ORGANIC GARAGE LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF THE COMPANY'S FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

FOR THE NINE MONTHS ENDED

OCTOBER 31, 2020

Notice to Reader

The following is management's discussion and analysis – quarterly highlights ("MD&A – Quarterly Highlights") in respect of the results of the consolidated operations and financial position of ORGANIC GARAGE LTD. (the "Company" or "Organic Garage") for the nine months ended October 31, 2020, and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the nine month period ended October 31, 2020. The financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS"), and presented in Canadian dollars, which is the Company's functional currency. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

This MD&A - Quarterly Highlights has been prepared in compliance with the requirements of section 2.2.1 of Form 51- 102F1, in accordance with National Instrument 51- 102 – Continuous Disclosure Obligations. It should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended January 31, 2020, together with the notes thereto, and the unaudited interim condensed consolidated financial statements and related notes for the nine months ended October 31, 2020.

Forward Looking Statements

The information presented in this Management's Discussion and Analysis ("MD&A") contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, "forward–looking statements" or "forward-looking information" (collectively "forward-looking statements") for purposes of applicable securities laws.

These forward-looking statements also include, but are not limited to, factors that may affect our ability to achieve our objectives.

Such forward–looking statements, including but not limited to those with respect to the timing and amount of estimated future economic and viability of new stores, capital expenditures, costs, permit timelines, and other factors and events described in this MD&A 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 expressed or implied by such forward–looking statements.

The reader should verify all claims and do their own due diligence before investing in any securities mentioned or implied in this document. Investing in securities is speculative and carries a high degree of risk.

These statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. Forward-looking statements are based on management's current plans, estimates, projections, beliefs, and opinions and we do not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

Date of Report

The information in this report is presented as of December 22, 2020.

CORPORATE OVERVIEW

Organic Garage was incorporated as Crestwell Resources Inc. on July 25, 2011 under the Business Corporations Act (British Columbia) ("**BCCA**") and became a reporting issuer in B.C., Alberta and Ontario on April 30, 2012. The Company's common shares were approved for listing on the Canadian Securities Exchange ("**CSE**") (formerly the Canadian National Stock Exchange). The Company completed a significant acquisition of Organic Garage (Canada) Ltd. (formerly Organic Garage Ltd.) ("**OGC**") on October 18, 2016 pursuant to a plan of arrangement (the "**Arrangement**") under the BCCA. The Company changed its name to Organic Garage Ltd. immediately before the closing of the acquisition and OGC became a wholly-owned subsidiary of the Company. The Company also completed a share consolidation pursuant to the Arrangement on a 4 for 1 basis, whereby each four shares of the Company were exchanged for one share of the Company, post-consolidation. The Company was approved for listing on the TSX Venture Exchange (the "**TSX-V**") as a Tier 1 Issuer. The Company's common shares commenced trading on the TSX-V effective at the opening of trading on April 13, 2017 under the trading symbol "OGC" and withdrawn from listing on the CSE at the close of business on April 12, 2017.

OGC was incorporated under the Business Corporations Act (Ontario) (the "**OBCA**") on December 7, 2005 and the registered and records office of Organic Garage is located at 610 – 475 West Georgia Street, Vancouver, BC V6B 4M9, and its head office and mailing address is 50 Akron Road, Toronto, ON M8W1T2.

ABOUT ORGANIC GARAGE

Our Core

Organic Garage is an expanding specialty grocery chain of Organic & Natural groceries operating in Ontario, Canada. We focus on providing affordable everyday pricing on high-quality products in a fun and inviting retail environment. Our goal through executing the above is to generate long-term relationships with our customers based on transparency in how we operate and trust in the products that we choose to sell. As a company, our core business philosophy is:

- Our rationalized offer in terms of the SKU's we carry allows us to focus on the top selling brands and drive volume and lower pricing to ensure we have aggressive everyday pricing that is usually industry leading across the majority of the items we carry
- selling only natural and organic groceries that meet our strict quality and ingredient guidelines dictated by our comprehensive approved ingredient list called the "Dump It List". All of our customers have access to this list as we publish it in our stores and on our website
- utilizing efficient and flexible smaller-store formats than the typical average chain store to be able to cut unnecessary overhead costs and pass those saving down to the prices we charge on shelf. Our store environments are interactive, dynamic and award winning and are a part of how we differentiate ourselves against competitors.

