Nepra Foods Inc. ("Nepra" or the "Company")

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2025

Dated as of February 27, 2026
(All amounts expressed in Canadian dollars, unless otherwise stated)

Cautionary Note Regarding Forwarding Looking Statements and Disclaimer

Certain statements in this MD&A are forward-looking statements which reflect management's expectations regarding future growth, results of operations, performance, business prospects and opportunities such as the Company's ability to meet financial commitments and its ability to raise funds when required. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations, or intentions regarding the future. When used in this MD&A, such information uses such words as "may", "would", "could", "will", "intend", "predict", "aim", "seek", "potential", "expect", "believe", "plan", "anticipate", "estimate" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that may cause actual results, performance, or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions only as of the date of this report. These assumptions, which include management's current expectations, the global economic environment, and the Company's ability to manage its operating costs, may prove to be incorrect. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual realities to differ materially from those contained in any forward-looking statements. There is a significant risk that such forward-looking statements or information will not prove to be accurate. No forward-looking statement is a guarantee of future results. Several risks and uncertainties could cause actual results to differ materially from those expressed or implied by the forward-looking statements.

The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information contained in this MD&A. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Going Concern

During the nine months ended December 31, 2025, the Company incurred a net loss of $1,038,304 and as at December 31, 2025, had an accumulated deficit of $24,033,150. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon the Company's ability to raise financing and generate profits and positive cash flows from operations in order to cover its operating costs. From time to time, the Company generates working capital to fund its operations by raising capital through equity or debt financing. However, there is no assurance the Company will be able to continue to raise capital this way in the future. The accompanying condensed consolidated interim financial statements do not give effect to any adjustments required for the Company to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed consolidated interim financial statements. If the going concern assumption was not appropriate for the accompanying financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material. Additional funds will be required to enable the Company to pursue its initiatives, and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Should the Company be unable to complete these plans to obtain additional financing and be unable to continue as a going concern, the Company may be forced to cease operations.

The following MD&A of the Company's financial condition and results of operations for the three and nine months ended December 31, 2025 and December 31, 2024 should be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2025 and March 31, 2024. It should also be noted that since the Company is filing this MD&A effective February 27, 2026, general business information contained herein is reported as of the effective date noted above. The requisite financial data presented for the relevant periods has been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). All currency amounts are expressed in Canadian dollars, unless otherwise noted.

Regulatory and Filing Status

Nepra Foods Inc. is classified as a "venture issuer" for the purposes of National Instrument 51-102. This MD&A was approved by the Directors on February 27, 2026.

On July 30, 2025, the Company announced that it was unable to file its annual financial statements for the year ended March 31, 2025, the related management's discussion and analysis, and CEO and CFO certifications (collectively, the "Annual Filings") by the required deadline of July 29, 2025. As a result, the Company applied for and received a management cease trade order ("MCTO") from the applicable securities regulatory authorities. The MCTO restricted trading in the Company's securities by its Chief Executive Officer and Chief Financial Officer until the Annual Filings were completed. The Company filed the Annual Filings on August 15, 2025, and the MCTO will remain in place until formally revoked by the regulators. The MCTO was revoked August 18, 2025.

Material Events that Occurred from March 31, 2025, to December 31, 2025

On March 12, 2025, Mark Retzloff was appointed as Chairman of the board.

On June 12, 2025, the Company also entered into a renewal financing agreement for gross proceeds of USD $170,000 (CAD $234,371). A portion of the proceeds was used to settle the remaining balance of the prior November 18, 2024 loan. Under the terms of the renewal, the Company is required to repay USD $209,440 (CAD $285,927) through fixed weekly payments and incurred an upfront closing fee of USD $5,525 (CAD $7,617). The loan is secured against receivables and includes an early repayment incentive.

The Company completed a non-brokered private placement on June 27, 2025, issuing 4,566,667 units at a price of USD $0.06 (CAD $0.082) per unit for aggregate gross proceeds of approximately USD $274,000 (CAD $374,303). Each unit consisted of one common share and one common share purchase warrant, with each warrant exercisable at USD $0.12 (CAD $0.16) per share until June 27, 2027. Of the total proceeds, USD $95,212 (CAD $130,067) was allocated to share capital, with the balance allocated to warrant liability.

On July 16, 2025 the Company received loan proceeds of $58,000 pursuant to the issuance of a new loan bearing interest at 0.1% per day. The loan principal plus accrued interest is due 60 days from the date of issuance. In connection with the loan, the Company issued 500,000 options to the lender, each exercisable for one share at USD$0.12 and expiring on June 27, 2027. The loan was repaid in full on September 12, 2025.

On September 2, 2025, the Company issued 1,277,667 units as part of the second tranche of a non-brokered private placement at a price of US$0.06 (CAD $0.083) per unit for aggregate gross proceeds of USD $76,660 (CAD

$105,587). Each unit consisted of one common share and one common share purchase warrant. Of the total proceeds, USD $76,660 (CAD $105,587) was allocated to warrants.

