

THE GOOD SHROOM CO.

Management Discussion & Analysis

For the year ended July 31, 2022

Effective Date: November 14, 2022

Management Discussion & Analysis

For the year ended July 31, 2022

Management's discussion and analysis ("MD&A") outlines the financial position of The Good Shroom Co Inc. (the "Company"), formerly Cluny Capital Corp., for the year ended July 31, 2022. Teonan Biomedical Inc. ("Teonan") is now 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 audited Consolidated Financial Statements for the year ended July 31, 2022 and the related notes for the same period.

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.

FORWARD LOOKING INFORMATION

This MD&A may include forward-looking statements. Forward-looking statements are statements that are not historical facts, and include, but are not limited to, estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to the Company's products, its business model, future operations, the impact of regulatory initiatives on its operations, the size of and opportunities related to the markets for the products, general industry and macroeconomic growth rates and statements regarding future performance. Forward-looking statements used in this MD&A 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. 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.

DESCRIPTION OF THE COMPANY AND OVERALL PERFORMANCE

The Company's subsidiary, Teonan, accounts for all operations. It develops, manufactures and sells instant wellness beverages as well as a separate line of cannabis and cannabis infused products for the Canadian market.

Teonan™ instant tea and coffee-based beverages come in a soluble powdered form and are made using a custom blend of selected organic mushroom extracts and they contain a dry and shelf stable strain of probiotics. In January 2021, the Company offered 7 flavours offered in a bulk pouch format. The seven flavours are: Americano, Café Ole, Matchate, Curcumama, Cacaowah, Gingerati, Cape Rooibosch. The beverages are certified organic (Ecocert - USDA), vegan, dairy free, GMO free, gluten free and contain zero sugar. The Company, began selling Teonan™ instant beverages in December 2019, direct to consumers, across North America via the Company's online stores and third-party platforms. In late Q2 of fiscal year ended July 31, 2022,

the Company initiated its retail brick and mortar rollout with a focus on 4 flavors (Americano, Café au Lait, Matcha Latte, and Hot Chocolate) in a new 15 servings format.

In November 2019, the Company was granted a micro-processing license (a “MPL”) from Health Canada which allowed it to develop a cannabidiol (CBD) infused beverage line, the Velada beverages, which contain the same custom blend of organic functional mushrooms. The MPL was granted in accordance with the *Cannabis Act* and the *Cannabis Regulations*, and it allows the Company to manufacture cannabis products, namely in the form of beverages, and to package and label the products, subject to a maximum threshold of 600kg of dried cannabis or the equivalent in cannabis oil of 150kg, which can be possessed in a calendar year. The MPL must be amended to have the “activity of sale” added as a permitted activity before the Company can commence distribution and sales of the Velada beverage line to authorized retailers in Canada. The Company submitted its amendment, in October 2020, to Health Canada and it was obtained on June 16, 2021.

In the second quarter of year ended July 31, 2022, the Company began selling its cannabis-based products primarily but not limited to the authorized government purchaser in Quebec, Canada, the Societe Quebecois du Cannabis (SQDC). The latter accounts for the majority of the Company’s sales revenue for the year.

YEAR END RESULTS

Selected Financial Information

	Year ended	
	July 31,	
In Dollars (CDN)	2022	2021
Revenue	1,522,134	242,126
Gross Margin - \$	228,638	61,898
Gross Margin - %	15%	26%
General & Administrative expenses*	1,573,569	3,441,756
Net Loss	(1,628,694)	(3,849,468)
Total Assets	1,644,355	2,299,624
Total Liabilities	881,548	495,206
Equity (Deficiency)	762,807	1,804,418

*Does not include selling & financial expenses

Revenue and Gross Margin

Revenue was \$1,522,134 for the year ended July 31, 2022 compared to \$242,126 for the same period in the prior year. This represents 6.29 times more sales than last fiscal year. From mid Q2 up until year end, the Company began selling its cannabis products. The latter accounts for approximately 87% of the Company’s sales for the year. This was mainly the Company’s Nordique Royale branded hash products which was approximately 89% of cannabis sales. The balance was represented by sales of its cannabis infused beverages under the Velada brand. It is important to note that cannabis related sales have typically lower margins by comparison to non cannabis sales of Teonan instant beverages. This is due to the Company’s business model of outsourcing part of the operations as well as the excise tax that is a liability collected and

remitted to the Canadian Federal government. For the year ended July 31, 2022 the excise tax represented \$307,008.

