouts in these stores.



Hope and Sesame® Sesamemilk showcased on Innovation Centers in Sprouts Farmers Market Stores (September 2022)

- RightRice® showcased on large endcaps in Whole Foods Market stores.



RightRice® endcaps – Whole Foods Market stores (September 2022)

Press coverage: In Q3, Hope and Sesame® Sesamemilk started to receive a substantial amount of press attention as an 'emerging trend to watch' in the plant-based milk space, including recognition in The Washington Post, Good Morning America, Thrillist, Consumer Reports, and other outlets.

Awards: Thus far in 2022, the Company's products have received the following awards and recognition:

- Hope and Sesame® Sesamemilk Barista Blend:
 - Plant Based World Expo, World Plant-Based Foods Award - Best Plant-Based Beverage (September 2022)
 - CoffeeFest Chicago 2022 –Best Consumable Product (June 2022)
 - Specialty Coffee Association – Finalist, Best new product – (May 2022)
- Mozaics™ Real Veggie Chips:
 - QVC 2022 Consumer Choice Award Nomination (August 2022)
- RightRice® Veggie Rice:
 - QVC 2022 Consumer Choice Award Nomination (August 2022)

Plant Based World Expo (NYC), World Plant-Based Foods Award



Best Plant-Based Beverage (September 2022)

OTCQB: The Company began trading on the OTCQB market and received DTC eligibility (August 2022).

Investor Marketing: The Company and CEO participated in several highly curated investor conferences, all of which provided an opportunity for investors to learn more about the Company, its performance and role in disrupting the plant-based food and beverage markets. These conferences included:

- Canaccord Genuity 42nd Annual Growth Conference (August 2022)
- Planting Hope Investor Webcast (August 2022)- *recording available on the Company's website*
- The Emerging Growth Conference (August 2022)
- The 24th Annual HC Wainwright Global Investment Conference (September 2022)
- UBS's Emerging Brands Conference (September 2022)

Additionally, the Company's COO presented and led a spirited discussion on trends in plant-based beverages at the Prepared Foods New Products Conference in Philadelphia (September 2022).

Operations: The company started implementation of the NetSuite ERP platform across the Company, beginning with Finance and Operations. The Company expects to successfully complete the implementation of NetSuite across all departments by the end of Q4.

OUTLOOK AND GROWTH

Overall, the Company's execution across Q3 increased product distribution into new grocery retail customers and added distributor placements, effectively laying the groundwork for additional growth in successive quarters. Securing distributor placements is a critical step to the successful execution of its business plan as distributors are the vital 'last mile' piece in getting product to retailers, and when in place, open up clear opportunities and paths to scale.

Additionally, the Company's execution on the Canadian bilingual packaging across its brands effectively opened Canadian retail and foodservice markets for the Company's products, adding a sizeable growth market opportunity. In 2020, total

plant-based food and beverage grocery sales in Canada were \$647M CAD¹, and plant-based milks were \$337M CAD (52% of all plant-based foods sold in Canada).²

The Company continues to effectively execute on its business plan for 2022, including expanding core products in key channels, and setting up new products and distribution that will achieve scale in 2023.

Throughout 2022, including Q3 2022, the Company has been focused on establishing retail distribution and getting its products into critical distributors in grocery and foodservice channels. Additionally, the Company has been laying the groundwork for successful marketing reach and promotions to its consumers, with the intent of expanding both customer marketing and ecommerce marketing in 2023.

In effect, the overall strategy is an omnichannel approach, with the following objectives and staging for its brands and products:

- 1) secure key retailers, e-tailers and distributors interested in carrying the products
- 2) successfully place products onto grocery store shelves and online on ecommerce sites
- 3) introduce products into foodservice outlets as menu items and other offerings that in addition to revenue, drive consumer trial, brand exposure, and brand marketing
- 4) ramp up marketing directly to consumers, both inside retail locations and through channels that reach the consumer and increase trial and awareness outside the store.

End goal: drive consumers to retailers and increase sales velocity through both terrestrial and ecommerce channels.

One important piece of the Company's go-to-market strategy is that there is a common consumer for all its products, namely a Flexitarian woman shopper. In fact, women represent 93% of the shoppers driving plant-based food sales today³. One of the ways the Company can leverage this common shopper is to cross-promote the brands and drive trial of the Company's other products to current consumers, especially those who buy directly through the Company's website.

In Q2 and Q3, the Company invested in building out its direct-to consumer websites, increasing the product information on them, including robust store locators that answer the #1 consumer question: "where can I find your products at a store near me?"

The Company also increased product sales and shopping cart ability, piloting a common shopping cart across brands to increase cross-selling opportunities and discovery of new brands by its end customer. Early data shows more than 15% of customers are buying products from multiple brands and discovering new products as they shop. Owning this direct consumer touchpoint also allows for direct marketing through sampling into their purchased shipments and other low/no cost methods to increase awareness.

The Company has subscribed to SPINS and other key performance data and is putting in the analysis tools to be able to track velocity across retailers and products and make data-driven decisions about where to focus marketing and sales efforts to support and grow products velocity at retail and foodservice outlets.

¹ <https://www.statista.com/statistics/1281720/sales-of-plant-based-food-in-canada/>

² <https://agriculture.canada.ca/en/international-trade/market-intelligence/reports/customized-report-service-milk-alternative-beverages-plant-based-beverages-canada-and-united-states>

³ Yankelovich Monitor & Greenfield Online

Key growth priorities ahead for Q4 2022 and beyond:

- Rollout products in Canadian bilingual packaging to both large grocery and independent retailers across Canada, in all three brands (Hope and Sesame® Sesamemilk, Mozaics™ Real Veggie Chips, and RightRice® Veggie Rice). Expand Canadian ecommerce footprint allowing consumers across Canada to obtain products easily and cost effectively (without the cost of US freight).
- Focus deeply on foodservice expansion, a major growth target for 2023. Foodservice has high usage rates per outlet, strong net margins, and low costs to enter new distribution. Products like Hope and Sesame® Barista Blend Sesamemilk (cafés), RightRice® (Quick Service Restaurants (QSR) + Fast-Casual), Mozaics™ and Veggicopia® (both snack brands: contract, business & industry, and college/university foodservice and specialty channels/i.e. airlines) are ideally suited to myriad foodservice applications with ease of provisioning, operational reliability, and competitive pricing. Company SKUs are also foodservice ready, with bulk RightRice® (5lb and 50lb bags) available, Hope and Sesame® Sesamemilk is packed in 32 oz Tetra Pak shelf-stable containers (standard specification for foodservice operations), Mozaics™ and Veggicopia® single-serving snack items are available in bulk multi-packs.
- The Company is targeting the penetration of independent cafés, where plant milks now account for 40%-50% of all 'milk-based' drinks ordered. Oat milk is firmly established now at these outlets, but Sesamemilk has a clear opportunity to displace Almond and Soy, with a better performing, more delicious, more sustainable alternative. Already independent cafés bringing in Sesamemilk are opting to 'cancel' almond milk in favor of Hope and Sesame® Sesamemilk as a more sustainable, better-tasting choice. The 31,000+ independent cafés in the US represent a \$2B+ market for 'barista' plant milks. ⁴
- Focus on sales channels that generate revenue and profitability and also provide marketing opportunities at no additional cost, such as QSR and Fast-Casual foodservice, independent cafés, retail sales opportunities like home shopping TV, airline foodservice, and other high-touch and high-reach channels. The volume generated by foodservice, where the usage of a single SKU can be very deep, can also assist in reaching scale and improving overall efficiencies and margins more quickly.
- Implement production and supply chain efficiencies to reduce cost of goods and drive additional margin points.
- Ramp up low-cost, high touch marketing opportunities, including consumer trade shows (with opportunities to sell and build new customers/not just sample), influencer targeting, couponing and sampling to interest groups with an affinity or need for plant-based, high protein, high fiber, low GI, allergen-friendly product (including fitness enthusiasts and athletes, dieticians and nutritionists, parents, allergen-aware, baristas and coffee aficionados). Our marketing focus is on driving awareness and trial, and doing so through ROI-focused, measurable marketing efforts.
- Continue to scale direct to consumer (D2C) business and other online wholesale and retail presence, including additional 3rd party ecommerce marketplaces, etailers, and on Amazon.com.
- Expand operating team with key hires across Sales, Marketing, Finance, and Operations to drive and support growth and scaling.
- Complete implementation of NetSuite ERP system and associated internal infrastructure solutions to drive internal efficiencies as well as to be prepared for rapid scaling.

⁴ <https://www.ibisworld.com/industry-statistics/number-of-businesses/coffee-snack-shops-united-states/>

SUMMARY OF FINANCIAL INFORMATION

(expressed in \$)	Three months ended September		Nine months ended September	
	30		30	
	2022	2021	2022	2021
Revenues	3,673,626	768,590	9,548,886	2,305,549
Net revenues	2,684,424	649,789	7,165,877	2,006,859
Net loss	(4,943,657)	(7,573,700)	(4,516,124)	(8,963,958)

(expressed in \$, except shares outstanding)	September 30	December 31	December 31
	2022	2021	2020
Current assets	5,392,496	6,969,780	589,503
Current liabilities	13,187,524 ⁽³⁾	11,381,984 ⁽³⁾	3,717,598
Working capital deficit ⁽¹⁾	(7,795,028)	(4,412,204)	(3,128,095)
Add back:			
Derivative liability	2,256,489	7,084,160	–
Convertible notes	3,396,402	2,804,864	–
Adjusted working capital surplus (deficit) ⁽¹⁾	(2,142,137)	5,476,820	(3,128,095)
Total assets	11,326,418	7,591,605	601,538
Non-current financial liabilities ⁽¹⁾	420,631	496,367	15,517
Share capital	28,270,592	22,636,830	9,022,788
Total SVS equivalent shares outstanding ⁽²⁾	92,665,128	82,300,948	– ⁽²⁾

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

⁽²⁾ The results prior to the completion of the RTO are those of PHB which is an LLC with no issued share capital.

⁽³⁾ Current liabilities at September 30, 2022 includes a \$2,256,489 (December 31, 2021 – \$7,084,160) derivative liability and \$3,396,402 (December 31, 2021 – \$2,804,864) of convertible notes. See “Liquidity and Capital Resources – Convertible Notes” for more information.

PERFORMANCE REVIEW

(expressed in \$)	Three months ended		Nine months ended September	
	September 30		30	
	2022	2021	2022	2021
Net loss	(4,943,657)	(7,573,700)	(4,516,124)	(8,963,958)
Add back:				
Interest and accretion	450,376	146,797	1,190,591	268,085
Amortization	135,227	–	380,695	–
Depreciation	38,630	1,933	110,982	6,191
Taxes	9,332	–	9,332	–
EBITDA ⁽¹⁾	(4,310,092)	(7,424,970)	(2,824,524)	(8,689,682)
Deduct:				
Total other income	1,897,595	5,561,484	(4,199,396)	5,436,246

Adjusted EBITDA ⁽¹⁾	(2,412,497)	(1,863,486)	(7,023,920)	(3,253,436)
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⁽¹⁾ "EBITDA" and "Adjusted EBITDA" are supplemental financial measures. See "Non-IFRS and Other Financial Measures" for additional disclosures.

EBITDA for the 2022 periods is higher than the 2021 periods due primarily to the effect of lower equity-based compensation in the 2022 periods and merger transaction costs incurred in the 2021 periods (included in total other income) and due to an increase in gross profit as noted below.

Adjusted EBITDA for Q3 2022 is lower than Q3 2021 due to an increase in selling, general and administrative expenses and interest and accretion expense partially offset by an increase in gross profit.

(expressed in \$)	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Revenues	3,673,626	768,590	9,548,886	2,305,549
Trade spend	(828,978)	(94,227)	(2,082,185)	(195,966)
Spoilage and cash discounts	(160,224)	(24,574)	(300,824)	(42,724)
Net revenues	2,684,424	649,789	7,165,877	2,066,859
Trade spend as a % of revenues ⁽²⁾	23%	12%	22%	8%
Cost of goods sold	(2,340,888)	(436,194)	(5,118,658)	(1,092,354)
COGS as a % of revenues ⁽²⁾	64%	57%	54%	47%
Gross profit	343,536	213,595	2,047,219	974,505

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

Revenues:

Revenue drivers in the 2022 periods include:

- Completion of the Acquisition of RightRice® in January 2022 and new revenues from the sale of RightRice® products, plus the continued expansion throughout 2022 of RightRice distribution, including the new launch into Publix (+ 1,100 doors)
- Launch of updated brands into retail (Mozaics Real Veggie Chips in NEO Plastics film in both snack and 'share size', Hope and Sesame Non-GMO Sesamemilk in both shelf-stable and refrigerated packaging)
 - Mozaics™ in into foodservice sales and distribution, expanded ecommerce, grocery retailer placements, and sales to KeHE and UNFI customers adding more than 250 independent retailer doors and more than 1,000 TDP
 - Launch of Hope and Sesame® Barista Blend Sesamemilk in late Q1 2022 and subsequent achievement of distribution in numerous retail outlet and cafés. Critically, the Company has brought on more than ten regional distributors to deliver this product to retail and foodservice channels, including independent cafés.
 - Launch of Hope and Sesame® Sesamemilk refrigerated bottles into Kroger and other retailers.
 - Launch of shelf-stable Hope and Sesame® Sesamemilk into grocery retailers and ecommerce.
 - Expansion into ecommerce listings and home shopping channel sales.

