VICE HEALTH AND WELLNESS INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE NINE MONTHS ENDED JUNE 30, 2023

This management's discussion and analysis ("MD&A") discusses the activities and financial position of Vice Health and Wellness Inc. (the "Company") for the period ended June 30, 2023. The following information should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company for the nine-month period ended June 30, 2023, and the related notes contained therein, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in United States Dollars unless otherwise stated. For more information regarding the foregoing and the other risk factors applicable in respect of an investment in the Company, please see "Risk Factors". Additional information can be accessed through the SEDAR website at www.sedar.com. The Company trades on the CSE under the symbol VICE, on the Frankfurt Stock exchange under the symbol Z24, and on the OTC Pink market under the symbol VICFF. This report is dated – August 25, 2023.

FORWARD LOOKING STATEMENTS

This MD&A may contain forward- looking statements that involve substantial known and unknown risks and uncertainties. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding future financial position, business strategy, use of proceeds, corporate vision, proposed acquisitions, partnerships, joint-ventures and strategic alliances and cooperation's, budgets, cost and plans and objectives of or involving the Company. Such forward- looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company including, but not limited to, the impact of general economic conditions, industry conditions and dependence upon regulatory approvals. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by securities laws.

DESCRIPTION OF BUSINESS

Vice Health and Wellness Inc. is a publicly traded company dedicated to fostering healthier lifestyle choices by offering a range of products that empower consumers to enhance their mental and physical well-being. As an ever-growing community of like-minded individuals and organizations, we believe in the power of collective small steps leading to remarkable transformations. Our product line features low-sugar, plant-based gummy products, and we are actively spearheading innovations in alignment with emerging trends in the health and wellness sector. By prioritizing weight loss and harnessing the potential of AI-powered health and wellness applications, which leverage artificial intelligence, we aim to provide individuals with unparalleled advice, personalized recommendations, unwavering support, and transformative solutions on their journey to ultimate well-being. Our applications intend to offer a multitude of treatment benefits, empowering users to embark on a transformative path toward optimal health.

OUTLOOK

The market for low sugar and healthier snack options is growing due to increased consumer awareness of health and wellness. Low sugar gummies are a part of this trend, as they cater to consumers looking for indulgent treats with reduced sugar content. The growth is generally driven by several factors:

1. **Health Consciousness:** Consumers are becoming more health-conscious and seeking out products with lower sugar content to manage weight, prevent diabetes, and reduce the risk of other health issues related to excessive sugar consumption.
2. **Clean Label Trend:** The clean label trend, which emphasizes natural and transparent ingredients, extended to the confectionery industry, leading to the demand for gummies made with natural colors, flavors, and sweeteners.
3. **Innovation:** Manufacturers are investing in research and development to create gummies with alternative sweeteners like stevia, erythritol, and monk fruit, which could provide sweetness without the caloric load of traditional sugars.
4. **Regulatory Changes:** Some regions are implementing stricter regulations or labeling requirements for sugar content, prompting food manufacturers to develop low sugar alternatives to meet these standards.
5. **Diverse Consumer Base:** Low sugar gummies appeal to a wide range of consumers, including those with dietary restrictions, diabetes, and parents seeking healthier snacks for their children.
6. **Marketing and Branding:** Brands that position themselves as offering healthier alternatives continue to gain traction among health-conscious consumers.

Over the next 12 months and beyond, the outlook for the low sugar gummy market could continue to be positive, based on the ongoing health and wellness trend. However, specific developments would depend on various factors, including:

- **Consumer Preferences:** If the demand for healthier snacking options continues to grow, the market for low sugar gummies could see sustained interest.
- **Innovation:** Ongoing research into alternative sweeteners and improved formulation techniques could result in tastier, more appealing low sugar gummy options.
- **Competition:** As the market grows, more companies might enter the space, leading to increased competition and potentially driving innovation further.
- **Regulations:** If regulations around sugar content and labeling continue to evolve, manufacturers will need to adapt their products to meet these standards.
- **Marketing Strategies:** How well brands market their low sugar gummies as appealing, indulgent treats with potential health benefits as compared to higher sugar alternatives will also play a role in the market's growth.

KEY DEVELOPMENTS DURING THE PERIOD ENDED AND SUBSEQUENT TO PERIOD END

Expansion into Sobeys Retail Network

On September 13, 2022, the Company announced that it had become an approved vendor at Sobeys Inc. British Columbia. "Sobeys provides premier distribution points in both Safeway and Thrifty Foods, some of British Columbia's most well-known and established grocery retailers," stated Charlie Lamb, Former President, and CEO of the Company. "The demand for our Peachy Bees and Watermelon Sharks continues to grow as we execute our multi-channel sales strategy across Canada and into the United States." "The initial feedback we've received from the Local Development Manager at Sobeys has been exceptional," stated Curtis Clarke, VP, sales & marketing at Deans dairy & specialty foods. "Through this listing at Sobeys we at Dean's are excited to help the Gummy Project reach an increasing number of consumers and draw awareness to their mandate of "Supporting endangered keystone species – one gummy at a time".

Launch Plans for 3rd Endangered "Keystone" Species

On September 20, 2022, the Company announced plans to launch a coconut flavoured gummy product that will support Palm Trees, an endangered "keystone" species. "Following the successful launch of our Peachy Bees and Watermelon Sharks, we want to leverage the strong momentum that we have created with the addition of a new SKU," said Charlie Lamb, Former President, and CEO of the Company. "From the start, we've been testing a variety of flavours with real consumers, while researching which "keystone" species we want to support. Palm Trees have been at the top of the list for some time, and we are currently in discussions with various conservation groups that support both Palm Trees and rainforests, with plans to carefully select the ideal partnership in the very near future."

Purchase Order from Canada Life Centre

On September 27, 2022, the Company announced that it had received a purchase order from the Canada Life Centre, home of the National Hockey League's Winnipeg Jets and American Hockey League's Manitoba Moose. "We are absolutely thrilled that our Peachy Bees and Watermelon Sharks will be available for fans to enjoy at Jets and Moose games," said Charlie Lamb, Former President & CEO of the Company. "Our multi-channel sales strategy now includes high traffic sports and entertainment venues, with Canada Life Centre marking our entrance into this sector and a key milestone for the Corporation. In a very short time period, we have been able to form partnerships and have our gummies for sale in major grocery chains, a national airline, hotels (both in the US and Canada), one of the largest passenger ferry systems in the world and now a professional sports stadium and we very much look forward to continuing to execute our strategic expansion both in Canada and the US."

Strategic Expansion in U.S. (Seattle)

On October 12, 2022, the Company announced that it had received a purchase order from the 5-star luxury Four Seasons Hotel Seattle to become a supplier of gummies for each of the hotel's 147 guest room mini-bars. "We are absolutely thrilled to have a second Four Seasons property place a purchase order for our gummies for each of its guest room mini-bars" said Charlie Lamb, Former President & CEO of the Company. "We are gaining some tremendous traction in the hotel sector and very much look forward to continually growing our relationship with the ultra-luxury 5-star Four Seasons brand." The purchase order was received from the Four Seasons Hotel Seattle on October 10, 2022. The Four Seasons Hotel Seattle is the only hotel in Washington State to be awarded the highest rating for providing extraordinary experiences with flawless service and the finest amenities, which will now include Watermelon Sharks.

Share Consolidation

On November 2, 2022, the Company consolidated its common shares on a 10-1 basis.

Stock Option Grant

On November 28, 2022, the Company granted 2,300,000 stock options exercisable at a price of CAD$0.06 for a period of 5 years to officers, directors, and consultants.

Shares for Service

On December 19, 2022, the Company issued 285,714 common shares at a price of CAD $0.035 per share for services provided.

Launch of USA Ecommerce

On December 6, 2022, the Company launched its U.S. ecommerce website at www.shopgummies.com. It is a similar website to the Canadian version but with U.S. products.

Texas Purchase Order

On December 7, 2022, the Company announced that it had received a purchase order for its Peachy Bees and Watermelon Sharks from a 5-star luxury hotel located in Austin, Texas (the "Luxury Hotel"). "Entering an additional US state and having our gummies for sale at this Luxury Hotel is another significant achievement for the Corporation as we continue to expand in both Canada and the US," said Charlie Lamb, Former President, and CEO of the Company. The Peachy Bees and Watermelon Sharks are plant based, gluten free and without peanuts. For every bag purchased, a donation is made to support an endangered "keystone" species. For the Watermelon Sharks, the Corporation supports OCEARCH – a global leader in ocean and shark conservation. For the Peachy Bees, the Corporation supports The Bee Conservancy.

Amendment of warrant exercise prices

On February 15, 2023, the Company amended the exercise price of 7,261,700 warrants (previously exercisable at CAD $0.575 to CAD $0.50) to all be exercisable at CAD $0.05.

Close of Equity Financing

On June 2, 2023, the Company closed a private placement financing of 6,142,550 units of the Company (the "Units") at a price of CAD $0.018 per Unit for aggregate gross proceeds of CAD $110,566 (the "Offering"), and a Concurrent Placement (as defined below) of Units for aggregate gross proceeds of CAD $250,800.

Each Unit is comprised of one common share in the capital of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional Common Share at a price of CAD $0.05 per Common Share for a period of two years following the closing date of the Offering, subject to accelerated expiry as described herein. If, at any time, the closing price of the Company's Common Shares is greater than CAD $0.15 per Common Share for 10 consecutive days, including days where there is no trading, the Company may provide written notice (a "Warrant Acceleration Notice") to the holders that the expiry of the Warrants shall be accelerated to a date that is not less than 30 days from the date of the Warrant Acceleration Notice.

Subject to compliance with applicable regulatory requirements and in accordance with National Instrument 45-106 – Prospectus Exemptions ("NI 45-106"), the Units (other than the Placement Units (as defined below)) were offered for sale to purchasers resident in Canada, except Quebec, and/or other qualifying jurisdictions pursuant to the listed issuer financing exemption under Part 5A of NI 45-106 (the "Listed Issuer Financing Exemption"). Because the Offering was completed pursuant to the Listed Issuer Financing Exemption, the securities issued in the Offering will not be subject to a hold period pursuant to applicable Canadian securities laws.

In addition to the Offering, the Company completed a concurrent private placement of 15,933,334 Units (the "Placement Units") pursuant to applicable exemptions under NI 45-106 for aggregate gross proceeds of CAD $250,800 (the "Concurrent Placement"). The Placement Units are subject to a four month and one day hold period following the closing date.

Each Placement Unit consists of one Common Share and Common Share purchase warrant exercisable for 2 years following the closing date at CAD $0.05 per warrant share. If, at any time, the closing price of the Company's

Common Shares is greater than CAD $0.15 per Common Share for 10 consecutive days, including days where there is no trading, the Company may provide a Warrant Acceleration Notice to the holders that the expiry of the warrants shall be accelerated to a date that is not less than 30 days from the date of the Warrant Acceleration Notice.

In connection with the closing of the private placement, the Company paid finder's fees of CAD $4,032 in cash and issued 224,000 finder's warrants. The finder's warrants hold the same terms of the warrants issued as part of the Units.
The Company also announces it has entered into an agreement with a former officer and director of the Company whereby the Company has agreed to issue 2,000,000 common shares in the capital of the Company to settle CAD $132,500 of outstanding debt.

The Company intends to use net proceeds of the Offering for digital advertising campaigns to drive awareness to the Company's ecommerce site, engage consultancy services to develop the Company's branded Amazon store, working capital requirements and other general corporate purposes.

Name and CSE Trading Symbol Change
On June 9, 2023, the Company changed its name from "The Gummy Project Inc." to Vice Health and Wellness Inc. and changed its trading symbol to VICE.

Purchase Order from Porter Airlines
On June 28, 2023, the Company announced it had received a purchase order of its low sugar 50g packages of Peachy Bees and Watermelon Sharks from Porter Airlines. Headquartered at Billy Bishop Toronto City Airport, Porter's network includes 25 destinations both within Canada and the United States and includes a fleet of more than 36 aircraft. It is expected that the Peachy Bees and Watermelon Sharks will be featured for sale on each of Porter's aircraft where the "buy-on-board" program is available.

Close of Equity Financing
On June 29, 2023, the Company closed a private placement financing of 5,000,000 shares of the Company (the "Shares") at a price of CAD $0.03 per Share for aggregate gross proceeds of CAD $150,000 (the "Offering").

Subject to compliance with applicable regulatory requirements and in accordance with National Instrument 45-106 – Prospectus Exemptions ("NI 45-106"), the Shares were offered for sale to purchasers resident in Canada, except Quebec, and/or other qualifying jurisdictions pursuant to the listed issuer financing exemption under Part 5A of NI 45-106 (the "Listed Issuer Financing Exemption"). Because the Offering was completed pursuant to the Listed Issuer Financing Exemption, the securities issued in the Offering will not be subject to a hold period pursuant to applicable Canadian securities laws.

The Company intends to use net proceeds of the Offering for digital campaign to drive awareness to the Company's ecommerce site, inventory purchases, working capital requirements and other general corporate purposes.

Reviewing New Business Opportunities
On July 12, 2023, the Company announced it has commenced a comprehensive review of growth opportunities in the realm of improved nutrition and weight loss, fueled by AI-powered health and wellness applications. The Company is investigating the use of artificial intelligence to deliver personalized advice, recommendations, support, and comprehensive solutions to individuals seeking to elevate their overall well-being. Embracing a holistic approach, the Company intends to offer an array of unparalleled treatment benefits, empowering users to embark on a transformative journey towards optimal health.

Shares for Service

On July 19, 2023, the Company announced that pursuant to a service contract, the Company issued 2,000,000 common shares of the Company at a deemed value of CAD $0.05 per share for services provided. 75% of the common shares will be subject to a hold period expiring four months and one day after the date of issuance and the remainder will not be subject to a hold period.

LOI to Acquire Naltrexone Therapeutics Inc.

On July 25, 2023, the Company announced the signing of a non-binding Letter of Intent (LOI) on July 24, 2023, indicating its intention to acquire 100% of Naltrexone Therapeutics Inc., a company with significant intellectual property related to the transdermal delivery of FDA-approved Naltrexone.

Naltrexone, an opioid antagonist, has demonstrated effectiveness in managing alcohol and opioid use disorder by curbing cravings and euphoria associated with substance abuse. Additionally, clinical studies have shown promising results for using naltrexone as a weight-loss treatment The novel transdermal delivery of Naltrexone may help to regulate dosage, reduce gastrointestinal side effects, thereby enhancing the overall user experience.

Transaction Details

- The acquisition is considered an arms-length transaction.
- 100% of Naltrexone Therapeutics Inc. will be purchased, making it a wholly owned subsidiary of Vice Health and Wellness.
- The total consideration for the transaction is 10,000,000 common shares of Vice at a deemed value of CAD $0.05 per share ($500,000 CAD).
- The Company anticipates closing the transaction within 30 days, subject to final due diligence. Further details will be released upon the signing of a definitive agreement.
- No Finder's fee is payable in connection with the proposed transaction.
- The Company does not expect to assume any long-term debt upon closing.
- Naltrexone Therapeutics Inc. is a pre revenue development stage company.
- The proposed transaction does not constitute a change of control.

Grant of Options

One July 25, 2023, the Company announced that it intends to issue a total of 5,400,000 stock options pursuant to its incentive stock option plan ("Plan") to officers, directors, and consultants which vest on the grant date. Each option entitles the holder to subscribe for one common share of the Company at a price of CAD $0.065 for a period of 5 years, subject to the terms of the Plan.

Termination of LOI to acquire Naltrexone Therapeutics Inc.

On August 1, 2023, the Company announced announces that it has made a strategic decision not to proceed with the proposed acquisition of 100% of Naltrexone Therapeutics Inc., as previously disclosed in the Company's news release dated July 25, 2025.

After conducting thorough due diligence and engaging in extensive internal discussions with the Board, the Company has collectively determined that it will focus on pursuing other promising opportunities and will not proceed with the acquisition of Naltrexone Therapeutics Inc. While recognizing the compelling intellectual property held by Naltrexone Therapeutics, the decision not to proceed with the acquisition reflects Vice Health and Wellness's commitment to making prudent and strategic choices in alignment with its long-term vision.

<u>Investor Relations Engagements and US trading Symbol Change</u>
On August 8, 2023, the Company announced that its common shares will commence trading on the OTC Pink under the symbol VICFF at the market open, August 9, 2023.

The Company has engaged Triomphe Holdings Ltd. (dba Capital Analytica) ("Capital Analytica") to provide a multi-faceted Media Enhancement Services. (Location: Nanaimo BC; e-mail: info@capitalanalytica.com; telephone: 778-882-4551), to provide content creation and digital and video marketing services for an anticipated period of three months, commencing on August 14, 2023, for a total cost of CAD $60,000. The services will include on-going social media consultation regarding engagement and enhancement, social sentiment reporting, social engagement reporting, discussion forum monitoring and reporting, corporate video dissemination and other related investor relation services. The promotional activity shall occur on TikTok, Instagram, YouTube, LinkedIn, Twitter, direct e-mail, and Reddit. As of the date hereof, to the Company's knowledge, Capital Analytica (including its directors and officers) does not own any securities of the Company and has an arm's length relationship with the Company. The Company will not issue any securities to Capital Analytica as compensation for its marketing services.

The Company has also engaged Black Swan Solutions Inc., doing business as VHLA Media (Location: Maple Ridge BC; e-mail: info@bswabsolutions.com; telephone: 604-762-1611), to provide content creation and digital video marketing services for an anticipated period of one month, commencing on August 14, 2023, for a total cost of CAD $40,000. VHLA will, as appropriate, prepare and distribute social media content and ads, influencer marketing, landing pages, and CEO interviews. The promotional activity shall occur on TikTok, Instagram, YouTube, LinkedIn, Twitter, Reddit. As of the date hereof, to the Company's knowledge, VHLA (including its directors and officers) does not own any securities of the Company and has an arm's length relationship with the Company. The Company will not issue any securities to VHLA as compensation for its marketing services.

<u>Investor Relations Engagement</u>
On August 15, 2023, announces that the Company has entered into an agreement with Lakefront Enterprises Inc. ("Lakefront"), an independent contractor with a business address at 27th Floor, 595 Burrard St., PO Box 49123, Vancouver, BC V7X 1J2, to perform investor relations and marketing services for an initial term of one month expected to commence on August 17, 2023. The nature of the investor relations and digital marketing services to be provided by Lakefront include, but are not limited to, content and web development, campaign reporting and optimization, lead generation and management as well as media content distribution through SMS, e-mail, and various social media outlets for an initial period of one month. The Company paid an upfront fee of CAD $60,000 for the initial one-month term. Lakefront is a firm based in Vancouver, BC that provides consulting services. To the knowledge of the Company, at the time of entry into this agreement Lakefront does not hold any securities of the Company.

<u>Engagement of Software Development Consultant</u>
On August 17, 2023, the Company is pleased to announce that effective August 16, 2023, it has engaged a premier AI software development firm to develop a proprietary AI software enabled application aimed at revolutionizing weight loss and addiction management. This collaboration aims to craft an exclusive, fully-owned AI software platform, spanning web, iOS, and Android applications, poised to reshape the domains of weight loss and addiction management. This AI-powered platform is being build with the intention of redefining how individuals' approach their personal health and wellness journeys. The Company is actively charting the functionality of this application and intends to incorporate features such as Personalized Diet Plans, Calorie and Nutrition Tracking, Progress Monitoring, as well as fostering social support and community engagement. Under the terms of the agreement the Company has paid a deposit of CAD

CAD $50,000 development work which will occur over an expected period of two months. Throughout the AI software's development process, the Company is committed to providing regular updates to its stakeholders.

(Expressed in United States Dollars unless otherwise stated)

LOI with Biologic Pharamedical Research Ltd.
On August 24, 2023, the Company announced it had signed a Letter of Intent (LOI) with Biologic Pharmamedical Research Ltd to collaborate on weight-loss and obesity products using advanced nutraceutical technologies. Central to the partnership is THERMOGALLATE™, Biologic's exclusive technology that enhances fat metabolism and induces sustainable weight management without relying solely on exercise. The technology activates Brown Adipose Fat (BAT) and Hormone Sensitive Lipase (HSL) to promote fat burning and energy release. The collaboration aims to create products featuring Thermogallate™, including a gummy version of the Brown Adipose Tissue activator. Additionally, Vice Health products will incorporate Glyvia™, a zero-calorie, plant-based sweetener.

SELECTED FINANCIAL INFORMATION AND RESULTS OF OPERATIONS

The following table sets out selected financial information with respect to the Company's financial statements for the nine-month periods ended June 30, 2023, and 2022. The following should be read in conjunction with the condensed consolidated interim financial statements for the period ended June 30, 2023, as well as the audited financial statements for the years ended September 30, 2022, and 2021.

	Three months ended		Nine months ended	
Summary of Operations	**June 30, 2022**	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
			$	**$**
Revenue	10,557	9,637	59,454	9,637
Cost of goods sold	12,938	6,095	56,804	6,095
Gross margin	(2,381)	3,542	2,650	3,542
Gross margin %	-23%	37%	4%	37%
Total expenses	196,639	538,241	542,662	1,312,083
Net loss for the period	(144,633)	(536,151)	(448,172)	(1,428,528)
Basic and diluted loss per share	(0.00)	(0.05)	(0.03)	(0.14)

Balance Sheet Summary	**June 30, 2023**	**September 30 2022**
	$	$
Current assets	215,863	238,125
Total assets	215,863	258,593
Current liabilities	137,584	116,475
Non-current liabilities	137,584	116,475
Total liabilities	137,584	116,475
Working capital	78,279	121,650

Three Months Ended
Revenue for the three-month period ended June 30, 2023, was $10,557 (June 30, 2022 - $9,637). The revenues for the current period were generated from the sale of the Company's two gummy products: the Watermelon Sharks and Peachy Bees. Gross margin was negative $2,381 or 23% due to higher-than-expected shipping and fulfillment costs. Additionally, the Company offered promotional pricing to a British Columbia based distributor on a one-time basis.

During the three-month period ended June 30, 2023, total expenses were $196,639 compared to $538,241 in the prior three-month period of 2022. General and administrative expenses were $191,649 compared to $423,932 during June 30, 2022, a decrease of $232,282 which was attributed to reduced in advertising and promotion, management fees, consulting, and travel expenses.

Six Months Ended
Revenue for the six-month period ended June 30, 2023, was $59,454 (June 30, 2022 - $9,637). The revenues for the current period were generated from the sale of the Company's two gummy products: the Watermelon Sharks and Peachy Bees. Gross margin was $2,650 or 4% due to higher-than-expected shipping and fulfillment costs. Additionally, the Company offered promotional pricing to a British Columbia based distributor on a one-time basis.

During the three-month period ended June 30, 2023, total expenses were $542,662 compared to $1,312,082 in the prior three-month period of 2022. General and administrative expenses were $367,178 compared to $1,031,731 during June 30, 2022, a decrease of $664,553 which was attributed to reduced in advertising and promotion, management fees, consulting, and travel expenses. The Company's professional fees also decreased by $201, 076 to $60,447 (June 30, 202 - $261,523) as the Company incurred higher legal costs in the prior year in relation to filing a listing statement to transition the Company from a Cannabis issuer to a low sugar gummy and health and wellness products company.

Working capital decreased primarily due to cash used in operations of $158,741 and an increase in accounts payable and accrued liabilities of $30,941. Subsequent to June 30, 2023, the Company collected outstanding subscriptions of $151,587.

Summary of significant Balance Sheet items

The primary factors affecting the changes to the balance sheet items were as follows:

- Cash used in operations was $158,741 compared to $1,317,669 in the comparative period of 2022. The Company's cash position increased by $62,524 compared to September 30, 2022, due to cash from financing activities of $221,199 offset but the cash used in operating activities.
- Inventory decreased by $40,724 due to items sold during the period. No new inventory was purchased.
- Receivables increased by $20,326 due primarily to sales to Porter Airlines and Deans Diary and Milk.
- GST decreased by $36,474 compared to September 30, 2022, as the Company was able to recover ITCs from CRA upon filing of GST returns.
- Prepaid expenses decreased by $27,914 compared to September 30, 2022, due to amortization of prepaids established in the prior fiscal year related to insurance and marketing items.
- Investments decreased by $6,487 as the Company's investment in Love Hemp Plc was fully impaired.
- The Company's right of use asset decreased by $13,981 to $Nil as the Company's office lease reached its conclusion. The Company extended the office lease for a further one-year period which did not require capitalization under IFRS 16.
- Accounts payable increased to $137,584 from $106,643, an increase of $30,941 primarily due to professional fees and the accrual of annual minimum payments to the Company's bee and shark conservation partners.
- Lease liability decreased by $9,832 to $Nil as the Company's lease reached the end of its term as outlined above.
- Share capital increased by $427,474 due to $383,317 in equity financings and the issuance of $52,180 in shares for service and debt settlements.
- Share subscriptions receivable were $151,587 which related to amounts which were collected subsequent to June 30, 2023, for equity financings.

(Expressed in United States Dollars unless otherwise stated)

Discussion of quarter results – three-month period ended June 30, 2023

The primary factors affecting the magnitude and variations of the Company's financial performance were as follows:

Item	June 30, 2023	June 30, 2022	Increase / (Decrease) $	Increase / Decrease %	Explanation
	$	$	$	%	
Revenue	10,557	9,637	920	10%	Revenue consisted of the sale of the Company's Peachy Bees and Watermelon low sugar gummy products through wholesale and e-commerce. Revenues were in line with the prior period.
Cost of goods sold	12,938	6,095	6,843	112%	Cost of goods sold consist of inventory costs which include the raw cost of gummies as well as various branded packaging items such as roll stock, sickers, and boxes. Additionally, cost of goods sold includes shipping and fullfillment charges related to the Company's thrid party logistics provider which is located in Brampton Ontario. Due to a large portion of products being sold in British Columbia the Company has incurred higher than expected shipping costs during the current period. Additionally the Company offered one time promotional pricing to Deans Dairy and Milkman which the the Company's primary distributor in British Columbia.
Gross margin	(2,381)	3,542	(5,923)	-167%	The decrease in gross margin is due to the higher cost of goods sold as detailed above.
Expenses					
General and administrative	191,649	423,932	(232,283)	-55%	The decrease was attributed to reduced Advertising, marketing, and brand development costs. These costs were higher in the prior comparative period as the Company had been in the process of designing and launching the new plant based low sugar gummy line which are manufactured by Herbaland in Richmond BC. Offiice and general admin charges decreased due to the Company's decision to sublease its office to an unrelated third party as well as various other cost reductions. Management and consulting fees also decreased by signficiant amounts due to changes to management and related management fees. In the prior year additional consulting fees were incurred in relation to the newly launched low sugar gummy line.
Professional fees	4,990	108,089	(103,099)	-95%	Professional fees in the prior year were higher largely due to the completion of a listing statement which was required by the CSE to change the satus of the issuer from being involved with cannabis (THC containing products) to non-cannabis products. The change in listing status occured in June 2022.
Depreciation	-	6,220	(6,220)	-100%	Depreciation related to an office lease which was required to be capitalized under IFRS 16. The lease expired and was renewed for a subsequent one year term which does not entail capitalization under IFRS 16. Further, the Company subleased the office to an arms lenght third party which is not considered a related party.
Stock based compensation	-	-	-	NA	No stock options were issued during either period.
Total expenses	196,639	538,241	(341,602)	-63%	The decreased total expenses are detailed above.
Unrealized loss on investments	(20)	(596)	576	-97%	Related to the Company's investment in Love Hemp Group Plc which has been fully impaired. Love Hemp Group Plc was suspended from trading and there is currenlty no quoted price for the Company's shares or active market where the Company would be able to determine a fair value of this investment.
Gain on forgiveness of debt	53,837	-	53,837	NA	Shares issued to Charlie Lamb, former CEO for debt settlement.
Interest and other	570	(856)	1,426	-167%	Misc interest charges.
Net loss for the period	(144,633)	(536,151)	391,518	-73%	The decrease in net loss is attributed to reduced expenses as discussed above

(Expressed in United States Dollars unless otherwise stated)

Discussion of quarter results – nine-month period ended June 30, 2022

The primary factors affecting the magnitude and variations of the Company's financial performance were as follows:

Item	June 30, 2023	June 30, 2022	Increase / (Decrease) $	Increase / Decrease %	Explanation
	$	$	$	%	
Revenue	59,454	9,637	49,817	517%	Revenue consisted of the sale of the Company's Peachy Bees and Watermelon low sugar gummy products through wholesale and e-commerce. The initial launch of product sales occurred in June 2022 therefore the current year revenues have been higher.
Cost of goods sold	56,804	6,095	50,709	832%	Cost of goods sold consist of inventory costs which include the raw cost of gummies as well as various branded packaging items such as roll stock, sickers, and boxes. Additionally, cost of goods sold includes shipping and fullfillment charges related to the Company's thrid party logistics provider which is located in Brampton Ontario. Due to a large portion of products being sold in British Columbia the Company has incurred higher than expected shipping costs during the current period. Additionally the Company offered one time promotional pricing to Deans Dairy and Milkman which the the Company's primary distributor in British Columbia.
Gross margin	2,650	3,542	(892)	-25%	The decrease in gross margin is due to the higher cost of goods sold as detailed above.
Expenses					
General and administrative	367,178	1,031,731	(664,553)	-64%	The decrease was attributed to reduced Advertising, marketing, and brand development costs. These costs were higher in the prior comparative period as the Company had been in the process of designing and launching the new plant based low sugar gummy line which are manufactured by Herbaland in Richmond BC. Offiice and general admin charges decreased due to the Company's decision to sublease its office to an unrelated third party as well as various other cost reductions. Management and consulting fees also decreased by signficiant amounts due to changes to management and related management fees. In the prior year additional consulting fees were incurred in relation to the newly launched low sugar gummy line and other business development realted activities.
Professional fees	60,447	261,523	(201,076)	-77%	Professional fees in the prior year were higher largely due to the completion of a listing statement which was required by the CSE to change the satus of the issuer from being involved with cannabis (THC containing products) to non-cannabis products. The change in listing status occured in June 2022.
Depreciation	12,462	18,829	(6,367)	-34%	Depreciation related to an office lease which was required to be capitalized under IFRS 16. The lease expired and was renewed for a subsequent one year term which does not entail capitalization under IFRS 16. Further, the Company subleased the office to an arms lenght third party which is not considered a related party.
Stock based compensation	102,575	-	102,575	NA	Related to the grant of 2,300,000 stock options exercisable at $0.065 per share for a period of five years from the grant date.
Total expenses	542,662	1,312,083	(769,421)	-59%	The decreased total expenses are detailed above.
Unrealized loss on investments	(6,582)	(116,670)	110,088	-94%	Related to the Company's investment in Love Hemp Group Plc which has been fully impaired. Love Hemp Group Plc was suspended from trading and there is currenlty no quoted price for the Company's shares or active market where the Company would be able to determine a fair value of this investment.
Gain on forgiveness of debt	106,973	-	106,973	NA	Shares issued to Charlie Lamb, former CEO for debt settlement. Robert Payment, CFO and director forgave debt of $53,301
Interest and other	(8,551)	(3,317)	(5,234)	158%	Misc interest charges.
Net loss for the period	(448,172)	(1,428,528)	980,356	-69%	The decrease in net loss is attributed to reduced expenses as discussed above

SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly consolidated financial information for each of the last eight quarters with the figures for each quarter in United States Dollars:

	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Revenue	$ 10,557	$ 10,220	$ 38,677	$ 38,555
Net loss	(144,633)	(24,801)	(278,738)	(254,767)
Basic and diluted loss per share	(0.01)	(0.00)	(0.02)	(0.02)
Weighted average shares outstanding	12,969,602	12,250,109	12,250,109	12,969,602

	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Revenue	$ 9,637	$ -	$ -	$ 625
Net loss	(536,151)	(518,466)	(373,911)	(272,948)
Basic and diluted loss per share	(0.04)	(0.05)	(0.04)	(0.03)
Weighted average shares outstanding	12,250,109	10,251,477	9,490,893	8,156,609

Quarter ended June 30, 2023: The Company reported revenue of $10,557, from the sale of low sugar plant-based gummies. Net loss of $144,633 was primarily attributed to general and administrative expenses of $191,649, professional fees of $4,990, offset by a gain on forgiveness of debt of $53,837.

Quarter ended March 31, 2023: The Company reported revenue of $10,220, from the sale of low sugar plant-based gummies. Net loss of $24,801 was primarily attributed to general and administrative expenses of $66,758, professional fees of $1,563, offset by a gain on forgiveness of debt of $53,136.

Quarter ended December 31, 2022: The Company reported revenue of $38,677, as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of $278,738 was primarily attributed to general and administrative expenses of $108,771, professional fees of $53,894, and stock-based compensation of $102,575.

Quarter ended September 30, 2022: The Company reported revenue of $38,555, as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of $254,767 was primarily attributed to general and administrative expense of $183,407, and professional fees of $28,752.

Quarter ended June 30, 2022: The Company reported revenue of $9,637, as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of $536,151 was primarily attributed to general and administrative expense of $423,932, and professional fees of $108,089.

Quarter ended March 31, 2022: The Company reported revenue of $Nil, as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of $518,466 was primarily attributed to general and administrative expense of $341,204, and professional fees of $122,237.

Quarter ended December 31, 2021: The Company reported revenue of $Nil, as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of $373,911 was primarily attributed to general and administrative expense of $266,595, and professional fees of $31,997.

Quarter ended September 30, 2021: The Company reported revenue of $625 as the Company determined to pursue a new business strategy in plant based non-THC gummies. Net loss of $272,948 was primarily attributed to general and administrative expense of $154,934, professional fees of $22,400, impairment of inventory of $16,011, and impairment of inventory deposit of $99,988.

(Expressed in United States Dollars unless otherwise stated)

LIQUIDITY AND CAPITAL RESOURCES

The Company's objective in managing its liquidity and capital structure is to generate sufficient cash to fund the Company's operating, acquisition, organic growth and contractual obligations. The Company monitors its liquidity primarily by focusing on working capital.

As at June 30, 2023, the Company had working capital of $78,279 (September 30, 2022 – working capital of $121,650). The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2023, the Company did not have sufficient working capital to settle current liabilities and is seeking alternative sources of financing to meet its short term obligations. Subsequent to June 30, 2023, the Company collected outstanding subscriptions of $151,587 which the Company has determined is sufficient to meet its current objectives and obligations.

The table below highlights the Company's cash flows during the years ended:

Net cash provided by (used in)	June 30, 2023	June 30, 2022
	$	$
Operating activities	(158,741)	(1,317,669)
Investing activities	-	-
Financing activities	221,199	900,661
Effect of exchange rate on cash	66	(2,201)
Cash, beginning	31,162	716,801
Cash, end	93,686	297,592

As at June 30, 2023, the Company's total liabilities were $137,584 (September 30, 2022 - $116,475).

The Company has minimal cash flow from operations and will require additional capital to expand its operations to achieve profitable scale of operations. The Company has minimal financial obligations currently and expects its liquidity to be sufficient for the following twelve months.

There are no sources of financing arranged but not yet used by the Company. There are no commitments for capital expenditures.

OUTSTANDING SHARE DATA

Details of the Company's capitalization are as follows:

	June 30, 2023	Date of MD&A
Common shares	39,611,707	41,611,707
Warrants	29,711,491	29,711,491
Stock options	2,424,400	7,824,400

The Company has an unlimited number of common shares authorized for issuance.

(Expressed in United States Dollars unless otherwise stated)

UPDATE ON PRIOR USE OF PROCEEDS DISCLOSURE

On June 7,2023, the Company closed an equity financing of $CAD 361,366. A total of 6,142,550 units of the Company (the "**Units**") were issued at a price of $0.018 per Unit for aggregate gross proceeds of CAD $110,566 (the "**Offering**"), and a Concurrent Placement (as defined below) of Units for aggregate gross proceeds of CAD $250,800. Each Unit was comprised of one common share in the capital of the Company (a "**Common Share**") and one Common Share purchase warrant (a "**Warrant**"). Each Warrant entitles the holder thereof to purchase one additional Common Share at a price of CAD $0.05 per Common Share for a period of two years following the closing date of the Offering.

Subject to compliance with applicable regulatory requirements and in accordance with National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**"), the Units (other than the Placement Units (as defined below)) were offered for sale to purchasers' resident in Canada, except Quebec, and/or other qualifying jurisdictions pursuant to the listed issuer financing exemption under Part 5A of NI 45-106 (the "**Listed Issuer Financing Exemption**"). Because the Offering was completed pursuant to the Listed Issuer Financing Exemption, the securities issued in the Offering was not subject to a hold period pursuant to applicable Canadian securities laws.

In addition to the Offering, the Company completed a concurrent private placement of 15,933,334 Units (the "**Placement Units**") pursuant to applicable exemptions under NI 45-106 for aggregate gross proceeds of CAD $250,800 (the "**Concurrent Placement**"). The Placement Units are subject to a four month and one day hold period following the closing date. Each Placement Unit consists of one Common Share and Common Share purchase warrant exercisable for 2 years following the closing date at CAD $0.05 per warrant share.

The following table sets out the original intended uses of the net proceeds from the May 15, 2023 Offering Document and the estimated actual use of proceeds (other than unallocated working capital) as of June 30, 2023:

Use of Funds	Proposed Expenditure	Actual Expenditure (to date)
	$(CAD)	$ (CAD)
Digital marketing campaign for ecommerce site	15,000	-
Consultancy engagement for amazon store and amazon advertising	10,000	-
Purchase additional inventory	95,000	-
Corporate G&A	115,000	77,153

The estimated actual expenditures for digital marketing to increase awareness of the Company's ecommerce site had not yet commenced. The Company is evaluating ecommerce marketing strategies and will allocate funds when a suitable partnership has been established. The estimated actual expenditures to engage a consultant to build out a company branded amazon listing has not yet commenced. The Company expects to work with its current third-party logistics provider to advance this initiative. The Company has not yet purchased additional inventory as it is evaluating the addition of new products to its offering of health and wellness products. Corporate G&A for the period from the close of the offering was higher than originally expected due to the engagement of business development consultants and a contractual minimum payment to the Company's Shark conservation partner, OCEARCH.

The Company does not anticipate the variances in proposed expenditures set forth in the May 15, 2023, Offering document compared to the estimated actual expenditure will impact the Company's ability to achieve its business objectives and milestones.

(Expressed in United States Dollars unless otherwise stated)

On June 29, 2023, the Company it has closed a private placement financing of 5,000,000 shares of the Company (the "**Shares**") at a price of CAD$0.03 per Share for aggregate gross proceeds of CAD$150,000 (the "**Offering**").

Subject to compliance with applicable regulatory requirements and in accordance with National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**"), the Shares were offered for sale to purchasers resident in Canada, except Quebec, and/or other qualifying jurisdictions pursuant to the listed issuer financing exemption under Part 5A of NI 45-106 (the "**Listed Issuer Financing Exemption**"). Because the Offering was completed pursuant to the Listed Issuer Financing Exemption, the securities issued in the Offering will not be subject to a hold period pursuant to applicable Canadian securities laws.

The Company intends to use net proceeds of the Offering for digital campaign to drive awareness to the Company's ecommerce site, inventory purchases, working capital requirements and other general corporate purposes. The Company has not provided an analysis of the use of proceed of this offering compared to actual expenditures as one day passed since the close

USE OF ESTIMATES, ASSUMPTIONS, AND JUDGEMENTS

See Note 3 to the consolidated financial statements for the years ended September 30, 2022, and 2021.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

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/or companies controlled by those individuals.

During the period ended June 30, 2023, and 2022, the Company entered the following key management transactions:

Key Management Remuneration:	**June 30, 2023**	**June 30, 2023**
	$	$
Maciej Lis - CEO, Director	-	-
Robert Payment - CFO, Director	53,302	101,886
Michael Hopkinson - Director	1,850	-
Charlie Lamb - Former CEO, Former Director	96,239	115,554
Brian Keane - Former Director	3,000	7,500
Anthony Gindin - Former CMO	-	42,789
Total	154,391	267,729

Share-based compensation of $17,839 (2022 -$Nil) was related to director and officers. Accounts payable or accrued liabilities owing to related parties was $10,385 (September 30, 2022 - $27,543). Robert Payment forgave debt of $53,302 during the period ended June 30, 2023. On June 7, 2023, the Company issued 2,000,000 common shares of the Company to Charlie Lamb at a value of CAD$0.03 per share to settle debt of $98,090 (CAD $132,500) which resulted on a gain on settlement of debt of $53,837.

PROPOSED TRANSACTIONS

None.

NEW ACCOUNTING PRONOUNCEMENTS

New accounting policies

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

SUBSEQUENT EVENTS

On July 25, 2023, the Company issued 5,400,000 stock options to directors, officers, and consultants. The Options are exercisable at a price of CAD $0.065 for a period of 5 years.

On July 19, 2023, the Company issued 2,000,000 shares pursuant to a service contract at a deemed price of CAD $0.05 per share. Subsequent to June 30, 2023, the Company received $151,587 of the share subscriptions receivable.

On August 21, 2023, the Company announced it intends to complete a non-brokered private placement of 1,900,000 units at a price of CAD $0.05 per unit, raising gross proceeds of $70,370 (CAD $95,000). Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional common share for CAD $0.05 for a period of 2 years from the issue date.

Subsequent to June 30, 2023, the Company received $151,587 of the share subscriptions receivable.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair representation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash and investments are carried at fair value using a level 1 fair value measurement. The recorded values of trade receivables, accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Financial risk management

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and trade receivables. Cash is held with reputable Canadian and United States financial institutions, from which management believes the risk of loss is remote. The Company's maximum credit risk exposure is equivalent to the carrying value of these instruments. As of June 30, 2023, the Company had $29,930 trade receivables with reputable customers.

The Company's maximum credit risk exposure is equivalent to the carrying value of cash and the trade receivables.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2023, the Company's financial liabilities consist of accounts payable and accrued liabilities which have contractual maturities within one year. The Company manages liquidity risk by reviewing its capital requirements on an ongoing basis.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. As at June 30, 2023, the Company had cash, investments, and accounts payable and accrued liabilities, denominated in Canadian dollars ("CAD"). A 10% fluctuation in the foreign exchange rate between the USD and Canadian dollar would have a $15,300 impact on profit or loss for the period. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

Regulatory Environment

The Company's products will be affected by laws, government regulations, court decisions and similar constraints in each jurisdiction that it operates. These legal requirements include but are not limited to: (i) the formulation, manufacturing, packaging, labeling, distribution, sale, and storage of the products; (ii) product safety and quality control; (iii) record-keeping; (iv) governmental reporting; and (v) product claims and advertising. In the future, the Company's products may incorporate vitamins, adaptogens, and nutraceutical ingredients and will thereby require incur additional regulatory approval and site licensing requirements.

Canada

The legal requirements applicable to the Company's products depend upon whether such products are classified as Natural Health Products ("NHPs") in Canada.

In Canada, the primary federal agencies governing the manufacture, distribution, labelling and advertising of the consumer food products are the CFIA and Health Canada. Specifically, the CFIA is responsible for the enforcement of federal food safety policies and standards for food industry businesses, and Health Canada administers regulations relating to the health, safety, and nutritional quality of food sold in Canada, including labelling requirements about the nutrients in food, claims about nutrients, the presence of food allergens, and safety-related expiration dates. This regulatory oversight is established under Canada's *Food and Drugs Act* and the *Safe Food for Canadians Act*, and associated regulations thereunder.

To the extent any of the Company's product labels or marketing materials are considered misleading or deceptive, the Company may become subject to enforcement action by applicable regulators. Any such enforcement action could result in any or all of the following enforcement actions: (i) a monetary fine of up to CAD$50,000 in the case of a summary conviction or up to CAD$250,000 in the case of an indictable offense, (ii) product recall, and (iii) license revocation.

The Company is also subject to regulation at the provincial level in respect of each jurisdiction where the Products are manufactured or marketed in. Provincial legislation and associated regulations, while enacted separately by each applicable province, are generally similar across provinces, with a primary focus on food safety. In this regard, provincial regulation is complementary to the federal regulation applicable to the Company and its products described above.

To the extent NHPs are included as part of future product formulation and sales, any Canadian facility where such NHPs are manufactured, imported, labelled, packaged, distributed and/or stored must have a site license from Health Canada. The Company has no plans to directly obtain a site license from Health Canada for the foreseeable future. As a result, the Company will need to ensure any third-party manufacturer has such licensing prior to expanding it product offering to include NHPs.

NHPs are regulated by Health Canada under the *Natural and Non-Prescription Health Products Directorate* issued pursuant to the NHPR and the *Food and Drugs Act* (Canada). NHPs are defined in the NHPR as a substance set out in Schedule 1 to the NHPR or a combination of substances in which all the medicinal ingredients are substances set out in Schedule 1 to the NHPR, a homeopathic medicine or a traditional medicine, that is manufactured, sold or represented for use in: (i) (a) the diagnosis, treatment, mitigation or prevention of a disease, disorder or abnormal physical state or its symptoms in humans; (ii) restoring or correcting organic functions in humans; or (iii) modifying organic functions in humans, such as modifying those functions in a manner that maintains or promotes health. Schedule 1 to the NHPR includes plant-based materials, extracts of plant-based materials, certain vitamins, amino acids, essential fatty acids, minerals, and probiotics. Schedule 2 to the NHPR includes salts and derivatives of opium, methylphenidate, and barbiturates. NHPs do not include substances set out in Schedule 2 to the NHPR, any combination of substances that includes a substance set out in Schedule 2 to the NHPR or a homeopathic medicine or a traditional medicine that is or includes a substance set out in Schedule 2 to the NHPR.

Health Canada defines NHPs as naturally occurring substances used to restore or maintain good health and are found in a variety of forms including powders, tablets, solutions, creams, and ointments. In order to be considered an NHP, the product must have a specific health claim. Products with a license have been assessed by Health Canada and found to be safe, effective and of high quality under their recommended conditions of use. The products selected for the Company's initial launch do not constitute NHPs.

All NHPs are required to have an eight-digit natural product number ("**NPN**") which is a license issued by Health Canada that must appear on each product's label before they can be sold in Canada. The Company's initial two Products are not NHPs and therefore will not require NPNs. Authorizations for additional product launches will be required if the Company is to make specific health claims and there is no guarantee that the Company will obtain these authorizations. See "Risk Factors".

All Canadian manufacturers, packagers, labellers, and importers of natural health products must follow GMP to obtain site licenses. As part of on-going requirements to maintain site licenses, sites must ensure adherence to GMP requirements as outlined by Health Canada, which include product specifications, premises, equipment, personnel, sanitation program, operations, quality assurance, stability, records, sterile products, lot or batch samples, and recall reporting.

United States

Similar to Canada and should the Company expand to the United States, the Company's initial focus will likely not include the US equivalent of NHPs in any product launch. Within the United States, this category of products is subject to the NLEA, and regulations promulgated under the NLEA. The NLEA regulates health claims, ingredient labeling and nutrient content claims characterizing the level of a nutrient in the product. The ingredients in conventional foods must either be generally recognized as safe by experts for the purposes to which they are put in foods or be approved as food additives under FDA regulations. If the Company's intended product mix is regulated as foods, these products will be required to comply with the Federal *Food Safety & Modernization Act* and applicable regulations. If the Company expands to the United States, the Company will be required to provide foreign supplier certifications evidencing its compliance with FDA requirements. In that case, the Company may continue to use the Manufacturing Partner (as it possesses the necessary certifications) for products and would then partner with a FDA compliant third party warehousing and shipping provider for last mile fulfilment to US customers. Alternatively, the Company may contract with a domestic manufacturer in the United States.

If the Company expands to the United States and such expansion includes products considered dietary supplements, in that they contain vitamins, adaptogens, or other nutraceutical ingredients, the formulation, manufacturing, packaging, holding, labeling, promotion, advertising, importation, distribution and sale of such products will be subject to regulation by various governmental authorities, including the FDA under the DSHEA, the FTC, and other federal governmental agencies. These products may also be regulated by the governments of states and local jurisdictions in which the Company's products are marketed, distributed, and sold.

The FDA requirements under cGMP are substantially similar to those imposed on the Company and its contract manufacturers under Canada's GMP. If the Company expands to the United States, the Company will ensure as a matter of preliminary diligence that applicable manufacturing partners have necessary cGMP certification and ensure that any agreements contain representations, warranties and covenants with respect to on going compliance.

The Company notes that under applicable US regulation, "statements of nutritional support" on any product must be submitted to the FDA prior to first use in marketing and include prescribed label disclosure that a dietary supplement will not diagnose, cure, mitigate, treat, or prevent a disease. Any statement of nutritional support made on product labeling must be based upon scientific evidence substantiating that the statement is truthful and not misleading. If the FDA determines that a particular statement of nutritional support is an unacceptable drug claim or an unauthorized version of a health claim about disease risk reduction for a food product, or if the FDA determines that a particular claim was not adequately supported by existing scientific data or was false or misleading, the Company would be prevented from using that claim. In addition, the FDA deems promotional and internet materials as labeling; therefore, promotional and internet materials must comply with FDA requirements and could be the subject of regulatory action by the FDA, or by the FTC if that agency or other governmental authorities, reviewing the materials as advertising, considers the materials false and misleading.

Additional FDA enforcement action could include the issuance of a public warning letter, publication of information about illegal or harmful products, requesting a recall of products from the market, and requesting the United States Department of Justice to initiate a seizure action, an injunction action, or a criminal prosecution in the U.S. courts.
The Company may also become subject of FTC regulation to the extent any of the Company's products are the subject of advertisement in the United States. In the past, the FTC has instituted enforcement actions against several dietary supplement and food companies and against manufacturers of dietary supplement products, including for false and misleading advertising, label claims or product promotional claims. In addition, the FTC has increased its scrutiny of the use of testimonials, which the Company may utilize as part of its marketing approach, as well as the role of endorsements and product clinical studies.

General Regulatory Outlook

In the future, the Company believes the dietary supplement industry will likely face increased scrutiny from applicable federal, state, provincial and local governmental authorities. It is difficult to predict the effect future laws, regulations, repeals or interpretations will have on the Company's business. However, such changes could require the reformulation of products, recalls or discontinuance of products, additional administrative requirements, revised or additional labeling, increased scientific substantiation or other requirements. Any such changes could have a material adverse effect on the Company's business or financial performance. See "Risk Factors".

RISK FACTORS

Readers should carefully consider the following risk factors in addition to the other information contained in this Management's Discussion and Analysis. The risks and uncertainties below are not the only ones related to the Company. There are additional risks and uncertainties that the Company does not presently know of or that the Company currently considers immaterial which may also impair the Company's business operations. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly.

The Company is a development stage company with little operating history and the Company cannot assure profitability in regards to the Change of Business

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 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. 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.

Going concern risk

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, or at all. 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 may be 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.

Limited or no operating history in the food sector

The Company has limited cash reserves, a limited operating history in its new post-Change of Business industry, 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.

With specific respect to the Company's limited history of operations in the food industry, the Company is 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.

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.

Uncertainty of Revenue Growth

There can be no assurance that the Company can generate revenue growth, or that any revenue growth that is achieved can be sustained. Revenue growth that the Company may achieve may not be indicative of future operating results. In addition, the Company may increase further its operating expenses in order to fund higher levels of research and development, increase its sales and marketing efforts and increase its administrative resources in anticipation of future growth. To the extent that increases in such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely affected.

There are factors which may prevent the Company from the realization of growth targets

The Company's growth strategy contemplates marketing its initial portfolio of products, with the potential to develop additional products. There is a risk that the initial portfolio of products and any additional products will not be developed 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 Board

The Company's actual financial position and results of operations may differ materially from the Board'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.

Competition

The Company's ability to compete successfully in the gummy market, and the food market more generally, is expected to depend 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 this highly competitive market. Numerous brands and products compete for limited retailer shelf space, foodservice and food customers and consumers. In the Company's target 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 the Company and whose confectionary products are well-accepted in the marketplace today. Established confectionary companies 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 would also have to compete with other food brands that develop and sell low-sugar gummy products, 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. This would also include competition 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 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.

The Dietary Supplement Industry is an Intensely Competitive Market

The Company cannot assure potential investors that consumers will continue to embrace using dietary supplement products derived from alternative sweetener ingredients. Many factors must be considered when investing in this industry due to regulations set by agencies that regulate the industry. The Company expects to face significant competition from others in this industry. The industry is highly fragmented with smaller companies offering products, to large multi-national corporations with integrated manufacturing operations, all of which may affect the Company's entry into the market. Many companies may have greater financial resources than the Company and to the extent the Company competes directly with any given company possessing greater financial resources, it may be at a disadvantage.

Dependency on customers

The Company's success will depend on its ability to acquire and retain customers and to do so in a cost-effective manner. The Company must acquire customers 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 behaviors 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. As well, the Company may find it harder or impossible to find further financing opportunities due to the uncertainty in the global economy 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. To the extent that COVID-19 causes disruption to the global economy, and in turn financial markets, the Company may be prevented from obtaining additional debt or equity financing on reasonable terms, or at all.

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 the Board at the time and involve a significant amount of judgment. Actual outcomes or losses may differ materially from the Company's assessments and estimates.

As the Company will be relying on the Manufacturing Partner to create the products, the Company may be subject to litigation associated with the actions of the Manufacturing Partner. Litigation affecting the Manufacturing Partner could expose the Company to significant liabilities or indemnity costs and could affect the reputation or business of the Company. The Supply Agreement shall govern the relationship between the Manufacturing Partner and the Company.

Legal claims, government investigations and regulatory enforcement

The Company expects to operate in a highly regulated environment with constantly evolving legal and regulatory frameworks. Consequently, the Company will be subject to heightened risk of legal claims, government investigations or other regulatory enforcement actions. The Company's operations will be 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 will have 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 co-manufacturers will be 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 expects to operate 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.

Requirement for Licenses Which Have Not Been Obtained and Licensing Risks

The Company's ability to sell products as NHPs in Canada will be dependent on the Company receiving its required licenses under the *Natural and Non-Prescription Health Products Directorate*, including the NPNs. None of the Company's planned products have received the required NPNs and there is a risk that its products may never obtain NPNs or that the Company will not obtain the NPNs on the timeline anticipated by the Company. The timing and success of an applicant under the *Natural and Non-Prescription Health Products Directorate* at the various steps in the authorization process is beyond the Company's control and is in the sole discretion of Health Canada. If the Company is able to obtain the NPNs, failure to comply with the requirements of any of the NPNs could have a material adverse impact on the business, financial condition and operating results of the Company. If the Company is unable to obtain the NPNs, it could have a material adverse impact on the business, financial condition and operating ability of the Company in Canada.

Government Regulation

The processing, manufacturing, packaging, labeling, advertising, and distribution of the Company's planned products is subject to regulation by one or more governmental authorities, and various agencies of the federal, provincial, state and localities in which the Company's products are sold. These government authorities will regulate any of the Company's products that fall within their jurisdiction. Such governmental authorities may determine that a particular product or product ingredient presents an unacceptable health risk and may determine that a particular statement of nutritional support that the Company wants to use is an unacceptable claim. Such a determination would prevent the Company from marketing particular products or using certain statements of nutritional support on its products. The Company also may be unable to disseminate third-party literature that supports its products if the third-party literature fails to satisfy certain requirements.

In addition, government authorities could require the Company to remove a particular product from the market. Any recall or removal would result in additional costs to the Company, including lost revenues from any products that the Company is required to remove from the market, any of which could be material. Any such product recalls or removals could lead to liability, substantial costs and reduced growth prospects, all of which could be material.

Regulations and oversight by Health Canada, the FDA, or other governmental authorities may adversely affect the Company's business

Other risks within industry are related to laws and regulations enforced by governmental authorities, such as Health Canada, the FDA, the FTC, the U.S. Department of Agriculture ("**USDA**"), Consumer Product Safety Commission ("**CPSC**"), the Environmental Protection Agency ("**EPA**") and various other federal, state and local authorities that regulate the Company's operations. No assurances can be made that any ruling from a governmental authority, court or other entity will not ban the use of any product or ingredient, or the Company's participation in the market.

Regulations and oversight by Health Canada and the FDA or other governmental authorities may adversely affect the Company's business. The Company will be subject to regulations and oversight implemented by Health Canada and the FDA and other governmental authorities which may materially affect the Company's ability to conduct business, including, but not limited to, limiting the number or types of ingredients and products the Company is able to produce. Further, the oversight from the FDA or other governmental authorities may increase the costs associated with the Company's products, operations, and business, which would adversely affect the Company's shareholders.

Compliance with Regulations in Canada and the United States

The processing, formulation, safety, manufacturing, packaging, labeling, advertising and distribution of the Company's products and the business activities of the Company will be subject to both Canadian and U.S. federal laws and regulations by one or more agencies. The Company will also be regulated by various U.S. state and Canadian provincial laws and regulations as well as and local laws and regulations for each jurisdiction, as well as agencies of the state, provincial and local units of government in which the Company's products are sold. These laws and regulations may prevent or delay the introduction, or require the reformulation or recall, of the Company's products, which could result in lost revenues and increased costs to the Company. For instance, the FDA and Health Canada regulate, among other things, the composition, safety, manufacture, labeling and marketing of dietary ingredients and dietary supplements (including vitamins, minerals, herbs, and other dietary ingredients for human use) in the U.S. and Canada respectively. Dietary supplements and dietary ingredients that do not comply with FDA or Health Canada laws and regulations, can be deemed adulterated or misbranded. Manufacturers and distributors of dietary supplements and dietary ingredients are prohibited from marketing products that are adulterated or misbranded, and the FDA, Health Canada or other governmental entities may take enforcement action against any adulterated or misbranded dietary supplement on the market. If the Company violates applicable regulatory requirements, the Company may face enforcement actions by the U.S or Canada regulatory bodies, which could have a material adverse effect on the Company's business, prospects, financial condition, and results of operations.

The FDA or Heath Canada may determine that a particular dietary supplement or ingredient presents an unacceptable health risk based on the required submission of serious adverse events or other information, or may determine that a particular claim or statement of nutritional value that the Company proposes to use to support the marketing of a dietary supplement is an impermissible drug claim, is not substantiated, or is an unauthorized version of a health claim which the Company is not allowed to make. Any of these actions could prevent the Company from marketing particular dietary supplement products or making certain claims or statements with respect to its products. The FDA or Health Canada could also require the Company to recall, withdraw or remove a particular product from the market. Any recall, withdrawal or removal would result in additional costs to the Company, including lost revenues from any products that the Company is required to remove from the market, any of which could be material. Any product recalls, withdrawals or removals could also lead to an increased risk of litigation and liability, substantial costs, and reduced growth prospects.

Various regulatory bodies in Canada and the U.S. exercise jurisdiction over the advertising of dietary supplements and can institute numerous enforcement actions against dietary supplement companies for failure to have adequate substantiation for claims made in advertising or for the use of false or misleading advertising claims. Failure by the Company to comply with applicable regulations could result in substantial monetary penalties and could have a material adverse effect on the Company's financial condition or results of operations.

All NHPs are required to have an eight-digit natural product number ("**NPN**") which is a license issued by Health Canada that must appear on each product's label before they can be sold in Canada. The Company's initial two product formulations do not include vitamins, adaptogens or other nutraceutical ingredients therefore will not require NPNs. Authorizations for additional product launches will be required if the Company is to make specific health claims and there is no guarantee that the Company will obtain these authorizations. The Company's products cannot be sold in Canada without an NPN.

All Canadian manufacturers, packagers, labellers, and importers of natural health products must follow Good Manufacturing Practices to obtain site licenses. Sites must ensure adherence to Good Manufacturing Practices and maintain proper distribution records, have proper procedures for product recalls and for the handling, storage and delivery of their products, and demonstrate that they meet good manufacturing practice requirements as outlined by Health Canada.

Good Manufacturing Practices ensure proper standards and practices for the testing, manufacture, storage, handling and distribution of natural health products are met. Good Manufacturing Practices for NHPs cover: product specifications, premises, equipment, personnel, sanitation program, operations, quality assurance, stability, records, sterile products, lot or batch samples, and recall reporting.

Future Regulations in Canada and the United States

From time to time, Canadian or U.S. federal, state, provincial or local legislative and governmental authorities may impose additional or more stringent laws or regulations that could apply to the Company, business and products, repeal laws or regulations that the Company considers favorable to it or impose more stringent interpretations of current laws or regulations. The Company is not able to predict the nature of such future laws, regulations, repeals or interpretations or to predict the effect that additional governmental regulation, when and if it occurs, would have on the Company's future business. Those developments could prohibit the sale and marketing of ingredients and products or require reformulation of products to meet new standards, recalls or discontinuance of products (including products that the Company expects to sell). Further, the Company may be subject to requirements for reformulation, labeling, additional record-keeping requirements, increased documentation of the properties of certain products, additional or different labeling, additional scientific substantiation, quality control requirements, adverse event reporting or other requirements. Any developments of this nature could increase the Company's costs significantly and could have a material adverse effect on its business, financial condition and results of operations.

Unfavorable publicity or consumer perception of the Company's products could have a material adverse effect on its reputation, which could result in decreased sales and significant fluctuations in its business, financial condition and results of operations

The Company may depend significantly on consumer perception regarding the safety and quality of its products. Consumer perception of products can be significantly influenced by adverse publicity in the form of published scientific research, media attention, social media, or other publicity, accurate or not, that associates consumption of the Company's products or any other similar products with illness or other adverse effects, questions the benefits of the Company's or similar products, or claims that any such products are ineffective. A new product may initially be received favorably, resulting in high sales of that product, but that sales level may not be sustainable as consumer preferences change. Future scientific research or publicity could be unfavorable to the Company's industry or any of its products and may not be consistent with earlier favorable research or publicity. Unfavorable research or publicity could have a material adverse effect on the Company's ability to generate sales. Should the Company engage in the sale of dietary supplement products, the products will not be drug products and will not be able to be used to diagnose, treat, cure or prevent any disease, and the Company may be subject to legal and regulatory actions if its products are classified as drug or food products with respect to the marketing and sale of such products.

Product recalls, withdrawals or seizures, which could materially and adversely affect the Company's business, financial condition and results of operations

The Company may be subject to product recalls, withdrawals or seizures if any of the products it expects to sell are believed to cause injury or illness or if the Company is alleged to have violated governmental regulations in the manufacturing, labeling, promotion, sale or distribution of those products. A significant recall, withdrawal or seizure of any of the products the Company manufactures or sells may require significant Board attention, would likely result in substantial and unexpected costs and may materially and adversely affect the Company's business, financial condition or results of operations. Furthermore, a recall, withdrawal or seizure of any of the Company's products may adversely affect consumer confidence in its brands and thus decrease consumer demand for its products. As is common in the dietary supplement industry, the Company expects to rely on contract manufacturers and suppliers to ensure that the products they manufacture and sell to the Company comply with all applicable regulatory and legislative requirements. In general, the Company will seek representations and warranties, indemnification and/or insurance from contract manufacturers and suppliers. However, even with adequate insurance and indemnification, any claims of non-compliance could significantly damage the Company's reputation and consumer confidence in its products. In addition, the failure of those products to comply with applicable regulatory and legislative requirements could prevent the Company from marketing the products or require it to recall or remove such products from the market, which in certain cases could materially and adversely affect the Company's business, financial condition and results of operations.

Third Party Suppliers

The Company does not currently have the infrastructure or capability internally to process and manufacture its low sugar plant-based gummy products. The Company relies on third-parties to process and manufacture all products. The Company currently relies on the Manufacturing Partner to obtain all the products required for the Company's products. Any replacement of the Manufacturing Partner could require significant effort, as the Company may not be able to secure supplies from other manufacturers on a timely basis or on reasonable commercial terms. The Manufacturing Partner may be subject to damage or interruption from, among other things, fire, natural or man-made disaster, disease outbreaks or public health pandemics, power loss, telecommunications or internet failure, unauthorized entry, computer viruses, denial-of service attacks, acts of terrorism, human error, vandalism or sabotage, financial insolvency, bankruptcy and similar events. The extent to which COVID-19 may affect the Company's ability to obtain raw ingredients is uncertain and cannot be predicted.

Success of Products is Dependent on Public Taste

The ability of the Company to earn revenues will be substantially dependent on the success of its products, which depends upon, among other matters, pronounced and rapidly changing public tastes, factors which are difficult to predict and over which the Company has little, if any, control. A significant shift in consumer demand away from the Company's products or its failure to expand its current market position will harm its business. Consumer trends change based on several possible factors, including nutritional values, a change in consumer preferences or general economic conditions. Additionally, there is a growing movement among some consumers to buy local food products in an attempt to reduce the carbon footprint associated with transporting food products from longer distances, and this could result in a decrease in the demand for food products and ingredients that the Company may import from abroad. These changes could lead to, among other things, reduced demand and price decreases, which could have a material adverse effect on the Company's business.

Limited Number of Products

The Company's business is focused on the production and distribution of two low sugar plant-based gummy products. If such products do not achieve sufficient market acceptance, it will be difficult for the Company to achieve profitability. The Company's revenues are expected to derive almost exclusively from sales of these two low sugar plant-based gummy products, and the Company expects that its two low sugar plant-based gummy products will account for substantially all of its revenue for the foreseeable future.

Development of New Products

The Company's success is expected to depend, in part, on its ability to develop, introduce and market new and innovative products. If there is a shift in consumer demand, the Company must meet such demand through new and innovative products or else its business will fail. The Company's ability to develop, market and produce new products is subject to it having substantial capital. There is no assurance that the Company will be able to develop new and innovative products or have the capital necessary to develop such products.

Supply and demand risk

If the Company fails to effectively launch or develop its products and maintain and adequate supply of products supplied by the Manufacturing Partner to meet the demand for those products, its business and operating results and its brand reputation could be harmed. If the Company does not have sufficient supply to meet customers' demands and to satisfy increased demand, it will need to expand operations, supply and the capacity of its Manufacturing Partner, or establish agreements with new manufacturers. There is a risk in the Company's manufactures will not have the 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 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 over contracts capacity, it may have significantly underutilized assets and may experience reduced margins. If the Company does not accurately align manufacturing capacity with demand, if it experience disruptions or delays in its supply chain, or if its manufactures cannot obtain raw materials of sufficient quantity and quality at reasonable prices and in a timely manner, the Company's business, financial condition and results of operations may be materially adversely affected.

Reliance on third-party suppliers

Because the Company currently relies on one of third-party supplier, the Manufacturing Partner for production, it may not be able to obtain finished products in sufficient quantities to meet the demand for said products due to the Manufacturing Partner being unable to obtain materials on a timely basis. The Company's financial performance depends in large part on its ability of its Manufacturing Partner to arrange for the purchase of materials in sufficient quantities at competitive prices. The Company is not assured of third-party suppliers' ability obtain a continuous supply of, or acceptable pricing for materials. The Manufacturing Partner could discontinue or seek to alter its relationship with the Company.

Should the Company engage a third-party warehouse and logistics provider the Company will not be considered financially dependent on this supplier as there are numerous providers which could be easily substituted. There may however be instances where upon transition to a new third-party warehouse and logistics provider that additional costs are incurred, and sales are delayed until the transition is complete. In these instances, the Company will seek to maintain parallel operations at two warehouses until the transition is complete so as to prevent any delays to shipments.

Events that adversely affect the Manufacturing Partner's access to materials could impair the Company's ability to obtain products in the quantities that it desires. Such events could include problems with the Manufacturing Partner's businesses, finances, labor relations, ability to import materials, costs, production, insurance and reputation, as well as natural disasters, fires or other catastrophic occurrences.

If the Company needs to replace the Manufacturing Partner, there can be no assurance that supplies of materials will be available when required on acceptable terms, or at all, or that a new supplier would allocate sufficient capacity to the Company 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 product 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 future product and development projects and, accordingly, would negatively affect its projected commercial and financial growth. Any significant increase in the price of 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.

Supplier compliance with food safety regulations

Failure by the Manufacturing Partner 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 the Manufacturing Partner fails to comply with food safety, environmental or other laws and regulations, or face allegations of non-compliance, the Company's operations may be disrupted. In the event of actual or alleged non-compliance, the Company might be forced to find an alternative supplier or partner and it may be subject to lawsuits related to such non-compliance. As a result, the Company's supply of 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 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.

In accordance with the Supply agreement, the Company has been granted the right to periodically access the Manufacturing Partner's facility to review operations and ensure adherence to food safety, environmental, and other laws and regulations. The Company's internal management will periodically conduct site visits accompanied by third party accredited food safety consultants.

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 expects to sell, 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. The Company has applied for general liability insurance coverage in Canada and does not foresee any impediments to obtaining coverage on reasonable terms. The Company will not commence the sale of product until satisfactory insurance coverage is put in place. In accordance with the Supply Agreement the Manufacturing Partner is required to have commercial general liability insurance coverage of a minimum $1,000,000 per occurrence with and excess liability (umbrella) policy with a minimum limit of $10,000,000. 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.

Logistics providers

Failure by the Company's proposed third-party logistics provider(s) to deliver products on time, or at all, could result in lost sales. The Company expects to rely upon third-party logistics 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 expects to periodically change 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 previously used, which in turn would increase costs and thereby adversely affect operating results.

The Company will depend on fast and efficient third-party logistics services to distribute its products. Any prolonged disruption of third-party logistics 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.

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 will have developed a rigorous quality control process, there can be no assurance that the Company's products will always comply with the standards set by the Company. 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.

In accordance with the Supply agreement, the Company has been granted the right to periodically access the Manufacturing Partner's facility to review operations and ensure adherence to food safety, environmental, and other laws, and regulations. The Company's internal management will periodically conduct site visits accompanied by third party accredited food safety consultants.

The Company will have no control over its products once purchased by consumers. Accordingly, consumers may 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 expected 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 those 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 plant- based 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 expects to sell, 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. The Company has applied for general liability insurance coverage in Canada and does not foresee any impediments to obtaining coverage on reasonable terms. The Company will not commence the sale of product until satisfactory insurance coverage is put in place. In accordance with the Supply Agreement the Manufacturing Partner is required to have commercial general liability insurance coverage of a minimum $1,000,000 per occurrence with and excess liability (umbrella) policy with a minimum limit of $10,000,000. 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 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 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.

Company gummies

Sales of the Company gummies are expected to contribute a significant portion of the Company's revenue. A reduction in sales of the Company gummies would have an adverse effect on the Company's financial condition.

The Company expects its gummy products to account for 90% of its gross revenue with the remaining 10% of revenue to be derived from the sale of branded apparel. Branded Gummies are the Company's flagship products and are the focal point of development and marketing efforts (See "Marketing" Section for further details on the current and future marketing activities), 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 the Manufacturing Partner will have sufficient manufacturing capacity to meet the Company's future demand requirements should the Company's products be widely adopted by customers. To the extent that the Manufacturing Partner is unable to meet the scale of manufacturing required to meet the Company's needs, the Company will seek to locate other Manufacturing Partners with available manufacturing capacity. The Company will maintain regular communication with the

Manufacturing Partner to ensure satisfactory manufacturing capacity is available to meet the Company's internal demand forecasts for a period of 12 months.

Supply disruptions that may occur due to inaccurate demand planning by the Company or capacity constraints imposed by the Manufacturing Partner may adversely affect sales of the Company's products and could have a material adverse effect on business, financial condition 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 the Board and the 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. The Company will seek to engage external food science consultants to enable the execution of the Company's product innovation and development activities.

Changing consumer preferences

Consumer preferences for food and snacking products change continually. The Company's success will depend 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 will rely 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. If 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 gummy 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 initial product launch included low sugar, vegan gummies which are high in fiber. Should consumer preferences change or a more popular substitute good be invented, the shift in consumer sentiment may have a material adverse effect on the Company's business, financial condition and results of operations.

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 flavour 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 will be dependent on, among other things, its ability to anticipate and react to raw material and food costs which may be passed on to the Company by the Manufacturing Partner. 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 Manufacturing Partner 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.

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 expects to purchase 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 expects to purchase and use 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 supplied food products. All the Company's manufacturing partners 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 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 manufacturing partners or the Company, expose the Company or its manufacturing partners 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.

In accordance with the Supply agreement, the Company has been granted the right to periodically access the Manufacturing Partner's facility to review operations and ensure adherence to food safety, environmental, and other laws and regulations. The Company's internal management will periodically conduct site visits accompanied by third party accredited food safety consultants.

Product returns or refunds

The Company expects to offer 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, if the Company modifies its policies relating to returns or refunds from time to time, which is 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 will adopt policies which follow industry best practices and make them available on the Company's consumer facing website, www.shopgummies.com.

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 will make 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 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 Board attention. Although the Company will have 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.

In accordance with the Supply Agreement the Manufacturing Partner is responsible for conducting lab testing on each production run and will issue to the Company, a Certificate of Analysis documenting conformance with the applicable Specifications for each production run of the Company's product.

Staffing and management

Failure to attract and retain Board 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 will be integral to the brand, culture and the reputation the Company enjoys with prospective 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 will depend 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 are 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.

The Company's directors and officers serve as directors or officers of other company's and may have significant shareholdings in other company's and, to the extent that such other companies may participate in a venture in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. See "Directors and Officers - Conflicts of Interest" for a full discussion of potential conflicts of interests and the remedies offered to deal with such conflicts of interest.

Information technology

The Company will rely 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 will store 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 the Board'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.

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 will contribute significantly to the success of the business. The Company believes its trademarks are valuable assets that will reinforce its brand and consumers' favorable perception of its products. The Company may rely on unpatented proprietary expertise, recipes and formulations and other trade secrets and copyright protection to develop and maintain its competitive position. The Company's success may depend to a significant degree, upon its ability to protect and preserve any intellectual property, as applicable, including its trademarks, trade secrets and copyrights. The Company may rely on confidentiality agreements and trademark, trade secret and copyright law to protect its intellectual property rights.

The Company may enter into confidentiality agreements with future employees and consultants, contract employees, suppliers and independent contractors who will use its formulations to manufacture its products and generally require that all information made known to them be kept strictly confidential. Nevertheless, trade secrets are difficult to protect. Although the Company may attempt 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 ensure that any steps taken to protect any intellectual property rights will be adequate, that any 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 any trade secrets confidential, others may produce products with the Company's recipes or formulations. Moreover, if they arise, intellectual property disputes and proceedings and infringement claims may result in a significant distraction for the Board 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, licenses and permits and there is no guarantee that all required approvals, licenses 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.

Liability for activity of contractors and consultants

The Company could be liable for fraudulent or illegal activity by any of its 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 will be subject certain risks, including that 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 will be difficult to forecast because they will generally depend on the volume, timing and type of orders the Company receives, all of which are will be uncertain. The Company will base its expense levels and investment plans on its estimates of net sales and gross margins. The Company cannot be sure these estimated growth rates, trends, and other key performance metrics will be 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, involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of the Board; (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.

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.

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 re-evaluated 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.

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 the Board'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 annual, 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 the Board and personnel from other business concerns, they could have a material adverse effect on the business, financial condition and results of operations.

Increases in share price volatility in capital markets

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. This may have the effect of lowering confidence in the market viability of the Company which could lead to the Company being unable to find further financing if necessary.

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

The Board 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 Change of Business, 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 Change of Business, 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 trading 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.