Sales of Teonan instant beverages were \$192,307 for year ended July 31, 2022 in comparison to \$242,126 for the comparable period las year. This past fiscal year was a transitional one for the Teonan brand due to the shift in focus from the online business model to a more traditional model whereby the instant beverages would be sold at wholesale to distributors and brick and mortar retailers across North America. The time to setup in the US with the appropriate distribution channels (which took ~8 months) and execute the transition away from the online model is primarily responsible for lower Teonan sales on a year over year comparison.

The decision to transition away from online sales was due to numerous factors, among them the increased customer acquisition costs versus declining return on investment. Additionally, the Company had reached an acceptable level of online customers which allowed it to continue low-cost marketing efforts such as direct email campaigns and still obtain reasonable online sales.

As a result, a decision was made to reallocate budget to build out distribution networks and promote retail sales and in store promotions with the hopes of facilitating adoption of the Teonan products.

Gross margin for the year ended July 31, 2022 margins was \$228,638 compared to \$61,898 for the same period in the prior year. This represented 3.69 times increase in comparison to the previous fiscal year. The rate of increase in gross margins in comparison to the rate of increase in sales between the last two fiscal years was lower due to the larger proportion of sales (i.e. cannabis sales) whereby the gross margins are on average much lower in comparison to sales of non cannabis products (i.e. Teonan instant beverages).

Expenses

Selling Expenses

Selling expenses for the year ended July 31, 2022 were \$228,638 compared to \$99,744 in the prior year. These expenses are primarily commission fees paid on sales of both cannabis and non cannabis products as well as distribution channel setup costs for Teonan.

The setup costs represented the majority of the selling expenses and are not recurring. In addition, the commission structure for Teonan products was renegotiated towards the end of the fiscal year to ensure a more equitable fee structure in favor of the Company.

General & Administrative

Both salaries and share-based compensation were comparable for the past two fiscal years. However, in Q4 a management restructuring was undertaken to reduce the overall salaries liability. These costs savings will be largely reflected in the first quarter of the new fiscal year.

The share-based compensation is related to stock options issued to Paradox (marketing firm for the Company) as well as Directors and Officers of the Company. It is also representative of performance shares to be awarded to the CFO, hired in September 2020. The performance shares require that certain milestones are met before being awarded. During the year, the CFO attained the second of three milestones which entitles him to receive 1,000,000 common shares. The dollar value based on the probability of reaching those milestones has been recorded as stated in the financials.

Professional fees for the year ended July 31, 2022 were \$128,507 compared to \$441,828 in the prior year. Last fiscal year was not typical and much higher due to the go public transaction.

Marketing

Marketing and representation expenses were \$94,941 for the year ended July 31, 2022 compared to \$479,592 in the previous year. The expenses were much higher in the previous fiscal year due to the marketing of the Company as part of the go public transaction. In addition, expenses were also related to the rebranding of Teonan products and at that time a full campaign to market the Teonan products online through platforms such as Facebook, Instagram, and Amazon. In the current fiscal year, the online marketing of the Teonan brand was halted towards the end of the second quarter and budget was shifted to focus on the retail setup which is significantly less by comparison.

Listing Fees & Reporting Issuer Costs

There were no listing fees since the go public transaction which was completed last year at a cost of \$1,233,438 for the year ended July 31, 2021.

The reporting issuer costs for the year ended July 31, 2022 were \$35,710 by comparison to \$74,283 for the same period last year. The current year costs are representative of a small cap company on the Toronto Stock Exchange, Venture, with limited volume of trading.

Financial Expenses

The financial expenses were \$14,659 for the year ended July 31, 2022 compared to \$145,666 for the same period last year. These expenses were primarily interest accrued on loans payable to the CEO and a company under his direct control. This debt has since been repaid. Comparable expenses for the same period in the previous year were much higher due to interest payable on convertible debentures.

Net Financial Income (Loss)

Net loss was (1,628,964) for the year ended July 31, 2022 compared to (\$3,849,468) in the previous year. The current year loss is far less by comparison due to the completion of the go public transaction in the prior year. Non cash items such as share based compensation (\$587,353) and depreciation (\$60,568) have no impact on cash flow and represent approximately 40% of this year's net loss. Additionally, there were non recurring setup costs for Teonan distribution channels which contributed to the overall loss.

