

**REPLENISH NUTRIENTS HOLDING CORP. (FORMERLY EARTHRENEW INC.)**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the 3 and 12 Months Ended December 31, 2023 and 2022

April 29, 2024

The following Management’s Discussion and Analysis (MD&A) for Replenish Nutrients Holding Corp. (Replenish, Replenish Nutrients or the Company) was prepared as of April 29, 2024, and focuses on information and key statistics from the December 31, 2023, consolidated financial statements, together with the accompanying notes thereto and pertains to known risks and uncertainties relating to the agriculture and manufacturing sectors. This discussion should not be considered all-inclusive, as it does not include all changes regarding general economic, political, governmental, and environmental conditions.

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by International Financial Reporting Standards (IFRS). Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to net income (loss) or to cash from (used-in) operating, investing, and financing activities determined in accordance with IFRS, as indicators of our performance. We provide these measures to assist investors in determining our ability to generate income and cash provided by operating activities and to provide additional information on how these cash resources are used.

This MD&A should be read in conjunction with the Company’s annual audited consolidated financial statements as at and for the years ended December 31, 2023, and 2022, together with the accompanying notes thereto and the cautionary statement regarding forward-looking information and statements below. Unless otherwise indicated, all dollar amounts presented herein are in Canadian dollars.

## **BUSINESS OVERVIEW**

Replenish is a company existing under the laws of the province of Alberta, Canada. The Company’s common shares are traded on the Canadian Securities Exchange (“CSE”) under the symbol “ERTH”. The head office is located at PO Box 1186 Station Main, Okotoks, Alberta, Canada, T1S 1B1.

Replenish delivers regenerative fertilizer solutions to support a farm system that prioritizes healthy soils and grower profitability. By combining essential macro and micro nutrients with our proprietary manufacturing process, the Company has developed a sustainable alternative to synthetic fertilizers that enhances overall soil function and biology while providing valuable plant-available nutrients farmers rely upon for healthy crops. For additional information refer to the Company’s website at [www.replenishnutrients.com](http://www.replenishnutrients.com) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## **MARKET OUTLOOK AND GUIDANCE**

2023 marked a productive year for Replenish on commercial, operational, product development and financial fronts. Commercially, the Company made significant progress on its goals to optimize and create key new commercial partnerships in its supply chain and distribution channels that have laid a strong foundation on which the Company can grow going forward. Operationally, Replenish continued to streamline its base blended fertilizer business and made significant progress improving the production quality and volume of its sold-out granulated fertilizer. On the product development front, Replenish continued to make key investments in its research and development programs through various successful field trials proving the value and efficacy of the Company’s fertilizer products as well as updated patent registrations and protections around the Company’s proprietary biologically-active regenerative fertilizer products and zero-waste, chemical-free manufacturing process. Financially, the Company demonstrated diligent cost control and disciplined working capital management as evidenced by significant reductions in selling, general and administration expenses and significant improvements in funds from (used-in) operations and cash from (used-in) operations. Separately, the Company continues to successfully capitalize on key government funding programs related to the Company’s research and development activities and was notably selected by Emissions Reduction Alberta (ERA) to receive up to \$7 million dollars in non-dilutive funding for the Company’s DeBolt manufacturing facility in the agriculturally dense Peace River region in Northern Alberta. These financial supports validate the importance of sustainable agriculture and food production as well as Replenish’s product efficacy and commercial viability in the market. The Company’s ERA application continues to progress as the Company works to secure the final portions of debt and equity financing. Further updates relating to the ERA grant will be made when available.

At a macro level, Replenish’s proprietary biologically-active regenerative fertilizer products and zero-waste, chemical-free manufacturing process are ideally positioned to capitalize on the multi-billion dollar investments and initiatives being made by governments and large multi-national corporations in sustainable food and agriculture practices. The Company expects this strong growth trend to continue and for growers to continue to adopt and invest in these areas, including key sustainability practices related to regenerative fertilizers and their critical importance to soil health and related nutrient density, crop health and crop yields.

The Company's fourth quarter and full-year results were relatively modest compared to the prior year on the revenue and gross profit fronts, but these variances were expected due to lower fertilizer pricing compared to record highs in the prior year and due to the Company working through some higher cost inventory carried over from the prior year. Notably, total sales volumes for the year were similar with a slight decrease due to some seasonal variation in the fourth quarter where certain customers deferred purchasing decisions until the spring. Going forward, the Company expects to hold lower average inventory levels compared to 2022 and 2023 to limit financial exposure to commodity fluctuations, while growing demand through increased production of its sold-out granulated fertilizer and an overall increase in the awareness and demand for the Company's regenerative fertilizer products.

Also, in 2024, the Company expects to steadily improve its gross profit and gross profit percentage as it works through some final higher cost inventory items and realizes higher pricing for its granulated fertilizer products. Subsequent to year end, the Company has already produced and sold the same amount of granulated fertilizer compared to all of 2023. While the Company expects to increase granulated production significantly in 2024, it expects most of this increase to be in the back half of the year from additional upgrades being made at the Beiseker facility in mid-2024. During this time, the blended fertilizer business should continue to benefit from lower average inventory costs and steadily improved pricing, allowing the business to maintain robust financial capitalization throughout the year.

Overall, Replenish is encouraged by the tremendous progress made in 2023 and early 2024 on the commercial, operational, product development and financial fronts previously discussed. Upon completion of the Beiseker facility upgrade in mid-2024, which will increase granulated fertilizer production, the Company expects to be well positioned to unlock the significant financial value in its commercial, operational, and product development investments in the midst of a macro economic environment investing billions of dollars in sustainable agriculture.

## OVERALL PERFORMANCE

### Consolidated Results

Period ending December 31	3 Months		12 Months	
	2023	2022	2023	2022
Revenue	3,580,323	4,449,048	13,918,301	17,270,400
Gross profit	244,980	1,227,991	1,354,681	2,149,937
Gross profit %	7%	28%	10%	12%
Selling, general and administration	626,814	432,470	2,462,543	3,105,925
Operating earnings (loss)	(951,517)	297,881	(3,308,450)	(2,859,458)
Operating earnings (loss) %	-27%	7%	-24%	-17%
Non-operating (income) expense	(1,681,262)	3,565,604	(2,784,640)	4,875,243
Net earnings (loss)	945,745	(3,357,636)	84,190	(7,084,701)
Net earnings (loss) per share	0.01	(0.02)	0.00	(0.06)
Funds from (used-in) operations	(350,363)	509,441	(629,942)	(1,470,957)
Changes in non-cash working capital	75,520	347,374	109,489	(4,808,008)
Cash from (used-in) operating activities	(274,843)	856,815	(520,453)	(6,278,965)
Consolidated adjusted EBITDA <sup>1</sup>	(381,834)	795,521	(1,107,862)	(955,988)
Consolidated adjusted EBITDA % <sup>1</sup>	-11%	18%	-8%	-6%

<sup>1</sup>These are non-IFRS financial and operational measures – refer to Non-IFRS Financial and Operational Measures section

For the 3 and 12 months ended December 31, 2023, the Company showed improved net earnings (loss) and improved funds from (used-in) operations and cash from (used-in) operating activities for the 12 months ended. Overall, 2023 saw the Company work through some higher cost inventories left over from a volatile commodity market in 2022 combined with some softening in the pricing of fertilizer products. Despite these challenges in the macro economic environment, the Company maintained a disciplined cost structure by reducing selling, general and administration expenses by over \$600,000 and over 20% from the prior year on a 12 month basis. The Company will continue to realize the full year impact of additional cost saving measures going forward and is well positioned in 2024 to realize higher margins and cash flows on the back of lower average inventory costs, higher product pricing and increased volume of higher margin granulated fertilizer production at the Beiseker facility.

