

MUSTGROW BIOLOGICS CORP.

Management's Discussion and Analysis

For the Year Ended December 31, 2022

General

This management's discussion and analysis of financial position and results of operations ("MD&A") is prepared as at April 27, 2023 and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022 and related notes of MustGrow Biologics Corp. ("MustGrow" or the "Company"). The audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

Management is responsible for the preparation and integrity of the Company's consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable. All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate, and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at www.sedar.com.

History and Description of Business

On March 13, 2018 the Company completed a three-cornered amalgamation pursuant to an amalgamation agreement between the Company, MPT Mustard Products & Technologies Inc. ("MPT") and 102023826 Saskatchewan Ltd. ("Subco"). Pursuant to the terms of the amalgamation agreement, the Company acquired all of the issued and outstanding MPT common shares and MPT common share purchase warrants in exchange for the Company's common shares and common share purchase warrants and MPT and Subco amalgamated pursuant to the provisions of *The Business Corporations Act* (Saskatchewan). The Company issued one common share for every two MPT common shares and one warrant for every two MPT warrants, for aggregate consideration of 10,454,154 common shares (post-consolidation) of the Company and 1,289,837 warrants of the Company being issued to the MPT shareholders and warrant holders.

On March 29, 2018, the Company changed its name to MustGrow Biologics Corp.

On January 1, 2020, the Company and its wholly owned subsidiary, MPT, amalgamated and continued operations as MustGrow Biologics Corp.

On May 7, 2020, the Company formed a wholly owned subsidiary, MustGrow Biologics Colombia S.A.S. to pursue market opportunities in South America. On November 10, 2021, the Company announced that the Company's South American product development program would transition to its collaborator, Sumitomo Corporation. Accordingly, the Company's subsidiary was no longer required and MustGrow Biologics Colombia S.A.S. was wound up on March 31, 2022.

The Company is a publicly traded (TSXV: MGRO; OTCQB: MGROF; FRA: 0C0) agricultural biotechnology company focused on the development and commercialization of natural biological technologies and products from mustard seed for sustainable agriculture markets. The objectives of these biological technologies are (i) to provide a natural, sustainable alternative to banned and/or restricted synthetic chemicals and fertilizers used in organic production; and (ii) to improve soil health. These biological technologies include applications in the Biocontrol, Soil Amendment and Biofertility markets.

Biocontrol

In the Biocontrol market, the Company has designed and owns a United States ("U.S.") Environmental Protection Agency ("EPA") approved biopesticide that uses the mustard seed's natural defense mechanism to protect plants from soil-borne microbial diseases and pests. Approximately 150 independent tests have been completed, validating the Company's safe and effective technology. This technology, in granule format, is EPA-approved across all key U.S. states (excluding California) as a biopesticide and is designated by Health Canada's Pest Management Regulatory Agency ("PMRA") as biopesticide. The Company has now concentrated a new liquid format for Biocontrol, branded as TerraMG™, to be applied through injection, standard drip or spray equipment, designed to improve functionality and performance features. Discussion with the EPA for regulatory approval for TerraMG™ is in process.

In Biocontrol, the MustGrow technology is a platform technology with multiple applications (collectively, "**Biocontrol**" applications), including:

- **Preplant Soil Biofumigation** – to treat soil-borne diseases and pests for multiple crops, including fruit, vegetables, and potentially others;
- **Bioherbicide** – to treat unwanted plant growth using a unique mode of action, for potential use in organic agriculture and home and garden markets, as well as agriculture markets in jurisdictions where glyphosate is out of favor or has been banned; and
- **Postharvest Food Preservation** – to suppress sprouting and treat disease and pathogen, for storage and food preservation markets (fruit and vegetables, bulk grain, shipping containers and food borne pathogens).

Soil Amendment and Biofertility

The Company is also developing an organic soil amendment technology, under the brand name Terasante™, and formulating potentially new biofertility technologies customized for particular soil applications (respectively the "**Soil Amendment**" and "**Biofertility**" applications and technologies). The Soil Amendment technology, in mixable form, contains nutritious plant

proteins and carbohydrates that feed soil microbes, potentially improving beneficial microbial activity and ensuring long-term sustainable soil health. These targeted micro-communities are shown to work to improve nutrient availability, which can potentially increase plant vigor and yields, while also reducing plant stress. TerraSante™ has the potential to improve crop nutrient uptake and, hence, overall crop performance.

