

THE GOOD SHROOM CO.

Management Discussion & Analysis – Quarterly Highlights

For the Quarter Ended

October 31, 2022

Effective Date: December 21, 2022

Management's discussion and analysis – quarterly highlights (“MD&A - Quarterly Highlights”) outlines the financial position of The Good Shroom Co Inc. (the “Company”), formerly Cluny Capital Corp., for the quarter ended October 31, 2022. Teonan Biomedical Inc. (“Subsidiary”) is a wholly owned subsidiary of the Company as a result of a three-cornered amalgamation completed on April 15th, 2021. This document should be read in conjunction with the Financial Statements (unaudited) for the quarter ended October 31, 2022.

This discussion should not be considered all inclusive as it excludes changes that may occur in general economic, political and environmental conditions as well as in the future that may affect the Company. All dollar amounts are stated in Canadian dollars.

DESCRIPTION OF THE COMPANY AND OVERALL PERFORMANCE

The Company is a publicly listed corporation under the policies of the TSX Venture Exchange with a stock symbol of MUSH as of April 15, 2021.

The Subsidiary represents the primary source of operational business for the Company. As such, it develops, manufactures, and sells instant wellness beverages to the general market across North America; primarily online and now in third party retail locations.

Additionally, the Subsidiary is licensed by Health Canada to manufacture, and as of June 16, 2021, sell cannabis products to the regulated market in Canada. As a result, it produces a number of cannabis related products under its Velada and Nordique Royale brands which include functional wellness beverages, hashish, and dried flower.

For the financial quarter ended October 31, 2022, the Company generated revenue from the sale of Teonan™ instant functional mushroom beverages as well as its several cannabis SKUs such as popular hashish products Afghan Gold, OG Hawaiian, Le Kush X, Le Choix du Nord and others; dried flower products Sky Cuddler, Sage n' Sour, and Cherry Blossom; as well as cannabis infused functional beverages sold primarily to Quebec and Ontario.

QUARTER END HIGHLIGHTS

During the quarter, sales of all products totaled \$822,569 which is 16.9 times growth in comparison to sales for the comparable quarter ended October 31, 2021. It should be noted that last year's comparable quarter did not include any cannabis sales.

The Subsidiary continued to sell Nordique Royale and Velada branded cannabis products to Quebec with cannabis only sales reaching \$742,010 for the quarter. This represents a notable increase in cannabis sales in comparison to prior quarters. Hashish products are performing well in terms of sales with Afghan Gold still consistently listed in the top 10 in Quebec in its category. While new hashish product OG Hawaiian, currently in Quebec's nursery program (only available in 25% of stores), shows promise to graduate to a full listing making it available in all stores in Quebec. The latter could result in OG Hawaiian rivaling if not outpacing Afghan Gold.

The Company recorded sales of Teonan branded products of \$80,559 for the quarter ended October 31, 2022 in comparison to \$48,572 for the comparable quarter ended October 31, 2021. The Company continues to focus on retail sales of Teonan beverages and acquire new retailer customers in the United States and Canada. The environment remains challenging but continued growth is expected over the course of the fiscal year.

SUBSEQUENT EVENTS

The company began selling additional cannabis products pre-rolls infused with hash. Preliminary sales in Quebec are looking promising and may rival some of the Subsidiary's popular hashish products in terms of weekly sales. Additionally, Ontario has placed a larger than expected first order of the same pre-rolls in a smaller format. Sales are expected to begin in late Q2, possibly Q3 of this fiscal year. Quebec and Ontario represent Canada's largest provincial cannabis markets.

Results from Operations

Sales

Revenue was \$822,569 for the quarter ended October 31, 2022 compared to \$48,572 for the same quarter in the prior year. As mentioned above, this represents a 16.9 X increase in sales for the quarter-to-quarter comparison, primarily due to sales of cannabis products in Canada.

Various new products which were accepted earlier in the calendar year began selling during the quarter which account for most of the increase in cannabis sales.

Teonan beverages continue to sell online, however, with limited online marketing the growth in sales is expected to be derived primarily from retail sales in both the United States and Canada. Again, as mentioned above sales for the quarter ended October 31, 2022 were almost double those of the same quarter last fiscal year. It is expected this portion of the business will continue to grow over the next few quarters, however, in the immediate term will continue represent a smaller portion of overall sales in comparison to cannabis.

Gross margin, which is a blend of all brands, for the quarter ended October 31, 2022 was \$181,942 compared to \$2,526 for the same quarter last year. Due to the structuring of cannabis production, margins on these products are much lower but are offset by high value, large volume sales and favorable payment terms with partners.

Expenses

Salaries represented \$87,069 for the quarter ended October 31, 2022 in comparison to \$123,612 for the comparable quarter last year. This reduction is a part of cost cutting strategies to bring the company closer to breakeven at an accelerated rate.

Subcontractors were also reduced as part of the above-mentioned strategies with costs representing \$13,366 for the quarter ended October 31, 2022 versus 30,237 for the same quarter last year.

Insurance was \$62,343 for the quarter ending October 31, 2022 in comparison to \$8,920 for the same quarter last year. This increase is primarily due to the Company's cannabis business and despite best efforts is among the most affordable available in the industry. This cost is paid in instalment and primarily in this quarter.

Marketing costs are \$47,119 for quarter ending October 31, 2022 compared to \$25,754 for the same quarter last year. The increase is related to the marketing for retail sales of Teonan

products (primarily in the US) as well as marketing for the publicly listed company. Both were minimal in the quarter of the previous year.

Liquidity

At October 31, 2022, the Company held assets of \$1,320,289 compared to \$1,446,403 of assets in the previous quarter ended July 31, 2021. Though relatively consistent, there is a significant increase in receivables due to increased sales. The risk is considered low as the primary receivable is related to the government-controlled cannabis retailer in Quebec. Weekly payments on account will occur 30 days after products have been received by the aforementioned cannabis retailer.

The cash position at period ended October 31, 2022 was \$317,081 (not including \$70,000 in GIC) which currently remains sufficient to advance the company's immediate objectives.

Accounts payable for the quarter ending October 31, 2022 were \$656,800 in comparison to \$653,773 for the year ending July 31, 2021. The remains relatively consistent and is primarily due to production costs of cannabis products to be sold to Quebec inclusive of cannabis excise tax payable to the Canadian government. The latter represents the majority of accounts payable. The payable associated with costs of goods for these cannabis products is considered less risky since the Subsidiary has negotiated very favorable and lengthy payment terms.

RELATED PARTY TRANSACTIONS

Transactions with key management and members of the Board of Directors

The related party transactions are solely related to remuneration of key personnel, that is the President and Chief Executive Officer and Chief Financial Officer:

	Quarter ended October 31, 2022
Salaries of key personnel	\$72,688
Cargologan Inc.	\$2,536

Off-balance sheet arrangements

There are no off-balance sheet arrangements as of October 31, 2022.

FORWARD-LOOKING STATEMENTS

Forward-looking statements used in this MD&A - QUARTERLY HIGHLIGHTS are subject to various risks and uncertainties, most of which are difficult to predict and are generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected in this MD&A - QUARTERLY HIGHLIGHTS. Forward-looking statements in this document are not a prediction of future events or circumstances, and those future events or circumstances may not occur. Given these uncertainties, users of the information included herein, including investors and prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Information relating to the Company is available on SEDAR at www.sedar.com.