## Segmented Results

Refer to discussion of segmented results under “Results of Operations” for the 3 and 12 months ended December 31, 2023 and 2022.

### RESULTS OF OPERATIONS

#### Fertilizer Segment

Period ending December 31	3 Months		12 Months	
	2023	2022	2023	2022
Sales volumes (metric tons)	8,675	10,796	29,491	32,472
Average selling price (\$ per metric ton)	385	335	437	482
Revenue	3,413,019	4,449,048	13,298,269	17,094,912
Direct costs	3,271,416	3,132,249	12,266,583	14,928,946
<b>Gross profit</b>	<b>141,603</b>	<b>1,316,799</b>	<b>1,031,686</b>	<b>2,165,966</b>
<b>Gross profit %</b>	<b>4%</b>	<b>30%</b>	<b>8%</b>	<b>13%</b>
Depreciation and amortization	506,852	425,458	1,921,511	1,639,420
Selling, general and administration	563,816	375,362	2,219,759	2,266,671
<b>Operating expense</b>	<b>1,070,668</b>	<b>800,820</b>	<b>4,141,270</b>	<b>3,906,091</b>
<b>Operating earnings (loss)</b>	<b>(929,065)</b>	<b>515,979</b>	<b>(3,109,584)</b>	<b>(1,740,125)</b>
<b>Operating earnings (loss) %</b>	<b>-27%</b>	<b>12%</b>	<b>-23%</b>	<b>-10%</b>
Non-operating (income) expense	(1,687,195)	2,296,339	(2,809,372)	3,588,289
<b>Earnings (loss) before tax</b>	<b>758,130</b>	<b>(1,780,360)</b>	<b>(300,212)</b>	<b>(5,328,414)</b>
<b>Fertilizer adjusted EBITDA<sup>1</sup></b>	<b>(422,213)</b>	<b>941,437</b>	<b>(1,188,073)</b>	<b>(100,705)</b>
<b>Fertilizer adjusted EBITDA %<sup>1</sup></b>	<b>-12%</b>	<b>21%</b>	<b>-9%</b>	<b>-1%</b>

<sup>1</sup>These are non-IFRS financial and operational measures – refer to Non-IFRS Financial and Operational Measures section

#### Revenue

Revenue decreased \$1.0 million and \$3.8 million for the 3 and 12 months compared to the same periods in the prior year. The decrease was due to lower total sales volumes partially offset by higher average pricing in the current year for the 3 months ended. Lower volumes for the quarter were due to normal fluctuations in seasonal demand with certain customer deferring purchasing decisions until the spring – this accounted for almost the entire decrease in the annual volumes. Higher pricing is the result of a product sales mix weighted towards higher priced products compared to the prior year, while the overall lower realized pricing for the year was in line with the general decrease in market fertilizer pricing from the large price spikes in 2022 from the geopolitical tensions in Europe. Overall, the Company continues to have a resilient and steadily growing customer base for its innovative products and consistently sells out of its granulated product at Beiseker. As the Company ramps up granulated production at the Beiseker facility, it expects to realize higher pricing on its granulated fertilizer products going forward.

#### Gross Profit

Gross profit decreased \$1.2 million and 26 percentage points and \$1.1 million and 5 percentage points for the 3 and 12 months compared to the same periods in the prior year. The main driver of decreased gross margins was entirely realized in the fourth quarter and was due to the remaining higher inventory costs carried over from 2022 and the limited ability to flow through these increased costs through pricing. Despite these challenges in the fourth quarter, the Company is well positioned going forward with limited higher cost inventory remaining, a growing customer base, and higher pricing and margins expected from increased granulated fertilizer production at Beiseker and improved margins on the base blended fertilizer business. As previously noted, the Beiseker facility continues to sell out of its granulated product, demonstrating strong and growing demand for the Company’s granulated products.

## Depreciation and Amortization

Depreciation and amortization increased \$0.1 million and \$0.3 million for the 3 and 12 months compared to the same periods in the prior year. The increase is primarily due additional capital spend in the latter half of 2022 and year-to-date in 2023. The Company expects depreciation charges to grow modestly in the coming quarters and then level-off as the Beiseker facility becomes fully commissioned and operational.

## Selling, General and Administration

Selling, general and administrative expense increased \$0.2 million and decreased \$0.1 million for the 3 and 12 months compared to the same periods in the prior year. The increase in the quarter was due to the prior year having larger overheads capitalized to capital projects, while the decrease for the year was due to diligent overall cost control and restructuring initiatives across all back-office and overhead functions. The Company expects continued savings in selling, general and administration costs in the coming year as the full year impact of several initiatives have not yet been realized. The Company continuously evaluates ways to be more efficient in all its support functions and expects to maintain this diligent approach going forward.

## Non-Operating Income and Expense

The fertilizer segment realized higher net non-operating income of \$4.0 million and \$6.4 million for the 3 and 12 months compared to the same period in the prior year. The higher net non-operating income was driven mostly by the favourable impact of the change in the fair value of contingent consideration, lower transaction costs, lower share-based payments expense, and the absence of impairment charges compared to the prior year.

## Operating Earnings (Loss) % and Adjusted EBITDA %<sup>1</sup>

The Company recorded a 39 percentage point reduction in operating earnings (loss) percentage and a 33 percentage point reduction in adjusted EBITDA percentage for the 3 months compared to the same period in the prior year. This was driven by lower revenues and gross margins partially offset and lower selling, general and administrative expenses. The Company recorded a 13 percentage point reduction in operating earnings (loss) percentage and 8 percentage point reduction in adjusted EBITDA percentage for the 12 months compared to the same period in the prior year. This was driven by lower revenues and gross margins partially offset and by lower selling, general and administrative expenses. Encouragingly, the Company expects to see improvement in all margin percentages as the Company works its way through some final higher cost inventory, higher pricing is realized with the introduction of additional granulated fertilizer at Beiseker and the full-year benefit of its cost saving initiatives is realized.