On September 10, 2025, the Company issued 2,439,024 units as part of the third tranche of a non-brokered private placement at a price of US$0.06 (CAD $0.083) per unit for aggregate gross proceeds of USD $146,341 (CAD $ 202,737). Each unit consisted of one common share and one common share purchase warrant. Of the total proceeds, USD $146,341 (CAD $202,737) was allocated to warrants.

On September 19, 2025, the Company issued 400,000 common shares upon the exercise of 400,000 share purchase warrants at an exercise price of $0.10 per share, for total cash proceeds of $40,000.

On October 1, 2025, the Company added $38,381 of outstanding expense reimbursements to the loan described in Note 12(d) of the accompanying interim consolidated financial statements and executed a new promissory note to replace the prior agreement.

On October 15, 2025, the Company issued 700,000 common shares pursuant to the exercise of warrants.

On October 15, 2025, the Company granted 500,000 incentive stock options to an employee of the company. The options vested at 100% on the grant date and have an exercise price of CAD $0.13 per share and expire on October 15, 2035.

Material Events that Occurred Subsequent to December 31, 2025

On January 30, 2026, a director and officer of the Company transferred 4,742,857 common share purchase warrants of the Company to third parties for nominal consideration. All remaining common share purchase warrants held by such individual expired unexercised on January 31, 2026.

On February 11, 2026, the Company entered into an agreement with a director and officer of the Company to convert all outstanding indebtedness under a revolving promissory note agreement including principal and accrued interest, totaling USD$487,849 (CAD 668,704), into common shares of the Company at a conversion price of CAD$0.10 per common share. As a result, 6,969,273 common shares will be issued in full settlement of the debt.

Company Overview

Nepra specializes in gluten-free and better-for-you food ingredients and consumer products. The global market for gluten-free and functional foods continues to expand rapidly. The Company has developed and sourced specialty ingredients and blends that enable commercial bakeries and leading consumer packaged goods (CPG) brands to create cutting-edge, healthier gluten-free products for breads, confectionery, savory, and sweet snack categories. Nepra's success stems from its ability to identify production challenges in the gluten-free workflow and deliver ingredient solutions that consistently exceed customer expectations, positioning the Company as the preferred supplier of choice.

The Company operates from a 31,000 sq. ft. production facility and research and development laboratory in Centennial, Colorado, with a primary focus on developing and supplying gluten-free and better-for-you ingredients to commercial bakeries and specialty retailers.

Nepra's plant-based ingredients consist of gluten-free and allergen-free specialty flours, starches, and custom blends for food manufacturers. Management recognizes that traditional gluten-free products are often perceived as inferior in taste, texture, and nutrition compared with their full-gluten counterparts. Nepra addresses this by creating cleaner, nutrient-rich formulations that deliver superior performance at a reasonable price premium.

The Company's mission is to promote healthy, allergen-free foods. Its product portfolio includes proprietary specialty ingredients, custom blends, plant-based proteins, and gluten-free dried pasta (PROPASTA®). Nepra holds SQF Global Food Safety Initiative (GFSI) certification for its production facility.

Overall Performance

The key factors pertaining to the Company's overall performance for the nine months ended December 31, 2025, are as follows:

The Company recorded revenue of $5,973,147 for the nine months ended December 31, 2025, as compared to revenue of $3,962,377 for the nine months ended December 31, 2024. The increase is largely due to new customer acquisitions and increased purchased from existing customers.

The net loss for the nine months ended December 31, 2025 was $1,038,304 compared to $1,338,344 for the nine months ended December 31, 2024. The increase of net loss reflects the finance cost of $623,249 (2024 - $480,213) gain on lease modification of 714,510. Additionally, other items in the current year included a gain on lease modification of $Nil (2024 – $714,510). The gain recognized in the prior year was driven by the renegotiation of the Company's lease terms. No similar transaction occurred in the current year. Compared to the same period last year, the net loss before other items had decreased from $1,777,326 to $353,251. The improvement is driven by the higher gross profit of $1,855,624 (2024 - $910,868), the lower salaries $913,727 (2024 - $1,124,234), lower professional fees $207,570 (2024 – $502,753), lower general and administrative expenses $518,583 (2024 - $634,469), and lower traveling expenses $33,727 (2024 - $80,670). These improvements were partially offset by the increase of accretion expense $209,131 (2024 - $129,444) and increase of consulting fees $22,126 (2024 - $713).

For additional information on the differences in revenue and net loss for the nine months ended December 31, 2025 compared to the nine months ended December 31, 2024, see the section titled *"Results of Operations for the Nine Months Ended December 31, 2025 and 2024"*.

The Company had positive operating cash flow for the nine months ended December 31, 2025. Cash provided in operating activities was $55,271 and cash used in operating activities was $988,945 for the nine months ended December 31, 2024. The improvement was primarily attributed to the loss of lease modification being $nil in the current period, compared with a loss of $714,510 recognized in the prior reporting period. For additional information on the Company's cashflows, see the section titled *"Cash Flows"*.