Developments in Year Ended January 31, 2020:

During the year ended January 31, 2020, the Company continued to work towards expanding its business, focusing on the opening of its future location at Leaside in addition to improving the current locations. In addition to continuing such efforts, the Company focused on financing and digital initiatives, as follows:

On October 25, 2019, the Company completed an offering of unsecured convertible debentures in the principle aggregate amount of $3,000,000 for an aggregate purchase price of $2,925,000 (representing and including an original issue discount equal to 2.5% of the purchase price) and bearing interest at 9.5% per annum payable in payable quarterly in common shares of the Company at market price at the time of conversion, subject to the approval of the TSX Venture Exchange. The proceeds from the convertible debenture were utilized to repay in full the secured loan principal amount of $3,000,000 held by the Business Development Bank of Canada which was bearing interest of 14% per annum.

On January 29, 2020, as the Company entered into an agreement with Cornershop to utilize their digital app or website for online ordering and deliveries from all Organic Garage locations. Cornershop is an on-demand grocery app that is held as a majority ownership by Uber Technologies (NYSE: UBER).

Results for the Nine Months Ended October 31, 2020

During the nine months ended October 31, 2020, the Company had a net loss of $130,122 compared to a net loss of $2,108,248 for the nine months ended October 31, 2019. The Company's EBIDTA for the nine months ended October 31, 2020 was $2,201,325 compared to $289,702 for the nine months ended October 31, 2019.

Sales increased from $18,625,407 to $22,937,780, representing an increase of 23.2% increase for the comparative nine month period. As a percentage of sales, expenses decreased from 37.8% for the nine months ended October 31, 2019 to 29.9% for the nine months ended October 31, 2020.

During the nine months ended October 31, 2020, the Company's Gross Profit increased from $4,920,519 to $6,729,033, an increase of 36.8% for the comparative nine month period.

Overall Performance and Outlook:

We believe there are several factors that will contribute to our success and enable us to continue to grow the Company in a responsible and profitable way. Some of these factors include our loyal customer base that continues to grow with each new store we open, increasing our basket size by ensuring we have the products that our customers want at the competitive pricing we offer, growing our customer interest in organic & natural products through the events we conduct and in which we participate, a unique and dynamic shopping experience that is award winning and a shopper friendly environment, and our continued focus on aggressive retail price-points on the products we carry by growing our purchasing power and being able to negotiate better costing because of it.

We plan to continue to focus on optimizing performance of our current store locations as well as focusing on new store growth and filling the Company's pipeline of new locations. The rate of new store openings is directly related to the Company's ability to generate sufficient cashflow or obtain financing and the landlord(s)' ability to turn over properties for occupancy in a timely manner and meeting the deadlines that we use to forecast revenue and gross profit growth. Unfortunately, due to the nature of new building construction, this can become problematic for the Company as it is outside of the Company's control as to when it is able to take possession of the premises for its fit-out and therefore its opening. The Company's current focus on the Toronto market means that it is primarily going into new construction locations, which means that the chance of delays is much higher than occupying already built locations.

The Company's fifth location in the Leaside neighbourhood of Toronto, which was originally scheduled to open in 2019 has been delayed based on the landlord's update to Q2 2021. As a result of the delay, the Company has negotiated substantial benefits in favour of the Company to account for the continued delays in occupancy.