## Power Segment

Period ending December 31	3 Months		12 Months	
	2023	2022	2023	2022
Revenue	167,304	-	620,032	175,488
Direct costs	63,927	88,808	297,037	191,517
<b>Gross profit</b>	<b>103,377</b>	<b>(88,808)</b>	<b>322,995</b>	<b>(16,029)</b>
Depreciation and amortization	62,831	72,182	279,077	264,050
Selling, general and administration	62,998	57,108	242,784	839,254
<b>Operating expense</b>	<b>125,829</b>	<b>129,290</b>	<b>521,861</b>	<b>1,103,304</b>
<b>Operating earnings (loss)</b>	<b>(22,452)</b>	<b>(218,098)</b>	<b>(198,866)</b>	<b>(1,119,333)</b>
Non-operating (income) expense	5,933	1,269,265	24,732	1,286,954
<b>Earnings (loss) before tax</b>	<b>(28,385)</b>	<b>(1,487,363)</b>	<b>(223,598)</b>	<b>(2,406,287)</b>

## Revenue and Gross Profit

Revenue increased \$0.2 million and \$0.4 million and gross profit increased \$0.2 million and \$0.3 million for the 3 and 12 months compared to the same period in the prior year. Increased revenues and gross profit are due to higher run-times and higher pricing as well as lower maintenance costs.

### **Depreciation and Amortization**

Depreciation and amortization was largely unchanged for the 3 and 12 months compared to the same period in the prior year as there were no major changes to the asset base in the Power segment.

### **Selling, General and Administration**

Selling, general and administrative expense was effectively flat and down \$0.6 million for the 3 and 12 months compared to the same period in the prior year. The Company has diligently kept overheads as low as possible in the Power segment and achieved positive cash flows in this segment overall for the year.

### **Non-Operating Income and Expense**

Non-operating income and expense decreased by \$1.3 million for the 3 and 12 months compared to the same period in the prior year. The decrease is due to the absence of an impairment recognized in the prior year. Non-operating expense is otherwise primarily comprised of finance costs related to a land lease, which have remained consistent quarter over quarter and year over year.

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company continues to manage its liquidity, capital resources and capital structure in line with its overall capital allocation and corporate strategy. The Company expects to generate sufficient cash flows from current cash balances and operating and financing activities to meet its required capital expenditures and expects to meet all debt and lease financing requirements with a combination of current cash balances, non-cash working capital and any equity financing, where required. The Company manages liquidity risk through the management of its capital structure and working capital and monitors and reviews actual and forecasted cash flows and the effect on bank covenants, and maintains credit facilities, manages capital spend, and raises equity financing, to ensure cash resources are available to meet the Company's liquidity needs.

The accompanying consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Although the Company has raised funds through the issuance of equity securities and debt financing in the past, there can be no assurance the Company will be able to raise sufficient funds in the future if it is not able to generate positive cash flows. For the 3 and 12 months ended December 31, 2023, the Company generated net earnings of \$945,745 and \$84,190, respectively (2022 net loss of \$3,357,636 and \$7,084,701, respectively) and operating cash flows of negative \$274,843 and negative \$520,453, respectively (2022 – positive operating cash flow of \$856,815 and negative operating cash flow of \$6,278,965, respectively) and had a deficit at December 31, 2023, of \$21,657,518 (December 31, 2022 – \$22,419,593). While the Company has a positive working capital balance and anticipates generating positive cash flow from operations in the coming year from higher margins on product sales and reductions in selling, general and administrative expenses, there can be no assurance these initiatives will be successful and that the positive working capital balance will be sufficient to fund the Company's operations. Further, it is not possible to predict whether financing efforts will be successful if they are required to fund the Company's operations. These conditions indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flow from operations or obtain additional financing to fund its operations. The consolidated financial statements do not include any adjustments to the carrying value of the assets and liabilities, the reported revenues and expenses or the balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

## Sources and Uses of Cash

Period ending December 31	3 Months		12 Months	
	2023	2022	2023	2022
Funds from (used-in) operations	(350,363)	509,441	(629,942)	(1,470,957)
Changes in non-cash working capital	75,520	347,374	109,489	(4,808,008)
Cash from (used in) operating activities	(274,843)	856,815	(520,453)	(6,278,965)
Cash from (used in) investing activities	(76,070)	(1,351,506)	(1,211,794)	(2,317,065)
Cash from (used in) financing activities	(314,633)	(304,836)	(862,349)	10,953,248
<b>Increase (decrease) in cash</b>	<b>(665,546)</b>	<b>(799,527)</b>	<b>(2,594,596)</b>	<b>2,357,218</b>
Cash balance, beginning of period	1,703,145	4,431,722	3,632,195	1,274,977
<b>Cash balance, end of period</b>	<b>1,037,599</b>	<b>3,632,195</b>	<b>1,037,599</b>	<b>3,632,195</b>

### Cash from (used in) Operating Activities

Cash flow used-in operating activities increased \$1.1 million and decreased \$5.8 million for the 3 and 12 months compared to the same periods in the prior year. The decrease in the quarter was due to lower realized margins of \$0.8 million and use of working capital changes of \$0.3 million. The improved operating cash flows year to date was due to higher margins of \$0.9 million and favourable working capital changes of \$4.9 million. The Company was encouraged by the improved consolidated cash flows from diligent cost control and working capital management during year. As previously noted, the Company expects further improvements to operating margins as the full-year impact of cost savings initiatives and increased margins from additional granulated fertilizer production and operational efficiencies are realized.

### Cash from (used in) Investing Activities

Cash flow used-in investing activities decreased \$1.3 million and increased \$1.1 million for the 3 and 12 months compared to the same periods in the prior year. The decreased use of cash during the quarter and year was due to lower capital spend on the Beiseker and DeBolt projects. The Company continues to expect to fully fund the future development of the Beiseker, DeBolt and Bethune facilities through a combination of cash on hand, cash from operations and debt and equity financing as required.

### Cash from (used in) Financing Activities

Cash flow used-in financing activities was approximately flat and increased \$11.8 million for the 3 and 12 months compared to the same periods in the prior year. The quarter was approximately flat due to similar debt and lease repayments year-over-year while cash used in financing activities increased significantly due to the proceeds received from large equity and debt issuances in the prior year. Going forward, the Company continues to manage its growth plans through a debt and equity capital structure that optimizes risk-adjusted returns for shareholders.

### Financial Condition and Capital Structure

	31-Dec-2023		31-Dec-2022	
Current assets	10,928,907		19,712,651	
Current liabilities	(6,980,278)		(16,251,046)	
<b>Net working capital (deficit)</b>	<b>3,948,629</b>		<b>3,461,605</b>	
Debt	3,047,037		3,498,665	
Lease liabilities	856,699		654,584	
Contingent consideration	3,101,686		5,772,995	
	<b>7,005,422</b>	<b>31%</b>	<b>9,926,244</b>	<b>40%</b>
Shareholders' equity	<b>15,293,469</b>	<b>69%</b>	<b>14,916,689</b>	<b>60%</b>
	<b>22,298,891</b>	<b>100%</b>	<b>24,842,933</b>	<b>100%</b>

The Company's objectives when managing capital are to: (i) ensure the Company has the financial capacity to execute on its strategy of growing regenerative agriculture products and practices; (ii) maintain financial flexibility in order to meet financial commitments and maintain the confidence of shareholders, creditors, and the market; and (iii) optimize the use of capital and capital structure to provide best-in-class risk-adjusted returns on investment to shareholders. Management considers the

Company's net working capital (deficit), defined as current assets less current liabilities, as well as the ratio of debt to equity, as the key components of capital to be managed.