The loss in the previous fiscal year was primarily due to non cash items such as listing fees (\$1,578,438), share based compensation (\$579,906) and accrued interest recorded as per accounting requirements. Non recurring cash related expenses such as professional fees and reporting issuer costs tied to the RTO and rebranding of Teonan products made up the majority of the cash related expenses that contributed to the prior years' loss.

Liquidity

At July 31, 2022, the Company held assets of \$1,644,355 in comparison to \$2,299,624 of assets in the previous period ended July 31, 2021. The decrease in the cash position is primarily related to the Company's operations coming online for both cannabis and non

cannabis products during the course of the fiscal year. Receivables, \$236,494, and inventories, \$386,113, are also higher due to the same reason.

Liabilities total \$706,135 as at July 31, 2022 in comparison to \$267,432 as at July 31, 2021. The increase is primarily due to payables for cannabis products \$653,773 in comparison to \$116,743 for the same period in the previous year. However, favorable terms with cannabis suppliers allow for adequate time to sell and collect payment thus mitigating risk and impact on cash flow.

OUTSTANDING SHARE DATA

As of the date hereof, there are 48,774,683 common shares of the Company issued and outstanding, of which 14,705,882 common shares are held in escrow, 3,355,000 stock options and 12,361,200 warrants are outstanding.

SUBSEQUENT EVENTS

Approval of cannabis products for sale in Ontario

In Q1 of new fiscal year, the Company's wholly owned subsidiary and licensed cannabis processor (operating as Seul CBD) was approved to list its Velada branded THC infused Café Olé instant beverage both online and in store in the province of Ontario. In addition, the Company's Nordique Royale hash infused joints were also accepted. The accepted cannabis products are expected to be listed in the upcoming second quarter of 2022-23 fiscal year.

Launch of cannabis products for sale in Quebec

In Q1 of the new fiscal year, the Company's wholly owned subsidiary and licensed cannabis processor (operating as Seul CBD) launched a series of new cannabis products in a variety of categories such as dried flower, pre-rolls, and hash to be sold by the Société Québécoise du Cannabis ("SQDC") under the Nordique Royale and Velada cannabis brands. This launch will substantially increase the Company's portfolio of cannabis products sold in Quebec.

Performance Shares

Pursuant to a Performance Shares Agreement entered into between Mr. Jardin and the Corporation September 1, 2020, Mr. Jardin was granted the right to receive (i) 1,000,000 common shares of the Corporation upon the receipt of all applicable authorizations, licenses and other legal requirements for the commercialization of the Corporation's cannabis related products; and (ii) 1,000,000 common shares upon the Corporation reaching gross sales of \$750,000 for its cannabis related products within a 12-month period following receipt of the applicable authorizations; and (iii) 1,000,000 common shares if gross sales of the Corporation reach \$2,500,000 in cannabis related products in the 12 months that follow receipt of the applicable authorizations (each a "Performance Shares Milestone") provided that, the Performance Shares Milestone is attained on or before September 1, 2023. Upon receipt of the applicable required authorizations by the Corporation, Mr. Jardin earned the right to receive the first tranche (1,000,000 Performance Shares). As any issuance pursuant to the Performance Shares Agreement is subject to the escrow requirements of Policy 5.4 of the TSX Venture Exchange ("TSXV"), in November 2021, 250,000 common shares have been issued and the remaining 750,000 common shares will be issued in tranches of 150,000 every six months,

starting April 26, 2022, and ending April 26, 2024, subject to any amendment of the escrow schedule pursuant to TSXV policies (please see Filing Statement available at www.sedar.com under the Company's profile, for details on the agreement and escrow release schedule.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. If the financial asset or liability is not subsequently accounted for at fair value through profit or loss then the initial measurement includes transaction costs that are directly attributable to the asset's or liability's acquisition or origination. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the entity's business model for the managing the financial asset and the contractual cash flow characteristics of the financial asset:

Financial assets and liabilities	Classification
Cash	Amortized Cost
Term Deposit	Amortized Cost
Receivables (excluding taxes receivable)	Amortized Cost
Trade and other payables (excluding salaries payable)	Amortized Cost
Due to the controlling shareholder	Amortized Cost
Due to companies under common control	Amortized Cost
Long-term debt	Amortized Cost
Convertible debentures	Amortized Cost
Conversion options of the convertible debentures	Fair value through profit or loss (FVTPL)

Financial assets at amortized cost

Assets that are held for collection of their contractual cash flows where those cash flows represent solely payments of principal and interests. These assets are subsequently measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. Discounting is omitted where the effect of discounting is immaterial.