Working capital deficit decreased slightly to $3,549,344 as of December 31, 2025, compared to a deficit of $3,794,788 as of March 31, 2025. This change was primarily due to increase in inventory and cash. These were partially offset by increase of factoring facility. For additional information on the Company's liquidity and capital resources, see the section titled *"Liquidity and Capital Resources"*.

Results of Operations for the Nine Months Ended December 31, 2025 and 2024

Revenue

For the nine months ended December 31, 2025, the Company generated total revenues of $5,973,147 which is an increase of $2,010,770 from revenue of 3,962,377 for the nine months ended December 31, 2024. The increase in revenue is mostly a result of purchases from new customers and improved sales of starch products.

Cost of sales and gross profit

For the nine months ended December 31, 2025, the Company's cost of sales and gross profit were $4,117,523 and $1,855,624 respectively, compared to $3,051,509 and $910,868, for the nine months ended December 31, 2024 and gross profit margin of 31.07% for the nine months ended December 31, 2025 compared to 22.98% for the nine months ended December 31, 2024. The variation in gross profit margin is a result of the increase of gross profit margin on starch products, blended products, protein & oil products. The variation in gross profit margin was also impacted by an increase in revenue from starch products from the comparative period.

Expenses

Professional fees decreased by $295,183 from $502,753 for the nine months ended December 31, 2024, to $207,570 for the nine months ended December 31, 2025. The decrease was primarily due to lower legal and accounting costs compared to the prior-year period.

Research and development expenses decreased by $13,205 from $51,146 for the nine months ended December 31, 2025, to $37,941 for the nine months ended December 31, 2025. The Company continued to limit spending on development activities to conserve cash.

Salaries and benefits decreased by $210,507 from $1,124,234 for the nine months ended December 31, 2024, to $913,727 for the nine months ended December 31, 2025. The decrease was primarily attributable to reduced headcount and cost-saving measures undertaken by the company.

General and administrative costs for the nine months ended December 31, 2025 and 2024 is summarized as follows:

	For the nine months ended December 31,			
	2025	**2024**	**Change ($)**	**Change (%)**
Advertising and Promotion	$ 5,403	$ 51,887	(46,484)	-90%
Equipment rent	10,570	15,130	(4,560)	-30%
Insurance expense	54,371	59,066	(4,695)	-8%
Meals and entertainment	4,682	1,553	3,129	201%
Office expense	71,929	119,089	(47,160)	-40%
Other rent	252,030	232,985	19,045	8%
Repairs and maintenance	4,693	17,342	(12,649)	-73%
Shareholder communication	63,605	29,248	34,357	117%
Subscriptions and Dues	24,712	77,040	(52,328)	-68%
Utilities	26,588	31,129	(4,541)	-15%
Total	**$ 518,583**	**$ 634,469**	**(115,886)**	**-18%**

General and administrative costs decreased by $115,886, or 18%, from $634,469 for the nine months ended December 31, 2024, to $518,583 for the nine months ended December 31, 2025. The decrease was primarily due to lower advertising and promotion, subscriptions and dues, and office expenses. These reductions were partly offset by higher meals and entertainment expenses,

Other items

Finance costs increased to $623,249 from $480,213, primarily driven by interest incurred from the Company's loans. The Company recognized a foreign exchange gain of $640, compared to a loss $3,906 in the prior-year period. In addition, the Company recorded a loss on settlement of debt of $50,921 compared to and a gain of $69,014 in the prior year. Additionally, there was a loss of $8,926 on the change in fair value of warrant liabilities, where in the prior period $nil was recognized.

Results of Operations for the Three Months Ended December 31, 2025 and 2024

Revenue

For the three months ended December 31, 2025, the Company generated total revenues of $2,231,708 which is an increase of $781,067 from revenue of $1,450,641 for the three months ended December 31, 2024. The increase in revenue is mostly a result of purchases from new customers and improved sales of starch products.

Cost of sales and gross profit

For the three months ended December 31, 2025, the Company's cost of sales and gross profit were $1,594,978 and $636,730, respectively, compared to $1,053,061 and $397,580, for the three months ended December 31, 2024 and gross profit margin of 28.53% for the three months ended December 31, 2025 compared to 27.41% for the three months ended December 31, 2024. The variation in gross profit margin is a result of the increase of gross profit margin on starch products, blended products, protein & oil products. The variation in gross profit margin was also impacted by an increase in revenue from starch products from the comparative quarter.

Expenses

Professional fees decreased by $130,308 from $181,645 for the three months ended December 31, 2024, to $51,337 for the three months ended December 31, 2025. The decrease was primarily due to lower legal and accounting costs compared to the prior-year period.

Research and development expenses increased by $69 from $12,682 for the three months ended December 31, 2025, to $12,751 for the three months ended December 31, 2025. This is comparable to the prior period and relates to product development.

Salaries and benefits decreased by $20,920 from $335,567 for the three months ended December 31, 2024, to $314,647 for the six months ended December 31, 2025. The decrease was primarily attributable to reduced headcount and cost-saving measures undertaken by the company.