The Company has established criteria to manage the capital structure based on current economic conditions, risk characteristics of underlying assets and planned capital and liquidity requirements. Total capitalization and liquidity are maintained or adjusted by issuing new debt or equity securities or through the disposal of underperforming or non-core assets when required.

#### SUMMARY OF QUARTERLY RESULTS

	31-Dec-2023	30-Sep-2023	30-Jun-2023	31-Mar-2023
Revenue	3,580,323	3,552,419	4,295,830	2,489,729
Net earnings (loss)	945,745	(33,651)	(563,851)	(264,053)
Net earnings (loss) per share	0.01	(0.00)	(0.00)	(0.00)
	31-Dec-2022	30-Sep-2022	30-Jun-2022	31-Mar-2022
Revenue	4,449,048	2,723,244	7,034,394	3,063,714
Net earnings (loss)	(3,357,636)	(1,076,760)	(1,286,713)	(1,363,592)
Net earnings (loss) per share	(0.02)	(0.01)	(0.01)	(0.01)

#### Seasonality

In line with fertilizer industry norms, the Company's current operations are strongly influenced by seasonality whereby fertilizer application typically occurs in the spring prior to crop seeding and late fall after crop harvesting. Additionally, weather conditions, crop pests, regional and global pricing for crops, and global geo-political tensions also impact the timing and financial results of the Company. To manage these potential fluctuations, the Company develops strong relationships throughout its supply chain to ensure it effectively manages input costs while also providing value-added products and services to its customers. As the Company continues to expand its granulated fertilizer business, it is expected to offset some of the spring and late fall seasonality through the ability to sell and store granulated fertilizer throughout the year.

#### FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

##### Litigation

From time to time the Company is subject to claims and lawsuits arising in the ordinary course of operations. In the opinion of management, the ultimate resolution of such pending legal proceedings will not have a material adverse effect on the Company's financial position.

##### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company's cash needs are met with cash generated by operations, strategic sale of non-core assets, and financing provided by debt and lease instruments. The Company manages liquidity risk through management of its capital structure, and monitoring and reviewing actual and forecasted cash flows and the effect on bank covenants to ensure there are available cash resources to meet the Company's liquidity needs. The Company's cash and cash equivalents, cash flow from operating activities, and strategic sale of non-core assets, are expected to be greater than anticipated contractual capital expenditures and the contractual maturities of the Company's financial liabilities.



The following are undiscounted contractual maturities of financial liabilities, including estimated interest:

	<b>Total</b>	<b>&lt; 1 Year</b>	<b>1-3 Years</b>	<b>4-5 Years</b>	<b>After 5 Years</b>
Accounts payable and accrued liabilities	<b>6,021,038</b>	6,021,038	-	-	-
Contingent consideration <sup>1</sup>	<b>3,101,686</b>	-	3,101,686	-	-
Long-term debt	<b>3,455,482</b>	821,306	1,119,136	628,823	886,217
Lease liabilities	<b>1,046,570</b>	315,486	527,526	154,058	49,500
<b>Total</b>	<b>13,439,076</b>	<b>7,157,830</b>	<b>4,748,348</b>	<b>782,881</b>	<b>935,717</b>

<sup>1</sup>The Company has the ability to settle up to 60% of the contingent consideration in common shares of the Company, which would reduce the cash obligation of this liability.

### Credit Risk

The Company is primarily exposed to credit risk from customers. The maximum exposure to credit risk is equal to the carrying value of the accounts receivable. The Company's trade receivables are with customers in the agriculture and energy industries and are subject to credit risk. In order to reduce credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. Additionally, the Company continuously reviews individual customer trade receivables taking into account payment history and aging of the trade receivables to monitor collectability. In accordance with IFRS 9 – *Financial Instruments*, the Company reviews impairment of its trade and other receivables at each reporting period and its allowance for expected future credit losses. An expected credit loss account is established based upon factors surrounding the credit risk of specific accounts, historical trends, future expectations, and other information. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue amounts. The Company reviews receivables on a regular basis to ensure that an adequate loss allowance is made. Provisions recorded by the Company are reviewed regularly to determine if any balances should be written off. The expected credit loss account could materially change as a result of fluctuations in the financial position of the Company's customers. The Company completes a detailed review of its historical credit losses as part of its impairment assessment. For the 3 and 12 months ended December 31, 2023, the Company had two customers that comprised more than 10% of total revenue, one of which is a related party (2022 – one customer).

### Market Risk

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

#### *Interest Rate Risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposure through its normal operating and financing activities. For the 3 and 12 months ended December 31, 2023, if the interest rate increased/decreased by 1% with all other variables held constant, the Company's net income (loss) would have increased/decreased by approximately \$30,000 (December 31, 2022 ~\$36,000). The Company has minimal exposure to interest rate risk as existing debt and leases have fixed interest rates and would only be subject to interest rate fluctuations when refinancing is required.

#### *Foreign Exchange Rate Risk*

The Company is exposed to foreign exchange rate risk primarily through the purchase of certain US dollar denominated expenses, where the Company typically converts Canadian dollars to US dollars at a spot rate. At this time, there are typically minimal US dollar requirements in the day-to-day business.

#### *Fair Value*

The fair value of the contingent consideration was recorded based on an estimated fair value discount rate, and estimated forecasted revenues, and is considered a Level 3 fair value instrument as the measurement is based on unobservable information.

The fair values of cash, trade and other receivables, cash deposits, accounts payable and accrued liabilities, long-term debt and lease liabilities approximate their fair value as at December 31, 2023.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements in the current or prior periods.

#### **RELATED PARTY TRANSACTIONS**

Refer to Note 24 of the Company's consolidated financial statements for disclosure related to related parties.

#### **CRITICAL ACCOUNTING ESTIMATES**

In the preparation of the Company's consolidated financial statements, management has made judgments, estimates and assumptions that affect the recorded amounts of revenues, expenses, assets, liabilities and the disclosure of commitments, contingencies and guarantees. Estimates and judgments used are based on management's experience and the assumptions used are believed to be reasonable given the circumstances that exist at the time the financial statements are prepared. Actual results could differ from these estimates. The most significant estimates and judgments used in the preparation of the Company's consolidated financial statements have been set out in Note 3 of the Company's annual consolidated financial statements.