Impact of COVID-19

In early 2020, there was a global outbreak of COVID-19, which continues to rapidly evolve as at the date of this MD&A. The extent to which COVID-19 may impact the Company's operations will be dependent on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, and social distancing in Canada and other countries, business closures or business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. Starting in March 2020 (Q1), the Company has seen significant increased in-store and online sales as customers have shifted their purchasing trends. The Company saw an increase in sales of 21.6% in Q3 (compared to Q3 in the prior year comparative period) and has continued to see a significant increase in sales after October 31, 2020 (Q4).

RESULTS OF OPERATIONS

Below is a summary of the results of our operations and key points about any positive or negative changes and the reasons for such changes during the quarter:

Three-months ended October 31, 2020 compared to three-months ended October 31, 2019:

Loss per share: Loss per share was $0.00 for the three-month period ended October 31, 2020, compared to a loss per share of $0.02 for the three months ended October 31, 2019.

EBITDA: The Company's earnings before interest, taxes, depreciation, and amortization ("EBITDA") was $691,725 for the three-months ended October 31, 2020, compared to $51,860 for the three-months ended October 31, 2019, which translates into a positive increase in EBITDA from the prior comparative three month period of $639,875.

Sales: The Company's sales increased 21.6% from $5,690,732 to $6,921,169. The Company's sales saw a significant increase in sales starting in mid-March due to the impact of COVID-19 on customer's purchasing trends. The strong increase in sales by each location has continued subsequent to October 31, 2020. The Company has also seen encouraging and positive trends in its online sales. Online sales represented 8.5% of the Company's sales for the quarter ending October 31, 2020 compared to 6.0% for the previous quarter ended July 31, 2020.

Gross Profit: The Company's gross profit in dollars increased 43.7% from $1,461,796 to $2,101,198. The increase reflects the significant overall increase in sales of the Company and containment of cost of sales. The Company's gross profit percentage increased from 25.7% to 30.4%.

Expenses

As a percentage of sales, total expenses decreased to 32.1% during the quarter ended October 31, 2020 from 39.7% in the quarter ended October 31, 2019.

Store Wages & Benefits: Increased from $475,516 to $480,583. Starting in the third quarter of the year ended January 31, 2020, the Company has been implementing strategies to contain store wages and benefits. Store Wages & Benefits increased during the quarter due to increased volume of sales at the store locations and implementation of increased staffing initiatives to address safety, sanitization, and well-being of our customers and staff. As a percentage of sales, Store Wages & Benefits expense decreased from 8.4% for the three months ended October 31, 2019, to 6.9% for the three months ended October 31, 2020 which further support results from management's Store Wages & Benefits strategy implementation.

Administrative Wages & Benefits: Decreased from $283,381 to $221,182. Starting in the third quarter of the year ended January 31, 2020, the Company has been implementing strategies to contain administrative wages and benefits. This expense was reduced by 22% in total costs incurred in comparing the three months ended October 31, 2020 compared to the three months ended October 31, 2019.

Rent: increased from $172,267 to $204,184 in comparing the three months ended October 31, 2020 to the three months ended October 31, 2019. There have been no significant changes to the Company's rent requirements for its locations on a cash basis.

Professional Fees: increased from $49,501 to $50,391. During the three months ended October 31, 2020, the Company undertook a strategic review of certain professional fees including audit related fees and other professional fees incurred. In relation to certain changes made by management, the Company is expecting savings related to professional fees going forward.

Financing costs: These costs increased from $308,658 to $355,889 and consist of costs of $258,660 incurred associated with the Company's long-term leases and $97,229 of non-cash finance and interest costs associated with the convertible debenture.

Interest on long-term debt: These costs decreased from $130,268 to $0 and included the costs of interest associated with the financing the Company completed with BDC Capital Inc. ("BDC"). The Company fully repaid the long-term debt with BDC in October 2019.

Net Income (Loss) and comprehensive loss: The Company's income increased from a loss of $794,288 to a loss of $117,801, representing a positive increase of $676,487, due to a significant increase in overall sales and management's continuing focus on management of operating expenses.