MustGrow is initially pursuing TerraSante™ branded registrations in North America for Soil Amendment applications, which will be followed by new formulations and brands targeting the Biofertility markets. The Soil Amendment and Biofertility products will utilize multiple technologies derived from novel plant-based extracts from mustard and potentially other sources.

Operations

MustGrow is developing and commercializing natural biological technologies and products from mustard seed for the Biocontrol, Soil Amendment and Biofertility markets for sustainable agriculture. The objective of these biological technologies is to provide a natural, sustainable alternative to banned and/or restricted synthetic chemicals and fertilizers used in organic production, and to improve soil health.

The research, development and regulatory pathway for Biocontrol pesticides and herbicides typically begins with laboratory work that verifies that the active ingredient and formulation will have the desired neutralizing effect on the pest of interest in a controlled environment, at small scale. This laboratory phase may take one to two years and cost up to approximately \$100,000. If these results are positive, the trial work can proceed to a greenhouse environment where the scale is larger, but conditions remain controlled in the confines of the greenhouse. Validation in the greenhouse phase may take one to two years and cost approximately \$100,000 to \$500,000. If these results are positive, the next step would be to test the technology in "real world" conditions in field trials. These trials are conducted on the crops and pests of interest in typical, commercial growing environments. These are larger scale and more expensive trials that will typically span a growing season or longer and test different application methods and rates. In order to achieve regulatory approval for commercial use of a new biological pesticide/technology, additional safety and efficacy trials will be required as determined by the pertinent regulatory agency (for example, the EPA in the U.S. and the PMRA in Canada). This phase of product development may cost approximately \$1 million to \$5 million or more and take two to three years to complete. In addition, registration in other foreign jurisdictions may cost approximately \$10 million to \$15 million and take three to seven years to complete.

While the research and development costs and timelines for Soil Amendment and Biofertility applications mirrors that for Biocontrol pesticides and herbicides, the time and cost for regulatory trials and approvals is anticipated to be much less.

The Company's product development model emphasizes collaboration with industry participants who have resources and experience in pesticide technology commercialization. Typically, industry partners will conduct trials at their own expense. Therefore, it is unlikely that the

Company would bear the entire cost associated with product development on its own and would be able to access the know-how, research, development and regulatory expertise of industry participants.

On August 4, 2021, the Company announced that it entered into an exclusive evaluation and option agreement with Sumitomo Corporation to evaluate the Company's technology for its efficacy and commercial potential. Pursuant to the agreement, the Company granted Sumitomo Corporation, amongst other things, the intellectual property rights for testing and the option to acquire exclusive rights to MustGrow's Biocontrol technology for preplant soil fumigation, bioherbicide and postharvest food preservation for potatoes, and bananas in North, Central, and South America.

On December 14, 2021, the Company announced an expansion of the Sumitomo Corporation collaboration program to include development work in Mexico, Peru and Chile, across multiple crops and applications. The Company and Sumitomo Corporation also commenced regulatory work in multiple countries across South and Central America in addition to the ongoing EPA registration process in the United States.

On January 21, 2022, the Company announced that it entered into an exclusive evaluation and option agreement with Bayer AG ("Bayer") to evaluate the Company's technology for its efficacy and commercial potential. Pursuant to the agreement, the Company granted Bayer, amongst other things, the intellectual property rights for testing and the option to acquire exclusive rights to MustGrow's Biocontrol technology for pre-plant soil fumigation, bioherbicide, postharvest and food preservation for potatoes in Europe, Asia Pacific, Middle East and Africa.

On April 20, 2022, the Company announced that it entered into an exclusive evaluation and option agreement with Janssen PMP, a division of Janssen Pharmaceutica NV, one of the Janssen Pharmaceutical companies of Johnson and Johnson. Pursuant to the agreement, the Company granted Janssen PMP the exclusive right to test the Company's Biocontrol technologies for postharvest storage preservation of fruits and vegetables globally, excluding grains, potatoes, bananas and shipping container fumigation (the "Field"). The Company also granted to Janssen PMP an option to obtain an exclusive license to commercialize technology in the Field. Pursuant to the agreement, MustGrow received EUR 200,000 (\$272,500), which was recorded as deferred revenue.

