YUMY BEAR GOODS INC. (formerly Fire River Gold Corp.)
Management Discussion and Analysis
For the three and six months ended July 31, 2021

MANAGEMENT DISCUSSION AND ANALYSIS ("MD&A") AS OF JULY 31, 2021 TO ACCOMPANY THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF YUMY BEAR GOODS INC. (FORMERLY FIRE RIVER GOLD CORP.) (THE "COMPANY" OR "YUMY BEAR") FOR THE THREE AND SIX MONTHS ENDED JULY 31, 2021

The MD&A is dated September 29, 2021.

Additional information on the Company is available on SEDAR at www.sedar.com.

The following MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three and six months ended July 31, 2021, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and the notes thereto. Unless otherwise noted, all currency amounts are in Canadian dollars.

Management is responsible for the information contained in the MD&A and its consistency with information presented, reviewed and approved by the Audit Committee and Board of Directors.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements. 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", "designed", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

DESCRIPTION OF BUSINESS

Yumy Bear Goods Inc. (formerly Fire River Gold Corp.) ("Yumy Bear" or the "Company") was incorporated on September 22, 1997 under the laws of the Province of British Columbia and was formerly a mineral exploration company focused on the acquisition, exploration and development of gold, silver and base metal properties. Its head office is located at 25th floor, 700 W. Georgia St, Vancouver, BC V7Y 1B3.

On June 30, 2021, the Company completed an acquisition transaction whereby the Company acquired 100% of the issued and outstanding shares of Yumy Bear Goods Inc. ("YBGI") and consequently operates the business of YBGI. Upon completion of the acquisition, the Company consolidated its common shares on the basis of one post-consolidation share for three pre-consolidation shares and changed its name from "Fire River Gold Corp" to "Yumy Bear Goods Inc." and its new trading symbol to "YUMY". The transaction was accounted for as a Reverse Take Over Acquisition ("RTO").

On July 8, 2021, Yumy Bear's common shares were delisted from the NEX/TSXV, and on July 9, 2021, the Company commenced trading on the Canadian Securities Venture Exchange.

The company is an affordable health-conscious, low-sugar, plant-based confectionary company based in Vancouver, B.C., and it has developed a portfolio of healthier gelatine-free candies made from non-GMO (genetically modified organisms) ingredients with proprietary recipes. All of its products are free of gelatin, soy, gluten, nuts, dairy, eggs, sugar alcohols, artificial sweeteners and genetically modified organisms.

Yumy Bear continues to expand its operations nationwide with increasing demand for its products in the confectionery space. As production ramps up, Yumy Bear seeks to attain a strong market share position in the better-for-you category, which targets a broad customer profile, specifically those looking to reduce their sugar consumption or choose plant based.

COVID-19

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, the Company anticipate this outbreak might increase the difficulty in capital raising which may negatively impact the Company's business and financial condition.

MANAGEMENT CHANGES

On November 27, 2020, the Company appointed David Bentil and Sue He to the Board of the Company. Mr. Bentil is also appointed as Chief Executive Officer and Ms. He is appointed as Chief Financial Officer of the Company. On the same day, Anthony Jackson resigned as Chief Executive Officer and director of the Company and Tarra Haddad resigned as Chief Financial Officer and director of the Company.

Effective June 30, 2021, David Bentil resigned as Chief Executive Officer and a director of the Company, and Quinn Field-Dyte resigned as a director of the Company. Concurrently with closing of RTO, the Company's current Board of Directors are as follows: Erica Williams (who has also been appointed to serve as Chief Executive Officer of the Company), Sue He (who has also been appointed to serve as Chief Financial Officer of the Company), Cassidy McCord and Rachel King.

REVERSE TAKEOVER ACQUISITION

On June 30, 2021, the Company completed a reverse takeover acquisition transaction whereby the Company acquired 100% of the issued and outstanding shares of Yumy Bear Goods Inc. ("YBGI") in exchange for an aggregate of 22,000,000 common shares. In connection with the transaction, the Company consolidated its common shares on the basis of one post-consolidation share for three pre-consolidation shares and changed its name to "Yumy Bear Goods Inc." on July 8, 2021. The Company continued the business of Yumy Bear, which is imports and sales of low sugar plant-based candy confectionaries.

Concurrently with the closing, the Company completed a share financing consisting of 2,053,328 common shares at a price of $1.50 per financing share for gross proceeds of $3,080,000.

The Company does not meet the definition of a business, therefore the transaction is outside of the scope of IFRS 3 *Business Combinations*. Instead, the transaction will be accounted for under IFRS 2 *Share-based Payment*. Under this basis of accounting, the consolidated entity is considered to be a continuation of YBGI with the net identifiable assets of the Company deemed to have been acquired by YBGI. The results of operations from the Company are included in the financial statements since the date of acquisition.

The following table summarizes the consideration paid and fair value of the identifiable assets acquired, and liabilities assumed as of the date of the acquisition:

Fair value of the consideration (3,434,804 shares at $0.42)	$	1,442,619
Allocated as follows:		
Identified fair value of net assets:		
Cash	$	937,327
Trade and other payables		(961,698)
Loans payable*		(427,381)
Net liabilities assumed		(451,752)
Listing expense	**$**	**1,894,371**

The Company assumed at the completion of reverse takeover transaction a $300,000 promissory note bearing an interest rate of 10% per annum, compounding annually and a $20,000 loan bearing an interest rate of 7% per annum owed to non-related parties. As at July 31, 2021, the balance outstanding including accrued interest is $430,589.

SUMMARY OF FINANCIAL RESULTS

	For the six months ended July 31, 2021	**For the period from September 9, 2020 (date of incorporation) to January 31, 2021**
	$	$
Revenue	78,617	Nil
Gross Profit	29,785	Nil
Net Loss	(2,430,748)	(332,381)
Basic and Diluted Loss Per Share	(0.11)	(0.02)
Total Assets	4,501,451	2,503,123
Total Liabilities	1,841,959	1,935,502
Long-Term Debt	5,568	Nil
Dividends	Nil	Nil

RESULTS OF OPERATIONS

The Company reported revenue of $78,617 for the six months ended July 31, 2021 as compared to $Nil for the period from September 9, 2020 (date of incorporation) to January 31, 2021, as 2021 was the first year of production and selling products.

During the six months ended July 31, 2021, the Company reported a net loss of $2,430,748 (the period from September 9, 2020 (date of incorporation) to January 31, 2021 - $332,381). The Company incurred the following expenses:

- $8,000 in accounting fees relating to audit;
- $2,928 in bank service charges;
- $115,931 in consulting fees relating to fees paid to consultants and other advisors of the Company;
- $1,438 in depreciation;
- $16,589 in general and administration relating to business activities;
- $3,607 in interest expense;
- $41,562 in legal fees;
- $18,000 in management fees relating to fees paid to a managing director of the Company;
- $197,281 in research and development consists of the expenses relating to the research and development of recipes for gummy flavors and ingredients;

- $130,878 in sales and marketing consists of expenses relating to marketing and promotional activities of the Company's products;
- and $26,637 in transfer agent and filing fees.

The Company also incurred $3,311 in foreign exchange loss and $1,894,371 in listing expense.

SUMMARY OF QUARTERLY RESULTS

	For the three months ended July 31, 2021	For the three months ended April 30, 2021	For the period from September 9, 2020 (date of incorporation) to January 31, 2021
	$	$	$
Revenue	54,558	24,059	Nil
Gross Profit	14,899	14,886	Nil
Net Loss	(2,258,593)	(172,155)	(332,381)
Basic and Diluted Loss Per Share	(0.09)	(0.01)	(0.02)
Total Assets	4,501,451	2,657,281	2,503,123
Long-Term Debt	5,568	Nil	Nil
Dividends	Nil	Nil	Nil

For the three months ended July 31, 2021

During the three months ended July 31, 2021, the Company recognized revenue of $54,558, cost of sales of $39,659 resulting to a gross profit of $14,899.

During the three months ended July 31, 2021, the Company reported a net loss of $2,258,593. The Company incurred following expenses:

- $8,000 in accounting fees relating to audit;
- $1,015 in bank service charges;
- $74,431 in consulting fees relating to fees paid to consultants and other advisors of the Company;
- $1,438 in depreciation;
- $13,061 in general and administration relating to business activities;
- $3,607 in interest expense;
- $32,766 in legal fees;
- $99,000 in research and development consists of the expenses relating to the research and development of recipes for gummy flavors and ingredients;
- $116,193 in sales and marketing consists of the expenses relating to marketing and promotional activities of the Company's products;
- and $26,637 in transfer agent and filing fees.