General and administrative costs for the three months ended December 31, 2025 and 2024 is summarized as follows:

	For the three months ended December 31,					
		2025		**2024**	**Change ($)**	**Change (%)**
Advertising and Promotion	$	1,521	$	3,173	(1,652)	-52%
Equipment rent		3,497		5,332	(1,835)	-34%
Insurance expense		9,628		20,677	(11,049)	-53%
Meals and entertainment		3,439		13	3,426	+26,354%
Office expense		9,526		39,343	(29,817)	-76%
Other rent		89,621		80,630	8,991	+11%
Repairs and maintenance		422		10,931	(10,509)	-96%
Shareholder communication		8,519		20,005	(11,486)	-57%
Subscriptions and Dues		(2,554)		5,227	(7,781)	-149%
Utilities		9,186		11,447	(2,261)	-20%
Total	**$**	**132,805**	**$**	**196,778**	**(63,973)**	**-33%**

General and administrative costs decreased by $63,973, or 33%, from $196,778 for the three months ended December 31, 2024, to $132,805 for the three months ended December 31, 2025. The decrease was primarily due to lower advertising and promotion, subscriptions and dues, and office expenses. These reductions were partly offset by higher insurance and increased shareholder communication.

Other items

Finance costs increased to $220,273 from $182,281, primarily due to higher interest expenses. The Company recognized a foreign exchange gain of $1,339, compared to a loss of $3,906 in the prior-year period. In addition, the Company recorded a loss on settlement of debt of $27,210 compares to $76,046 in the prior period. Additionally, a gain of $424,730 on the change in fair value of warrant liabilities was recognized, there was $nil recognized the comparative quarter.

Summary of Quarterly Results

The following financial data was derived from the eight most recently completed financial quarters:

	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025
Revenue	$ 2,231,708	$ 1,925,448	$ 1,815,991	$ 2,291,391
Net income (loss) for the period	$ 84,966	$ (782,670)	$ (340,600)	$ (996,996)
Loss per share - basic and diluted	$ 0.00	$ (0.01)	$ (0.00)	$ (0.01)
Weighted average number of shares outstanding	113,462,409	109,726,752	104,343,730	102,197,386

	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Revenue	$ 1,450,641	$ 1,206,553	$ 1,305,183	$ 755,148
Net loss for the period	$ (559,191)	$ 81,269	$ (860,422)	$ (1,497,002)
Loss per share - basic and diluted	$ (0.01)	$ 0.00	$ (0.01)	$ (0.03)
Weighted average number of shares outstanding	101,111,574	97,805,877	77,971,698	52,055,838

Summary of Quarterly Results

The table above presents selected financial information for the eight most recent quarters. Revenue has shown a clear upward trend over the past two years, rising from $755,148 in the quarter ended March 31, 2024 to $2,231,708 in the quarter ended December 31, 2025. This growth reflects new customers and stronger demand for the Company's starch and blended-ingredient products.

Gross profit margins have also improved steadily, averaging 28–34% in the three most recent quarters compared with 3–23% in the corresponding 2024 quarters. The improvement is primarily attributable to higher-margin starch sales, better purchasing efficiencies, and the absence of one-time lease-related costs that affected 2024 results. The quarter ended December 31, 2025 was particularly strong, delivering the Company's first quarterly net income ($84,966) and positive operating cash flow for the nine-month period.

Earlier quarters were impacted by non-recurring items, most notably the $714,510 gain on lease modification recognized in the quarter ended September 30, 2024. Excluding that item, the sequential improvement in operating performance is consistent with management's focus on cost control and revenue diversification.

Liquidity and Capital Resources

As at December 31, 2025, the Company had a working capital deficit of $3,549,344 representing a decrease of $89,282 from the deficit of $3,794,788 as at March 31, 2025. The improvement was primarily driven by increases in prepaid expenses related to inventory deposits, higher utilization of the factoring facility, and deferred revenue associated with customer payments received in advance of January 2026 deliveries, partially offset by decreases in accounts receivable and inventory and lower accounts payable and accrued liabilities.

Over the next twelve months, the Company will need additional capital to fund operations and settle obligations as obligations come due. The Company's access to financing is uncertain. There can be no assurance of continued access to significant debt or equity funding. The Company may be unable to obtain such financing on terms which are satisfactory to it. The Company plans to fund capital as needed through the use of share and debt issuances.

Cash Flows

A summary of cash flows for the nine months ended December 31, 2025 and 2024, is as follows:

		December 31, 2025		December 31, 2024	Change
Operating activities	$	57,156	$	(988,945)	-106%
Investing activities		-		-	0%
Financing activities		(69,448)		1,079,728	-106%
Effect of change in foreign exchange rates on cash		(7,523)		(120,523)	-94%
Change in cash		**(19,814)**		**(29,740)**	-33%

Cash provided by operating activities was $57,156 for the nine months ended December 31, 2025, compared to cash used in operating activities of $988,945 for the nine months ended December 31, 2024, representing an improvement of approximately $1,046,101. The improvement was primarily driven by favorable working capital movements, including a decrease in accounts receivable of $298,394 compared to the prior year, change in inventory of $539,649, and an increase in deferred revenue of $155,414. These were partially offset by a decrease in accounts payable and accrued liabilities of $259,783 and higher prepaid expenses of $238,716 compared to the prior year. The prior year also included a $714,510 loss on lease modification that did not recur in the current period.