On July 20, 2022, the Company announced that it entered into an exclusive marketing and distribution agreement with NexusBioAg in the Canadian canola and pulse markets for the Company's mustard-based biopesticide technology. This agreement continues and extends previous research performed by NexusBioAg, further advancing the technology through the development process.

On August 16, 2022, the Company announced that it extended the exclusive evaluation and option agreement with Sumitomo Corporation, originally announced on August 4, 2021. Over the span of the initial option period, Sumitomo Corporation's evaluation efforts demonstrated positive levels of efficacy utilizing MustGrow's technology in comparison to certain synthetic

chemical standards. These positive tests, conducted across the Americas, resulted in the parties' desire to extend the term of the exclusive evaluation and option agreement. During the extension period, Sumitomo Corporation plans to continue to drive all field development, regulatory and market assessment work necessary for commercialization. Pursuant to the extension agreement, MustGrow received US\$500,000 (\$641,200), which was recorded as deferred revenue.

On November 9, 2022, the Company announced that the TSX Venture Exchange ("TSXV") approved the Company's application to list its common shares on the TSXV. The Company's common shares commenced trading on the TSXV on November 11, 2022. The Company also voluntarily delisted its common shares from the Canadian Securities Exchange at the close of the market on November 10, 2022.

On March 8, 2023, the Company announced growth of its global patent portfolio from 23 to 84 patent files in the past three years. Of the 84 patent files, 62 have been issued, an increase from 18 issued patents three years ago.

On April 18, 2023, the Company announced that it will pursue opportunities in the Soil Amendment and Biofertility marketplaces, focusing on soil and soil microbiome health, nutrient and water use efficiencies, and plant yields.

The Company's technology pipeline is presented below and describes, for each application, the stage of development and the steps to reach regulatory approval, which will facilitate commercial sales. Please refer to the discussion under the "Technology Pipeline and Market Opportunities" section of the Company's Annual Information Form ("**AIF**") dated April 27, 2023 available under the Company's Issuer Profile on SEDAR at www.sedar.com.

Technology Pipeline

	APPLICATIONS	TARGET	ESTIMATED MARKET SIZE / LOSS	PROOF OF CONCEPT	EARLY R&D	ADVANCED R&D	REGISTRATION	Partner
				Laboratory	Greenhouse	Field Trials	Pre-Launch	
Soil Applied	Soil Amendment & Biofertility							
	TerraSante™	Preplant Soil Conditioner for Healthier Soil	US\$3.5 Billion Estimated Global Market Size	→			TerraSante™ Registration work ongoing in the US and Canada	
	Biofertilizers	Preplant Soil Biofertilizers for yield enhancement	US\$2.6 Billion Estimated Global Market Size	→		Formulation work		
	Soil Biocontrol							
	TerraMG™	Fusarium, Botrytis, Verticillium, Rhizoctonia, Pythium, Phytophthora, Sclerotinia, Aphanomyces, Clubroot Disease, Nematodes, etc.	US\$1.3 Billion Estimated Global Market Size in Fruit & Vegetable	→			TerraMG™ Registration work ongoing in multiple countries	Sumitomo Corporation, BAYER, NexusBioAg
	Bioherbicide	Natural Herbicide	US\$35 Billion Estimated Global Market Size	→		Formulation work on new extract		Sumitomo Corporation, BAYER
Non-soil Applied	Postharvest Biocontrol & Food Preservation							
	Storage: Potato, Fruit & Vegetable	Sprouting, diseases and pests	US\$1.5 Billion Estimated Global Market	→				JANSSEN PHARMACEUTICA, Sumitomo Corporation, BAYER
	Storage: Bulk Grain*	Mycotoxins and pests	US\$15 Billion Estimated Global Loss	→		Seeking Partners		
	Storage: Shipping Containers*	Diseases and pests	US\$2 Billion Estimated Global Market Size	→		Seeking Partners		

* Literature shows AITC has application in these areas.

Source: Globenewswire, Statista, Fortune Business, Polaris Market Research, 3rd Party Ag Market Researcher, MustGrow estimates.

In addition to Biocontrol, Soil Amendment and Biofertility products and technology, MustGrow licensed a powdery mildew biofungicide product from a third party for use in Canada on cannabis and hemp plants. In 2021, the Company realized its first sales of CannaPM™. In view of limited potential, the Company terminated this license in 2022.