#### **OUTSTANDING SHARE DATA**

Refer to Note 15 of the Company's consolidated financial statements for a summary of the authorized, issued, and outstanding share capital of the Company. There have been no changes to the Company's outstanding shares as of the date of this Management's Discussion and Analysis.

## NON-IFRS FINANCIAL AND OPERATIONAL MEASURES

The Company uses both IFRS measures and certain non-IFRS financial measures to assess performance. Non-IFRS financial measures are financial measures disclosed by a company that (a) depict historical or expected future financial performance, financial position or cash flow of a company, (b) with respect to their composition, exclude amounts that are included in, or include amounts that are excluded from, the composition of the most directly comparable financial measure disclosed in the consolidated financial statements of the Company, (c) are not disclosed in the consolidated financial statements of the Company, and (d) are not a ratio, fraction, percentage or similar representation. Non-IFRS ratios are financial measures disclosed by a company that are in the form of a ratio, fraction, percentage, or similar representation that has a non-IFRS financial measure as one or more of its components, and that are not disclosed in the financial statements of the Company.

These non-IFRS financial measures and non-IFRS ratios are not standardized financial measures under IFRS and, therefore, are unlikely to be comparable to similar financial measures presented by other companies. Management believes these non-IFRS financial measures and non-IFRS ratios provide transparent and useful supplemental information to help investors evaluate our financial performance, financial condition and liquidity using the same measures as management. These non-IFRS financial measures and non-IFRS ratios should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with IFRS.

The following section outlines our non-IFRS financial measures and non-IFRS ratios, their compositions, and why management uses each measure. It also includes reconciliations to the most directly comparable IFRS measures. Except as otherwise described herein, our non-IFRS financial measures and non-IFRS ratios are calculated on a consistent basis from period to period and are adjusted for specific items in each period, as applicable. As additional non-recurring or unusual items arise in the future, we generally exclude these items in our calculations.

### Consolidated Adjusted EBITDA

*Most directly comparable IFRS financial measure:* Net earnings (loss).

*Definition:* EBITDA is defined as earnings before interest, taxes, depreciation, and amortization. Adjusted EBITDA is defined as EBITDA adjusted for certain non-operating, non-recurring, and non-cash items as described in the table below.

*Why we use the measure and why it is useful to investors:* This metric is used by management to evaluate the earnings and performance of the Company before consideration of capital, financing and tax structures that may vary from company to company.

Period ending December 31		3 Months		12 Months	
		2023	2022	2023	2022
Revenue	A	3,580,323	4,449,048	13,918,301	17,270,400
Net earnings (loss)		945,745	(3,357,636)	84,190	(7,084,701)
Income tax expense (recovery)		(216,000)	89,913	(608,000)	(650,000)
Depreciation and amortization		569,683	497,640	2,200,588	1,903,470
Finance costs		52,594	39,636	211,594	170,648
<b>EBITDA</b>		<b>1,352,022</b>	<b>(2,730,447)</b>	<b>1,888,372</b>	<b>(5,660,583)</b>
Transaction costs		-	200,034	-	525,021
Share-based compensation		57,913	15,339	292,590	613,726
Foreign exchange (gain) loss		2,241	11,567	7,005	44,999
Bad debt expense (recovery)		-	(46,640)	(141,994)	(401,280)
Research and development expense		26,453	110,094	105,116	282,456
(Gain) loss on disposal of assets		(11,032)	155,956	(4,606)	176,938
Impairment		-	3,035,642	-	3,035,642
Other (income) expense		(57,924)	(24,048)	(583,036)	(292,508)
Change in fair value of contingent liability		(1,751,507)	68,024	(2,671,309)	719,601
<b>Consolidated adjusted EBITDA</b>	B	<b>(381,834)</b>	<b>795,521</b>	<b>(1,107,862)</b>	<b>(955,988)</b>
<b>Consolidated adjusted EBITDA %</b>	B / A	<b>-11%</b>	<b>18%</b>	<b>-8%</b>	<b>-6%</b>

## Fertilizer Adjusted EBITDA

Most directly comparable IFRS financial measure: Net earnings (loss).

*Definition:* EBITDA is defined as earnings before interest, taxes, depreciation, and amortization. Adjusted EBITDA is defined as EBITDA adjusted for certain non-operating, non-recurring, and non-cash items as described in the table below.

*Why we use the measure and why it is useful to investors:* This metric is used by management to evaluate the earnings and performance of the Company before consideration of capital, financing and tax structures that may vary from company to company.

Period ending December 31		3 Months		12 Months	
		2023	2022	2023	2022
Product revenue	A	3,340,823	3,617,934	12,892,353	15,644,597
Service revenue	B	72,196	831,114	405,916	1,450,315
<b>Total revenue</b>	<b>C</b>	<b>3,413,019</b>	<b>4,449,048</b>	<b>13,298,269</b>	<b>17,094,912</b>
Sales volumes (metric tons)	D	8,675	10,796	29,491	32,472
Average selling price (\$ per metric ton)	A / D	385	335	437	482
Gross profit	E	141,603	1,316,799	1,031,686	2,165,966
Gross profit %	E / C	4%	30%	8%	13%
Operating earnings (loss)	F	(929,065)	515,979	(3,109,584)	(1,740,125)
Operating earnings (loss) %	F / C	-27%	12%	-23%	-10%
Net earnings (loss)		974,130	(1,870,273)	307,788	(4,678,414)
Income tax expense (recovery)		(216,000)	89,913	(608,000)	(650,000)
Depreciation and amortization		506,852	425,458	1,921,511	1,639,420
Finance costs		46,661	33,008	186,803	143,158
<b>EBITDA</b>		<b>1,311,643</b>	<b>(1,321,894)</b>	<b>1,808,102</b>	<b>(3,545,836)</b>
Transaction costs		-	200,034	-	525,021
Share-based compensation		57,913	15,339	292,590	613,726
Foreign exchange (gain) loss		2,241	11,589	7,064	45,125
Bad debt expense (recovery)		-	(46,640)	(141,994)	(401,280)
Research and development expense		26,453	110,094	105,116	282,456
(Gain) loss on disposal of assets		(11,032)	155,956	(4,606)	176,938
Impairment		-	1,722,983	-	1,722,983
Other (income) expense		(57,924)	25,952	(583,036)	(239,439)
Change in fair value of contingent liability		(1,751,507)	68,024	(2,671,309)	719,601
<b>Fertilizer adjusted EBITDA</b>	<b>G</b>	<b>(422,213)</b>	<b>941,437</b>	<b>(1,188,073)</b>	<b>(100,705)</b>
<b>Fertilizer adjusted EBITDA %</b>	<b>G / C</b>	<b>-12%</b>	<b>21%</b>	<b>-9%</b>	<b>-1%</b>

## RISKS AND UNCERTAINTIES

### *Limited Operating History*

Replenish commenced commercial operations as a 100% wholly owned subsidiary of Replenish Nutrients Holding Corp. (formerly EarthRenew Inc.) upon its acquisition by EarthRenew Inc. in May 2021. Accordingly, the Company has a relatively limited operating history from which an investor can evaluate its business and prospects with respect to its fertilizer operating segment. Replenish has generated net losses and periodic negative cash flow from operations since the acquisition in May 2021 and expects to incur net losses and periodic negative cash flow from operations for a period of time as it expands and restructures its operations, streamlines fertilizer production and commercialization, and applies for regulatory permits and approvals associated with any such expansion. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the expansion of a nascent business operating in a competitive industry.