No investing activity occurred during the nine months ended December 31, 2025 or the comparative period in 2024.

Cash used in financing activities was $69,448 for the nine months ended December 31, 2025, compared to cash provided by financing activities of $1,079,728 in the prior-year period, representing a decrease of $1,149,176. The decrease was primarily driven by higher loan repayments of $4,199,898 compared to $1,207,294 in the prior year. These outflows were partially offset by new loan borrowings of $3,499,004, proceeds from the issuance of units of $682,628, proceeds from units not yet issued of $137,776, proceeds from the exercise of warrants of $110,000, and $89,538 from the Company's accounts receivable factoring facility.

Overall, cash decreased by $19,814 during the nine months ended December 31, 2025, compared to $29,740 in the prior period, bringing the Company's cash balance to 24,923 at December 31, 2025

Related Party Disclosures

The Company defines its related parties as its key members of management, companies controlled by its key members of management, and family members of its key members of management. Key members of management consist of the Directors and Officers who are responsible for planning, directing, and controlling the activities of the Company. Details of the Company's key members of management as follows:

- Chadwick White, Former Chief Executive Office ("CEO"), Chief Innovation Officer ("CIO"), Chief Visionary Officer ("CVO") and Director of the Company. Chadwick White was appointed to the Board of Directors and as CIO on April 21, 2021. On December 1, 2022, Chadwick White was appointed as the Company's CEO. On August 9, 2024, Chadwich White resigned as CEO and was appointed CVO.

- David Wood, Chief Operations Officer ("COO"), Director of the Company, interim CFO and interim Corporate Secretary. David Wood was appointed to the Board of Directors and as CEO of the Company on April 15, 2021. On December 1, 2022, David Wood resigned as the Company's CEO and was appointed as the Company's COO on the same date. David Wood assumed the role as the Company's interim CFO and interim Corporate Secretary on July 14, 2023.
- Paul Feldman, Chief Engineer (appointed January 1, 2021).
- Marc Olmsted, Manager of Research and Development and Director of the Company (appointed April 15, 2021, terminated July 16, 2024).
- William Hogan, Chief Executive Officer ("CEO"). William Hogan was appointed CEO on August 9, 2024.
- Tim Hogan, Chairperson of the Compensation Committee and Independent Director of the Company (appointed October 4, 2024).
- Andrew Contiguglia, Chairperson of the Audit Committee and Independent Director of the Company (appointed October 4, 2024, resigned October 15, 2025).
- Mark Retzloff, Chairperson of the Board of the Directors (appointed March 12, 2025).
- Paul Lyman, a Director of the Company (appointed October 22, 2025)

Related party balances

As at December 31, 2025, accounts payable and accrued liabilities include $893 (March 31, 2025 – $Nil) owed to the Chief Executive Officer ("CEO"). The amount represents unpaid salary and is unsecured, non-interest bearing and due on demand.

As at December 31, 2025, accounts payable and accrued liabilities include $893 (March 31, 2025 – $Nil) owed to a family member of the CEO and to a Director of the Company. The amount represents unpaid salary and is unsecured, non-interest bearing and due on demand.

As at December 31, 2025, included in due from related parties is $593 (March 31, 2025 - $621) due from the Chief Visionary Officer ("CVO"), Director, and former CEO of the Company. The amount is unsecured, non-interest bearing and due on demand.

As at December 31, 2025, included in accounts payable and accrued liabilities is $59,757 (March 31, 2025 - $61,492) due to the CVO, Director, and former CEO of the Company. The amount consists of expenses charged to a credit card and is unsecured, non-interest bearing and due on demand. As at December 31, 2025, also included in accounts payable and accrued liabilities is $1,858 (March 31, 2025 - $3,312) owed to the CVO, Director, and former CEO. This amount consists of salary owed and is unsecured, non-interest bearing and due on demand.

As at December 31, 2025, included in accounts payable and accrued liabilities is $15,874 (March 31, 2025 - $16,623) due to a company controlled by the COO (former CEO), Director of the Company, interim CFO, and interim Corporate Secretary. The amount consists of expense reimbursements and is unsecured, non-interest bearing, and due on demand. As at December 31, 2025, also included in accounts payable and accrued liabilities is $116,273 (March 31, 2025 - $67,727) owed to the same company. The amount consists of interest payable on a revolving loan facility.