The Company also incurred $2,973 in foreign exchange loss and $1,894,371 in listing expense.

Period from September 9, 2020 (date of incorporation) to January 31, 2021

During the period from September 9, 2020 (date of incorporation) to January 31, 2021, the Company reported a net loss of 332,381. The Company incurred $226,582 in research and development, $100,000 in consulting fees, $5,000 in legal fees, $681 in office expenses, $85 in bank service charges, and $33 in foreign exchange loss.

LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2021, the Company had working capital of $2,652,690 (January 31, 2021 - $567,621), inclusive of cash of $3,759,427 (January 31, 2021 - $2,491,298).

Cash used in operating activities was $847,248 for the six months ended July 31, 2021, which was attributable to net loss of $2,430,748, accretion on lease of $399, depreciation of $1,438, interest on loans of $3,208, listing expense of $1,894,371, unrealized foreign exchange loss of $93, increase in amounts receivable of $12,840, increase in inventory of $63,760, increase in prepaid expenses of $641,229 and increase in accounts payable of $401,820.

Cash provided by financing activities was $1,180,000 for the six months ended July 31, 2021, which was attributable to proceeds from issuance of shares.

Cash provided by investing activities was $935,377 for the six months ended July 31, 2021, which was attributable to the cash received from RTO, partially offset by purchase of lease asset.

Cash used in operating activities was $308,704 for the period from September 9, 2020 (date of incorporation) to January 31, 2021, which was attributable to net loss of $332,381, increase in amounts receivable of $11,825 and increase in accounts payable of $35,502.

Cash provided by financing activities was $2,800,002 for the period from September 9, 2020 (date of incorporation) to January 31, 2021, which was attributable to the proceeds from issuance of shares and cash received in advance of a private placement.

There were no cash flows from investing activities for the period from September 9, 2020 (date of incorporation) to January 31, 2021.

The Company had cash of $3,759,427 at July 31, 2021 and $2,491,298 at January 31, 2021, but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. Management intends to finance operating costs over the next twelve months with loans from directors and/or private placement of common shares. There can be no assurance that the Company will be able to complete such activities or obtain financing to continue; therefore, a material uncertainty exists that casts significant doubt over the Company's ability to continue as a going concern.

Liquidity and Solvency

The following table summarizes the Company's cash on hand, working capital and cash flow:

	For the six months ended July 31, 2021	**For the period from September 9, 2020 (date of incorporation) to January 31, 2021**
	$	$
Cash	3,759,427	2,491,298
Working Capital	2,652,690	567,621
Cash Used in Operating Activities	(847,248)	(308,704)
Cash Provided by Investing Activities	935,377	-
Cash Provided by Financing Activities	1,180,000	2,800,002
Net Change in Cash	1,268,129	2,491,298

The Company may have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company may be forced to curtail its business activities.

SHARE CAPITAL

The authorized capital stock of the Company is an unlimited number of common shares with no par value.

On June 30, 2021, in connection with the completion of the RTO, the Company consolidated its common shares on the basis of one post-consolidation share for three pre-consolidation shares.

As at July 31, 2021, the Company had 27,488,132 (January 31, 2021 - 22,000,000) common shares outstanding.

As at September 29, 2021, the Company had 27,488,132 common shares outstanding.

Share issuances

During the six months ended July 31, 2021:
On June 30, 2021, the Company issued 22,000,000 common shares as part of the reverse takeover transaction of Yumy Bear. In addition, the Company completed a share financing consisting of 2,053,328 common shares at a price of $1.50 per financing share for gross proceeds of $3,080,000.

During the period from September 9, 2020 (date of incorporation) to January 31, 2021:
On September 9, 2020, the date of incorporation, the Company issued 2,000,000 common shares at a price of $0.000001.

In October 2020, the Company issued an aggregate of 20,000,000 units at a price of $0.05 for gross proceeds of $1,000,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share of the Company for a period of 2 years at an exercise price of $0.05 per common share. The Company recognized $607,868 in share capital and $392,132 in warrant reverse using Black-Sholes Option Pricing Model. The Company also incurred share issuance costs of $100,000 relating to the issued units.

During the period ended from September 9, 2020 (date of incorporation) to January 31, 2021, the Company received share subscriptions of $1,900,000 in advance in connection to the concurrent private placement that was completed on July 1, 2021.

Securities held in Escrow

Following the completion of the RTO, 2,000,000 shares were held in escrow. As per agreement, 10% of the escrowed securities were released on the listing date and 15% will be released every six months thereafter over a 36-month period.

As at July 31, 2021, 1,800,000 shares were held in escrow and will be released on each of the following dates:

Number of escrow shares	Date
300,000	December 30, 2021
300,000	June 30, 2022
300,000	December 30, 2022
300,000	June 30, 2023
300,000	December 30, 2023
300,000	June 30, 2024

Share purchase warrants

On October 29, 2020, the Company issued 20,000,000 share purchase warrants pursuant to a private placement with a fair value of $392,132. Each warrant was exercisable into a common share of the Company for a period of 2 years at an exercise price of $0.05.

The fair value of the warrants issued were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	October 29, 2020
Estimated risk-free rate	0.21%
Expected volatility	130.63%
Estimated annual dividend yield	0.00%
Expected life of warrants	2 years
Share price at issue date	$0.05
Forfeiture rate	0.00%

The expected volatility is based on historical prices of comparable companies within the same industry due to the lack of historical pricing information for the Company.

Share purchase warrants outstanding as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Outstanding as at September 9, 2020 (date of incorporation)	-	-
Issued	20,000,000	0.05
Outstanding as at January 31, 2021	20,000,000	0.05
Opening balance of Yumy Bear*	2,380,953	0.55
YBGI warrants cancelled	(20,000,000)	(0.05)
RTO replacement warrants	20,000,000	0.05
Outstanding as at July 31, 2021	22,380,953	0.10

*On June 30, 2021, the Company issued 20,000,000 replacement warrants to effect the reverse takeover acquisition of YBGI. Each warrant is exercisable for common shares of the Company at an exercise price of $0.050 per share until October 29, 2022.

As at July 31, 2021, the Company had outstanding warrants, enabling the holders to acquire common shares as follows:

Expiry Date	Number of Warrants	Exercise Price	Weighted Average Remaining in Contractual Life, in Years
October 29, 2022	20,000,000	$ 0.05	0.61
March 11, 2022	2,380,953	0.56	1.25
	22,380,953	$ 0.10	1.18

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Related parties and related party transactions are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers and companies owned by these individuals.

Remuneration attributed to key management personnel is summarized as follows:

	Six months ended July 31, 2021	Period from September 9, 2020 (date of incorporation) to January 31, 2021
	$	$
Consulting fees	41,500	50,000
Management fees	18,000	-
Research and development	28,500	25,000
	88,000	75,000

As at July 31, 2021, the Company had $115,284 (January 31, 2021 - $25,000) owing to the directors of the Company, which is included in the accounts payable. The amounts due to related parties are non-interest bearing, unsecured and had no fixed terms of repayment.

The above transactions were incurred in the normal course of operations and were carried out under normal market terms as agreed to by the related parties.

COMMITMENTS

The Company is not subject to any commitments.

SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are described in Note 4 of the unaudited condensed interim consolidated financial statements for the three and six months ended July 31, 2021 and period from September 9, 2020 (date of incorporation) to January 31, 2021.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting period include the fair value measurements for financial instruments, the recoverable amounts of cash generating units and estimates used in purchase price allocations.

Other significant estimates made by management affecting the consolidated financial statements include:

Income taxes
The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the success of the business operations. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Incremental borrowing rate for leased assets
The discount rate used in the present value calculation for lease payments is the incremental borrowing rate for each leased asset or portfolio of leased assets with similar characteristics by reference to the Company's creditworthiness, the original term of the lease, the quality of the underlying leased asset, and the economic environment where the leased asset is located. The fair value of the finance lease obligations was determined using current borrowing rates for similar debt instruments.

Share-based compensation
The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the fair value of the Company's common shares, expected life of the share option, forfeiture rate, volatility and dividend yield and making assumptions about them.