### *Liquidity and Growth Capital*

Replenish had negative operating cash for the 3 months and 12 months ending December 31, 2023, and will continue to have periodic negative operating cash flow until revenues increase and/or expenses decrease. To fund the development of additional fertilizer manufacturing facilities, the Company requires additional debt, equity, or alternative financing or an extended period of time to build up sufficient capital from its existing operations. Although the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing or generate sufficient operating cash flows in the future or that the terms of any financing will be favourable. Failure to obtain such additional financing or generate sufficient operating cash flows could result in the delay or indefinite postponement building additional fertilizer manufacturing facilities.

### *Fertilizer Product Markets and Distribution*

The market and distribution channels for Replenish's products is relatively undeveloped compared to larger competitors in the industry and development of such markets and distribution channels requires significant marketing efforts and working capital. Accordingly, the Company may be required to modify its growth strategy as a result of actual or anticipated competition, customer response, lack of resources, regulatory requirements, or other reasons. Operating results and the price at which Replenish will be able to sell its products and services will be highly dependent on the existence of a market for such products and services.

Success in marketing and selling products will depend upon multiple factors, including:

- the effectiveness of the products;
- the ability of Replenish to establish distribution networks and add sufficient manufacturing capacity at an acceptable cost and in compliance with regulatory requirements;
- the ability to generate commercial sales;
- acceptance of products and services by target markets;
- inherent development risks, such as fertilizer products not having the anticipated effectiveness;
- preclusion or obsolescence resulting from a third party developing superior or equivalent products;
- the ability to develop repeatable processes to manufacture fertilizer products in sufficient quantities; and
- general economic conditions.

If any of these factors cannot be overcome, Replenish may not be able to distribute products to target markets in a timely or cost-effective manner, which could adversely affect future growth and results.

There can be no assurance that illustrative or indicative use information in respect of products contained in this MD&A will reflect actual use of the Company's fertilizer products by growers. In adopting our products, growers will adopt and use the product in accordance with their own circumstances and may stage the adoption of product over time, or blend or use our fertilizer with other fertilizers, which may affect the demand for those products.

Operating results and the price at which Replenish can sell products will be dependent on demand for products. Demand for products will be affected by a number of factors including weather conditions, commodity prices, competition, and government policies. It is likely that the price at which Replenish sells its products will fluctuate if there are significant changes in the price and availability of other fertilizer products.

### *Access, Availability and Price of Raw Materials*

Replenish currently relies on a limited number of vendors to supply the raw materials for its products, most notably, potash, rock phosphorus, compost, and sulphur. Changes to the commercial terms, pricing, product quality, or accesses to sufficient quantities of these raw materials from existing vendors could adversely impact the Company's margins and cash flows by impacting the cost of production, production capacity and sales. While existing plans show that the Company's current vendors can adequately support the commercial and operational requirements of existing operations and the new fertilizer manufacturing facilities contemplated by the Company, unforeseen changes to the operating environment in which the Company and its vendors operate that lead to uneconomical pricing or availability of sufficient quantities and quality of raw materials will adversely impact the Company's ability to generate sufficient margins and cash flows.

### *Competition*

The fertilizer manufacturing industry is highly competitive. Although Replenish does not produce the same products as traditional fertilizer manufacturers, the Company nonetheless expects demand, pricing and margins for its products will be affected by the price and availability of traditional fertilizer products. If the price, availability, and performance of traditional fertilizer products is relatively attractive compared to the Company's regenerative fertilizer products, future sales, pricing, and margins may suffer which could have a material adverse effect on the Company's business and financial condition. Many competitors in the fertilizer manufacturing industry are larger and have better access to capital and resources than Replenish, which could affect the Company's ability to compete. A competitor or a new entrant could also invent a technology or process that is superior to the Company's current technology or manufacturing process and this would have an adverse effect on the Company's ability to compete. The increased number of companies entering the regenerative fertilizer sector also creates additional competition and makes it more difficult for customers to differentiate between products, which could have an adverse impact on the Company's ability to increase its market share.

The development and implementation of new technologies may result in a significant reduction in the costs of fertilizer production. Technological advances by other fertilizer producers in methods to convert minerals, green wastes, biosolids and manures into fertilizer could increase the efficiency and decrease the cost of production, which could increase competition. The Company cannot predict when new technology may become available, the rate of acceptance of new technologies by its competitors or the costs associated with new technologies. It is also possible that the Company may not be able to incorporate new technological processes into its production process which could place the Company at a competitive disadvantage.

### *Production Process*

Replenish's proprietary manufacturing process is a highly customized, integrated, and complex process that requires high precision and quality control. While the Company has performed extensive research, development, design and engineering, and has strong experience operating and iterating on its production process, there can be no assurance that the production process will not encounter unexpected or unforeseen issues that prevent the Company from producing a consistent and continuous flow of product. A significant unexpected or unforeseen issue in our manufacturing process could adversely affect the ability to manufacture sufficient quality or quantity of products, thereby affecting the Company's ability to meet customer demand, which may adversely affect the business and financial results.

### *Product Liability*

As a manufacturer and distributor of products designed to be used on crops for human consumption, the Company faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused loss or injury. The Company may be subject to various product liability claims, including, among others, that its products contributed to agricultural losses, injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect both the Company's reputation and goodwill with consumers, and could have a material adverse effect on the Company's business, financial condition and results of operations. The Company cannot ensure that its current or future liability insurance, together with indemnification rights under any potential future licence agreements and other collaborative arrangements, will be adequate to protect it against any claims and resulting liabilities or that it will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance may be cost prohibitive or completely unavailable. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the continued commercial offering of the Company's products.

### *Product Recalls*

Manufacturers and distributors of products are occasionally subject to the recall or return of their products for a variety of reasons, including product defects such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. Recalls can cause unexpected expenses, legal proceedings, and the loss of sales. In addition, a product recall may require significant management attention, and the reputation of the recalled product's brand and the Company could be harmed. Additionally, product recalls can lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

### *Intellectual Property*

Replenish relies on a combination of patents, trademarks, trade secrets, confidentiality agreements and other contractual restrictions on disclosure to protect its intellectual property rights. The Company also enters into confidentiality agreements with employees, consultants, and other third parties, and controls access to and distribution of confidential information.

