

RRITUAL SUPERFOODS INC.

Management's Discussion and Analysis

For the three months ended September 30, 2021, and 2020

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") is presented as at November 26, 2021 and discusses the activities and financial position of Rritual for the three months ended September 30, 2021 and 2020. The MD&A should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended September 30, 2021 and the annual financial statements for the year ended June 30, 2021 and the related notes contained therein which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information in this MD&A is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are expressed in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

Forward Looking Statements

This MD&A contains "forward-looking statements" that involve numerous 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 differ materially 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.

Some specific forward-looking statements in this MD&A include, but are not limited to: assumptions about the Company's ability to continue the development of new products and its business operations; the commercial viability of the Company's products being developed and distributed; the continued availability of key leadership personnel and the ability to attract qualified personnel in the future; the ability of the Company to raise additional capital as the Company continues to develop its products; anticipated trends and challenges in the Company's business and the markets in which the Company intend to operate; possible impact of the novel coronavirus (COVID-19) pandemic on the Company's personnel and business, supplies, operations, financial conditions and future sales; the Company's ability to source mushrooms for the Company's mushroom powder products at expected prices; the Company's reliance on third parties to plan, conduct, develop, supply and sell the Company's products; the Company's competitive position and expectations regarding competition; anticipated regulatory environment, including anticipated changes to government regulation which are out of the Company's control; the Company's requirement to obtain NPN licenses to sell its products in Canada; the Company's ability to generate product revenues to maintain the Company's operations without additional funding; sales in the US and such sales being made through the Company's US subsidiary; consequences of non-compliance with applicable laws and

regulations affecting the Company's business; and plans regarding the Company's revenue, expenses, operations, expansion of infrastructure and growth.

Although the Company believes that the expectations reflected in the forward-looking information contained in this MD&A are reasonable, the Company can give no assurance that these expectations will prove to be correct, and since forward-looking information inherently involves risks and uncertainties, undue reliance should not be placed on such information. The estimates and assumptions, which may prove to be incorrect, include, but are not limited to, the various assumptions set forth in this MD&A as well as the following: that the Company will be able to raise capital to complete and fund development of new products and its operations, as well as other purposes; the Company's products will be commercially viable; the Company will continue to have key leadership personnel and the ability to attract qualified personnel in the future; the Company will be able to handle trends and challenges in its business and the markets in which it operates; the Company will be able to deal with the challenges and remain a competitive business during the COVID-19 pandemic; the Company will be able to source its products at expected prices; the Company will be able to rely on third parties to plan, conduct, develop, supply and sell its products; the Company will continue to be competitive in its industry; there will be no unanticipated regulatory changes; the Company will be able to generate product revenues to maintain its operations without additional funding; sales will eventually be made in the US through its US subsidiary; the Company will comply with applicable laws and regulations; and the Company will realize its plans regarding revenue, expenses, operations, expansion of infrastructure and growth. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes.

Forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results as actual results may differ materially from those expressed or implied in such forward-looking statements. Those risks and uncertainties include, among other things, risks related to: the impacts of the COVID-19 pandemic on the Canadian and US economies, the Company's industry and business, which may be negatively and materially adversely affected; the Company's results of operations, financial condition and its ability to obtain additional equity or debt financing, and its ability satisfy its financial obligations; the general economic conditions; future growth potential; competition for health supplement investments; changes in legislation or regulations may negatively affect the commercial viability of the Company's products and its business; key leadership personnel and the ability to attract qualified personnel in the future may not be available; the Company may not be able to raise capital in the future; the Company may not be able to source products or may not be able to source products at prices that allow the Company to be profitable; third parties may be unreliable; the market may become more competitive; the Company's inability to generate revenues; and anticipated plans do not materialize. Additional information about risks and uncertainties is contained in this MD&A and in the Company's prospectus dated, February 26, 2021, a copy of which is available on SEDAR at www.sedar.com, and readers are urged to carefully consider these risks and uncertainties.

The forward-looking information contained in this MD&A is expressly qualified in its entirety by these cautionary statements. All forward-looking statements in this MD&A are made as of November 26, 2021. The Company does not undertake any obligation to update any such forward looking information, resulting from new information, future events or otherwise, except as required by applicable law.