Through September 2022, as planned, revenue is based on adding retail distribution and subsequent velocity growth and sales increases across grocery retail, foodservice, and ecommerce.

Trade Spend:

Trade spend consists of expenditures for both "slotting" for new distribution and in-store promotional programs, including end cap end-of-aisle displays and periodic discounting to drive trial and pantry-loading to maximize consumption. Slotting is the cost of achieving new distribution at a grocery retailer, and effectively covers the transition costs for the retailer to update their shelf set to include a new product, most often paid as 'free fill' (one case of free goods per store per SKU). As expected, trade spend as a percentage ("") of revenue increased in the 2022 periods as the Company shifted its efforts to expanding distribution into more retailers and investing in in-store promotional programs to draw attention to products and increase trial and drive velocity. In 2022 retailers returned to 'business as usual' post COVID-driven disruptions, including scheduled category reviews and execution of in-store promotions.

Trade spend as a % of revenue was lower in the 2021 periods as the majority of revenues earned in the 2021 periods were derived from the non-retail programs and distribution, including an Airline program where Mozaics™ single-serving bags were distributed to airline passengers on Delta Airlines. Such programs do not have retailer trade spend associated with them but may have some level of marketing expense or discounting required to support the distribution. Additionally, a significant number of commitments to variable trade spend and promotional programs had been made by RightRice in 2021 for the 2022 calendar year, which were assumed by the Company as the new owners of the brand, and drove overall trade spend up significantly. Finally, the Company added significant new grocery distribution in the first three quarters of 2022, which incurred the one-time slotting expense.

Grocery retail has high demand for trade spend against distribution, both to launch new items and to support those items in-store. New distribution additions take between 6-12 months to become profitable given the upfront investment costs in both free-fill and promotions to support a successful product launch at a retailer. The Foodservice channel does not require these upfront investments and is typically transactionally profitable right from the start of new programs. Additionally, Foodservice can often drive trial of products and build consumer awareness with no supplemental marketing costs, such as we see with RightRice, listed by name on the menu of all CAVA restaurants nationwide. Going into 2023, the Company is focused on increasing Foodservice distribution as a portion of its revenues.

Cost of Goods:

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

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

COGS also varies by product and product line. Currently, the Company designs our products to target COGS between 47% and 63% across products and brands (and a resulting gross margin before trade spend of 53%-37%). To date in 2022, average COGS as a percentage of revenue has been 54%, which is reflective of the sales product mix for that period. COGS performance is reflective of the complete supply chain (design, production, fulfillment, etc.), and also reflects the lifecycle of the product. Frequently at the early stage of the product life the COGS as a percentage of revenue is higher than the designed goal level. As the product matures and the volumes increase there are improvements in the COGS that are expected and earned. COGS are reviewed and managed; when COGS falls outside of expectations by product or brand, the Company evaluates the production/supply chain alternatives to address and navigate any cost challenges. COGS can vary significantly by product line, and take longer to reach scale margin, depending on the product, MOQ (minimum order

quantity) and other start-up inputs at early stages.

The Company was not as impacted by inflationary pressures as it might have been as our team saw the indications of inflation and rising costs during COVID, and in 2020-2021 revamped the supply chain and product formulations to focus on non-GMO crops as key ingredient inputs, that could be sourced and farmed from multiple areas worldwide, including within North America. This lessened the pressure from overseas ingredients and shipping timing constraints and costs. Additionally, the company moved away from Organic ingredients, as those supply chains were experiencing extended lead times and scaling costs. These changes were made prior to the Company's November 2022 IPO, and ingredients and other elements were reflected on updated product packaging and, where necessary, with new UPCs. As a result, the Company started over in grocery retail with several products that had received initial distribution, including Organic Mozaics™ chips (now Non-GMO Mozaics™ in sustainable NEO Plastics packaging) and Organic Hope and Sesame® Sesamemilk. We expect to realize lower shipping and freight costs in 2023 in certain areas and are already seeing international container shipment prices fall back to pre-COVID levels.

As the new products and pricing for Mozaics™ and Hope and Sesame® were set in Q4 2021, these did not have to be adjusted for a price increase in 2022. RightRice® pricing was increased in mid-2022 that netted RightRice® an average margin increase of 5%, which has now been fully implemented; we are also rationalizing a number of low-performing RightRice® SKUs to focus on the highest volume items and clear a path to launch new innovation that will expand the RightRice® footprint in other formats in 2023.

Across the production lines: areas where we have seen increased costs include ingredient costs, labor rate increases, inflation, and freight, and expects these to continue throughout 2022 and into 2023, given current world events and supply chain disruptions. The company is starting to see indications of certain accelerated costs settling back to pre-macro shock levels, including sea freight costs for international container shipments falling back to pre-COVID levels and improved supply and lower cost for high oleic sunflower oil and sunflower lecithin (ingredients that were impacted by the war in the Ukraine).

The Company is mapping and implementing opportunities to improve margin across each sales channel per SKU that will be achieved gradually over the next two years. Key areas of focus to achieve margin improvement include:

Channel Mix: Overall, the realized margins for the products sold via foodservice channels are higher than grocery retail sales. The Company's increased focus on increasing sales in foodservice will contribute to improving the Company's overall net margin.

Product Mix: As innovation continues the company will continue to evaluate SKU sales and cost performance and determine if pricing and/or SKU rationalization strategies are beneficial.

Scale and Supply Chain Sourcing: Increasing sales volume and related production scale present a number of opportunities to improve profitability and supply chain efficiencies. For instance, the volume increases themselves will improve cost per unit by amortizing line start up and fixed production costs across longer production runs. The team is looking to change its approach to sourcing/supplying ingredients and packaging to drive cost saving by increasing the percentage of ingredients that we buy on a direct and/or contracted basis as opposed to our current "spot" purchase pricing via our contract manufacturers.

Production, Logistics and Order Fulfillment Partners: The Company is building a more cost-effective network of freight suppliers and freight costs and adjusting 3PL networks and distributors to maintain and/or lower costs proactively. Additionally, we are expanding our co manufacturer base to be able to better cover geography (i.e. West Coast and East Coast production) as well as looking at higher speed /more efficient equipment to drive down manufacturing costs of certain items.