The Company's success will depend in part on its ability to maintain or obtain and enforce patent and other intellectual property protection for processes, products and technology, to preserve trade secrets and to operate without infringing upon the proprietary rights of third parties. Setbacks or failures in these areas could negatively affect the Company's ability to compete and materially and adversely affect its business and financial condition. Replenish has obtained patents or filed patent applications in the United States, Canada and internationally and may, in the future, seek additional patents or file additional patent applications. Certain aspects of the Company's technology are currently protected as trade secrets, for which the Company may or may not file patent applications.

There can be no assurance that the Company's patents or patent applications will be valid, or that patents will issue from the patent applications that have been filed or will be filed. Additionally, there can be no assurances that the scope of any claims granted in any patent will provide adequate protection for the processes used by the Company currently or in the future. The Company cannot be certain that the creators of Replenish's technology were the first inventors of inventions and processes covered by patents and patent applications or that they were the first to file. Accordingly, there can be no assurance that the Company's patents will be valid or will afford the Company with protection against competitors with similar technology or processes. Despite efforts to protect proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use proprietary information. Monitoring unauthorized use of confidential information is difficult and there is no certainty that steps the Company takes to prevent unauthorized use of patented products or confidential information will be effective.

The Company may deem it necessary or advisable to commence litigation to enforce intellectual property rights. Others may claim the Company has infringed upon their intellectual property rights and commence litigation against Replenish. The Company's commercial success depends in part on its ability to operate without infringing the patents and other proprietary rights of third parties. Infringement proceedings relating to intellectual property are often lengthy, costly, and time-consuming and their outcome is uncertain. Moreover, if competitors prepare and file patent applications to claim technology that is also claimed by Replenish, the Company may be forced to participate in interference proceedings to determine priority of invention. Litigation and participation in such proceedings could result in substantial costs and diversion of the efforts of the Company, even if the eventual outcome is favourable. Litigation could also subject the Company to significant liabilities to third parties, require disputed rights to be licensed from third parties or require the Company to cease using certain technology. If the Company becomes involved in any patent litigation, interference, opposition, or other administrative proceedings, it will incur substantial expense and the efforts of technical and management personnel will be significantly diverted. As a result of such litigation or proceedings the Company could lose its proprietary position and be restricted or prevented from manufacturing products, incur significant damage awards, including punitive damages, or be required to seek third-party licenses that may not be available on commercially acceptable terms, if at all. In addition, the Company may lack the resources, whether financial or otherwise, to monitor, prosecute and enforce intellectual property rights.

### *Government Regulation*

The Company's operations will be subject to a variety of federal, provincial, state, and local laws, regulations, and guidelines, including laws and regulations relating to health and safety, manure management, production and sale of fertilizers, including for organic farming use, the conduct of operations, the protection of the environment, the operation of equipment used in operations, and the transportation and import and export of products. The Company believes that it is currently in compliance with such laws and regulations. The Company intends to invest financial and managerial resources to ensure such compliance in

the future. Although such expenditures historically have not been material, such laws or regulations are subject to change. Accordingly, it is impossible for the Company to predict the cost or impact of such laws and regulations on its future operations.

If the Company is unable to comply with current or future government regulations of its products and production activities, the Company may be forced to discontinue production of current or future products. Each product that is developed, produced, marketed, or licensed presents unique regulatory problems and risks. The problems and risks depend on the product type, its uses, and method of manufacture. For products used in human nutrition, the Company will be required to adhere to requirements published by the CFIA, USDA, the International Organization for Standardization (“ISO”), and other applicable standards. If it is unable to maintain its current compliance, or achieve compliance with standards applicable to anticipated expansion, its practices and procedures, as applicable, the Company may be unable to produce its current or future products.

#### *Operating Risks and Insurance*

The Company’s operations will be subject to hazards inherent in the fertilizer manufacturing and sale, such as labour disruptions and unscheduled downtime, equipment defects, malfunctions and failures, loss of product in processing, and natural disasters, that can cause personal injury, loss of life, suspension of operations, damage to plants, business interruption and damage to or destruction of property, equipment, and the environment. These risks could expose us to substantial liability for personal injury, wrongful death, property damage, pollution, and other environmental damages and the imposition of civil or criminal penalties. The frequency and severity of such incidents will affect operating costs, insurability and relationships with customers, employees, and regulators. In the event of equipment defects, malfunctions or failures, there can be no assurance that supplier warranties will be effective to compensate us for any losses.

The Company will continuously monitor its activities for quality control and safety. However, there are no assurances that safety procedures will always prevent the damages described above. Although the Company will maintain insurance coverage that it believes to be adequate and customary in the industries in which it operates, there are no assurances that such insurance will be adequate to cover all liabilities. In addition, there are no assurances that the Company will be able to maintain adequate insurance in the future at rates it considers reasonable and commercially justifiable. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits, or a claim at a time when the Company is not able to obtain liability insurance, could have a material adverse effect on its ability to conduct normal business operations.

The Company’s operations are exposed to potential damage, including partial or full loss, resulting from disasters such as an earthquake, hurricane, fire, explosion, flood, severe storm, terrorist attack or other comparable events. The occurrence of a significant event that disrupts the ability of our plants to produce fertilizer for an extended period could have a material adverse effect on our business, financial condition, and results of operations.

#### *Weather and Climate*

Adverse weather conditions represent a very significant operating risk affecting potential hosts and customers for products. Weather conditions affect the types of crops grown, the quality and quantity of production and the levels of farm inputs which, in turn, will affect demand for our products. Adverse weather conditions, such as drought or excessive rains, can result in both reduced production of the inputs we need to manufacture products by our hosts, reduced crop production by customers for products and increased costs to operate plants. During the winter and wet seasons, the Company expects the amount of inputs produced to decline. A reduction in the production of the inputs needed to manufacture our products or crop inputs because of adverse weather conditions could have a material adverse effect on operating results and financial condition.

#### *Potential Acquisitions*

As part of the Company’s overall business strategy, it may pursue strategic acquisitions, which could provide additional product offerings, vertical integrations, additional industry expertise and a stronger industry presence. The success of any such acquisitions will depend, in part, on the ability of the Company to realize the anticipated benefits and synergies from integrating those companies into the businesses of the Company. Future acquisitions may expose the Company to potential risks, including risks associated with: (i) the integration of new operations, services and personnel, (ii) unforeseen or hidden liabilities, (iii) the diversion of resources from the Company’s existing business and technology, (iv) potential inability to generate sufficient revenue to offset new costs, (v) the expense of acquisitions, and (vi) the potential loss of or harm to relationships with both employees and existing customers resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval. While the Company intends to conduct reasonable due diligence in connection with such strategic acquisitions, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of such companies for which the Company is not sufficiently indemnified. Any such unknown or undisclosed risks of liability could



materially and adversely affect the Company's financial performance and results of operations. The Company could encounter additional transaction and integration related costs or other factors such as failure to realize all of the benefits from the acquisition. All of these factors could decrease or delay the anticipated accretive effect of the acquisition and cause a decrease in the market price of the common shares. The Company may not be able to successfully integrate and combine the operations, personnel, and technology infrastructure of any such strategic acquisition with its existing operations. If integration is not managed successfully by the Company's management, the Company may experience interruptions in its business activities, deterioration in its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on the Company's business, financial condition, and results of operations.