The Company is currently in the process of shifting from a centralized distribution model to decentralized model which is estimated to be finalized at the beginning of 2021. The Company anticipates significant cost savings and has projected up to a million dollars savings of savings on an annual basis starting in 2021.

QUARTERLY FINANCIAL INFORMATION - Consolidated

The following is a summary of selected quarterly information that has been derived from the financial statements of the Company. This summary should be read in conjunction with the annual audited consolidated financial statements of the Company and the interim condensed consolidated financial statements of the Company for the nine and three months ended October 31, 2020.

Quarter Ended	Total Sales ($)	Income (Loss) before Other Expenses Expenses (income) ($)	Net Loss for the Period ($)	Net Income (Loss) per Share - Basic and Diluted ($)
October 31, 2020	$6,921,169	(118,886)	(117,801)	(0.00)
July 31, 2020	$8,063,735	(200,420)	(201,724)	(0.01)
April 30, 2020	$7,952,876	188,837	189,403	0.01
January 31, 2020	$5,529,214	(2,976,489)	(2,975,319)	(0.08)
October 31, 2019	$5,690,732	(796,027)	(794,288)	(0.02)
July 31, 2019	$6,248,778	(1,074,513)	(1,072,010)	(0.03)
April 30, 2019	$6,685,897	(245,833)	(241,950)	(0.01)
January 31, 2019	$6,534,957	(578,849)	(571,127)	(0.02)

LIQUIDITY AND CAPITAL RESOURCES

As at October 31, 2020, the Company had cash of $800,220 and a working capital deficit of $152,807 compared to cash of $194,268 and working capital deficit of $981,789 as of January 31, 2020. Working capital has improved from a deficit of $325,363 as of April 30, 2020, to a deficit of $293,356 as of July 31, 2020 to a deficit of $152,807 as of October 31, 2020.

The Company has continued to reduce its accounts payable balance from $3.2m as at April 30, 2020, to $2.7m as of July 31, 2020 to 2.5m as of October 31, 2020.

The Company continues to make significant progress in managing cash and is continuing to focus on improving cash flows from operating activities and optimizing the management of accounts receivable and accounts payable balances. Cash flows provided from operating activities was $1,187,167 in the nine months ended October 31, 2020 compared to cash used of $859,914 for the nine months ended October 31, 2019; a significant improvement of $2,047,081. Total assets on October 31, 2020 were $16,999,068.

The Company has been focused on the opening of its fifth location at Leaside, expecting to open in Q2 2021.

OGC has an unused operating credit facility of $150,000.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. All transactions with related parties were completed at fair market value.

The Company's key operational management personnel are comprised of the President, Director of Operations, Director of Marketing, Controller and Manager of Human Resources. Total compensation earned by key management personnel for the nine months ended October 31, 2020 was $328,797 and was comprised of salaries and other short-term employee benefits (October 31, 2019 - $322,809) and stock-based compensation to directors of $8,211 (October 31, 2019 - $51,709). As at October 31, 2020, the Company had $Nil (October 31, 2019 - $Nil) in accounts payable and accrued liabilities owing to key management personal and other related parties. All amounts paid to these related parties are included in Administrative wages and benefits.

The Company also paid, during the nine months ended October 31, 2020, $72,000 to an entity affiliated with the current CFO for services rendered (October 31, 2019 - $Nil), and $Nil to an entity affiliated with the prior CFO for services rendered (October 31, 2019 - $70,350), and all amounts paid to the current CFO and prior CFO are included in professional fees.

OUTSTANDING SHARE DATA

As at the date of the MD&A, the following securities were outstanding:

Common shares: 39,892,182

Warrants: Nil

Stock options: 3,430,000 (100% exercisable)

EVENTS AFTER THE REPORTING PERIOD

On December 7, 2020, the Company issued 593,750 common shares as settlement of payments of interest of $71,250 accrued between August 1, 2020 and October 31, 2020 related to the Company's convertible debentures.