Opportunities to reduce costs and increase margins going forward vary by product line and therefore vary in terms of

their overall impact on the total Company margins and costs, but those opportunities range from 5%-12% in aggregate, by product, and will be implemented gradually over the course of 2023 and beyond.

Selling, General and Administrative Expenses:

(expressed in \$)	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Payroll and recruiting	871,783	523,580	2,636,216	1,184,950
Professional fees	221,507	724,636	1,798,116	879,770
General office expenses	179,838	148,011	692,556	360,964
Outbound freight	436,851	86,223	1,101,313	204,380
Advertising and marketing	1,046,055	594,631	2,842,939	1,597,877
Selling, general and administrative	2,756,033	2,077,081	9,071,139	4,227,941

The Company will continue to scale selling, general and administration expenses in line with its growth plans in 2022. Professional fees incurred in the 9 months September 2022 included significant one-time accounting, legal and advisory fees related to the Acquisition completed in January 2022. Other noted variances are explained below:

- Payroll and recruiting expenses are higher in the 2022 periods than in 2021 periods due to personnel additions to support the growth of the Company. The additional team members included the following: Chief Sales Officer, Chief Financial Officer, Senior Vice President of Marketing, and Vice President of Ecommerce. Within these functional areas of sales and marketing, finance, and operations, the Company has increased headcount to meet the demands and needs of the business. The Company will continue to assess its personnel needs and increase headcount where most appropriate.
- General office expenses are higher in the 2022 periods than in 2021 periods due to increased warehouse costs incurred from the addition of the RightRice® brands and the Company's efforts to build inventory to ensure product availability. Technology costs also increased due to the Company's focus on building out its direct-to-consumer e-commerce platforms went live during Q2 2022. Further, technology and professional service expense are increasing in 2022 as a result of the Company's NetSuite project/implementation.
- Outbound freight costs are higher in the 2022 periods than in 2021 periods due to the expansion of refrigerated sesamemilk as an ongoing product line across retailers, and ongoing freight cost increases for both dry trucking and container shipments. Sesamemilk refrigerated products require more expensive refrigerated warehousing and shipping. Dry freight costs have increased across all products, for inbound and outbound freight for ingredients and finished goods due to rising fuel prices, lower available capacity due to trucker shortages, and (where applicable), rising costs of international container shipments. Additionally, the acquisition of RightRice® this year also adds to the increased freight numbers.
- Advertising and marketing expenses are higher in the 2022 periods than in 2021 periods as the Company is placing major emphasis and attention on customer acquisition and retention. This includes efforts to increase the Company's social media presence, attendance at major trade show and events, customer reports and data for trending and performance, website development, fees and advertising expenses associated with e-commerce platforms. QVC has been a major focus for sales growth, but also with the increase in sales are the increase in commissions due. The Company did not attend trade shows in the first half of 2021. However, in 2022, the Company has attended several large trade shows and started event marketing to promote Barista Blend Sesamemilk.

Interest and Accretion:

During Q3 2022 and the 9 months September 2022, the Company recognized \$450,376 and \$1,190,591 (Q3 2021 and the 9 months September 2021 – \$146,797 and \$268,085), respectively, of interest and accretion.

Interest and accretion are higher in the 2022 periods than in the 2021 periods due primarily to interest and accretion on convertible notes issued in the second half of 2021, imputed interest related to leases entered into in Q4 2021, interest and accretion on the promissory notes issued as consideration for the Acquisition, and interest on the credit facility with CircleUp Credit Advisors LLC obtained in May 2022. See "Liquidity and Capital Resources – Convertible Notes", "Liquidity and Capital Resources – Promissory Notes" and "Liquidity and Capital Resources – Credit Facility".

Amortization and Depreciation:

During Q3 2022 and the 9 months September 2022, the Company recognized \$135,227 and \$380,695 (Q3 2021 and the 9 months September 2021– \$nil), respectively, of amortization expense and \$38,630 and \$110,982 (Q3 2021 and the 9 months September 2021– \$1,933 and \$6,191), respectively of depreciation expense.

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

Depreciation is higher in the 2022 periods than in the 2021 periods due to depreciation of right-of-use assets related to leases entered into in Q4 2021.

Other Income and Expenses:

(expressed in \$)	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Other income	–	352,619	–	405,452
Merger transaction costs	–	(3,651,119)	–	(3,651,119)
Government income	–	134,496	–	206,901
Loss on settlement of promissory notes	–	–	(30,821)	–
Change in fair value of financial instruments	(1,663,983)	(36,697)	4,668,685	(36,697)
Equity-based compensation	(398,147)	(2,360,783)	(640,496)	(2,360,783)
Foreign exchange	164,535	–	202,028	–
Total other income (expense)	(1,897,595)	(5,561,484)	4,199,396	(5,436,246)

Included in other income and expenses are various items related to the reverse-takeover ("RTO") transaction between TPHC and PHB in August 2021 which resulted in PHB becoming a wholly-owned operating subsidiary of TPHC. Based on the guidance of IFRS 10 Consolidated Financial Statements to account for the RTO, TPHC was determined to be the accounting acquiree with PHB as the accounting acquirer since the shareholders of PHB now control TPHC. The share consideration was valued at CAD \$0.40 per share which was deemed to be the fair value price per SVS. As a result of the Transaction, the shareholders of TPHC obtained approximately 15% of the combined entity. As such, PHB calculated the fair value of the 15% ownership percentage obtained by TPHC shareholders to be the value of the share consideration. As TPHC was determined not to be a business as defined under IFRS 3 Business Combinations, the RTO was accounted for as an asset acquisition and the Company recognized a merger transaction cost of \$3,651,119 based on the Transaction purchase price allocation summarized below:

Consideration:	
Value of equity instruments	\$ 2,632,356
Value of net liabilities:	
Cash	887,435
Convertible loan receivable ⁽¹⁾	1,869,661
Accounts payable and accrued liabilities	(175,521)
Derivative liability	(1,252,621)
Convertible debt	(2,347,717)
Total	(1,018,763)
Merger transaction cost	\$ 3,651,119

⁽¹⁾ The convertible loan receivable owed to TPHC by PHB was effectively settled on August 24, 2021 upon completion of the Transaction, resulting in the recognition of a \$566,479 gain in other income.

Other income relates to a gain on the settlement of a note receivable owed to TPHC by PHB that was settled in connection with the RTO offset by a loss on debt settlement.