As at December 31, 2025, included in accounts payable and accrued liabilities is $90,271 (March 31, 2025 - $96,842) due to the COO and interim CFO. The amount consists of expenses charged to a credit card and is unsecured, non-interest bearing and due on demand. As at December 31, 2025, also included in accounts payable and accrued liabilities is $91,853 (March 31, 2025 - $11,714) due to the COO and interim CFO. This amount consists of expense reimbursements and is unsecured, non-interest bearing and due on demand.

As at December 31, 2025, included in accounts payable and accrued liabilities is $36,238 (March 31, 2025 - $37,946) due to the Chief Engineer of the Company. The amount consists of salary owed and is unsecured, non-interest bearing and due on demand. As at December 31, 2025, also included in accounts payable and accrued liabilities is $12,500 (March 31, 2025 - $13,089) owed to the Chief Engineer. This amount consists of expense reimbursements and is unsecured, non-interest bearing and due on demand.

As at December 31, 2025, included in accounts payable and accrued liabilities is $7,064 (March 31, 2025 - $9,206) due to the family members of the CVO, Director, and former CEO of the Company. The amount consists of salary owed and is unsecured, non-interest bearing and due on demand.

As at December 31, 2025, also included in accounts payable and accrued liabilities is $2,439 (March 31, 2025 - $2,880) due to the family members of the COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary. The amount consists of salary owed and is unsecured, non-interest bearing and due on demand.

As at December 31, 2025, included in accounts payable and accrued liabilities is $nil (March 31, 2025 - $1,148) due to the former Director of Research and Development and Director of the Company. The amount consists of salary owed and is unsecured, non-interest bearing and due on demand.

Related party transactions

During the nine months ended December 31, 2025 and 2024, the Company incurred charges for salaries and benefits, professional fees, and share-based payments with related parties. The following table outlines related party transactions for the three and nine months ended December 31, 2025 and 2024.

	For the nine months ended December 31		For the three months ended December 31,	
	2025	**2024**	**2025**	**2024**
Salaries and benefits				
Chadwick White, CEO, CIO, and Director	$ 110,154	$ 101,885	$ 38,899	$ 32,349
Family members of Chadwick White	118,282	145,677	41,029	45,598
Marc Olmsted, Manager of R&D and Director	-	60,479	-	488
Paul Feldman, Chief Engineer	-	26,118	-	5,593
William Hogan	45,188	-	28,460	-
Family member of William & Tim Hogan	37,245	-	29,207	-
David Wood, COO (former CEO), Director, interim CFO and Interim Corporate Secretary	118,282	101,825	41,029	32,349
Family members of David Wood	-	329	-	-
Professional Fees				
Mark Retzloff, Chairperson of the Board	13,849	-	-	-
Total	**$ 443,000**	**$ 436,313**	**$ 178,624**	**$ 116,377**

Revolving loans

Robert G. Wood and Company, Inc.

During the year ended December 31, 2020, the Company entered into unsecured revolving loan facilities with Robert G. Wood and Company, Inc. and Fire Fighter Trucks of Colorado, LLC. These companies are controlled by David Wood, COO (former CEO), Director of the Company, interim CFO and interim Corporate Secretary. Initially, under each loan facility, up to USD$200,000 could be borrowed. These facilities were unsecured, bore interest at a rate of 6% per annum and would mature on December 31, 2025. During the fifteen months ended March 31, 2023, the loan facility with Fire Fighter Trucks of Colorado, LLC was cancelled. No principal or interest was owing on this facility at the time of its cancellation. On January 1, 2022, the revolving loan with Robert G. Wood and Company, Inc. was amended to increase the amount that could be loaned under the facility from USD$200,000 to USD$400,000 (the "First Amended Facility"), The First Amended Facility was then amended on September 5, 2022, to increase the amount that could be loaned under the facility from USD$400,000 to USD$650,000 (the "Second Amended Facility").

During the nine months ended December 31, 2025, the Company did not receive or repay any amounts under the revolving loan facility. The Company incurred interest expense of USD $37,615 (CAD $52,092). No interest payments or additional equity components were recognized in the current quarter.

During the nine months ended December 31, 2024, the Company received loan proceeds of USD$54,500 (CAD$75,058) and made principal repayments of USD$nil (CAD$nil) for net proceeds of USD$54,500 (CAD$75,058). During the nine months ended December 31, 2024, the Company made interest payments of USD$13,000 (CAD$17,904), incurred interest expenses of USD$40,600 (CAD$55,915), recorded accretion of USD$66,573 (CAD$91,686) and recorded an additional equity component of USD$10,509 (CAD$14,473) related to the revolving loan facility.

As at December 31, 2025, the total owing under the revolving loan facilities was USD $832,089 (CAD$1,140,560).

William Hogan

From January to March 2024, Nepra US received loan proceeds of USD$600,000 (CAD$808,948) from William Hogan, CEO. In April 2024, Nepra US received additional loan proceeds of USD$350,000 (CAD$478,139). The loan bears interest at 6% per annum and was repayable on or before July 31, 2024. The loan is secured by a security interest in all assets of Nepra US.

On July 15, 2024, the Company reached an agreement with the lender to convert all of the outstanding USD$950,000 principal amount of loan advances made, together with accrued and unpaid interest and all other amounts outstanding under the loan agreement, totaling USD$970,551 (CAD$1,336,245), into 26,445,572 common shares of the Company. The transaction was recognized at the carrying amount of the debt. On July 15, 2024, the Company entered into a revolving promissory note agreement with the same lender. The principal sum of the revolving promissory note is USD$375,000 (CAD$506,805) and is due and payable on or before July 31, 2025. Interest shall accrue at an annual rate of 6%. In the event of default, interest on the entire outstanding principal balance shall accrue at an annual rate of 12% as of the date of the occurrence of default. Borrowings under this promissory note can be fully repaid at any time during the term without a prepayment penalty.

Effective January 1, 2025, the Company entered into an agreement to amend the terms of its existing unsecured promissory note. Pursuant to the amendment (the "Amendment"), the maximum principal amount permitted to be withdrawn was increased to USD $475,000 (CAD$661,002). All other terms and conditions of the original promissory note remain unchanged. On the date of the Amendment, management determined that this was a non-substantial debt modification.

During the nine months ended December 31, 2024, the Company drew down USD$362,000 (CAD$495,854) of this revolving promissory note and USD$8,897 (CAD$12,253) in interest has accrued.

There were no drawdowns under this revolving promissory note during the nine months ended December 31, 2025

Material Accounting Policies

The material accounting policies applied in the preparation of the Company's condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Note 3 of the audited financial statements for the years ended March 31, 2025, and March 31, 2024. The condensed consolidated interim financial statements should be read in conjunction with the Company's audited financial statements for the years ended March 31, 2025, and March 31, 2024.

Changes in Accounting Policies including Initial Adoption

Initial adoption of new accounting standards:

New accounting standards or amendments to existing accounting standards that have been issued are not applicable to the Company's condensed consolidated interim financial statements. The Company has not adopted any new accounting standards during the three and nine months ended December 31, 2025.

Future accounting standards issued but not yet in effect:

New accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed consolidated interim financial statements.

Use of Judgments, Estimates and Assumptions

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. In preparing the Company's condensed consolidated interim financial statements, the significant estimates and critical judgments were the same as those applied to the audited financial statements for the years ended March 31, 2025, and 2024.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as of the date of this MD&A.

Commitments

The Company does not have any commitments as of the date of this MD&A.

Proposed Transactions

There are no proposed transactions as at the date of this MD&A.

Financial Instruments

The Company's financial instruments are grouped as follows:

FINANCIAL ASSETS	**Level**		**December 31, 2025**		**March 31, 2025**
FVTPL					
Cash	1	$	24,923	$	44,737
Other assets, at amortized cost					
Accounts receivable	2		527,809		789,504
Due from related parties	2		593		621
Total financial assets		**$**	**553,325**	**$**	**834,862**
FINANCIAL LIABILITIES	**Level**		**December 31, 2025**		**March 31, 2025**
Other liabilities, at amortized cost					
Accounts payable and accrued liabilities	2		2,224,906		2,564,356
Factoring facility	2		266,091		185,831
Loans payable	2		2,459,927		2,932,747
Derivative financial liabilities, at FVTPL					

Warrant liability	3	554,447	-
Total financial liabilities		**$ 5,505,371**	**$ 5,682,934**

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities,

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of issuance, (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis, and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted in an active market.

Loans payables are measured at amortized cost. Upon recognition, the fair values of the loans are estimated by discounting cash flows using interest rates of debt instruments with similar terms, maturities, and risk profile. The carrying value of the Company's accounts receivable, due from related parties and accounts payable and accrued liabilities approximate their fair values due to their short-term maturities.

Financial Instrument Risk

Through its operations, the Company is exposed to the following risks:

a) Market Risk
b) Credit Risk
c) Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This section describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure those risks from previous reported periods unless otherwise stated in this section.

The overall objective of the Directors and Officers is to set policies that seek to reduce risk as much as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign currency exchange, interest rates, and equity price risk.

(i) Foreign Currency Risk:

A portion of the assets and liabilities held by the Company and its subsidiaries are denominated in currencies other than the functional currencies of the Company and its subsidiaries. This results in some exposure to foreign currency risk. All of the Company's assets and liabilities are denominated in either Canadian Dollars or United States Dollars. Assuming all other variables remain constant, a 5% weakening or strengthening of the Canadian Dollar against the United States Dollar would result in an approximate $30,504 foreign exchange gain or loss in the condensed consolidated interim statement of comprehensive loss as at December 31, 2025.

(ii) Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The interest earned on cash and restricted cash is insignificant, and the Company does not rely on interest to fund its operations. The Company's outstanding loans payable bear interest at fixed rates. As a result, as at December 31, 2025, management believes that the Company is not exposed to any significant interest rate risk.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash, due from related parties and accounts receivable are exposed to credit risk. The Company limits its exposure to credit loss on cash by placing its cash with high-quality financial institutions. The Company has concentrations of credit risk with respect to accounts receivable as large amounts of its accounts receivable are concentrated amongst a small number of customers. The Company performs credit evaluations of its customers but generally does not require collateral to support accounts receivable.

The Company has certain amounts of aged receivables that are not deemed impaired as follows:

		December 31, 2025		March 31, 2025
1 - 60 days	$	507,572	$	760,396
61 - 90 days (past due)		160		-
Over 90 days (past due)		100,262		111,795
Provision for expected credit losses (over 90 days)		(108,871)		(114,002)
Total	**$**	**499,123**	**$**	**758,189**

The Company is exposed to increased credit risk due to major customers that comprise 10% or more of revenue. For the three and nine months ended December 31, 2025 and 2024, the following revenue was recorded from major customers:

	For the nine months ended December 31,				For the three months ended December 31,			
		2025		2024		2025		2024
Customer A	$	2,876,622	$	1,872,034	$	1,254,503	$	631,351
Customer B		913,863		482,517		329,900		46,253
Customer C		615,013		602,029		262,268		298,388

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. Historically, the Company's sources of funding have been through equity financings, related party loans and convertible notes. The Company's access to financing is uncertain. There can be no assurance of continued access to significant debt or equity funding.

The following table displays the Company's aging discounted obligations:

	Within one year	Between one and five years	More than five years
Accounts payable and accrued liabilities	$ 2,224,906	$ -	$ -
Accounts receivable factoring facility	266,091		
Loans payable	2,303,765	156,162 -	-
Lease liability	317,831	1,541,798	258,143
Total	**$ 5,112,594**	**$ 1,697,960**	**$ 258,143**

Risks

The material risk factors involved with the Company include, but are not limited to, the following:

Dependence on key personnel and consultants

The success of the Company will be largely dependent upon the performance of its management and key employees. Failure by the Company to retain or to attract and retain additional key employees with the necessary skills could have a materially adverse impact upon the Company's growth and profitability. These individuals, and the contributions they will make, are important to the future operations and success of the Company. The unexpected loss or departure of any of the key Directors, Officers, employees or consultants of the Company could be detrimental to the Company's future operations. The Company's success will depend in part on its ability to attract and retain qualified personnel as they are needed. The competition for highly skilled technical, management, sales and other employees is high in the Company's industry and the cost of hiring and retaining such personnel has been increasing. There can be no assurance that the Company will be able to engage the services of such personnel or retain the Company's current personnel.

Limited operating history

The Company has had a limited history of operations, is in the early stage of development and must be considered a start-up. As such, the Company will be subject to many risks common to such enterprises, including start-up losses, lack and uncertainty of revenues, markets and profitability, under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources. The Company has a limited history of earnings, and its limited operating history makes it difficult to predict how its business will develop and its future operating results. There is no assurance that the Company will operate profitably or provide a return on investment in the future and the likelihood of success and any potential return on a shareholder's investment must be considered in light of the Company's early stage of operations.

Disruption of trade, suppliers, and facilities

The Company imports specialty ingredients from Asia and Canada and is at risk should there be changes in government policies or international shipping disruptions. The Company does not control the operations at third-party facilities, including any third-party warehouses. These facilities are vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, terrorist attacks, loss of power, telecommunications failures, and similar events. The facilities could be subject to break-ins, computer viruses, denial of service attacks, sabotage, intentional acts of vandalism and other misconduct. The occurrence of a natural disaster, an act of terrorism, a decision to close the third-party facilities without adequate notice or other unanticipated problems could result in lengthy interruptions in the Company's operations.

Financing risks

There is no assurance that the Company will be able to secure the financing necessary to develop and grow its business. The Company does not presently have sufficient financial resources or operating cashflow to undertake by itself all of its planned programs. The development of the Company may therefore depend on the Company’s ability to obtain additional required financing. There is no assurance that the Company will be successful in obtaining the required financing on terms acceptable to it, or at all, the lack of which could result in the loss or substantial dilution of its interests (as existing or as proposed to be acquired) in its properties. The Company’s ability to continue as a going concern is dependent on its ability to raise equity capital financings, the attainment of profitable operations and the completion of further share issuances to satisfy working capital and operating needs.

Limitations of Controls and Procedures

The Company's management, including the CEO and CFO, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Uninsured or Uninsurable Risk

The Company may become subject to liability for risks against which it cannot insure or against which it may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company’s usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on its financial position and operations.

Management’s Responsibility for the Financial Statements

Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operations of internal controls over financial reporting. There have been no changes in the Company's disclosure controls and procedures during the three and nine months ended December 31, 2025, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Other MD&A Requirements

Outstanding share data

	As at December 31, 2025	As at the date of this report
Class A shares	224,089	224,089
Common shares	113,576,539	118,819,396
Warrants	21,998,118	8,283,358
Options	1,400,000	1,400,000

Additional information

Additional information related to relating to the Company is available on the Company's website at www.neprafoods.com. Public filings made by the Company with Canadian securities regulatory authorities can be found under the Company's SEDAR+ profile at www.sedarplus.ca.