For a more detailed discussion of certain of these risk factors, see "Risk Factors".

A more complete discussion of the risks and uncertainties facing the Company is disclosed in the Company's continuous disclosure filings with Canadian securities regulatory authorities at www.sedar.com.

All forward-looking information herein is qualified in its entirety by this cautionary statement, and the Company disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law.

Overview

Ritual Superfoods Inc. (“**Ritual**” or the “**Company**”) was founded to serve the rapidly expanding mushroom and adaptogen market. Since 2012, the concept of adaptogens has been witnessing exponential growth in the awareness by health & wellness consumers in North America.

Since incorporation on May 6, 2019, the Company’s activities have focused on: (i) the development of its online sales platform; (ii) the establishment of supply chain infrastructure; (iii) the establishment of an experienced consumer goods team; (iv) the development and branding of its mushroom adaptogen formulations featuring chaga, reishi, and lion’s mane; and (v) the commencement of research and development on new formulations.

The Company’s business structure is a lean start-up model that reduces capital costs by utilizing contract manufacturing and third-party logistics companies to fulfil e-commerce and wholesale market channels. The Company commenced sales online and wholesale in the United States during the year ended June 30, 2021. The Company has one wholly owned subsidiary, Ritual USA Inc., which is incorporated in the State of Nevada. Ritual USA Inc. was incorporated for the purpose of carrying out the Company’s operations in the United States. The Company expects to launch a Canadian e-commerce store as well as wholesaling to brick & mortar retailers in Canada pending Health Canada approval of its products.

The Company’s head office is located at 151 West Hastings Street, Vancouver, BC, V6B 1H4 and its registered office is located at 800-885 Georgia Street, Vancouver, BC V6C 3H1.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. As at the time of this reporting, this contagious disease outbreak continues to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. Although vaccinations have been approved and inoculations have commenced worldwide, new variants of the coronavirus and challenges in the production and distribution of the approved vaccinations continue to make it difficult for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

Operational Highlights in the first quarter of fiscal year 2022

On July 6, 2021, the Company announced the successful listing of its shares on the OTCQB Venture Market under the symbol RRSFF.

On July 7, 2021, the Company announced it appointed Tinuiti as its Digital Advertising Agency.

On July 29, 2021, the Company announced it was participating in the Kroger Natural & Organic Innovation Summit.

On July 30, 2021, the Company announced that its line of functional superfood products were launching in CVS stores across the USA beginning with major markets including, Boston, Providence, New York, Atlanta, Dallas, Miami, Tampa, Chicago, Cincinnati, Houston, Austin, and San Diego.

On August 2, 2021, the Company announced that its Product Innovation and Research team completed testing on the first of its new superfood mushroom latte blend formulations, incorporating plant-based collagen enhancers as a key market differentiator.

On August 18, 2021, the Company announced it had entered into an agreement with Clarus Securities Inc., pursuant to which Clarus agreed to purchase, on a “bought deal” basis 6,000,000 units of the Company at a price of C\$0.50 per unit for aggregate gross proceeds to the Company of C\$3,000,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share at a price of \$0.60 before March 5th, 2024. The Company granted Clarus

Securities Inc. an over-allotment option to purchase up to an additional 900,000 units on the same terms for a period of 30 days from closing.

On August 18, 2021, the Company announced it upsize of the bought deal financing to C\$4,000,000.

On August 19, 2021, the Company announced that it launched a comprehensive marketing campaign to support the national rollout of Ritual Products with Rite Aid throughout the USA.

On August 23, 2021, the Company announced that it's products line had been shortlisted for the Global Vegan Awards, hosted by LUXlife.

On September 10, 2021 the Company closed a \$4,000,000 "bought deal" public offering (the "Offering") raising net proceeds of \$3,650,475."). Each Unit consists of one common share of Ritual (a "Common Share") and one-half Common Share purchase warrant. Each whole warrant (a "Warrant") entitles the holder to purchase one Common Share of Ritual at a price of \$0.60 per Common Share until March 5, 2024, subject to an acceleration provision.