Government income in 2021 primarily relates to the forgiveness of a U.S. government-sponsored Paycheck Protection Program loan. For 2022, there were no Government sponsored programs offered.

See “Liquidity and Capital Resources – Promissory Notes” for information on the loss on settlement of promissory notes.

See “Liquidity and Capital Resources – Convertible Notes” for information on the change in fair value of financial instruments.

During Q3 2022 and the 9 months September 2022, the Company recognized \$398,147 and \$640,496, respectively, of equity-based compensation related to (1) 1,241,287 stock options granted in January and July 2022 to certain employees, contractors and directors of the Company and to two investor relations advisors and (2) 2,516,434 restricted share units (“RSUs”) granted in July 2022 to certain directors, officers and employees of the Company.

During the 2021 periods, the Company recognized \$2,360,783 of equity-based compensation related to the issuance of 9,000,000 SVS performance warrants and 180,000 MVS warrants to certain officers and employees, 930,825 SVS warrants issued to employees, 785,000 stock options granted to certain directors of the Company and an investor relations firm and certain shares and warrants issued as compensation to the Agent in connection with the Company’s initial public offering completed in November 2021.

LIQUIDITY AND CAPITAL RESOURCES

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

The Company’s September 30, 2022 unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize our assets and discharge our liabilities in the normal course of business. During the 9 months September 2022, the Company reported a \$4,516,124 net loss and \$6,256,015 of cash flows used by operations. As at September 30, 2022, the Company had an accumulated deficit of \$34,270,877 (December 31, 2021 – \$29,754,753) and a working capital deficit of \$7,795,028 (December 31, 2021 – \$4,412,204). As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company’s ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent on the ability of the Company to achieve positive cash flow from operations and/or obtain necessary equity or other financing to continue.

The Company continues to be in the building stage of our business, establishing new distribution of our brands, developing and launching new products, making strategic accretive acquisitions where advisable, establishing a marketing strategy that reaches and builds a consumer community with high demand for our products, and building a shared services organization and supply chain to effectively serve consumer demand. Ultimately, growth of the business and implementing a path to profitability over the next two years will support the Company’s going concern success and is a key focus for Management. Management considers all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period.

Promissory Notes

As part of the consideration for the Acquisition completed on January 14, 2022, the Company issued two promissory notes. The first unsecured promissory note (“Promissory Note 1”) in the amount of \$2,000,000 was fully due and payable (including all accrued interest) on the earlier to occur of (i) the date of the closing of any offering of securities of the Company (whether by way of a prospectus offering or on a private placement basis), which offering may be completed in one or more tranches, raising aggregate gross proceeds of not less than US \$4,000,000 and (ii) March 31, 2022, the maturity date. The second unsecured promissory note (“Promissory Note 2”) in the amount of \$1,000,000 is fully due and payable (including all accrued interest) on January 14, 2023. The final value of Promissory Note 2 may be adjusted for undisclosed obligations and uncollectible revenue that impact the working capital balance provided at the close of the transaction.

The issue date fair value of the promissory notes was determined to be \$2,875,904 based on expected cash flows discounted at a rate of 15%.

Promissory Note 1 plus \$17,260 of accrued interest was paid on March 18, 2022, following the completion of a bought-deal public offering and the Company recognized a \$30,821 loss on settlement of promissory notes in the September 30 2022 consolidated statement of loss and comprehensive loss.

During the 9 months September 2022, the Company recognized \$52,739 of interest expense on the promissory notes.

A continuity of promissory notes is summarized in the following table:

Issued	\$	3,000,000
Issue date fair value adjustment		(124,096)
		2,875,904
Accretion		101,510
Repayment		(2,000,000)
Loss on settlement		30,821
Balance, September 30, 2022	\$	1,008,235

Credit Facility

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

As at September 30, 2022, the balance drawn on the Credit Facility was \$1,807,000. During the 9 months ending September

2022, the Company recognized \$56,428 of related interest expense and \$21,876 of annual fee amortization.

Convertible Notes

As at December 31, 2021 and September 30, 2022, the Company had CAD \$4,845,000 of unsecured convertible notes (the "Notes") outstanding. The Notes accrue a simple rate of interest at 2% per annum, payable semi-annually, mature on November 12, 2022 and are convertible at CAD \$0.34 per SVS if converted prior to the maturity date or CAD \$0.28 if automatically converted on the maturity date. As the Notes do not have a fixed conversion price, they do not meet the fixed-for-fixed criteria, and the fair value of the conversion feature is classified as a derivative liability.

During the 9 months ending September 2022, the Company recognized \$56,493 (9 months ending September 2021 – \$26,288) of interest expense on the Notes.

A continuity of the Notes is summarized in the following table:

	Principal amount (CAD)	Debt portion (USD)	Derivative liability (USD)
Balance, December 31, 2021	\$ 4,845,000	\$ 2,804,864	\$ 7,084,160
Accretion	–	856,188	–
Fair value adjustment	–	–	(4,668,685)
Foreign exchange	–	(264,650)	(158,986)
Balance, September 30, 2022	\$ 4,845,000	\$ 3,396,402	\$ 2,256,489

Government Loan

As at September 30, 2022, the Company had a government loan with an amortized cost of \$20,250 (December 31, 2021 – \$18,530) outstanding. The loan was obtained in 2020 pursuant to a long-term Economic Injury Disaster Loan ("EIDL") agreement with the U.S. Small Business Administration ("SBA") in the amount of \$150,000. The SBA EDIL is secured by assets of the Company, bears interest at a rate of 3.75% per annum, requires monthly principal and interest payments commencing on October 11, 2022 and matures on June 22, 2050.