#### *Power Generation*

A portion of the Company's revenues and costs are tied, either directly or indirectly, to the market price for electricity. Market electricity prices are impacted by a number of factors including: the strength of the economy, the available transmission capacity, the price of fuel that is used to generate electricity (and, accordingly, certain of the factors that affect the price of fuel described below); the management of generation and the amount of excess generating capacity relative to load in a particular market; the cost of controlling emissions of pollution, including the cost of carbon; the structure of the particular market; and weather conditions that impact electrical load. As a result, the Company cannot accurately predict future electricity prices and electricity price volatility could have a material adverse effect on the Company.

The Company's power generation facilities depend on electric transmission systems and related facilities owned and operated by third parties to deliver the electricity that is generated to delivery points where ownership changes. These grids operate with both regulatory and physical constraints which in certain circumstances may impede access to electricity markets. There may be instances in system emergencies in which power generation facilities are physically disconnected from the power grid, or production curtailed, for short periods of time. In addition, the Company's power generation facility in the future may not be able to secure access to this interconnection or transmission capacity at reasonable prices, in a timely fashion or at all, which could then cause delays and additional costs in attempting to negotiate or renegotiate applicable power purchase agreements. Any such increased costs and delays could negatively impact the Company's revenues and financial condition.

#### **General Business and Market Risk**

##### *Key Personnel*

The senior officers of the Company will be critical to its success. In the event of the departure of a senior officer, the Company believes that it will be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as the Company grows is critical to its success. As the Company's business activity grows, it will require additional key financial, administrative, and technical personnel as well as additional operations staff. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on future cash flows, earnings, results of operations and financial condition.

##### *Conflicts of Interest*

Directors and officers of the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other fertilizer manufacturing companies. The Company and its directors and officers will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors, a director who has such a conflict will abstain from voting for or against the approval of such matter. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which one or more directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time.

##### *Debt and Equity Financing*

There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if and when required, on satisfactory terms. If additional financing is raised by the issuance of Common Shares or other forms of convertible securities from treasury, control of the Company may change and shareholders may suffer additional dilution. The Company's constating documents do not limit the amount of indebtedness that may be incurred. As a result, the level of EarthRenew's indebtedness from time to time could impair its ability to operate or otherwise take advantage of business opportunities that may arise.

### *Profitability*

There is no assurance that the Company will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Company's business development and marketing activities. If the Company does not have sufficient capital to fund its operations, it may be required to reduce its sales and marketing efforts or forgo certain business opportunities.

### *Management of Growth*

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, and results of operations.

### *Price Volatility of Publicly Traded Securities and Markets for Securities*

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Common Shares will be affected by such volatility. A public trading market in the Common Shares having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of Common Shares at any given time, which, in turn is dependent on the individual decisions of investors over which the Company has no control. There can be no assurance that an active trading market in securities of the Company will be established and sustained. The market price for the Company's securities could be subject to wide fluctuations, which could have an adverse effect on the market price. The stock market has, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance, net asset values or prospects of particular companies. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline.

### *Dividends*

The Company has not paid any dividends on its outstanding shares. Any payments of dividends on the Common Shares will be dependent upon the financial requirements of the Company to finance future growth, its financial condition and other factors the board of directors may consider appropriate in the circumstance. It is unlikely that the Company will pay dividends in the immediate future.

### *General Economic Conditions May Adversely Affect Growth*

Events in global financial markets can have a profound impact on the global economy in general and the fertilizer industry in particular. Many industries can be negatively impacted by these market conditions. A slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, tax rates may adversely affect EarthRenew.

## **FORWARD LOOKING STATEMENTS**

This MD&A contains "forward-looking statements" and "forward-looking information" (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Certain information and statements contained in this MD&A constitute forward-looking information, including expectations concerning future commodity pricing and input pricing, expectations regarding operations at the Company's Beiseker facility and the performance of its granulated fertilizer business, the anticipated costs associated with the purchase of capital equipment, expectations concerning the nature and timing of growth within the various business segments, expectations respecting the competitive position of such business segments, expectations concerning the availability of capital and the financing of future business activities, and statements as to future economic and operating conditions. Readers should review the cautionary statement respecting forward-looking statements that appears below.

The information and statements contained in this MD&A that are not historical facts are forward-looking statements. Forward-looking statements (often, but not always, identified using words such as “seek”, “plan”, “continue”, “estimate”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, “expect”, “may”, “anticipate” or “will” and similar expressions, and the negative variations thereof) may include plans, expectations, opinions, or guidance that are not statements of fact. Forward-looking statements are based upon the opinions, expectations, and estimates of management as at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements.

These factors include, but are not limited to, such things as changes in industry conditions (including the levels of capital expenditures and environmental, social and governance practices), the credit risk to which the Company is exposed in the conduct of its business, fluctuations in prevailing commodity prices or currency and interest rates, the competitive environment to which the business segments are, or may be, exposed in all aspects of their business, the ability of the Company’s business segments to access equipment (including parts) and new technologies and to maintain relationships with key suppliers, the ability of the Company’s business segments to attract and maintain key personnel and other qualified employees, various environmental risks to which the Company’s business is exposed in the conduct of its operations, inherent risks associated with the conduct of the businesses in which the Company’s business segments operate, timing and costs associated with the acquisition of capital equipment, the impact of weather and other seasonal factors that affect business operations, availability of financial resources or third-party financing and the impact of new laws and regulations or changes in existing laws, regulations or administrative practices on the part of regulatory authorities, including without limitation taxation, labour and environmental laws and regulations and changes in how such laws and regulations are interpreted and enforced.

Forward-looking information concerning the nature and timing of growth is based on the current budget of the Company (which is subject to change), factors that affected the historical growth of the Company, sources of historic growth opportunities and expectations relating to future economic and operating conditions. Forward-looking information concerning the current and future competitive position of the Company’s business relationships is based upon the current competitive environment in which the Company operates, expectations relating to future economic and operating conditions, current and announced build programs and other expansion plans of other organizations that operate in the fertilizer business. Forward-looking information concerning the financing of future business activities is based upon the financing sources on which the Company and its predecessors have historically relied and expectations relating to future economic and operating conditions. Forward-looking information concerning future economic and operating conditions is based upon historical economic and operating conditions, opinions of third-party analysts respecting anticipated economic and operating conditions.

Although management of the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Accordingly, readers should not place undue reliance upon any of the forward-looking information set out in this MD&A. All the forward-looking statements of the Company contained in this MD&A are expressly qualified, in their entirety, by this cautionary statement.

Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise.

#### **ADDITIONAL INFORMATION**

Additional information is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and the Company’s website at [www.replenishnutrients.com](http://www.replenishnutrients.com).