Business combinations
Judgement is required to determine if the Company's acquisitions represent a business combination or an asset purchase. More specifically, management concluded that the Company's acquisitions did not represent a business, as the assets acquired were not an integrated set of activities with inputs, processes and outputs. Since it was concluded that the acquisitions represented the purchase of assets, no goodwill was recognized on the transactions and acquisition costs were capitalized to the assets purchased rather than expensed. As the Company concluded that the acquisitions were asset acquisitions, an allocation of the purchase price to the individual identifiable assets acquired and liabilities assumed based on their fair values at the date of purchase was required. The fair values of the net assets acquired was calculated using significant estimates and judgments. If estimates or judgments differed, this could result in a materially different allocation of net assets on the consolidated statement of financial position.

Significant judgments

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include the assessment of the Company's ability to continue as a going concern.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, amounts receivable, accounts payable and loans payable. The carrying values of the financial instruments approximate fair value due to the short-term nature of these instruments. Fair value of financial assets and liabilities, information related to risk management positions and discussion of risks associated with financial assets and liabilities are presented as follows:

Fair value

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 quoted prices in active markets for identical assets or liabilities;
Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and
Level 3 inputs for the asset or liability that are not based upon observable market data.

As at July 31, 2021, the carrying value of the Company's financial instruments approximates their fair value due to their short terms to maturity. The Company's financial assets are classified as Level 1.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is in its cash accounts and trade receivable. The Company manages credit risk, in respect of cash, by placing cash at major Canadian financial institutions.

The carrying amount of trade and other receivables as at July 31, 2021 was $24,665 (2020 - $11,825). The Company performs ongoing credit reviews on its customers before concluding sales transactions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. At July 31, 2021, the Company had a cash balance of $3,759,427 (January 31, 2021 - $2,491,298) and current liabilities of $1,399,113 (January 31, 2021 - $1,935,502). All of the Company's financial liabilities have contractual maturities of less than 90 days. Liquidity risk is assessed as high.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital. As at July 31, 2021, the Company is not exposed to significant market risk.

SUBSEQUENT EVENT

On September 20, 2021, the Company has appointed Jean-Paul Eleizegui, former Nestle Canada Inc. key accounts manager and Huer Foods director of sales, for its Canadian expansion.

BUSINESS RISK AND UNCERTAINTIES

Risk Factors

The occurrence of any of the following risks could harm the Company's business, results of operations, financial condition and/or growth prospects or cause the Company's actual results to differ materially from those contained in forward-looking statements it has made in this report. The risks and uncertainties described in this report are not the only ones the Company may face. Additional risks and uncertainties that the Company is unaware of, or that the Company currently deems not to be material, may also become important factors that affect the Company. If any such risks actually occur, the Company's business, financial condition or results of operations could be materially adversely affected.

There is no assurance that the Company will turn a profit or generate immediate revenues
There can be no assurance that the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the operations and further development of its business.

The payment and amount of any future dividends will depend on, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

There are factors which may prevent the Company from the realization of growth targets
The Company is currently expanding. The Company's growth strategy contemplates developing additional products. There is a risk that the development of these products will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors and the following:

- non-performance by third party contractors;
- increases in materials or labour costs;
- falling below expected levels of output or efficiency;
- inability to engage with food professionals;
- labour disputes, disruptions or declines in productivity;
- inability to attract sufficient numbers of qualified workers; and
- disruptions in the supply of energy and utilities.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management
The Company's actual financial position and results of operations may differ materially from management's expectations. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

The Company is a development stage company with little operating history and the Company cannot assure profitability
The Company's lack of operating history makes it difficult for investors to evaluate the Company's prospects for success. Prospective investors should consider the risks and difficulties the Company might encounter, since there is no assurance that it will be successful. Any likelihood of success must be considered in light of the Company's relative early stage of operations.

It is extremely difficult to make accurate predictions and forecasts of the Company's finances. This is compounded by the fact that the Company intends to operate in the food industry, which is highly competitive. There is no guarantee that the Company's products will be attractive to potential consumers.

Speculative nature of investment
An investment in the Company's Shares carries a high degree of risk, should be considered as a speculative investment by purchasers, and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for liquidity in their investment. An investment in the securities offered hereunder should not constitute a major portion of an individual's investments and should only be made by persons who can afford a total loss of their investment. Prospective

purchasers should carefully evaluate the risk factors set out in this section associated with an investment in the Company's securities prior to purchasing any of the Shares.

Limited or no operating history

The Company has limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future. Operations are not yet sufficiently established such that the Company can mitigate the risks associated with planned activities.

The Company also has a limited history of operations in the food industry. The Company is therefore subject to many of the risks common to entering a new area of operation, including under-capitalization, limitations with respect to personnel, financial, and other resources, lack of revenues, and uncertainty with respect to its ability to attract and retain paying customers. There is no assurance that the Company will be successful in operating its business, generate revenue, successfully implement its plans or achieve a return on its investment and the likelihood of success must be considered in light of the Company's lack of experience in the food industry and the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business.

Going concern risk

The Company is in the development stage and is currently seeking additional capital, mergers, acquisitions, joint ventures, partnerships and other business arrangements to expand its product offerings in the ancillary food product market and grow its revenue. The Company's ability to continue as a going concern is dependent upon its ability to grow its revenue and achieve profitable operations while also obtaining the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company. The risks referred to herein indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's future operations are dependent upon the identification and successful completion of equity or debt or other financing and the achievement of profitable operations. There can be no assurances that the Company will be successful in achieving profitability.

The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Negative operating cash flow

The Company has negative operating cash flow. The failure of the Company to achieve profitability and positive operating cash flows could have a material adverse effect on the Company's financial conditions and results of operations. To the extent that the Company has a negative cash flow in future periods, the Company may need to deploy a portion of its cash reserves to fund such negative cash flow. The Company expects to continue to sustain operating losses in the future until it generates revenue from its products. There is no guarantee that the Company will ever be profitable.

Dependency on customers

The Company's success depends on its ability to acquire and retain customers and to do so in a cost-effective manner. The Company must acquire customers in order to increase net sales, improve margins, and achieve profitability. The Company will make significant investments related to customer acquisition. The Company cannot assure you that the net sales from the customers it acquires will ultimately exceed the cost of acquiring those customers. If the Company fails to deliver quality products, or if consumers do not perceive the products it offers to be of high value and quality, the Company may be unable to acquire or retain customers. If the Company is unable to acquire or retain customers who purchase products in volumes sufficient to grow its business, the Company may be unable to generate the scale necessary to achieve operational efficiency and drive beneficial network effects with its suppliers. Consequently, the Company's prices may increase, or may not decrease to levels sufficient to generate customer interest, the Company's net sales may decrease, and its margins and profitability may decline or not improve. As a result, the Company's business, financial condition, and results of operations may be materially and adversely affected.

Global pandemic

As a result of the global outbreak of COVID-19 and its declaration by the World Health Organization to be a "pandemic", certain actions are being taken by governments and businesses around the world to control the outbreak, including restrictions on public activities, travel and commercial operations. As such, the Company's ability to produce and supply products and its sales revenue, results of operations, cashflow and liquidity has been and may continue to be adversely impacted.

The COVID-19 pandemic, the measures attempting to contain and mitigate the effects of the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, shutdowns and restrictions on trade, and the resulting changes in customer and consumer behaviours have disrupted and will continue to disrupt the Company's normal operations and impact employees, suppliers, partners, and customers and their buyers.

The degree to which COVID-19 will affect the Company's results and operations will depend on future developments that are highly uncertain and cannot currently be predicted, including, but not limited to, the duration, extent and severity of the COVID-19 pandemic, actions taken to contain the COVID-19 pandemic, the impact of the COVID-19 pandemic and related restrictions on economic activity and domestic and international trade, and the extent of the impact of these and other factors on the Company's employees, partners, suppliers, customers and their buyers. The COVID-19 pandemic and related restrictions could limit customers' ability to continue to operate, lead to disruption in the Company's supply chain, disrupt or delay the ability of employees to work because they become sick or are required to care for those who become sick, cause delays or disruptions in services provided by key suppliers and vendors, increase vulnerability of the Company and its partners and service providers to security breaches, denial of service attacks or other hacking or phishing attacks, or cause other unpredictable events.