Additional Operational Highlights to the Date of this MD&A

On October 6, 2021, the Company announced the appointment of Warren Spence as CEO and the appointment of Greg McCauley as COO. Concurrently, David Kerbel stepped down as CEO and director and transitioned to a consultant and has joined the Company's advisory board.

On October 13, 2021, the Company announced its products are now available for sale on its Amazon Store for all customers including Amazon Prime in the USA.

On November 8, 2021, Ritual Superfoods expands marketing to fuel growth with Amazon, Ritual.com & and National Retail. The expanded marketing strategy deploying robust content strategy, social and paid media to drive awareness and educate consumers. The new strategy is designed to support existing and new retailer launches, growing direct to consumer business through Ritual.com and Amazon.com, and the upcoming Canadian launch.

Selected Quarterly Financial Information

The following table sets out selected financial information with respect to the Company's unaudited condensed consolidated interim financial statements for the three months ended September 30, 2021, and September 30, 2020. The following should be read in conjunction with the Financial Statements.

	Three Months Ended	
	September 30, 2021	September 30, 2020
	\$	\$
Total revenues	51,271	Nil
Gross margin	(11,571)	Nil
Gross margin %	-23%	Nil
Total expenses	1,801,248	699,327
Net loss	(1,812,819)	(699,327)
Net loss and comprehensive loss	(1,866,356)	(697,467)
Basic and diluted loss per share	(0.03)	(0.02)

During the three months ended September 30, 2021, the Company continued its product roll out and business development efforts and recorded revenues of \$16,708 (2021 - \$Nil). Cost of goods sold were \$62,842 which resulted in gross margin of negative \$46,134. See below for a breakdown of revenue presentation by category:

	Wholesale	Ecommerce	Total
	\$	\$	\$
Gross revenue	63,599	16,708	80,307
Less - listing fee	(29,036)	-	(29,036)
Net revenue	34,563	16,708	51,271

Net loss of \$1,812,819 was primarily attributed to general and administrative expense of \$86,992 (2021 - \$15,313), marketing and promotion expense of \$680,837 (2021 - \$283,751), consulting \$811,662 (2021 - \$388,911), professional fees of \$67,779 (2021 - \$10,866), and share-based compensation of \$153,978 (2021 - \$486).

	As of	
	September 30, 2021	September 30, 2020
Balance Sheet Summary	\$	\$
Current assets	6,157,626	1,649,483
Total assets	6,157,626	1,649,483
Total liabilities	619,689	140,419
Working capital	5,537,937	1,509,064

During the three-month period ended September 30, 2020, the Company was focused on business development, both online and through brick-and-mortar retailers. During the period the Company expanded its direct sales to consumers through the Company's new Amazon Store for all customers including Amazon Prime in the USA.

On September 10, 2021, the Company has closed a \$4,000,000 "bought deal" public offering (the "Offering") raising net proceeds of \$3,650,475. The Offering was underwritten by Clarus Securities Inc. (the "Underwriter"). Each Unit consists of one common share of Rritual (a "Common Share") and one-half Common Share purchase warrant. Each whole warrant (a "Warrant") entitles the holder to purchase one Common Share of Rritual at a price of \$0.60 per Common Share until March 5, 2024, subject to an acceleration provision. Pursuant to the Offering, Rritual issued an aggregate of 8,000,000 Units at a price of \$0.50 per Unit, for total gross proceeds of \$4,000,000.

Total assets as at September 30, 2021 consisted of: cash - \$2,177,073, accounts receivable - \$43,109 sales tax receivable - \$162,601, inventory - \$3,282,929, prepaid expenses and inventory deposits - \$ 491,913. Total liabilities as at September 30, 2021 consisted of accounts payable and accrued liabilities totalling \$619,689.