Contractual Payments

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

As at September 30, 2022	Carrying amount	Less than 1 year	1 to 2 years	2 to 5 years	5 years +	Total contractual amount
Accounts payable and accrued liabilities	\$ 4,610,908	\$ 4,610,908	\$ –	\$ –	\$ –	\$ 4,610,908
Promissory notes	1,008,235	1,000,000	–	–	–	1,000,000
Credit facility	1,807,000	1,807,000	–	–	–	1,807,000
Convertible notes	3,396,402	3,759,894	–	–	–	3,759,894
Due to related parties	5,952	5,952	–	–	–	5,952
Government loans	21,169	1,586	6,362	11,242	130,810	150,000
Lease liability	502,000	36,849	148,811	301,447	127,180	614,287
	\$ 11,351,666	\$ 11,222,189	\$ 155,173	\$ 312,689	\$ 257,990	\$ 11,948,041

The Company's contractual liabilities include Notes totaling \$3,759,894 (CAD \$4,845,000) which were automatically converted to SVS on November 12, 2022

RELATED PARTY TRANSACTIONS

- As at September 30, 2022, due to related parties included \$5,952 (December 31, 2021 – \$59,924) of reimbursable corporate expenses
- During the 9 months September 2022, \$nil (9 months September 2021 – \$61,895) of compensation to PHB's founding members was deferred to assist in funding operations. As at September 30, 2022, due to related parties included \$nil (December 31, 2021 – \$nil) of deferred compensation.
- During the 9 months September 2022, the Company incurred \$nil (9 months September 2021 – \$10,296) of consulting fees charged by a founding member of PHB and \$70,345 (9 months September 2021 – \$10,056) of consulting fees charged by the sibling of a founding member. As at September 30, 2022, accounts payable and accrued liabilities included \$8,000 (December 31, 2021 – \$1,310) due to these related parties.
- A founder of PHB is also a shareholder in another company that sells services to the Company. During the 9 months September 2022, the Company was charged \$nil (9 months September 2021 – \$15,087) by the related company. As at September 30, 2022, accounts payable and accrued liabilities included \$nil (December 31, 2021 – \$nil) due to the related company.

SUBSEQUENT EVENTS

Convertible debentures

On October 21, 2022, the Company closed a private placement of convertible debentures for gross proceeds of \$1,621,566 (CAD \$2,223,750), representing the base principal amount of the convertible debentures. The base principal amount bears interest at 12% per annum, payable semi-annually in arrears, to be paid at the election of the Company in cash or converted into SVS at a conversion price (the "Interest Conversion Price") equal to the maximum Discounted Market Price (as defined under the policies of the TSX Venture Exchange) based on the closing price of the Company's shares on the date immediately preceding the interest payment due date.

The face value of the convertible debentures is \$2,490,600 representing the base principal plus 12% of bonus interest. The base principal amount is convertible, at the option of the holder, into units at CAD \$0.55 per unit until October 20, 2025 (the "maturity date"). Each unit will be comprised of one SVS and one warrant exercisable into one SVS at an exercise price of CAD \$0.80 at any time prior to the maturity date. At the election of the Company, all bonus interest and accrued and unpaid interest in respect of the base principal amount may be paid in cash or converted into SVS at the Interest Conversion Price.

The Company paid \$115,112 (CAD \$157,860) of finders fees in connection with the private placement.

Two officers and directors of the Company subscribed for \$21,876 (CAD \$30,000) principal amount of convertible debentures.

The convertible debentures, units, SVS, warrants and any underlying securities of the Company issuable on conversion or exercise thereunder (collectively, the "Securities") are subject to a hold period and may not be traded until February 21, 2023, except as permitted by applicable securities legislation and the rules and policies of the TSX Venture Exchange. In addition, such Securities will not be transferable or saleable until April 21, 2023, being that date that is six months and one day following the closing of the private placement in addition to any resale and transfer restrictions under applicable securities laws and stock exchange policies.

Convertible notes

On November 12, 2022, the Company converted CAD \$4,845,000 principal amount of Notes plus accrued and unpaid interest into 17,603,184 SVS at a conversion price of CAD \$0.28 per SVS.

SHARE CAPITAL

	Equivalent SVS ⁽¹⁾	Warrants ⁽²⁾	Warrants ⁽³⁾	Stock options ⁽²⁾	RSUs ⁽²⁾
Balance, December 31, 2021	82,300,948	11,518,305	180,000	785,000	–
Issued / granted	10,062,500	–	–	1,241,287	2,516,434
Exercised	301,680	(301,680)	–	–	–
Forfeited	–	–	–	(210,000)	–
Balance, September 30, 2022	92,665,128	11,216,625	180,000	1,816,287	2,516,434
Issued	17,603,184	–	–	–	–
Balance, date of MD&A	110,268,312	11,216,625	180,000	1,816,287	2,516,434

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

⁽²⁾ Exercisable into SVS

⁽³⁾ Exercisable into MVS

SELECTED FINANCIAL AND QUARTERLY INFORMATION

Unaudited	Q3 2022 \$	Q2 2022 \$	Q1 2022 \$	FY 2021 \$	Q4 2021 \$	Q3 2021 \$	Q2 2021 \$	Q1 2021 \$	Q4 2020 \$
Revenues	3,673,626	3,344,517	2,530,743	2,664,513	358,964	768,590	889,787	647,172	175,743
Net revenues	2,684,424	2,480,929	2,000,524	2,321,271	254,412	649,789	819,376	597,694	44,243
Net income (loss)	(4,943,657)	1,149,329	(721,796)	(17,600,388)	(8,636,430)	(7,573,700)	(924,912)	(465,346)	(549,956)
Basic net income (loss) per share ⁽¹⁾	(0.05)	0.01	(0.01)	(0.89)	(0.13)	(0.14)	–	–	–

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

Significant quarter-over-quarter variances are explained below:

- Continued quarter-over-quarter revenue growth achieved; 9% growth in Q3, 2022 over Q2, 2022; 378% growth in Q3, 2022 vs Q3, 2021
- Q3 2022 net loss is due to a \$1.6M decrease in the fair value of financial instruments, and a 7% increase in cost of goods sold, continued expected increase in trade spend, an increase in expense associated with equity-based compensation and interest and accretion associated with the convertible notes.
- Q2 2022 net income due in large part to a positive change in the fair value of financial instruments.
- Revenues and net revenues were higher in Q2 2022 and Q3 2022 due to continued momentum from new retailer distributors and customers added in Q1 2022 and the latter part of FY 2021 as well increases in the sale of RightRice® products.
- Q1 2022 revenues of \$2.5M represent 95% of the total FY 2021 revenues of \$2.7M, and growth of 605% over Q4 2021 revenues of \$0.4M.
- Q1 2022 net revenues of \$2.0M represent 86.2% of the total FY 2021 net revenues of \$2.3M, and growth of 686% over Q4 2021 net revenues of \$0.3M.