COVID-19 has also caused heightened uncertainty in the global economy. If economic growth slows further or if a recession develops or continues to develop, consumers may not have the financial means to make purchases from customers, or potential customers, of the Company and may delay or reduce discretionary purchases, negatively impacting customers and the Company's operations. Since the impact of COVID-19 is ongoing, the effect of the COVID-19 pandemic and the related impact on the global economy may not be fully reflected in the Company's results of operations until future periods. Further, volatility in the capital markets has been heightened during recent months and such volatility may continue, which may cause declines in the price of the Shares, increasing the risk that securities class action litigation could be instituted against the Company.

Litigation

The Company may become subject to various legal proceedings and claims that arise from time to time in the ordinary course of the Company's business. Such litigation may arise as a consequence of contractual or other disputes or as a consequence of the Company's listing and reporting issuer status and could adversely affect its business and operations. Litigation or legal proceedings could expose the Company to significant liabilities and have a negative impact on the Company's reputation or business. Should any litigation in which the Company becomes involved be determined against it such a decision could adversely affect its ability to continue operating and the market price for the Shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources. Litigation may also create a negative perception of the Company's brand.

The Company evaluates these claims and litigation proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, the Company may establish reserves, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from the Company's assessments and estimates.

Legal claims, government investigations and regulatory enforcement

The Company operates in a highly regulated environment with constantly evolving legal and regulatory frameworks. Consequently, the Company is subject to heightened risk of legal claims, government investigations or other regulatory enforcement actions. The Company's operations are subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of food products, health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects business, financial condition and results of operations of the Company. Although the Company has implemented policies and procedures designed to ensure compliance with existing laws and regulations, there can be no assurance that its employees, temporary workers, contractors or agents will not violate its policies and procedures. Moreover, a failure to maintain effective control processes could lead to violations, unintentional or otherwise, of laws and regulations.

Legal claims, government investigations or regulatory enforcement actions arising out of the Company's failure or alleged failure to comply with applicable laws and regulations could subject it to civil and criminal penalties that could materially and adversely affect the Company's product sales, reputation, financial condition and operating results. In addition, the costs and other effects of defending potential and pending litigation and administrative actions against the Company may be difficult to determine and could adversely affect the Company's financial condition and operating results.

Regulatory risks

The Company seeks to comply with applicable regulations through a combination of employing internal experience and expert personnel to ensure quality-assurance compliance (i.e., assuring that the Company's products are not adulterated or misbranded) and ensuring compliance with nutrition labeling requirements. Failure by the Company or its co-manufacturers to comply with applicable laws and regulations or maintain permits, licenses or registrations relating to the Company's or its co-manufacturers' operations could subject the Company to civil remedies or penalties, including fines, injunctions, recalls or seizures, warning letters, restrictions on the marketing or manufacturing of products, or refusals to permit the import or export of products, as well as potential criminal sanctions, which could result in increased operating costs resulting in a material effect on the Company's operating results and business.

Changes in existing laws or regulations, or the adoption of new laws or regulations may increase the Company's costs and otherwise adversely affect the Company's business, results of operations and financial condition.

The manufacture and marketing of food products is highly regulated. The Company and its suppliers and comanufacturers are subject to a variety of laws and regulations. These laws and regulations apply to many aspects of the Company's business, including the manufacture, packaging, labeling, distribution, advertising, sale, quality and safety of its products, as well as the health and safety of its employees and the protection of the environment.

The regulatory environment in which the Company operates could change significantly and adversely in the future. Any change in manufacturing, labeling or packaging requirements for the Company's products may lead to an increase in costs or interruptions in production, either of which could adversely affect its operations and financial condition. New or revised government laws and regulations could result in additional compliance costs and, in the event of non-compliance, civil remedies, including fines, injunctions, withdrawals, recalls or seizures and confiscations, as well as potential criminal sanctions, any of which may adversely affect the Company's business, results of operations and financial condition.

Permits and governmental regulations

The future operations of the Company may require permits from various federal, provincial, and local governmental authorities and will be governed by laws and regulations governing food safety, taxes, labour standards, occupational health and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to for commercial production of its products and operation of its facilities.

Supply and demand risk

If the Company fails to effectively launch or develop its products, expand its manufacturing and production capacity, its business and operating results and its brand reputation could be harmed. If the Company does not have sufficient capacity to meet customers' demands and to satisfy increased demand, it will need to expand operations, supply and manufacturing capabilities. However, there is risk in the Company's ability to effectively scale production processes and effectively manage supply chain requirements. The Company must accurately forecast demand for products in order to ensure it has adequate available manufacturing capacity. The Company's forecasts are based on multiple assumptions which may cause estimates to be inaccurate and affect its ability to obtain adequate manufacturing capacity (whether the Company's own manufacturing capacity or co-manufacturing capacity) in order to meet the demand for products, which could prevent it from meeting increased customer demand and harm the Company's brand and its business and in some cases may result in fines the Company must pay customers or distributors if it is unable to fulfill orders placed by them in a timely manner or at all.

However, if the Company overestimates its demand and overbuilds capacity, it may have significantly underutilized assets and may experience reduced margins. If the Company does not accurately align its manufacturing capabilities with demand, if it experience disruptions or delays in its supply chain, or if it cannot obtain raw materials of sufficient quantity and quality at reasonable prices and in a timely manner, its business, financial condition and results of operations may be materially adversely affected.

Reliance on third-party suppliers

Because the Company relies on a limited number of third-party suppliers, it may not be able to obtain raw materials on a timely basis or in sufficient quantities to produce its products or meet the demand for its products. The Company's financial performance depends in large part on its ability to arrange for the purchase of raw materials in sufficient quantities at competitive prices. The Company is not assured of continued supply or pricing of raw materials. Any of the Company's suppliers could discontinue or seek to alter their relationship with the Company.

Any disruption in the supply of raw materials from these suppliers would have a material adverse effect on the Company's business if it cannot replace these suppliers in a timely manner or at all.

Events that adversely affect the Company's suppliers of raw materials could impair its ability to obtain raw material inventory in the quantities that it desires. Such events include problems with the Company's suppliers' businesses, finances, labor relations, ability to import raw materials, costs, production, insurance and reputation, as well as natural disasters, fires or other catastrophic occurrences. The Company continuously seeks alternative sources of raw materials to use in its products, but it may not be successful in diversifying the raw materials it uses in its products.

If the Company needs to replace an existing supplier, there can be no assurance that supplies of raw materials will be available when required on acceptable terms, or at all, or that a new supplier would allocate sufficient capacity to the Company in order to meet its requirements, fill its orders in a timely manner or meet its strict quality standards. If the Company is unable to manage its supply chain effectively and ensure that its products are available to meet consumer demand, its operating costs could increase and its profit margins could decrease. This could also have a significant impact on the Company's capacity to complete certain of its current or projected research and development projects and, accordingly, would negatively affect its projected commercial and financial growth. Any significant increase in the price of raw materials that cannot be passed on to the customers could have a material adverse effect on the Company's results of operations or financial condition.

Third-party supplier compliance

Failure by the Company's suppliers of raw materials or co-manufacturers to comply with food safety, environmental or other laws and regulations, or with the specifications and requirements of its products, may disrupt its supply of products and adversely affect its business.

If suppliers or partners fail to comply with food safety, environmental or other laws and regulations, or face allegations of non-compliance, their operations may be disrupted. In the event of actual or alleged non-compliance, the Company might be forced to find alternative suppliers or partners and it may be subject to lawsuits related to such noncompliance. As a result, the Company's supply of raw materials or finished inventory could be disrupted or its costs could increase, which would adversely affect its business, results of operations and financial condition. Additionally, actions the Company may take to mitigate the impact of any disruption or potential disruption in its supply of raw materials or finished inventory, including increasing inventory in anticipation of a potential supply or production interruption, may adversely affect its business, results of operations and financial condition.

Transportation providers

Failure by the Company's transportation providers to deliver products on time, or at all, could result in lost sales. The Company currently relies upon third-party transportation providers for a significant portion of product shipments. Utilization of delivery services for shipments is subject to risks, including increases in fuel prices, which would increase its shipping costs, and employee strikes and inclement weather, which may impact the ability of providers to provide delivery services that adequately meet shipping needs. The Company periodically changes shipping companies, and could face logistical difficulties that could adversely affect deliveries. In addition, the Company could incur costs and expend resources in connection with such change. Moreover, the Company may not be able to obtain terms as favorable as those it receives from the third-party transportation providers that it currently uses, which in turn would increase costs and thereby adversely affect operating results.