Financing Activities

During the year ended December 31, 2020, the Company issued 4,167,765 common shares for proceeds totaling \$1,826,807 on the exercise of stock options and warrants.

On October 6, 2021, the Company completed a private placement of 2,726,611 units (the "2021 Unit Offering") which consisted of one common share and one-half warrant to purchase one common share at \$4.00 per share (the "2021 Unit") at an issue price of \$2.60 per 2021 Unit. The gross proceeds from the 2021 Unit Offering were \$7,089,189 and the net proceeds after deducting costs associated with the share issuance were \$6,585,906.

On November 4, 2021, the Company issued 56,366 common shares at a fair market value of \$3.65 per share to fully repay a \$205,734 note payable to an independent party.

During the year ended December 31, 2021, the Company issued 4,508,411 common shares for proceeds totaling \$2,133,047 on the exercise of warrants.

During the year ended December 31, 2022, the Company issued 1,875,000 common shares for proceeds totaling \$653,750 on the exercise of warrants and stock options.

Selected Annual Information

	2022 \$	2021 \$	2020 \$
Revenue	6,479	12,869	0
Net loss	5,565,841	3,063,875	3,309,926
Net loss per share, basic and diluted	0.11	0.07	0.09
Assets	7,134,382	9,701,950	3,372,050
Non-current financial liabilities	355,058	382,271	696,503
Cash dividends per share	0	0	0

Results of Operations

Revenue in 2022 and 2021 came from sales of CannaPM™. In view of limited potential, the Company ceased sales of CannaPM™ in 2022.

For the years ended December 31, 2022, 2021 and 2020, the Company incurred losses of \$5,565,841, \$3,063,875 and \$3,309,926, respectively. The variation from year to year was driven primarily by the expense levels presented in the table below.

	Years ended December 31,		
	2022	2021	2020
Expenses			
Research and development	\$ 475,858	\$ 458,382	\$ 149,248
Regulatory	100,269	76,531	46,436
Corporate communications	204,836	133,250	1,041,917
Transfer agent, filing and exchange	332,523	206,785	122,789
Office and administration	1,116,856	957,025	675,393
Marketing and promotion	696,820	567,929	263,549
Patent expenses	298,210	203,591	187,678
Professional fees	771,690	151,066	105,335
Stock-based compensation	1,694,540	270,810	776,903
Total Expenses	\$ 5,691,602	\$ 3,025,369	\$ 3,369,248

Research and development expenses include:

- Costs related to identification and extraction of biopesticide and bioherbicide compounds from mustard seed, and formulation of these compounds into biologic technologies and products ("Process Development");

- Testing of these technologies on various microbial diseases, pests and weeds in laboratory, greenhouse and field settings ("Trials"); and
- Fees paid to technical experts assisting with management of Process Development and Trials.

Research and development expenses increased over the three-year period as the Company increased activity on the products and crops identified in the product pipeline above.

	Years ended December 31,		
	2022	2021	2020
Process development	\$ 229,969	\$ 207,187	\$ 27,600
Trials	135,917	145,863	66,749
Management	109,972	105,332	54,899
	<u>\$ 475,858</u>	<u>\$ 458,382</u>	<u>\$149,248</u>

Regulatory expenses include renewal fees for existing product registrations and fees paid to expert consultants working with regulatory bodies to achieve registration of the Company's technology. This activity increased as the Company continued to prepare information for the EPA and develop regulatory pathways in other jurisdictions.

Corporate communications expenses consist of fees paid to consultants to provide, amongst other services, the following:

- Educating investors and the general public about the Company's products and technology; and
- Communications with shareholders and financial market participants relating to the Company's products and Biocontrol technology trials.

Corporate communications expenses were elevated in 2020 due to the following:

- Services and communication obligations arising from the expanded shareholder base following an offering of shares and warrants in December 2019 (the "**2019 Unit Offering**");
- Increased communications resulting from the listing of the Company's common shares on the OTC and Frankfurt Stock Exchange (the "**2020 Listings**"); and
- Increased communications with industry and the research and development community driven by the increase in the Company's research and development activity.

Corporate communications expenses decreased in 2021 as the commitments and obligations emanating from the 2019 Unit Offering and the 2020 Listings diminished.

Transfer agent, filing and exchange fees increased in 2021 because of increased transfer agent fees related to share issuances, and exchange fees increased because of warrant exercises.