Summary of significant Balance Sheet items for the period ended September 30, 2021

Item	September 30 2021	June 30 2021	Increase / (Decrease) \$	Increase / (Decrease) %	Explanation
Cash	2,177,074	672,365	1,504,709	224%	Increase due to \$4m bought deal financing net of expenses in the period
Receivables	43,109	174,781	(131,672)	-75%	Decrease due to collection of RiteAid receivables
Sales tax receivable	162,601	118,395	44,206	37%	GST/HST claimed subsequent to period end
Inventory	3,282,929	1,090,673	2,192,256	201%	Increased purchase of raw materials and finished goods
Prepaid expenses and inventory deposits	491,913	1,423,409	(931,496)	-65%	Reallocation of deposits for inventory to inventory
Accounts payable and accrued liabilities	619,689	497,709	121,980	25%	Additional payables due to timing of payments in the period
Share capital	12,649,643	8,430,730	4,218,913	50%	\$4m bought deal financing, stock option exercise, equity adjustments
Reserves	974,398	878,006	96,392	11%	Stock Based Compensation net of adjustments for options exercised as well as valuation of broker warrants from \$4m bought deal

Three-month period ended September 30, 2021

During the three-month period ended September 30, 2021, the Company incurred a net loss of \$1,812,819 (September 30, 2020 - \$699,327) or \$0.03 per share (September 30, 2020 - \$0.02). The Company had limited activity in the comparative period as sales of product commenced in fiscal Q4 of 2021. Prior year activity primarily consisted of general start up and financing costs. The primary factors affecting the magnitude and variations of the Company's financial performance during period ended September 30, 2021 were as follows:

- Revenues were \$51,271 (September 30, 2020 - \$Nil) which consisted of sales in the wholesale channel of \$34,563 (\$63,599 before listing fees of \$29,036) and ecommerce sales of \$16,708.
- Cost of goods sold was \$62,842 (September 30, 2020 - \$Nil) which resulted in Gross profit of negative \$11,571 or negative 23%. The Company expects that when the listing fees are fully paid the Company will show a positive gross profit.
- General and administrative expenses were \$86,992 (September 30, 2020 - \$15,313) which represented an increase of \$71,679. The increase was due to overall higher level of business activity as compared to the prior period.
- Marketing and Promotion expenses were \$680,837 (September 30, 2020 - \$283,751) and related to brand development, product design, marketing strategy, graphic design and product packaging development, website design, and investor awareness. The increase of \$397,086 is attributed to ongoing social media awareness campaigns, business development, and marketing strategies raise brand awareness with both consumers and retailers.
- Consulting and wages were \$811,662 (September 30, 2020 - \$388,911) were related primarily to brand and marketing development, general business development, sales personnel, as well as executive and board compensation. The increase of \$422,751 is due to increased head count as the Company continues to develop its sales growth.
- Professional fees were \$67,779 (September - \$10,866) primarily related general corporate services legal services. The increase of \$56,913 is due to the Company now being public and accordingly paying more legal fees.
- The Company recognized share-based compensation expense of \$153,978 (September 30, 2020 - \$486) in relation to vested stock options to directors, officers, and consultants. No new stock options were granted during the period ended September 30, 2021.

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 Canadian dollars:

	September 30 2021 \$	June 30 2021 \$	March 31 2021 \$	December 31 2020 \$
Revenue	51,271	196,040	721	Nil
Cost of goods sold	62,842	249,619	413	Nil
Gross margin	(11,571)	(53,579)	308	Nil
Total expenses	1,801,248	3,125,726	1,510,686	752,688
Net loss	(1,812,819)	(3,179,305)	(1,510,378)	(752,688)
Basic and diluted loss per share	(0.03)	(0.05)	(0.04)	(0.02)
Weighted average shares outstanding	65,393,162	60,452,470	42,980,464	35,513,804

	September 30 2020 \$	June 30 2020 \$	March 31 2020 \$	December 31 2019 \$
Revenue	Nil	Nil	Nil	Nil
Cost of goods sold	Nil	Nil	Nil	Nil
Gross margin	Nil	Nil	Nil	Nil
Total expenses	699,327	161,316	Nil	Nil
Net loss	(699,327)	(161,316)	Nil	Nil
Basic and diluted loss per share	(0.02)	(0.33)	Nil	Nil
Weighted average shares outstanding	28,759,277	486,542	200	200

Quarter ended September 30, 2021: The Company reported revenue of \$51,271. Gross profit for the quarter was negative \$11,571 due to listing fees incurred during the period of \$29,036 which were offset directly to revenue. Net loss of \$1,812,819 was attributed to general and administrative expense of \$86,992, marketing and promotion of \$680,837, consulting and wages of \$811,662, and share-based payments of \$153,978.