Financial liabilities at amortized cost

Financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest method.

Fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorized at FVTPL. Furthermore, irrespective of business model financial assets whose contractual cash flows are not solely payment of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for derivatives designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Impairment of financial assets

Impairment requirements use forward-looking information to recognize expected credit losses, i.e. the “expected credit loss (ECL) model”. The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1)
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2)
- Financial assets that have objective evidence of impairment at the reporting date (Stage 3)

“12 month expected credit losses” are recognized for the first category, i.e. Stage 1, while “lifetime expected credit losses” are recognized for the second category. i.e. Stage 2. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade accounts receivable

Based on the Company’s business model, expected credit losses over the life of the trade accounts receivable are considered immaterial since the potential for default at any time during the life of the financial instrument is deemed to be nil, based on past experience.

FINANCIAL INSTRUMENTS RISKS

The company is exposed to various risks related to financial instruments, the main types being credit risk, market risk, and liquidity risk. The company does not use derivative financial instruments for speculative purposes.

Credit risk

The maximum exposure to credit risk is limited to the carrying amount of cash and receivables as at July 31, 2022.

The company monitors customer and other counterparty defaults on an individual basis regularly and credit risk controls reflect this information. The company has a policy of only dealing with creditworthy parties. Credit risk is considered negligible.

Market risk

The company is exposed to market risk through its use of financial instruments and specifically to interest rate risk, which results from its operating activities:

- Interest rate risk
The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. As at July 31, 2022, and 2021, the company is exposed to changes in fair value due to controlling shareholder, due to companies under common control and convertible debentures at fixed rates

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The company manages liquidity risk by establishing cash flow forecasts to determine its financing needs and ensuring that it has sufficient cash and credit facilities to meet its needs and satisfy its commitments on their maturity.

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, Chief Financial Officer, and Chief Marketing Officer:

	2021-2022	2020-2021
Salaries and expenses for employee benefits	\$462,159	\$287,884
Cargologan Inc.	\$35,107	\$41,062

Also, the company incurred interest of \$5,347 for the year owing to the controlling shareholder and a company under the control of the controlling shareholder.

JUDGEMENT, ESTIMATES AND ASSUMPTIONS

When preparing the financial statements, management makes a number of judgements estimates and assumptions about the recognition and measurement of assets, liabilities, revenues and expenses. Actual results may differ from judgements, estimates and assumptions are reviewed periodically and when adjustments become necessary, they are recorded in earnings in the year they become known. Information on judgements, estimates and assumptions that the greatest impact on the recognition and measurement of assets, liabilities, revenues and expenses is presented below.

Estimates

Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions based on market inputs and observable data, consistent with how market participants would price the instrument. Where data is not observable, management uses the

vest information available. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Judgements

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Going concern

The assessment of the company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs involves significant judgements based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

BUSINESS RISK FACTORS

As is the case with all early commercialisation efforts, inherent risks still exist as to management's ability to properly execute and deliver its products to market in an effective, efficient, and economic manner. To date, the Company has no net earnings and negative operating cash flows. The cash raised through the go public transaction is being used to further our strategic objectives. However, there is no guarantee that we will be successful and may require additional financing in the future to ensure the successful commercialization of both brands. The ability to raise additional capital is also not guaranteed and therefore, this remains a going concern.

Capitalization and Commercial Viability

The Company currently has negative operating cash flow, however, Teonan in store retail initiatives for North America and Canadian cannabis sales (as a result of obtaining the sales amendment) are expected to grow which would contribute towards sustaining the company as it strives to move closer to breakeven and eventual profitability. In the interim however, the risk still remains that the resulting sales will not be sufficient to realize positive cash flow.

As a result, the Company may require further financing in the future to continue to grow the brands and expand their respective market presence. 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 in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of its business plan.

Development Stage Business

Although the company has now been selling products for over 2 years, it still remains at an early stage in the course of its development.

The Company has a limited operating history, has never operated at a profit and there can be no assurance of its ability to operate at a profit. The Company proposed operations are subject to all business risks associated with new enterprises including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. The likelihood of the company success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the expansion of a business, operation in a competitive industry, and the performance of its customers. There is a possibility that the Company could continue to sustain losses in the future. If the Company is unable to generate revenues or profits, investors might not be able to realize returns on their investment or keep from losing their investment.

Inability to Manage the Potential Growth of the Business

The Company's potential growth may place significant demands upon its personnel, management, and financial resources. There is no assurance that its current roster of personnel, systems, procedures, and controls will be adequate to support its future operations. Furthermore, there is no guarantee that the company will be able to acquire new personnel, train, manage, and retain them (including current personnel) sufficiently to facilitate execution and attainment of company objectives. If the Company is unable to effectively manage any future growth, its business and financial condition could be adversely affected.

Key Personnel

The Company currently has some key personnel with various degrees of interest in the company. The latter mitigates to a certain extent the risk of loss of key personnel due to their best interest being served by the success of the company. However, if it cannot retain or successfully replace as well as add key personnel as the business grows inclusive of members of the board of directors then it may be unable to efficiently execute its business plans, or its business could be adversely affected.

Challenges to Commercial Production – Raw materials

As of July 31, 2022, the Company does not have any long-term arrangements in place for the acquisition of raw materials. To date the company has worked to secure raw materials in sufficient quantities based on requirements according to product specifications. Though the strategy has worked, the company is still in early-stage development. Therefore, as the company grows and demand for products grow, the company must ensure a timely and sufficient supply chain to mitigate delays in the event of key material shortages.

Without the implementation of contracts/arrangements for long term business relationships, the company may also be subject to fluctuating prices of raw materials which could have an impact on the gross margins of the products sold.

Many ingredients are sourced from outside of Canada and as a result are subject to foreign political and economic factors. Furthermore, given the pandemic and cross border nature of international shipping further delays are likely to occur. Failure to properly manage these delays could adversely impact the business operations.

Any or all of such events could have a material adverse effect on the results of our operations.

Competition

The functional mushroom market continues to grow and evolve. Functional beverages, not necessarily containing functional mushrooms, also is expected to grow significantly over the next few years. Failure to adapt and compete against larger companies with greater resources may result in diminished market share and poor business results.

The Canadian cannabis market continues to grow in terms of overall retail sales. The number of licensed producers/processors has also increased however is expected to stabilize as consolidation and barriers to entry begin to take hold. The Company, based in Quebec, has a local producer advantage whereby Quebec owns a monopoly on cannabis retail and is the biggest single vendor in Canada. Quebec has a mandate and has shown favor to support local producers/processors in terms of listing cannabis products in their growing chain of retail locations.

Factors affecting competition include financial resources, access to distribution channels, and manufacturing and market expertise and resources. Many companies will have the aforementioned in greater quantities than those of the company. These organizations may commercialize products that could compete directly or indirectly with the Company's products on their own or through joint ventures. Increased competition, while good for the consumer in terms of options, may negatively impact the Company's current market share and future potential growth.

Product Liability

Marketing any of the Company's current or potential future products may expose the company to liability claims arising from the use of these products especially given the typically higher rate of litigation in some of the markets where Teonan branded products are sold and the nature of cannabis products to be sold in Canada. As a result, the Company cannot ensure that its current or future liability insurance, together with indemnification rights under any potential future license agreements and other collaborative arrangements, will be adequate to protect it against any claims and resulting liabilities.

In particular with the cannabis industry, the Company may be unable to obtain additional insurance on commercially reasonable terms. Therefore, its reputation could be adversely affected if a product liability claims or recall occurs and conversely if any claim(s) exceeds insured amounts.

Government Regulation

As a licensed cannabis processor, the Company is required to comply with current and future government regulations regarding cannabis. Should the government force any material changes with respect to cannabis then this may adversely impact the Company's business. Cannabis companies operating in Canada have some measure of comfort as it appears that the baseline rules have been established.

As for other consumer packaged goods sold by the Company without cannabis they are equally subject to government regulations. Any perceived health claims made by the company could be misconstrued by government bodies where products are sold to be beyond the allowable limitations. Sanctions, penalties or worse could result in response thus impacting the company's ability to carry on business.

As an organic certified product with ingredients requiring certain standards the company may be subject to rules and obligations outside of its direct control especially for production that will take place via third party producers. The Company's system of controls may be insufficient beyond being provided supporting documentation to ensure that raw materials and production services provided by third parties meet the required criteria set forth by government bodies. In the event of any failure of the Company's products to meet governing bodies' regulations adverse action may be taken against the company ultimately causing financial and reputational damage.

Off-balance sheet arrangements

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

FORWARD-LOOKING STATEMENTS

Forward-looking statements used in this MD&A 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. 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.