The Company depends on fast and efficient third-party transportation services to distribute its products. Any prolonged disruption of third-party transportation services could have a material adverse effect on the Company's business, financial condition and results of operations. Rising costs associated with third party transportation services used by the Company to ship products may also adversely impact the Company's business, financial condition and results of operations.

Competition

The Company's ability to compete successfully in the gummy bear market, and the food market more generally, depends upon many factors both within and beyond its control, including:

- the size and composition of the Company's customer base;
- the number of suppliers and products that the Company has;
- the quality and responsiveness of customer service;
- the Company's selling and marketing efforts;
- the quality, price and reliability of the products that the Company offers;
- the convenience of the shopping experience that the Company provides;
- the Company's ability to distribute its products and manage its operations; and
- the Company's reputation and brand strength.

The food and snacking industry is highly competitive. The Company may not be able to compete successfully in its highly competitive market. Numerous brands and products compete for limited retailer shelf space, foodservice and food customers and consumers. In the Company's market, competition is based on, among other things, product quality and taste, brand recognition and loyalty, product variety, interesting or unique product names, product packaging and package design, shelf space, reputation, price, advertising, promotion and nutritional claims.

The Company competes with conventional confectionary companies, who may have substantially greater financial and other resources than it and whose confectionary products are well-accepted in the marketplace today. They may also have lower operational costs, and as a result may be able to offer confectionary products to customers at lower costs. This could cause the Company to lower its prices, resulting in lower profitability or, in the alternative, cause it to lose market share if it fails to lower prices.

The Company also competes with other food brands that develop and sell low-sugar gummy products, including, but not limited to, Smart Sweets, Herbaland, Yummy Earth Natural Gummy Bears, and Alani Nu – Fit Snacks Gummy Bears (US) and with companies which may be more innovative, have more resources and be able to bring new products to market faster and to more quickly exploit and serve niche markets. The Company competes with these competitors for retailer shelf space and consumers.

Generally, the food industry is dominated by multinational corporations with substantially greater resources and operations than the Company. The Company cannot be certain that it will successfully compete with larger competitors that have greater financial, sales and technical resources. Conventional food companies may acquire the Company's competitors or launch their own gummy bear products, and they may be able to use their resources and scale to respond to competitive pressures and changes in consumer preferences by introducing new products, reducing prices or increasing promotional activities, among other things. Retailers could change the merchandising of the Company's products and it may be unable to retain the placement of its products in retailers to effectively compete with other confectionary products. Competitive pressures or other factors could cause the Company to lose market share, which may require it to lower prices, increase marketing and advertising expenditures, or increase the use of discounting or promotional campaigns, each of which would adversely affect margins and could result in a decrease in operating results and profitability.

To remain competitive, the Company will require a continued high level of investment in research and development, marketing and sales. The Company may not have sufficient resources to maintain research and development, marketing, and sales efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Damage to the Company's reputation

The Company's brand and reputation may be diminished due to real or perceived quality or health issues with its products, which could have an adverse effect on the business, reputation, operating results and financial condition.

Real or perceived quality or food safety concerns or failures to comply with applicable food regulations and requirements, whether or not ultimately based on fact and whether or not involving the Company (such as incidents involving competitors), could cause negative publicity and reduced confidence in the Company, brand or products, which could in turn harm the Company's reputation and sales, and could materially adversely affect its business, financial condition and operating results. Although the Company believes that it has a rigorous quality control process, there can be no assurance that products will always comply with the standards set for the Company's products. For example, although the Company strives to keep its products free of pathogenic organisms, they may not be easily detected and cross-contamination can occur. There is no assurance that health risks will always be pre-empted by the Company's quality control processes.

The Company has no control over products once purchased by consumers. Accordingly, consumers may prepare the Company's products in a manner that is inconsistent with the directions or store products for long periods of time, which may adversely affect the quality and safety of the Company's products. If consumers do not perceive the Company's products to be safe or of high quality, then the value of the Company's brand would be diminished, and its business, results of operations and financial condition would be adversely affected.

Any loss of confidence on the part of consumers in the ingredients used in the Company's products or in the safety and quality of its products would be difficult and costly to overcome. Any such adverse effect could be exacerbated by the Company's position in the market as a purveyor of high-quality confectionary products and may significantly reduce its brand value. Issues regarding the safety of any of the Company's products, regardless of the cause, may have a substantial and adverse effect on its brand, reputation and operating results.

The growing use of social and digital media by the Company, its consumers and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative publicity about the Company, its brands or its products on social or digital media could seriously damage the Company's brands and reputation. If the Company does not maintain the favorable perception of its brands, sales and profits could be negatively impacted.

Maintaining the brand

If the Company fails to develop and maintain its brand, business could suffer. Maintaining, promoting and positioning the Company's brand and reputation will depend on, among other factors, the success of its plantbased and low-sugar product offerings, food safety, quality assurance, marketing and merchandising efforts and its ability to provide a consistent, high-quality customer experience, which the Company may not do successfully. The Company may introduce new products or services that customers do not like, which may negatively affect its brand and reputation. Any negative publicity, regardless of its accuracy, could materially adversely affect the business. Brand value is based on perceptions of subjective qualities, and any incident that erodes the loyalty of customers, suppliers or co-manufacturers, including adverse publicity or a governmental investigation or litigation, could significantly reduce the value of the Company's brand and significantly damage its business.

Food safety and illness incidents

Food safety and food-borne illness incidents or advertising or product mislabeling may materially adversely affect the Company's business by exposing it to lawsuits, product recalls or regulatory enforcement actions, increasing its operating costs and reducing demand for its product offerings.

Selling food for human consumption involves inherent legal and other risks, and there is increasing governmental scrutiny of and public awareness regarding food safety. Unexpected side effects, illness, injury or death related to allergens, food-borne illnesses or other food safety incidents caused by products the Company sells, or involving its suppliers, could result in the discontinuance of sales of these products or relationships with such suppliers, or otherwise result in increased operating costs, regulatory enforcement actions or harm to the Company's reputation. Shipment of adulterated or misbranded products, even if inadvertent, can result in criminal or civil liability. Such incidents could also expose the Company to product liability, negligence or other lawsuits, including consumer class action lawsuits. Any claims brought against the Company may exceed or be outside the scope of its existing or future insurance policy coverage or limits. Any judgment against the Company that is more than its policy limits or not covered by its policies or not subject to insurance would have to be paid from cash reserves, which would reduce the Company's capital resources.

The occurrence of food-borne illnesses or other food safety incidents could also adversely affect the price and availability of affected ingredients, resulting in higher costs, disruptions in supply and a reduction in sales. Furthermore, any instances of food contamination or regulatory noncompliance, whether or not caused by the Company's actions, could compel it, suppliers, distributors or customers, depending on the circumstances, to conduct a recall. Food recalls could result in significant losses due to their costs, the destruction of product inventory, lost sales due to the unavailability of the product for a period of time and potential loss of existing distributors or customers and a potential negative impact on the Company's ability to attract new customers due to negative consumer experiences or because of an adverse impact on its brand and reputation. The costs of a recall could exceed or be outside the scope of its existing or future insurance policy coverage or limits.

Yumy Bear Gummies
Sales of the Yumy Bear Gummies will contribute a significant portion of the Company's revenue. A reduction in sales of the Yumy Bear Gummies would have an adverse effect on the Company's financial condition.

The Company expects the Yumy Bear Gummies to account for a significant percentage of its gross revenues. The Yumy Bear Gummies is the Company's flagship product and has been the focal point of development and marketing efforts, and its sales will constitute a significant portion of the Company's revenues, income and cash flow for the foreseeable future. The Company cannot be certain that it will be able to continue to expand production and distribution of the Yumy Bear Gummies, or that customer demand for future products will expand to allow such products to reduce reliance on the Yumy Bear Gummies. Accordingly, any factor adversely affecting sales of the Yumy Bear Gummies could have a material adverse effect on business, financial condition and results of operations.

Concentration of production capacity
The primary components of all of the Company's products are manufactured in China and any damage or disruption at these facilities may harm the business. Because the Company maintains minimal finished goods inventory at its production location as part of its "day-of-production" production system, the Company could be challenged to continue to produce an adequate supply of products in the event that production at or transportation from the Company's production facility were interrupted by fire, flood or other natural disasters, work stoppages, regulatory actions or other causes. Any significant interruption would seriously harm the Company's business and results of operations.