Transfer agent, filing and exchange fees increased in 2022 due to fees related to the preparation and filing of the Company's base shelf prospectus. As well, filing and exchange fees have increased due to the increase in the Company's market capitalization and the Company's listing on the TSXV.

The primary components of office and administration expenses are as follows:

	Years ended December 31,		
	2022	2021	2020
Management compensation	\$ 913,125	\$ 850,780	\$ 577,991
Rent	64,770	64,195	46,436
Travel	86,624	3,353	1,713
Office expenses	52,337	38,697	49,253
	<u>\$ 1,116,856</u>	<u>\$ 957,025</u>	<u>\$ 675,393</u>

Management compensation increased in 2022 due to increased corporate activity and realignment consistent with comparable companies in the agricultural technology industry. Travel increased in 2022 due to easing of COVID-19 restrictions.

Marketing and promotion expenses include trade shows, travel, content and materials development and dissemination and consulting fees paid to market development representatives. Marketing and promotion increased in 2022 and 2021 as the Company expanded its activities worldwide. The following factors also contributed to the increase:

- Trade show and conference activity increased over previous periods which were limited due to COVID-19; and
- The Company's increased research and development activity, which generated more results and more news to be shared with the Company's target markets.

Patent expenses increased due to new patent filings emerging from the Company's increased research and development activity.

Professional fees include legal, audit and tax services. Higher levels in 2022 were due primarily to preparation of the Company's base shelf prospectus and listing on the TSXV.

Stock-based compensation increased in 2022 due to issuance of share units to the Company's management, board of directors and consultants in lieu of cash compensation. Stock-based compensation also includes amounts related to warrants to consultants issued in lieu of cash compensation.

Cash Flows and Financial Position

Cash used in operating activities for the years ended December 31, 2022 and 2021 was \$3,257,538 and \$2,411,779, respectively. This increase was driven primarily by the increased expense levels described above, other than stock-based compensation, which is not a cash expense.

Cash provided by financing activities for the years ended December 31, 2022 and 2021 was \$653,750 and \$8,718,953, respectively. In 2021, the Company received net cash proceeds of \$6,585,906 from the 2021 Unit Offering and \$2,133,047 on exercise of warrants. In 2022, the Company received \$653,750 on exercise of warrants and options.

Total assets decreased to \$7,134,382 at December 31, 2022 from \$9,701,950 at December 31, 2021 due to cash used to fund operations.

Total liabilities increased to \$1,895,336 at December 31, 2022 from \$1,245,353 at December 31, 2021 due to an increase in deferred revenue, offset by a decrease in accounts payable and accrued liabilities.

Selected Quarterly Information

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements.

Quarter Ended	Revenue \$	Income (loss) for the period \$	Income (loss) per Share (Basic & Diluted) \$
December 31, 2022	0	(1,008,277)	(0.02)
September 30, 2022	1,308	(2,132,955)	(0.04)
June 30, 2022	3,721	(1,421,512)	(0.03)
March 31, 2022	1,450	(1,003,097)	(0.02)
December 31, 2021	0	(1,095,520)	(0.02)
September 30, 2021	12,869	(696,115)	(0.02)
June 30, 2021	0	(659,978)	(0.02)
March 31, 2021	0	(612,262)	(0.01)

The Company is not currently subject to seasonality fluctuations and the variation in loss for the quarterly periods reflects increased or decreased levels of research, technology development and corporate activity. The increased loss for the quarter ended December 31, 2021, compared to earlier 2021 levels was due to increased Process Development and management compensation expenses related to the achievement of certain performance bonuses. In 2022, expense levels increased due to professional fees, patent expenses, filing fees, exchange fees, travel, management compensation and stock-based compensation.

Financial Condition, Liquidity and Capital Resources

The Company's working capital at December 31, 2022 was \$5,594,104 including cash of \$7,016,183. The Company does not generate positive cash flows. The Company is reliant on equity financing or shareholder loans to provide the necessary cash to acquire or participate in an active business. There can be no assurance that equity financings will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

The Company has not entered into any off-balance sheet arrangements.

Related Party Transactions

During the year ended December 31, 2022, the Company incurred consulting fees and office rent of \$931,125 (2021 – \$868,780) to companies controlled by directors and officers of the Company.

During the year ended December 31, 2022, stock-based compensation related to stock options and share units issued to directors and officers of the Company totaled \$1,411,720 (2021 – \$182,957).