Quarter ended June 30, 2021: The Company reported revenue of \$196,040 primarily related to sales from Rite Aid and direct to consumer through the Company's Shopify site. Gross profit for the quarter was negative \$53,579 or negative 27%. Net loss of \$3,179,305 was attributed to general and administrative expense of \$117,929, marketing and promotion of \$1,258,015, consulting of \$1,422,982, and share-based payments of \$273,720.

Quarter ended March 31, 2021: The Company reported revenue of \$721 primarily from sales direct to consumer on the Company owned Shopify site. Gross profit for the quarter was \$308 or 43%. Net loss of \$1,510,378 was attributed to general and administrative expense of \$124,585, marketing and promotion of \$586,693, consulting of \$415,245, and share-based payments of \$250,365.

Quarter ended December 31, 2020: The Company reported revenue of \$Nil as it had not yet commenced commercial operations and inventory was not yet available for sale. Net loss of \$752,688 was attributed to general and administrative expense of \$93,061, marketing and promotion of \$197,853, consulting of \$186,400, and share-based payments of \$158,411.

Quarter ended September 30, 2020: The Company reported revenue of \$Nil as it had not yet commenced commercial operations and inventory was not yet available for sale. Net loss of \$699,327 was attributed to general and administrative expense of \$15,313, marketing and promotion of \$283,751, consulting of \$388,911, and share-based payments of \$486.

Quarter ended June 30, 2020: The Company reported revenue of \$Nil as it had not yet commenced commercial operations and inventory was not yet available for sale. Net loss of \$161,316 was attributed to general and administrative expense of \$10,848, consulting of \$111,570, professional fees of \$18,522, and share-based payments of \$20,367.

Quarters ended March 31, 2020, December 31, 2019, and September 30, 2019: The Company had not yet raised cash to commence operations therefore there were no transactions.

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 operations, acquisitions, organic growth, and contractual obligations. The Company monitors its liquidity primarily by focusing on working capital in evaluating its liquidity.

As at September 30, 2021, the Company had a working capital of \$5,503,477 (2021 - \$2,981,914). The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities when they become due. As at September 30, 2021, the Company has sufficient capital to settle its current liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due

The table below highlights the Company's cash flows during the quarter ended September 30, 2021 and September 30, 2020:

	Three Months Ended	
	September 30, 2021	September 30, 2020
Net cash provided by (used in)	\$	\$
Operating activities	(2,745,615)	(929,942)
Investing activities	-	-
Financing activities	4,161,327	1,819,733
Effect of exchange rate on cash	88,997	-
Cash, beginning	672,365	321,270
Cash, end	2,177,074	1,211,061

Capital Management

The Company defines capital as equity. The Company manages its capital structure and makes adjustments in order to have the funds available to support its operating activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to pursue the development of its business. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new equity instruments, new debt, or acquire and/or dispose of assets. As discussed in Note 1 to the consolidated financial statements, the Company's ability to continue as a going concern is uncertain and dependent upon the continued financial support of its shareholders, future profitable operations, and securing additional financing. Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the year presented. The Company is not subject to externally imposed capital requirement.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the periods presented. The Company is not subject to externally imposed capital requirement.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions between Related Parties

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 Board of Directors and corporate officers and/or companies controlled by those individuals.

During the quarter ended September 30, 2021, and September 30, 2020 the Company entered the following transactions with key management personnel:

	September 30, 2021	September 30, 2020
Consulting services - David Kerbel, former CEO	\$ 61,339	\$ 20,000
Consulting services - Robert Payment, CFO	15,000	-
Consulting services - Company with common Director, Robert Payment	30,000	-
Director Fees - Scott Eldridge	25,000	-
Director Fees - David Lubotta	25,000	-
Director Fees - Warren Spence	25,000	-
Stock Based Compensation - David Kerbel, former CEO	11,090	20,000
Stock Based Compensation - Warren Spence, CEO	7,763	20,000
Stock Based Compensation - Robert Payment, CFO	7,763	10,000
Stock Based Compensation - Scott Eldridge, Director	7,763	-
Stock Based Compensation - David Lubotta, Director	7,763	-
Total	\$ 223,481	\$ 70,000

Amounts payable owing to related Parties

Warren Spence	\$ 25,000	\$ -
David Lubotta	25,000	-
David Kerbel	24,000	-
Robert Payment	5,000	-
Company which Robert Payment is a common Director	10,000	-
Total	\$ 89,000	\$ 70,000

Share-based compensation of \$42,142 (2021 - \$50,000) was related to directors, officers, and former directors and officers.