Products are distributed in a limited geographic area
The Company's wholesale accounts and retail trade partners are located in British Columbia. Most of the Company's sales are in the metropolitan areas within that region. Due to this concentration, natural disasters, economic downturns and other conditions affecting the region may adversely affect the Company's product distribution and its business generally, and the Company's results of operations.

Limited range of products and diversification
The Company's business is vertically integrated and centred around a limited number of products, being lowsugar gummy bears, sold primarily through the Company's direct-store-delivery system and a limited number of distributors. Any significant disruption in the Company's product supply to the consumer and any decrease in the consumption of the Company's products generally or specifically would have an adverse effect on the Company's business and results of operations.

Product innovation and development
Failure to introduce new products or successfully improve existing products may adversely affect the Company's ability to continue to grow. The success of the Company's innovation and product development efforts is affected by its ability to anticipate changes in customer and consumer preferences, the technical capability of innovation staff in developing and testing products, including complying with applicable governmental regulations, and the success of management and sales and marketing teams in introducing and marketing new products and services. Failure to develop and market new products and services that appeal to customers and consumers may lead to a decrease in growth, sales and profitability. Additionally, the development and introduction of new products requires substantial research, development and marketing expenditures, which the Company may be unable to recoup if the new products do not gain widespread market acceptance. If the Company is unsuccessful in meeting its objectives with respect to new or improved products, business could be harmed.

Acquiring and retaining customers
The Company's success, and its ability to increase revenue and operate profitably, depends in part on its ability to cost-effectively acquire new customers, to retain existing customers, and to keep existing customers engaged so that they continue to purchase products. If the Company is unable to cost-effectively acquire new customers, retain existing customers or keep existing customers engaged, the business,

financial condition and operating results would be materially adversely affected. Further, if customers do not perceive the Company's product offerings to be of sufficient value and quality, or if it fail to offer new and relevant product offerings, the Company may not be able to attract or retain customers or engage existing customers so that they continue to purchase products. The Company may lose loyal customers to competitors if it is unable to meet customers' orders in a timely manner.

If the Company fails to manage its future growth effectively, the business could be materially adversely affected.

Changing consumer preferences

Consumer preferences for food and snacking products change continually. The Company's success depends on its ability to predict, identify and interpret the tastes, dietary habits, packaging, sales channel and other preferences of consumers and to offer products that appeal to these preferences in the places and ways consumers want to shop. There may be further shifts in the relative size of shopping channels in addition to the increasing role of e-commerce for consumers. The Company's success relies upon managing this complexity to promote and bring its products to consumers effectively. Moreover, weak economic conditions, recession, equity market volatility or other factors, such as severe or unusual weather events, can affect consumer preferences and demand. Failure to offer products that appeal to consumers or to correctly judge consumer demand for the Company's products will impact the Company's ability to meet its growth targets and sales.

The Company must distinguish between short-term fads and trends and long-term changes in consumer preferences. When the Company does not accurately predict which shifts in consumer preferences or category trends will be long-term or fail to introduce new and improved products to satisfy changing preferences, the Company's sales could be adversely affected. Failure to expand the Company's product offerings successfully across product categories, rapidly develop products in faster growing and more profitable categories or reach consumers in efficient and effective ways leveraging data and analytics could cause demand for the Company's products to decrease.

The Company's business is focused on the development, manufacture, marketing and distribution of a line of low-sugar gummy bears made from plant-based and natural ingredients. Consumer demand could change based on a number of possible factors, including dietary habits and nutritional values, concerns regarding the health effects of ingredients and shifts in preference for various product attributes. If consumer demand for products decreased, the Company's business and financial condition would suffer. In addition, sales of low-sugar, plant-based and natural-ingredient products are subject to evolving consumer preferences that the Company may not be able to accurately predict or respond to. Consumer trends that the Company believes favour sales of its products could change based on a number of possible factors, including economic factors and social trends. A significant shift in consumer demand away from the Company's products could reduce its sales or market share and the prestige of its brand, which would harm the business and financial condition.

Ingredient risk

The Company's profitability is dependent on, among other things, its ability to anticipate and react to raw material and food costs. Currently, the main ingredient in the Company's products is Non-GMO Soluble Corn Fiber, Stevia Leaf Extract, Pectin, Natural Fruit Flavour, Malic Acid, Citric Acid, Fruit and Vegetable Juice, Modified Potato Starch, Chicory Root Fiber, which it sources from soluble corn/tapioca fiber - SMI, stevia - Wisdom, natural flavors - Gold Coast/Flavorchem/Phoenix Aromas, modified potato starch - Solnul, pectin - Cargill, coconut oil - Bioriginal, carnauba wax - Jedwards International, citric/malic acid - Batory, beet juice powder - PowderPure. The prices of Non-GMO Soluble Corn Fiber, Stevia Leaf Extract, Pectin, Natural Fruit Flavour, Malic Acid, Citric Acid, Fruit and Vegetable Juice, Modified Potato Starch, Chicory Root Fiber and the other ingredients the Company uses are subject to many factors beyond its control, such as the number and size of suppliers for Non-GMO Soluble Corn Fiber, Stevia Leaf Extract, Pectin, Natural Fruit Flavour, Malic Acid, Citric Acid, Fruit and Vegetable Juice, Modified Potato Starch, Chicory Root Fiber, the vagaries of these supplier businesses, including changes in national and world economic conditions. In addition, the Company may purchase some ingredients and other materials outside Canada, and the price and availability of such ingredients and materials may be affected by political events or other conditions in these countries or tariffs or trade wars. The Company is working to diversify its sources of supply and intends to enter into long-term contracts to better ensure stability of prices of its raw materials, but there can be no assurance that such long-term contracts will be entered into.

Ingredient and packaging costs

Ingredient and packaging costs are volatile and may rise significantly, which may negatively impact the profitability of the business. The Company purchases large quantities of raw materials, including ingredients derived from Non-GMO Soluble Corn Fiber, Stevia Leaf Extract, Pectin, Natural Fruit Flavour, Malic Acid, Citric Acid, Fruit and Vegetable Juice, Modified Potato Starch, Chicory Root Fiber. In addition, the Company purchases and uses significant quantities of packaging materials for its products. Costs of ingredients and packaging are volatile and can fluctuate due to conditions that are difficult to predict, including global competition for resources, weather conditions, consumer demand and changes in governmental trade and agricultural programs. Volatility in the prices of raw materials and other supplies the Company purchases could increase its cost of sales and reduce its profitability. Moreover, the Company may not be able to implement price increases for its products to cover any increased costs, and any price increases it does implement may result in lower sales volumes. If the Company is not successful in managing its ingredient and packaging costs, if it is unable to increase its prices to cover increased costs or if such price increases reduce sales volumes, then such increases in costs will adversely affect its business, results of operations and financial condition.

Health concerns

The Company could be adversely affected if consumers lose confidence in the safety and quality of its vendor supplied food products. All of the Company's suppliers are required to comply with applicable product safety laws and the Company is dependent upon them to ensure such compliance. Adverse publicity about these types of concerns, whether valid or not, may discourage consumers from buying the products the Company offers, or cause supplier production and delivery disruptions. The real or perceived sale of bad food products by the Company could result in product liability claims against the Company's suppliers or the Company, expose the Company or its suppliers to governmental enforcement action or private litigation, or lead to costly recalls and a loss of consumer confidence, any of which could have an adverse effect on the Company's business, financial condition, and results of operations.

Product returns or refunds

The Company offers refunds or allows its customers to return products or offer refunds, subject to the Company return and refunds policy. If product returns or refunds are significant or higher than anticipated and forecasted, the Company's business, financial condition, and results of operations could be adversely affected. Further, the Company modifies its policies relating to returns or refunds from time to time, and may do so in the future, which may result in customer dissatisfaction and harm to the Company's reputation or brand, or an increase in the number of product returns or the amount of refunds the Company makes.

The Company may enter into agreements with its trade partners that provide a right to return unsold products. Due to the limited shelf life, the Company may need to destroy the products because they cannot be sold anymore. This right will reduce the income due to the Company for the destroyed products, which will have a negative impact on its earnings.

Product approvals

The Company may require advance approval of its products from federal, provincial, state and/or local authorities. While the Company intends to follow the guidelines and regulations of each applicable federal, provincial, state and/or local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any federal, provincial, state and/or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. If any of the Company's products are not approved or any existing approvals are rescinded, there is the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Product liability

As a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of food products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of food products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

Because the Company's products are not irradiated or chemically treated, they are perishable and contain certain naturally occurring microorganisms. The Company may receive complaints from consumers regarding ill effects allegedly caused by the Company's products.

Product liability claims or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's results of operations and financial condition of the Company.

Claims related to product assertions

The Company's products are sold as healthy, low-sugar products containing substantial amounts of various natural ingredients. The Company makes various other assertions about its products, such as plant-based, made with natural ingredients, no artificial colours, no artificial sweeteners and no sugar alcohols. Consumers and other consumer groups often challenge these types of claims. The law in the area of what is natural and other aspects of marketing the Company's products is not settled and, in most cases, not statutory. Therefore, the Company may be subject to various claims about its advertising and its products from time to time, which may cause the Company to pay monetary damages, change the Company's advertising or change the Company's products. Any of these actions may result in adverse consequences to the Company's operations, its product placement and results of operations.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may also lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the products were subject to recall, the image of that product and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products and could have a material adverse effect on the results of operations and financial condition of the Company.

Staffing and management

Failure to attract and retain management and key personnel may adversely affect the Company's operations. Its success is substantially dependent on the continued service of certain senior management. These executives have been primarily responsible for determining the strategic direction of the business and for executing the growth strategy and are integral to the brand, culture and the reputation the Company enjoys with suppliers, distributors, customers and consumers. The loss of the services of any of these executives could have a material adverse effect on the business and prospects, as the Company may not be able to find suitable individuals to replace them on a timely basis, if at all. In addition, any such departure could be viewed in a negative light by investors and analysts, which may cause the price of the Company's common stock to decline.

If the Company is unable to attract, train and retain employees, including key personnel, it may not be able to grow or successfully operate its business. The Company's success depends in part upon its ability to attract, train and retain a sufficient number of employees who understand and appreciate its culture and can represent its brand effectively and establish credibility with its business partners and consumers. If the Company is unable to hire and retain employees capable of meeting its business needs and expectations, its business and brand image may be impaired. Any failure to meet the Company's staffing needs or any material increase in turnover rates of employees may adversely affect the business, results of operations and financial condition.

Conflicts of interest
The Company may be subject to various potential conflicts of interest because of the fact that some of its directors and executive officers may be engaged in a range of business activities. In addition, the Company's directors and executive officers may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company and subject to any contractual restrictions restricting such activities. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with business interests that interfere with their ability to devote time to the Company's business and affairs, which could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and policies of the Company. For example, a director who has a material interest in a matter before the Board or any committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it and absent himself or herself from the meeting while discussions and voting with respect to the matter are taking place. In accordance with applicable laws, the directors of the Company are required to act honestly and in good faith with a view to the best interests of the Company.

Information technology
The Company relies on information technology systems and any inadequacy, failure, interruption or security breaches of those systems may harm its ability to effectively operate the business. The Company is dependent on various information technology systems, including, but not limited to, networks, applications and outsourced services in connection with the operation of the business. A failure of the Company's information technology systems to perform as it anticipates could disrupt the business and result in transaction errors, processing inefficiencies and loss of sales, causing the business to suffer. In addition, the Company's information technology systems may be vulnerable to damage or interruption from circumstances beyond its control, including fire, natural disasters, systems failures, viruses and security breaches. Any such damage or interruption could have a material adverse effect on the business.

Cybersecurity incidents and technological disruptions
A cybersecurity incident or other technology disruptions could negatively impact the business and relationships with customers. The Company uses computers in substantially all aspects of business operations. It also uses mobile devices, social networking, cloud services and other online activities to connect with employees, suppliers, partners, distributors, customers and consumers. Such uses give rise to cybersecurity risks, including security breaches, espionage, system disruption, theft and inadvertent release of information.

Personal information
The Company stores personal information, debit card information, credit card information, banking information, financial information and other confidential information of its partners, customers and consumers with whom the Company has a direct relationship. The unauthorized release, unauthorized

access or compromise of this information could have a material adverse effect on the Company's business, financial condition and results of operations. Even if such a data breach did not arise out of the Company's actions or inactions, or if it were to affect one or more of the Company's competitors or customers' competitors, rather than the Company itself, the Company's business, financial condition, and results of operations may be materially and adversely affected.

The Company is also subject to federal, provincial, state and foreign laws regarding cybersecurity and the protection of data. The Company's failure to comply with legal or contractual requirements around the security of personal information could lead to significant fines and penalties imposed by regulators, as well as claims by the Company's customers, their buyers, or other relevant stakeholders. These proceedings or violations could force the Company to spend money in defense or settlement of these proceedings, result in the imposition of monetary liability or injunctive relief, divert management's time and attention, increase the Company's costs of doing business, and materially and adversely affect the Company's reputation and the demand for its solutions.

In addition, various federal, provincial and state legislative and regulatory bodies, or self-regulatory organizations, may expand current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection, consumer protection, and advertising. Each of these privacy, security, and data protection laws and regulations, and any other such changes or new laws or regulations, could impose significant limitations, require changes to the Company's business, or restrict the Company's use or storage of personal information, which may increase the Company's compliance expenses and make the Company's business more costly or less efficient to conduct. In addition, any such changes could compromise the Company's ability to develop an adequate marketing strategy and pursue the Company's growth strategy effectively, which, in turn, could adversely affect the Company's business, financial condition, and results of operations.

Climate change

Climate change may negatively affect the Company's business and operations. There is concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. If such climate change has a negative effect on agricultural productivity, the Company may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for the Company's products, such as Non-GMO Soluble Corn Fiber, Stevia Leaf Extract, Pectin, Fruit and Vegetable Juice, Modified Potato Starch, Chicory Root Fiber. Due to climate change, the Company may also be subjected to decreased availability of water, deteriorated quality of water or less favorable pricing for water, which could adversely impact its manufacturing and distribution operations.

Intellectual property protection

The Company may not be able to protect its intellectual property adequately, which may harm the value of its brand. The Company believes that its intellectual property has substantial value and has contributed significantly to the success of the business. The Company's trademarks are valuable assets that reinforce its brand and consumers' favorable perception of its products, as such it's proprietary recipe. The Company also relies on unpatented proprietary expertise, recipes and formulations and other trade secrets and copyright protection to develop and maintain its competitive position. The Company's continued success depends, to a significant degree, upon its ability to protect and preserve its intellectual property, including its trademarks, trade secrets and copyrights. The Company relies on confidentiality agreements and trademark, trade secret and copyright law to protect its intellectual property rights.

The Company's confidentiality agreements with its employees and certain of its consultants, contract employees, suppliers and independent contractors who use its formulations to manufacture its products, generally require that all information made known to them be kept strictly confidential. Nevertheless, trade secrets are difficult to protect. Although the Company attempts to protect its trade secrets, its confidentiality agreements may not effectively prevent disclosure of proprietary information and may not provide an adequate remedy in the event of unauthorized disclosure of such information.

The Company cannot assure you that the steps taken to protect its intellectual property rights are adequate, that its intellectual property rights can be successfully defended and asserted in the future or that third parties will not infringe upon or misappropriate any such rights. In addition, the Company's trademark rights and related registrations may be challenged in the future and could be canceled or narrowed. Failure to protect trademark rights could prevent the Company in the future from challenging third parties who use names and logos similar to its trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of the brand and products. In addition, if the Company does not keep its trade secrets confidential, others may produce products with the Company's recipes or formulations. Moreover, intellectual property disputes and proceedings and infringement claims may result in a significant distraction for management and significant expense, which may not be recoverable regardless of whether it is successful. Such proceedings may be protracted with no certainty of success, and an adverse outcome could subject the Company to liabilities, force it to cease use of certain trademarks or other intellectual property or force it to enter into licenses with others. Any one of these occurrences may have a material adverse effect on the business, results of operations and financial condition.

Expansion efforts may not be successful

There is no guarantee that the Company's intentions to grow its business will be successful. Any such activities may require, among other things, various regulatory approvals, licences and permits and there is no guarantee that all required approvals, licences and permits will be obtained in a timely fashion or at all.

In addition to being subject to general business and regulatory risks, any business that produces, distributes and/or sells a food product will need to build brand awareness in the industry and market through significant investments in strategy, distribution channels, quality assurance and regulatory compliance. These activities may not promote the Company's brands as effectively as intended, or at all.

There is also no guarantee that the Company will be able to complete any of the foregoing activities as anticipated or at all. The failure of the Company to successful execute any expansion strategy (including receiving required regulatory approvals and permits) could adversely affect the Company's business, financial condition and results of operations.

No guarantee on the use of available funds

The Company cannot specify with certainty the particular uses of the proceeds. Management has broad discretion in the application of the Company's proceeds, including for any of the purposes described in "Use of Proceeds" elsewhere in this Listing Statement. Accordingly, a purchaser of Company Shares will have to rely upon the judgment of management with respect to the use of proceeds set forth in this Listing Statement, with only limited information concerning management's specific intentions. The Company's management may spend a portion or all of the proceeds in ways that the Company's shareholders might not desire, that might not yield a favourable return and that might not increase the value of a purchaser's investment. The failure by management to apply these funds effectively could harm the Company's business. Pending use of such funds, the Company might invest the proceeds in a manner that does not produce income or that loses value.

Liability for activity of employees, contractors and consultants

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims or regulatory enforcement actions against the Company. Failure to comply with relevant laws could result in fines, suspension of licenses and civil or criminal action being taken against the Company. Consequently, the Company is subject certain risks, including that employees, contractors and consultants may inadvertently fail to follow the law or purposefully neglect to follow the law, either of which could result in material adverse effects to the financial condition of the Company.

Inability to accurately forecast net sales and expenses

Net sales and results of operations are difficult to forecast because they generally depend on the volume, timing and type of orders the Company receives, all of which are uncertain. The Company bases its expense levels and investment plans on its estimates of net sales and gross margins. The Company cannot be sure the same growth rates, trends, and other key performance metrics are meaningful predictors of future growth. If the Company's assumptions prove to be wrong, the Company may spend more than it anticipates acquiring and retaining customers or may generate lower net sales per active customer than anticipated, either of which could have a negative impact on the Company's business, financial condition, and results of operations.

Future acquisitions or dispositions

Material acquisitions, dispositions and other strategic transactions, other than the Transaction that is contemplated in this Listing Statement, involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) the Company may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Company's operations; and (vi) loss or reduction of control over certain of the Company's assets.

The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Company. A strategic transaction may result in a significant change in the nature of the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

Estimates of the addressable market

While the Company's market size estimate was made in good faith and is based on assumptions and estimates that the Company believes to be reasonable, this estimate may not be accurate. If the Company's estimates of the size of its addressable market are not accurate, the Company's potential for future growth may be less than the Company currently anticipates, which could have a material adverse effect on the Company's business, financial condition, and results of operations.

Because the low-sugar gummy bear industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results.

Risks related to being a public Company

If the Company fails to maintain proper and effective internal controls, its ability to produce accurate financial statements on a timely basis could be impaired, investors may lose confidence in its financial reporting and the trading price of its common stock may decline.

Yumy Bear has been a private company since its inception and, as such, Yumy Bear may not have had the internal control and financial reporting requirements that are required of a publicly-traded company.

Ensuring that the Company has adequate internal financial and accounting controls and procedures in place to produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be reevaluated frequently. Any failure to maintain internal control over financial reporting could severely inhibit the Company's ability to accurately report the financial condition, results of operations or cash flows. If it is unable to conclude that the Company's internal control over financial reporting is effective, or if its independent accounting firm determines that it has a material weakness or significant deficiency in its internal control over financial reporting investors may lose confidence in the accuracy and completeness of the Company's financial reports, the market price of its common stock could decline, and it could be subject to sanctions or investigations regulatory authorities.

Increased costs of being a public company
The requirements of being a public company require the Company to incur costs and may strain its resources, divert management's attention and affect its ability to attract and retain qualified board members. As a public company, the Company has incurred and will continue to incur significant legal, accounting and other expenses. The Company is subject to the reporting requirements which require, among other things, that it file quarterly and current reports with respect to its business and financial condition. The Company expects the rules and regulations applicable to public companies to continue to increase its legal and financial compliance costs and to make some activities more time-consuming and costly. If these requirements divert the attention of management and personnel from other business concerns, they could have a material adverse effect on the business, financial condition and results of operations. The Company cannot predict or estimate the amount or timing of costs it may incur to respond to these requirements.

Evaluation of disclosure controls and procedures
The Company's senior management has evaluated the effectiveness of its disclosure controls and procedures. Based on that evaluation, senior management concluded that its disclosure controls and procedures were effective to provide reasonable assurance that information it is required to disclose in reports that are filed or submitted pursuant to securities legislation is recorded, processed, summarized, and reported within the time periods specified and that such information is accumulated and communicated to senior management, as appropriate, to allow timely decisions regarding required disclosure.

Limitations on effectiveness of controls and procedures
Management does not expect that the disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Future financing
Following completion of the Transaction, the Company may require additional financing to achieve its goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, may force it to delay, limit, reduce or terminate its product and service development, and other operations.

The Company may, from time to time, report a working capital deficit. To maintain its activities, the Company may need to seek additional funds through public or private equity or debt financings or other sources, such as strategic collaborations. Such financing may result in dilution to shareholders, imposition of debt covenants and repayment obligations, or other restrictions that may adversely affect the Company's business. In addition, the Company may seek additional capital due to favorable market conditions or strategic considerations even if it believes it has sufficient funds for its current or future operating plans.

There can be no assurance that financing will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs until the Company achieves positive cash flow. If the Company is unable to obtain the financing necessary to support its operations, it may be unable to continue as a going concern. Failure to obtain additional financing could also result in delay or indefinite postponement of further research and product development.

Risks related to ownership of Company Shares

The Company Share price has been, and the Company Shares may continue to be, highly volatile, and you could lose all or part of your investment.

The market price of the Company Shares is likely to be highly volatile and could be subject to wide fluctuations in response to many factors discussed in this "Risk Factors" section, including:

- Actual or anticipated fluctuations in financial condition and operating results, including fluctuations in quarterly and annual results;
- Announcements of innovations by the Company or competitors;
- Overall conditions in the industry and the markets in which the Company operates;
- Market conditions or trends in the food industry, snacking industry, confectionary industry, gummy bear industry, retail industry, or in the economy as a whole;
- Addition or loss of significant customers or other developments with respect to significant customers;
- Adverse developments concerning manufacturers or suppliers;
- Changes in laws or regulations applicable to the Company's products;
- Ability to effectively manage growth;
- Ability to effectively research, develop and launch products;
- Actual or anticipated changes in growth rate relative to competitors;
- Announcements by the Company or competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- Additions or departures of key personnel;
- Competition from existing products or new products that may emerge;
- Issuance of new or updated research or reports about the Company or the industry, or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- News reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry;
- Failure to meet the estimates and projections of the investment community or that the Company may otherwise provide to the public;
- Fluctuations in the valuation of companies perceived by investors to be comparable to the Company;
- Disputes or other developments related to proprietary rights, including patents, and the Company's ability to obtain intellectual property protection for its products;
- Litigation or regulatory matters;
- Announcement or expectation of additional financing efforts;
- Cash position;
- Sales of Company shares by the Company or its shareholders;
- Share price and volume fluctuations attributable to inconsistent trading volume levels of the Company shares;
- Changes in accounting practices;
- Ineffectiveness of internal controls;
- General economic, market and political conditions; and
- Other events or factors, many of which are beyond the Company's control.

Furthermore, financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies, including those fluctuations a result of the COVID-19 pandemic. Accordingly, the market price of the Company Shares may decline even if the Company's or, following the completion of the Transaction, the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Company Shares may be materially adversely affected.

Active trading market
An active trading market may not be sustained. You may not be able to sell your Company Shares quickly or at a recently reported market price if trading in the Company Shares does not remain active. The lack of an active market may also reduce the fair market value the Company Shares and the liquidity of a shareholder's investment may be limited. An inactive market may also impair the Company's ability to raise capital to continue to fund operations by selling Company Shares.

Public market sales
Future sales of the Company Shares in the public market could cause the Company Share price to fall. Sales of a substantial number of Company Shares in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of Company Shares intend to sell Company Shares, could reduce the market price of the Company Shares.

Price volatility of publicly traded securities
In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Company Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company Shares will be affected by such volatility.

Dividends
The Company has never paid dividends on its shares and does not intend to pay dividends for the foreseeable future. The Company anticipates that it will retain all future earnings for use in the operation of the business and for general corporate purposes. Accordingly, investors should rely on sales of their Company Shares after price appreciation, which may never occur, as the only way to realize any future gains on their investments. Consequently, any gains from an investment in the Company Shares will likely depend on whether the price of the Company Shares increases.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.