As at December 31, 2022 there was \$33,227 accrued and payable to directors and officers of the Company (2021 – \$268,922).

Financial Instruments and Risk Management Fair Values

The fair values of cash and equivalents, receivables, trade payables and long-term debt approximate their fair values because of their nature and relatively short maturity dates or durations. The long-term debt is valued using a discounted cash flow model taking into consideration the current market interest rate with similar term to maturity and the Company's current credit quality. As at December 31, 2022, the fair value of the long-term debt is \$759,334 (December 31, 2021 - \$749,268).

(a) Financial Risk Management

The board of directors of the Company (the "**Board**") has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance.

(b) Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

Credit Risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The receivables consist primarily of tax receivables due from federal government agencies. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability

to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. Such fluctuations may be significant, but the Company is not currently subject to any such risks in a material way.

(a) Interest rate risk

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to cash flow risk because there is no variable interest paid on debt outstanding. The Company is not currently exposed to fair value risk because the fair value of its cash deposits and debt do not vary with changes in interest rates.

(b) Foreign currency risk

The Company conducts certain of its operations in U.S. dollars and is limited to a small number of purchases in U.S. dollars which are recorded at the spot rate at the date of the transaction. As of December 31, 2022, the Company held U.S. dollar cash of \$357,594 (December 31, 2021 – \$14,800).

(c) Equity price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company's earnings are not currently exposed to price risk, however equity market fluctuations and conditions may impact the Company's ability to raise equity capital. The Company closely monitors the stock market to determine the appropriate course of action to be taken by the Company.

Changes in IFRS Accounting Policies and Future Accounting Pronouncements

The following accounting standards have been issued but not yet adopted by the Company at December 31, 2022:

Amendments to IAS 1 in January 2020, IAS issued Classification of Liabilities as "Current" or "Non-current".

The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. The amendments clarify that

the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least 12 months. That classification is unaffected by the likelihood that an entity will exercise its deferral right. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

Amendments to IAS 8 In February 2021, IASB issued Definition of Accounting Estimates.

The amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

Contingencies

The Company is not aware of any contingencies or pending legal proceedings as of the date of this MD&A.

Additional share information

As at December 31, 2022 the Company had outstanding:

- (i) 49,659,237 common shares;
- (ii) 95,553 restricted share units convertible into common shares;
- (iii) 360,183 deferred share units convertible into common shares;
- (iv) 1,490,304 warrants convertible into common shares; and
- (v) 3,950,000 stock options convertible into common shares;

Risks and Uncertainties

The Company is subject to all of the business risks and uncertainties associated with any early-stage enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues. Its main technologies have yet to reach commercialization stage. Certain factors, including but not limited to the ones described in its AIF, could materially affect the Company's financial condition and/or future operating results, and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Company.

Please refer to the discussion of forward-looking statements and information under the heading "Forward-Looking Statements" located at the beginning of the Company's AIF filed on SEDAR under the Company's issuer profile, as well as the discussion of risks and uncertainties set out under the heading "Risk Factors", located within the Company's AIF filed on SEDAR. The reader should carefully consider these risks as well as the information disclosed in the Company's audited annual financial statements, and other publicly filed disclosure regarding the Company, available on SEDAR (www.sedar.com) under the MustGrow's issuer profile.

COVID-19 Pandemic

The outbreak of COVID-19 resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown.

Although much of the global economic system has been returning to normalized levels in the periods since 2020, there may be some occasional challenges and hurdles impacting various regions and over different time frames. The extent to which COVID-19 will continue to impact the Company's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. As a result, it is not possible to reliably estimate the length and severity of these developments or the impact on the financial position and financial results of the Company in future periods.

As at December 31, 2022, MustGrow does not believe COVID-19 has a continuing impact on liquidity. MustGrow continues to assess the global situation related to COVID-19 and its impact on its workforce, sales forecasts and operating conditions going forward, including certain remote working conditions. Given the emergence of new COVID-19 variants and the introduction of numerous vaccines, it remains uncertain how COVID-19 will impact global economic activities and MustGrow's future results. MustGrow may, in the future, seek to raise additional capital or debt and this activity may be affected by the impacts of COVID-19, but it is not possible to determine the potential impact at this time.

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Cautionary Statement on Forward Looking Information

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors

which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied.