

# **Cult Food Science Corp.**

(formerly Triangle Industries Ltd.)

Management's Discussion and Analysis

Prepared by Management

Expressed in Canadian dollars

**For the nine months ended September 30, 2021 and 2020**

## **Cult Food Science Corp. (formerly Triangle Industries Ltd.)**

### Management's Discussion and Analysis

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This Management's Discussion and Analysis ("MD&A") has been prepared by management as of November 29, 2021 and is intended to assist in the understanding and assessment of trends and significant changes in the results of operations and financial condition of the Company. As such, it should be read in conjunction with the Company's unaudited condensed interim financial statements for the nine months ended September 30, 2021 and 2020 and the Company's audited financial statements for the years ended December 31, 2020 and 2019, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars.

### **Cautionary Statement on Forward-Looking Information**

This MD&A may contain forward-looking statements in respect to various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily be indicative of future results from operations.

### **About Cult Food Science Corp.**

Cult Food Science Corp. (formerly Triangle Industries Ltd.) (the "Company" or "Cult") was incorporated on November 16, 1983 in the Province of British Columbia, Canada and its common shares are voluntary delisted on the NEX but remains a reporting issuer in certain jurisdictions in Canada. Effective July 28, 2021, the Company changed its name to Cult Food Science Corp.

### **Description of Business**

Historically, the Company, through its wholly-owned subsidiaries Bridges Reload Inc., Burnaby Distribution Centres Inc. and Triangle Assets Management Ltd. operated a freight and warehousing service organization providing freight, reloading and warehousing services, collectively called "transloading". These wholly-owned subsidiaries have since been dissolved.

On August 5, 2010, the Company announced the winding down of its transloading business and disposed of substantially all related assets by the end of 2010. Industry changes, the economic downturn, changing business conditions, and escalating land costs all contributed to this decision. Management was of the opinion that the Company's resources could be better utilized under a new business plan designed to improve prospects and to recapture shareholder interest. Since this time, the Company has been actively seeking opportunities to acquire or participate in new assets or businesses.

On September 7, 2012, the Company's shares were transferred to the NEX board of the TSX-V due to its lower level of business activity. The NEX is a separate board of the TSX-V that provides a trading forum for listed companies that have low levels of business activity or have ceased to carry on an active business. Until the Company enters new business activities, it will have no revenue and will continue to incur expenses for accounting, legal, audit, tax, listing and transfer agent fees, and other costs associated with its stock exchange listing. The Company has inadequate cash reserves to meet its ongoing costs of administration for the next 12 months while it continues to actively screen new investment opportunities and may incur short term loans from related parties or a financing.

Effective August 6, 2019, the Company has voluntary delisted from the NEX but remains a reporting issuer in certain jurisdictions in Canada. The Company has no significant transactions pending at the date of this report.

On December 30, 2020, the Company consolidated all of the issued and outstanding share capital on the basis of one new share for ten old shares. Also, on August 12, 2021, the Company split all of its issued and outstanding share capital on the basis of one new share for one old share. Accordingly, all current and comparative share capital amounts within these financial statements have been retroactively restated to adjust for the share consolidation and share split.

### **Overall Performance and Highlights**

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19), which include the implementation of travel bans, self-imposed quarantine periods and social distancing. COVID-19 has caused material disruption to businesses globally resulting in an economic slowdown. These measures could adversely affect and harm the Company by limiting the ability to evaluate various opportunities by limiting in person meetings and potential travel to perform due diligence. The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. It is difficult to reliably measure the potential impact of this uncertainty on the Company's future financial results.

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### **Overall Performance and Highlights (Continued)**

The Company has been evaluating various options and alternatives to allow the Company to expand its business activities which has included:

- (1) health sciences businesses activities operating in jurisdictions that are not permissible for a listed Company on the TSX-V; and/or
- (2) smaller scale business activities that would require further growth, additional working capital and a history of operations before the Company would be able to qualify for listing on the TSX-V or an alternative recognized stock exchange.

During the year ended December 31, 2019, the Company voluntarily delisted from the NEX. The Company believes the delisting will provide the ability to pursue the most beneficial transaction that may be available at a given time, without being subject to the rules and policies of a stock exchange that may prohibit, hinder or delay transaction. This should provide the Company with the maximum amount of flexibility to structure a transaction that should meet its current and future needs.

Subsequent to delisting, the Company continues to be a Reporting Issuer in certain jurisdictions in Canada and remains subject to continuous disclosure requirements. If the Company is able to identify and complete a transaction (or series of transactions) or develop a business in house that results in the Company expanding upon its business activities it may consider, if deemed appropriate at the time a new application for listing of the common shares on a recognized stock exchange at a future date.

On November 19, 2021, the Company completed a strategic investment into Fiction Foods Inc. ("Fiction").

On November 17, 2021, the Company granted 100,000 stock options to a director of the Company at a price of \$0.33 per common share for a period of five years from the date of grant. The options vest over twelve months, with 25% vested each quarter.

On November 16, 2021, the Company announced it has officially launched the CULT PRIZETM with the goal of accelerating the future of food worldwide.

On November 11, 2021, the Company announced its that portfolio company, MeliBio Inc. ("MeliBio" or the "Portfolio Company"), has been included by TIME in the 2021 edition of its annual "Top 100 Inventions of The Year" issue.

On November 8, 2021, the Company announced that it has made a strategic investment into 3D Bio-Tissues Limited ("3DBT" or the "Venture") by acquiring 1,356,852 common shares of the Venture at a cost of £100,000. Based in the United Kingdom ("UK"), 3DBT aims to produce biological tissue material that can be used for many different purposes, including but not limited to cultivated meat, synthetic leather and collagen production.

On November 5, 2021, the Company closed of a private placement of 1,060,606 units (the "Units") at a price of \$0.33 per Unit for gross proceeds of \$350,000 (the "Private Placement").

On November 1, 2021, the Company announced the appointment of Dr. Paul Burrige of Northwestern University's Feinberg School of Medicine to its Advisory Board. Dr. Burrige is the principal of the Burrige Lab at Northwestern University, which is currently researching the use of induced pluripotent stem cells ("iPSC") for cultivated meat, among other high-profile iPSC-focused projects.

On October 21, 2021, the Company is pleased to applaud the US Department of Agriculture's (the "USDA") US\$10 million of funding invested in the development of the first-ever Institute for Cellular Agriculture (the "Institute"). The USDA's funding for the first federally funded cellular agriculture-focused Institute is a significant milestone for the field, which further validates cellular agriculture technologies as the future of food.

On October 18, 2021, the Company announced that after an extensive research and development campaign, its sustainable cellular honey portfolio company, MeliBio Inc. ("MeliBio") has successfully scaled their method of making honey without bees to a manufacturing level, thereby showcasing the ability to satisfy the needs of multiple clients for non-animal honey. Melibio is currently taking orders from existing and new foodservice and wholesale customers for deliveries scheduled to occur at the end of 2021 and the beginning of 2022.

On October 13, 2021, the Company completed a strategic investment into Ohayo Valley Inc. ("Ohayo" or the "Portfolio Business"), which is a cultivated meat science and cell biology company. CULT's Portfolio Business is focused on developing and commercializing intellectual property to facilitate the sustainable production of premium, lab-grown, marbled, wagyu ribeye beef.

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### **Overall Performance and Highlights (Continued)**

On October 8, 2021, the Company announced the appointment of Mr. Patrick O'Flaherty as a Director of the Company. Mr. O'Flaherty is a qualified Chartered Accountant in Canada with Deloitte. He has over 15 years of experience in financial services, with specific focus on accounting and wealth management, and has worked with some of the largest companies in Canada, including Shaw Communications, RBC Royal Bank, and CIBC Wood Gundy. Mr. O'Flaherty has been granted 100,000 stock options to purchase up to 100,000 common shares of the Company at a price of \$0.25 per common share for a period of five years from grant, pursuant to the Company's Stock Option Plan. The options will vest over twelve months, with 25% vested each quarter. The Company also granted a director 100,000 stock options to purchase up to 100,000 common shares of the Company at a price of \$0.25 per common share for a period of five years from grant, pursuant to the Company's Stock Option Plan. The options will vest over twelve months, with 25% vested each quarter.

On October 4, 2021, the Company closed a non-brokered private placement by the issuance of 420,000 units (the "Units") at a price of \$0.25 per Unit for gross proceeds of \$105,000. Each Unit is comprised of one common share in the capital of the Company and one share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share at a price of \$0.75 for a period of two years from the date of issuance.

On October 4, 2021, the Company provided its vision for accelerating the adoption of cultivated meat and dairy globally. Cultivated meat – increasingly referred to as clean meat – is genuine animal protein that is produced by harvesting cells directly in a controlled laboratory environment, thereby eliminating the need to breed, raise and slaughter animals for food.

On September 28, 2021, the Company purchased an equity stake on the secondary market (the "Investment") in San Francisco, California-based private company Eat Just, Inc. ("Eat Just" or the "Investee"). CULT's Investment reflects its high level of interest in Eat Just's GOOD Meat division ("GOOD Meat"), which recently completed a US\$97 million financing, as part of a total US\$267 million round, thereby setting a new record for the cultured meat industry.

On September 27, 2021, the Company completed a strategic investment into CELL AG TECH INC. ("CELL AG TECH" or the "Investee"). CELL AG TECH plans to leverage CULT's growth capital injection to further its development of premium, cell-based seafood products with an initial focus on lean white fish such as snapper, cod and halibut. As previously announced by the Investee, it has been selected as a semi-finalist for the XPRIZE Feed the Next Billion competition, which is a peer-reviewed \$15 million contest that incentivizes teams to produce chicken breast or fish fillet alternatives. Additionally, CULT has acquired the option to provide CELL AG TECH with certain advisory services as well as a right of first refusal (the "ROFR") on future financings, which further validates the active nature of this investment by the Company. CULT's strategic allocation of capital into CELL AG TECH provides it with exposure to the burgeoning, although as yet uncrowded, cell-based seafood sector. According to CELL AG TECH's investor presentation, over \$1 billion has been invested into cellular agriculture to date, with only \$120M siloed as investments in cell-based seafood.

On September 22, 2021, the Company closed a non-brokered private placement of 1,210,000 at a price of \$0.25 per unit for gross proceeds of \$302,500. Each unit will be comprised of one common share in the capital of the Company and one share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share at a price of \$0.75 for a period of two years from the date of issuance.

On September 20, 2021, the Company announced that it has appointed Ian Smith, Ph.D. to be one of the founding members of the Company's strategic advisory board ("Advisory Board"). Dr. Smith is an accomplished scientist with a 20-year career spanning diverse areas of cell biology. CULT expects to add other notable members of the scientific, business and other relevant communities to its Advisory Board in the near term.

On September 15, 2021, the Company closed a non-brokered private placement of 10,752,000 units at a price of \$0.25 per unit for gross proceeds of \$2,688,000. Each unit will be comprised of one common share in the capital of the Company and one share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share at a price of \$0.75 for a period of two years from the date of issuance. The Company paid cash share issuance costs of \$97,975 and issued 104,700 finder's warrants, exercisable at \$0.75 per common share, and expiring two years from the grant date.

On September 15, 2021, the Company completed a strategic and active investment (the "Investment") in Mogale Meat Co. ("Mogale"). Headquartered in South Africa, Mogale is driving innovation through advanced biotechnologies for cell-cultivated meat production in Africa. The Investment provides CULT with a seat on Mogale's board of directors, the right-of-first-refusal on future offerings, and the option to be engaged as Mogale's capital markets advisor.

On September 13, 2021, the Company announced that it has completed a strategic investment (the "Investment") in MeliBio Inc. ("MeliBio"). Headquartered in Berkeley, California, MeliBio is pioneering a proprietary technology based on plant biology, precision fermentation, and food science that replaces honeybees with microorganisms as a medium for honey production.

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#### Overall Performance and Highlights (Continued)

On September 3, 2021, the Company closed a non-brokered private placement of 8,262,000 units at a price of \$0.25 per unit for gross proceeds of \$2,065,500. Each unit will be comprised of one common share in the capital of the Company and one share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share at a price of \$0.75 for a period of two years from the date of issuance. The Company paid cash share issuance costs of \$25,105 and issued 31,620 finders warrants, exercisable at \$0.75 per common share, and expiring two years from the grant date.

On August 30, 2021, the Company issued an aggregate of 12,200,000 stock options to directors, officers and consultants to purchase up to 12,200,000 common shares of the Company at a price of \$0.10 per common share for a period of five years from grant, pursuant to its Stock Option Plan. The options will vest over twelve months, with 25% vesting each quarter.

On August 27, 2021, the Company announced completed a strategic investment in Biftek Inc. ("Biftek"). Biftek plans to use the CULT's injection of growth capital to produce and distribute formula samples to global cultured meat producers, to apply for additional patents, and to advance their intellectual property portfolio.

On August 4, 2021, the Company completed a strategic investment in Berkley, California based, Novel Farms Inc. ("Novel"). An XPRIZE semi-finalist, Novel Farms is at the forefront of the 'clean meat' movement, focused on developing proprietary tissue development processes to produce whole cuts of gourmet cultured meats and bring culinary excellence into the cellular agriculture revolution.

On August 23, 2021, the Company announced a private placement of 76,375,000 units (the "Units") at a price of \$0.02 per Unit for gross proceeds of \$1,527,500 (the "Private Placement"). Each Unit will be comprised of one common share in the capital of the Company and one share purchase warrant. Each Warrant will entitle the holder thereof to acquire one common share at a price of \$0.10 for a period of five years from the date of issuance. The Units will be subject to a four-month and one day hold period from the date of issuance.

On August 23, 2021, the Company issued 1,000,000 units at a fair value of \$20,000, to settle an outstanding loan of \$20,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant, exercisable at \$0.10 per common share, and expiring five years from the grant date.

On August 3, 2021, the Company issued 25,000,000 units at a price of \$0.02 per unit for gross proceeds of \$250,000. Each unit will be comprised of one common share in the capital of the Company and one share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share at a price of \$0.05 for a period of five years from the date of issuance. The units will be subject to a four-month and one day hold period from the date of issuance.

On August 3, 2021, Mr. Dorian Banks replaced Richard Savage as CEO and Director of the Company

During the nine months ended September 30, 2021, the Company raised \$25,000 by issuing a series of promissory notes carrying interest at 8% per annum to an unrelated third-party.

On April 14, 2020 the Company raised \$10,000 by issuing a promissory note carrying interest at 8% per annum to a company controlled by a director.

On March 17, 2020 the Company raised \$10,000 by issuing a promissory note carrying interest at 8% per annum to a company controlled by a director.

#### Quarterly Highlights

The following table provides selected financial information of the Company, prepared in accordance with IFRS for each of the eight most recent quarters:

	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Total Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total assets	7,448,498	19,445	21,252	16,743	125,786	125,961	126,030	125,001
Working capital (Deficit)	4,456,219	(87,809)	(162,407)	(137,827)	(4,533)	18,248	41,722	62,134
Loss and comprehensive loss	687,988	26,523	25,687	134,912	24,400	25,074	22,012	25,869
Basic and diluted loss per share	0.02	0.01	0.01	0.05	0.01	0.01	0.01	0.01

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#### Discussion

During the nine months ended September 30, 2021, the Company incurred a net loss of \$740,198 (2020 - \$71,485), an increase of \$668,713 compared to 2020. An explanation of these changes are mainly as follows:

- Consulting increased by \$21,648 in 2021 from 2020 in relation to investment activities.
- Marketing fee increased by \$75,382 in 2021 from 2020 in relation to the increased activities on share capital.
- Office and administration increased by \$3,396 in 2021 from 2020 as a result of increase in general administration of the company and interest accrual on promissory notes issued during the nine months ended September 30, 2021.
- Professional fees increased by \$81,879 in 2021 from 2020 in relation to the fees paid to acquire various investments during the nine months ended September 30, 2021.
- Transfer agent and filing fees increased by \$19,344 in 2021 from 2020 due to expenses incurred during the course of the Company's replacement of the previous transfer agent and increased activities on share capital activities.
- Share-based compensation increased by \$461,820 in 2021 from 2020 for option grants to a to directors, officers, employees and consultants of the Company.

During the three months ended September 30, 2021, the Company incurred a net loss of \$687,988 (2020 - \$24,400), a decrease of \$663,587 compared to 2020. An explanation of these changes are mainly as follows:

- Consulting increased by \$21,648 in 2021 from 2020 in relation to investment activities.
- Marketing fee increased by \$75,382 in 2021 from 2020 in relation to the increased activities on share capital.
- Office and administration increased by \$2,246 in 2021 from 2020 as a result of increase in general administration of the company and interest accrual on promissory notes issued during the three months ended September 30, 2021.
- Professional fees increased by \$80,274 in 2021 from 2020 in relation to the fees paid to acquire various investments during the three months ended September 30, 2021.
- Transfer agent and filing fees increased by \$18,995 in 2021 from 2020 due to expenses incurred during the course of the Company's replacement of the previous transfer agent and increased activities on share capital activities.
- Share-based compensation increased by \$461,820 in 2021 from 2020 for option grants to a to directors, officers, employees and consultants of the Company.

#### Summary of Cash Flows

The following tables summarize the Company's cash flow information:

	For the nine months ended	
	September 30, 2021	September 30, 2020
	\$	\$
Cash flows used in operating activities	(482,706)	(18,901)
Cash flows used in investing activities	(1,526,997)	-
Cash flows provided by financing activities	6,856,421	20,000
Cash, end of period	4,848,445	1,771

The Company had cash used in operating activities of \$482,706 compared to \$18,901 during the nine months ended September 30, 2020. This consists mainly of cash paid for consulting, professional fees, regulatory, listing and due diligence on the various acquisitions the Company is pursuing.

Investing activities during the nine months ended September 30, 2021 used \$1,526,997 (2020 - \$Nil), the increase mainly relates to various investments company acquired during the period.

Financing activities during the nine months ended September 30, 2021 and 2020 provided \$6,856,421 and \$20,000 cash inflow respectively. The increase mainly relates to the proceeds received from private placements during the period.

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### **Liquidity and Capital Resources**

The balances of and changes in working capital are shown in the following table:

	As at	
	September 30, 2021	December 31, 2020
	\$	\$
Current assets	5,277,885	1,727
Current liabilities	(821,666)	(139,554)
Working capital surplus/(deficiency)	4,456,219	(137,827)

Working capital surplus/(deficiency) for 2021 is \$4,456,219 (December 31, 2020 –(\$137,827)). An increase relates mainly to proceeds retained from private placement during the period ended September 30, 2021. This helped to finance the expenses.

### **Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

### **Transactions with Related Parties**

As at the date of this MD&A, the Directors and Executive Officers of the Company are as follows:

Dorain Banks - Director, CEO

Francis Rowe - Director, CFO and Corporate Secretary

Richard Savage - Former Director and former CEO

Nader Vatanchi - Former Director, former CFO and former Corporate Secretary

Lucas Birdsall - Former CFO and former Corporate Secretary

As at September 30, 2021, the balance due to related parties was \$3,043 (December 31, 2020 - \$3,043) which is included in accounts payable and accrued liabilities.

On March 17, 2020 and April 14, 2020, the Company obtained two promissory notes totalling \$20,000 from a company controlled by a former director. The loans are unsecured and due upon demand. The promissory notes bear interest at 8% per annum. During the nine months ended September 30, 2021, the accrued interest of \$622 was included in the accounts payable and accrued liabilities, and the loan balance was \$Nil.

### **Proposed Transactions**

The Company continues to look at and evaluate opportunities. As of the date of this MD&A, the Company has no proposed transactions other than what has been outlined in the MD&A.

### **Financial Instruments, Capital Management and Risk Management**

There were no significant changes to the Company's financial instruments, capital management and risk exposures during the nine months ended September 30, 2021, as compared to those reported in the Company's annual financial statements for the years ended December 31, 2020 and 2019.

#### **I) Financial Instruments**

The Company's financial instruments include cash, loan receivable, and accounts payable and accrued liabilities.

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**Determination of Fair Value**

The carrying value of cash, loan receivable, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	<b>Fair Value Measurement Hierarchy</b>	<b>Financial assets at FVTPL</b>	<b>Financial liabilities at amortized cost</b>
As at September 30, 2021:			
Cash	Level 1	\$ 4,848,445	\$ -
Investments	Level 3	2,158,957	-
Accounts payable and accrued liabilities	Not applicable	-	(821,666)
Loans payable	Not applicable	-	-
As at December 31, 2020:			
Cash	Level 1	\$ 1,727	\$ -
Accounts payable and accrued liabilities	Not applicable	-	(118,344)
Loans payable	Not applicable	-	(21,210)

**Fair Value Hierarchy**

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;

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

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**II) Capital Management**

The Company's capital management objectives are to safeguard its ability to continue as a going concern and to seek new investment opportunities for the benefit of its shareholders. The Company includes shareholders' equity in the definition of capital.

The Company sets the amount of capital required in proportion to its operating requirements and perceived risk of loss. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company has historically relied on the equity markets to fund its activities and is open to new sources of financing to manage its expenditures in the interest of sustaining long-term viability. The Company's capital management objectives, policies and processes have not changed over the years presented.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements.

**III) Risk Management**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

**a) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and loan receivable. The Company's credit exposure is limited to the carrying amount of its financial assets.

The Company's cash is held with a high-credit-rated financial institution and as such, the Company does not believe there to be a significant credit risk in respect to cash.



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### Fair Value Hierarchy (Continued)

#### b) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

##### (i) Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and a foreign currency will affect the Company's operations and financial results. The functional currency of the Company is the Canadian dollar.

The Company holds investments in US dollar, as such, it is subject to fluctuations in the exchange rates for the Canadian dollar and US dollar.

##### (ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Its interest rate risk is limited to potential decreases on the interest rate offered for cash held with chartered Canadian financial institutions. The Company considers the risk to be immaterial.

##### (iii) Commodity price risk

Commodity risk is the exposure to fluctuations in the market price of commodities. The Company does not have any commodity exposure.

##### (iv) Equity price risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company exposes to the equity price risk associated with the Company's equity investments.

#### c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due or can only do so at excessive cost. The key success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company's policy is to ensure that it will have sufficient cash to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Up to 3 months	3 to 12 months	1 to 2 years	Over 2 years	Total
Accounts payable and other liabilities:					
September 30, 2021	\$ 821,666	\$ -	\$ -	\$ -	\$ 821,666
December 31, 2020	\$ 118,344	\$ 21,210	\$ -	\$ -	\$ 139,554

### Outstanding Share Data

As of the date of this report, the following securities were outstanding:

Authorized:	Unlimited common shares without par value
Issued and outstanding:	139,304,150
Share options outstanding:	12,650,000
Warrants outstanding:	134,215,926

### Contingencies

There is no other contingency outstanding as of date of this discussion.

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### **Forwarding Looking Information**

This Management's Discussion and Analysis may contain forward-looking statements, including statements regarding the business and anticipated financial performance of the Company, which involve risks and uncertainties. These risks and uncertainties may cause the Company's actual results to differ materially from those contemplated by the forward-looking statements. Readers are encouraged to consider the other risks and uncertainties discussed in and additional information contained in the Company's required financial statements and filings filed on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Risk And Uncertainties**

Risk is inherent in all business activities and cannot be entirely eliminated. Our goal is to enable the Company's business processes and opportunities by ensuring that the risks arising from our business activities, the markets and political environments in which we operate is mitigated. The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties described are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

### **Early Stage**

The Company's present business is at an early stage. As such, the Company is subject to many risks including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Company currently has no source of revenue and expects to obtain financing in the future primarily through further equity and/or debt financing. While it has been successful in obtaining financing in the past, there is no guarantee that the Company will be successful now, or in the future. Failure to raise additional financing on a timely basis could cause the Company to eventually suspend its operations.

### **Economic Conditions**

Current and future unfavourable economic conditions could negatively impact the Company's financial viability. Unfavourable economic conditions could also increase the Company's financing costs, decrease net income or increase net loss, limit access to capital markets and negatively impact any of the availability of credit facilities to the Company.

### **No Profits to Date**

The Company has not made profits since its incorporation and it may not be profitable for the foreseeable future. Its future profitability will, in particular, depend upon its success in developing its database solution and to the extent to which it is able to generate significant revenues. Because of the limited operating history and the uncertainties regarding the development of blockchain technology, management does not believe that the operating results to date should be regarded as indicators for the Company's future performance.

### **Going Concern Assumption**

The financial statements of the Company have been prepared in accordance with IFRS on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuation as a "going concern" is uncertain and is dependent upon, amongst other things, attaining a satisfactory revenue level, the support of its customers, its ability to continue profitable operations, the generation of cash from operations, and its ability to obtain financing arrangements and capital in the future. These material uncertainties represent risks to the Company's ability to continue as a going concern and realize its assets and pay its liabilities as they become due. If the "going concern" assumption was not appropriate for the financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

### **Additional Requirements for Capital**

Substantial additional financing may be required if the Company is to successfully develop its supply chain management business. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

## **Cult Food Science Corp. (formerly Triangle Industries Ltd.)**

Management's Discussion and Analysis

For the nine months ended September 30, 2021 and 2020

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### **Risk And Uncertainties (Continued)**

#### **Expenses May Not Align With Revenues**

Unexpected events may materially harm the Company's ability to align incurred expenses with recognized revenues. The Company incurs operating expenses based upon anticipated revenue trends. Since a high percentage of these expenses may be relatively fixed, a delay in recognizing revenues from transactions related to these expenses (such a delay may be due to the factors described elsewhere in this risk factor section or it may be due to other factors) could cause significant variations in operating results from quarter to quarter, and such a delay could materially reduce operating income. If these expenses are not subsequently matched by revenues, the Company's business, financial condition, or results of operations could be materially and adversely affected.

#### **Market Acceptance**

If the Company's supply chain solution does not gain market acceptance, its operating results may be negatively affected. If the markets for the Company's solution fail to develop, develop more slowly than expected or become subject to increased competition, its business may suffer. As a result, the Company may be unable to: (i) successfully market its solution; (ii) develop new products or services; or (iii) complete new products and services currently under development. If the Company's solution is not accepted by its customers or by other businesses in the marketplace, the Company's business, operating results and financial condition will be materially affected.

#### **Global Financial Developments**

Stress in the global financial system may adversely affect the Company's finances and operations in ways that may be hard to predict or to defend against. Financial developments seemingly unrelated to the Company or to its industry may adversely affect the Company over the course of time. For example, material increases in any applicable interest rate benchmarks may increase the debt payment costs for any credit facilities. Credit contraction in financial markets may hurt its ability to access credit in the event that the Company identifies an acquisition opportunity or require significant access to credit for other reasons. A reduction in credit, combined with reduced economic activity, may adversely affect business. Any of these events, or any other events caused by turmoil in 36 world financial markets, may have a material adverse effect on the Company business, operating results, and financial condition.

#### **Regulatory Risks**

Changes in or more aggressive enforcement of laws and regulations could adversely impact the Company's business. Failure or delays in obtaining necessary approvals could have a materially adverse effect on the Company's financial condition and results of operations. Furthermore, changes in government, regulations and policies and practices could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. Regulatory agencies could shut down or restrict the use of platforms using blockchain based technologies. This could lead to a loss of any investment made in the Company and may trigger regulatory action by the OSC or other securities regulators.

#### **Dependence on Internet Infrastructure; Risk of System Failures, Security Risks and Rapid Technological Change**

The success as a developer of blockchain-based platforms will depend by and large upon the continued development of a stable public infrastructure, with the necessary speed, data capacity and security, and the timely development of complementary products such as high-speed modems for providing reliable internet access and services. It cannot be assured that the infrastructure that supports blockchain-based technologies will continue to be able to support the demands placed upon it by this continued growth or that the performance or reliability of the technology will not be adversely affected by this continued growth. It is further not assured that the infrastructure or complementary products or services necessary to make blockchain-based technologies viable will be developed in a timely manner, or that such development will not result in the requirement of incurring substantial costs in order to adapt the Company's services to changing technologies.

#### **Dependence on Third Party Relationships**

The Company is highly dependent on a number of third party relationships to conduct its business and implement expansion plans. It cannot be assured that all of these partnerships will turn out to be as advantageous as currently anticipated or that other partnerships would not have proven to be more advantageous. In addition, it is impossible to assure that all associated partners will perform their obligations as agreed.

#### **Economic Environment**

The Company's operations could be affected by general economic context conditions should the unemployment level, interest rates or inflation reach levels that influence consumer trends, and consequently, impact the Company's sales and profitability. As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Company's management.

## **Cult Food Science Corp. (formerly Triangle Industries Ltd.)**

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### **Risk And Uncertainties (Continued)**

#### **Failure to Grow at the Rate Anticipated**

The Company is a start-up company with no history of sales or profitability. If the Company is unable to achieve adequate revenue growth, its ability to become profitable may be adversely affected and the Company may not have adequate resources to execute its business strategy.

#### **Management of Growth**

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate and manage its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth.

#### **Litigation**

The Company may become involved in litigation that may materially adversely affect it. From time to time in the ordinary course of the Company business, it may become involved in various legal proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition. More specifically, the Company may face claims relating to information that is retrieved from or transmitted over the Internet or through the solution and claims related to the Company's products. In particular, the nature of the Company's business exposes it to claims related to intellectual property rights, rights of privacy, and personal injury torts. Furthermore, there is no assurance that any liability incurred as a result of litigation can be recovered from the Company's insurance policy.

#### **Conflicts of interest**

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. Conflicts, if any, will be subject to the procedures and remedies as provided under the OBCA. To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest between the Company and its directors and officers except that certain of the directors and officers may serve as directors and/or officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

#### **Difficulty to Forecast**

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industrial supply chain management industry in the USA. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

#### **Internal Controls**

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company will undertake a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Company's Shares.

## **Cult Food Science Corp. (formerly Triangle Industries Ltd.)**

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### **Risk And Uncertainties (Continued)**

#### **COVID-19**

The outbreak of the coronavirus ("COVID-19") pandemic has impacted the Company's plans and activities. The Company may face disruption to operations, supply chain delays, travel and trade restrictions and impact on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce industry and could be a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately that the Company would see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets may reduce resource prices, share prices and financial liquidity and thereby that may severely limit the financing capital available.

#### **Cautionary Statement**

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A: Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental regulatory and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company to meet certain work commitments, and work plans to be conducted by the Company

#### **Other information:**

##### **Auditors**

SHIM & Associates LLP  
Vancouver, British Columbia

##### **Registered Address**

Suite 810 – 789 West Pender Street  
Vancouver, British Columbia, V6C 1H2, Canada

##### **Transfer Agent**

Endeavor Trust Corporation  
Vancouver, British Columbia

#### **Approval**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.