- Q1 2022 net loss represents 4.1% of the FY 2021 net loss (95.9% lower), and 8.4% of the Q4 2021 net loss (91.6% lower), due to higher revenues and the positive change in fair value of financial instruments. Q4 2021's net loss also included substantial one-time charges and non-cash adjustments due to merger and IPO expenses, related accounting adjustments and one-time professional fees.
- Revenues and net revenues were higher in Q1 2022 due to increased sales velocity, new retailer distribution wins (including placement of Hope and Sesame® products in Kroger stores), new revenues from the sale of RightRice® products, and new customers and Publix and QVC, where successful airings on QVC in January 2022 led to recurring return on-air sales segment invitations for both Mozaics™ and RightRice®.
- Revenues and net revenues were lower in Q4 2021 due to both seasonality as retailers focused on Holiday items (in the United States, this seasonality can impact shipments and sales for better-for-you foods between mid-October and mid-December of each calendar year), and to the anticipated winding down of the airline Mozaics™ chips program due to scheduled annual menu changes by the airline.
- Revenues and net revenues increased from Q4 2020 to Q2 2021, with a slight decrease to net revenue in Q3 2021 reflecting the initial impact of limited availability of organic ingredients. The Company has subsequently converted organic product lines to Non-GMO to minimize supply chain risk and cost increases from organic ingredients.
- Net loss increased in Q3 2021 due to the consolidation of results following the RTO and the recognition of one-time merger transaction costs and equity-based compensation.
- Net loss increased in Q2 2021 primarily due to an increase in sales and marketing expenses focused on the airline channel and investments to increase the social media presence for our brands.
- Revenues and net revenues decreased from Q1 2020 to Q4 2020 as the Company was unable to fully service product demand in the first half of 2020 due to COVID-19 resource limitations and distributors prioritizing filling orders to large retailers of major brands to catch up to COVID-based accelerated grocery demand, resulting retail orders being filled at under 25% of demand in Q2 and Q3.

FINANCIAL INSTRUMENTS

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

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

The principal markets for the Company's products are in the United States and Canada, however, a portion of sales are to foreign distributors. Management performs continuing credit evaluations of customers and generally does not require collateral. Historically, the Company has not experienced significant losses related to receivables from individual customers. During the 9 months September 2022, the Company derived approximately 61% of its gross revenues from three direct customers and through various direct-to-consumer e-commerce platforms which are more diverse, having several consumer customers purchasing within the e-commerce platforms (9 months September 2021 – 87% from three customers). Significant changes in industry conditions will increase the risk of not collecting receivables. Management believes the risk is generally mitigated by the size and reputation of the companies to which they extend credit.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

USE OF ESTIMATES AND JUDGMENTS

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

Critical accounting judgments

- Functional currency – The determination of the functional currency for the Company and each of our subsidiaries was based on management's judgment of the underlying transactions, events, and conditions relevant to each entity.
- Going concern – The going concern assessment requires management's judgment on the ability of the Company to achieve positive cash flow from operating activities and/or obtain necessary equity or other financing to execute the Company's business plan.
- Business combination – Judgments are required in determining whether an acquisition constitutes a business combination or asset acquisition based on the criteria in IFRS 3 Business Combinations.
- Leases – The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.
- Impairment – Judgments are required to assess when impairment indicators are evident and impairment testing is required.
- Revenue – The Company makes judgments in determining whether a performance obligation is distinct (i.e. if a service is separately identifiable from other services provided and if the customer can benefit from it). Judgments are required when evaluating when a performance obligation is satisfied, and revenue may be recognized. In making our judgments, management considers when a customer obtains control of the good or service being promised in the contract and whether another entity fulfilling remaining services would need to re-perform work completed to date. Judgments are also used to determine whether the Company acts as principal or agent on certain flow-through charges to customers, such as freight costs incurred on the shipment of goods. The judgments made include whether the Company or a third party controls the goods or services provided.
- Current and deferred taxes – Tax interpretations, regulations, court rulings and legislation in the various jurisdictions in which the Company operates are subject to change. As such, current and deferred taxes are subject to measurement uncertainty. Management uses judgment to assess deferred tax assets at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings.

Key accounting estimates

- Valuation of trade accounts receivable – The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the number of days trade accounts are overdue and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include sales experience, and historical collection and non-payments.
- Valuation of inventories – The valuation of inventory at net realizable value is based on management's best estimate including historical experience relating to the ultimate selling prices less costs to sell the inventory.

- Government Loans – The Company is required to make certain assumptions in estimating the fair value of the low interest rate loans received from the government. These assumptions include the allocation of value between the future cash flow and carrying value of these loans and the determination of a comparable interest rate that would be obtained if a financing was obtained from an independent financial institution to acquire a similar type of loan.
- Leases – Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.
- Convertible financial instruments – The Company makes estimates relating to the selection of appropriate market rates of interest to discount contractual interest and principal payments of compound financial instruments. There are also estimates related to the fair value of the embedded features which requires determining the most appropriate valuation model and the most appropriate inputs to the valuation model.
- Stock options and warrants – The fair value of stock options and warrants is recognized using the Black-Scholes model, that takes into account the terms and conditions upon which the stock options and warrants were issued. Measurement inputs include the Company's share price on the measurement date, the exercise price of the stock options/warrants, the expected volatility of the Company's shares, the expected life of the stock options/warrants and the risk-free rate of return. The Company estimates volatility based on historical volatilities of publicly traded peer companies. The expected life of stock options/warrants is based on historical experience and estimates of the holder's behaviour. Dividends are not factored in as the Company does not expect to pay dividends in the foreseeable future. For the fair value of stock options, management also makes an estimate of the number of stock options that may be forfeited, and the rate is adjusted to reflect the actual number of stock options that actually vest.
- Deferred taxes – Deferred taxes are based on estimates as to the timing of the reversal of temporary and taxable differences, substantively enacted tax rates and the likelihood of assets being realized.

NON-IFRS AND OTHER FINANCIAL MEASURES

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

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

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

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

"Trade spend as a percentage of revenues" is a supplemental financial measure. The Company uses trade spend as a

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

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

BUSINESS RISKS AND UNCERTAINTIES

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

- **Brand Value** – The Company's success largely depends on our ability to maintain and grow our brands. Maintaining, promoting and positioning the Company's brands and reputation will depend on, among other factors, the success of our product offerings, management's ability to respond to customer preference changes, food safety, quality assurance, marketing and merchandising efforts and the Company's ability to provide a consistent, high-quality customer experience.
- **Reputation Risk** – Real or perceived quality or food safety concerns or failures to comply with applicable food regulations and requirements, whether these potential concerns actually involve the Company or are based on facts, could cause negative publicity and reduced confidence in the Company and the Company's products, which could cause harm to the Company's brand, reputation and sales, and could materially adversely affect the business, financial condition and results of operations.
- **Disruption at Production Facilities** – A natural disaster, fire, power interruption, work stoppage or other calamity at a partner production facility or at any future facility where the Company produces our products, would significantly disrupt the Company's ability to deliver our products and operate our business. Further, any government action restricting the operations or access to the Company's co-manufacturing facilities or at any future facility would have a material adverse effect on our business.
- **Failure to Introduce New Products or Successfully Improve Existing New Products** – A key element of management's growth strategy depends on our ability to develop and market new products and improvements to the Company's existing products that meet our standards for quality and appeal to consumer preferences. If the Company is unsuccessful in meeting our objective with respect to new or improved products, the business could be harmed.
- **Reliance on Key Personnel** – The Company is strongly dependent on the business and technical expertise of our management team and there is little possibility that this dependence will decrease in the near term. The contributions of the existing management team to the Company's immediate and near-term business are likely to be of central importance.
- **Product Defect Risk** – Selling food for human consumption involves inherent legal and other risks, and there is increasing governmental scrutiny of and public awareness regarding food safety.
- **Protection of Intellectual Property Rights** – The Company currently relies on unpatented proprietary expertise, recipes and formulations and other trade secrets to develop and maintain our competitive position. The Company's success depends, to a significant degree, upon our ability to protect and preserve our intellectual property.

- Competition – The industry the Company operates in is intensely competitive and the Company faces competition from numerous brands that produce plant-based food and beverage products, including small and large independent companies and large-scale manufacturers..
- Reliance on Customers – If the Company is unable to maintain good relationships with existing customers, our business could suffer. There can be no assurance of continued business relationships with distributors and vendors of the Company's products.
- Consumer Trends and Preferences for Plant-Based and Natural Food Products are Difficult to Predict and May Change – The Company's business is focused on the development, manufacturing, marketing and distribution of plant-based foods and beverages. Consumer demand for these products could change based on a number of possible factors, including dietary habits and nutritional values, concerns regarding the health effects of ingredients and shifts in preference for various product attributes. The Company's success depends, in part, on our ability and our customers' ability to offer products that anticipate the tastes and dietary habits of consumers and appeal to their preferences on a timely and affordable basis. T
- Fluctuation of Quarterly Operating Results – Revenue is difficult to forecast and may fluctuate significantly from quarter to quarter. Delays, reduction in scope or cancellation of orders could materially adversely affect the Company's business, financial condition, and results of operations.
- Supply Chain Management – The Company's supply chain is complex. Insufficient or delayed supply of products threatens the Company's ability to meet customer demands, while over-capacity threatens our ability to generate profits. Accordingly, any failure by the Company to properly manage our supply chain could have a material adverse effect on our business, financial condition, and results of operations.
- Public Health Crises – Public health crises could adversely affect the Company's business. The Company's financial and/or operating performance could be materially adversely affected by the outbreak of public health crises, epidemics, pandemics, or outbreaks of new infectious diseases or viruses, such as the global outbreak of the novel coronavirus disease, COVID-19, and new variants of concern.
- Inability to Achieve and/or Manage Growth – The growth of the Company's business may place a strain on managerial, financial, and human resources. The Company's ability to maintain our rate of growth will depend on several factors.
- Inability to Efficiently Expand Production Network – There is a risk in the Company's ability to effectively scale production processes and effectively manage our supply chain requirements.
- Government Regulation of Food Industry – The production, distribution and sale of the Company's products in Canada, the United States and other countries are subject to various federal, provincial and state regulations, including, but not limited to, food and drug regulations, health and safety laws, environmental statutes, as well as various other federal, provincial, state and local statutes and regulations applicable to the production, transportation, sale, safety, advertising, labelling and ingredients of our products.
- Impact of Product Marketing and Product Recalls – The success of the Company depends on our ability to build and maintain brand image for existing products, new products and brand extensions. The Company has no assurance that our advertising, marketing, and promotional programs will have the desired impact on our products' brand image and on consumer preference and demand.
- Labelling – Food labelling regulations and resulting debates over word choices and/or packaging label disclosures related to ingredient use, ingredient labels, product nutritional and product attributes and/or composition, use or purpose have become frequent areas of contention and may become the basis for product recalls, consumer class action suits and/or regulatory fines.

- Limited or Disrupted Supply of Key Ingredients – A number of the ingredients in the Company's products are vulnerable to adverse weather conditions and natural disasters, such as floods, droughts, frosts, earthquakes, hurricanes and pestilence.
- Price of Raw Materials – Costs of the ingredients and packaging for the Company's products are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, weather conditions, consumer demand, supply chain disruptions caused by war and political instability, and changes in governmental trade and agricultural programs.
- Significant Business Expenditures – The Company anticipates that our operating expenses and capital expenditures will increase in the foreseeable future as the Company continues to invest to increase our customer base, supplier network, co-manufacturing partners, marketing channels, and distribution, as well as hire additional employees, enhance the Company's technology infrastructure, including ecommerce capabilities for outside sales and internal ERP systems for revenue and inventory management, and develop new products. The Company's expansion efforts may prove more expensive than initially anticipated, and the Company may not succeed in increasing our revenues and margins sufficiently to offset the anticipated higher expenses.
- Availability of Capital – The availability of capital on acceptable terms, including the ability of the Company to raise funds through the issuance of equity or debt securities, obtain credit facilities, renegotiate the terms of our existing convertible debt if necessary and/or repay the principal and interest owing under our existing convertible debt, may impact the Company's ability to fund our business plan and growth strategy.
- Reliance on Information Technology – Information technology helps the Company operate efficiently, interface with customers, maintain financial accuracy and efficiency, and accurately produce our financial statements. If the Company does not allocate and effectively manage to build and sustain the proper technology infrastructure, we could be subject to transaction errors, processing inefficiencies, the loss of customers, business disruptions or the loss of or damage to intellectual property through security breach.
- Global Economic Risk – Adverse and uncertain events that may affect the prevailing economic conditions, including a global pandemic, climate change, political events, wars, natural disasters or other global events, may impact consumer demand for the Company's products.
- Fluctuations in Foreign Currency Exchange Rates May Adversely Affect Operating Results – The functional currency of TPHC is the CAD; the functional currency of PHB is the USD. The presentation currency of the Company is the USD. However, doing business globally, the Company is exposed to foreign currency exchange rate risk with respect to our sales, expenses, profits, assets and liabilities.
- Litigation Risk – The Company may become party to litigation from time to time in the ordinary course of business, which could adversely affect the business of the Company. Among other matters, businesses in the Company's industry (including the Company itself) are regularly subject to pre-litigation demands or formal litigation proceedings from consumers (including class action litigation making consumer fraud claims related to food labelling) or regulatory agencies regarding labelling or other alleged legal or regulatory violations.
- Climate Change Risk – The Company is focused on maintaining and improving the sustainability of our products. If climate change has a negative effect on agricultural productivity, the Company may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for our products, such as peas and/or beans.