Proposed Transactions

None.

Critical Accounting Estimates, Assumptions, and Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, and contingent liabilities, and the reported amounts of revenues during the relevant reporting period. Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. The Company's critical accounting estimates, assumptions, and judgements are detailed below.

Share-based payments

The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of the Company's Common Share purchase warrants ("Warrants") and incentive stock options ("Options") granted to directors, officers, employees, consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the Options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the Share-based compensation calculation value; however, the most significant estimate is the volatility. The Company estimated volatility based on historic share prices of companies operating in the regulated cannabis industry as it presented a reasonable analogy of an emerging consumer product segment. Historical volatility is not necessarily indicative of future volatility. The expected life of Options or Warrants is determined based on the estimate that they would be exercised evenly over their term.

Changes in Accounting Policies

The Company has not yet adopted certain standards, interpretations to existing standards and amendments that have been issued but have an effective date later than July 1, 2021. Many of these updates are not currently relevant to the Company and are therefore not discussed herein.

Financial Instruments and Financial Risk Management

Fair value

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

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Financial risk management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objective of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Credit risk

Credit risk is the risk of potential 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 financial institutions, from which management believes the risk of loss is remote. As of September 30, 2021, the company had \$8,649 trade receivables with reputable US retailers all of which has been collected subsequent to quarter end. The Company's maximum credit risk exposure is equivalent to the carrying value of cash and the trade receivables.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. 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 by management.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of September 30, 2021, the Company's financial liabilities consist of accounts payable and accrued liabilities. Accounts payable and accrued liabilities 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. An increase (decrease) of 10% in the foreign exchange rate between the USD and Canadian dollar will increase (decrease) net comprehensive income by \$8,586. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

Additional Disclosure for Venture Issuers without significant revenue

The following table sets out the following material components for the period from incorporation on May, 6, 2019 to June 30, 2021, and for the quarter ended September 30, 2021:

	Three Months Ended September 30, 2021	Year ended June 30, 2021	Year ended June 30, 2020
	\$	\$	\$
Exploration and evaluation assets or expenditures	-	-	-
Expensed research and development	-	-	-
Intangible assets arising from development	-	-	-
General and administrative expenses	86,992	350,888	10,848
Other material costs expensed or recognized as assets	5,782,887	7,990,651	130,092
Total	5,869,879	8,341,539	140,940

COMMITMENTS AND CONTINGENCIES

Litigation Claim

On July 26, 2021, Force One Marketing Corporation and Force One Capital (together, “Force One”), filed a Statement of Claim against the Company in Ontario with respect to an alleged breach of a stock option agreement granting Force One 1,000,000 stock options exercisable at \$0.02. Force One alleges that it was a former consultant of the Company and says the stock options were granted to it for capital raising and corporate advisory services. Force One is seeking an order for delivery of 1,000,000 Common Shares of the Company and general damages against the Company in the amount of \$2,500,000. The Company views the Force One’s claim as largely devoid of merit and the Company will vigorously defend it. The Company has not yet filed a Statement of Defense and no court dates have been set.

Although management believes that the claim by Force One is without merit, defending the claim may be costly. If Force One’s action is successful against the Company, it could result in the Company’s business, operating results and financial condition being materially adversely affected.

Trademark Dispute

The Company received a letter from a natural health products company in the United States (the “Claimant”) requesting the Company cease and desist from using the RRitual Trademark and the U.S. Trademark Application for “MENTAL FITNESS IS A DAILY RRITUAL” (Serial No. 90138515) on the basis of claims that it would cause consumer confusion with respect to products of the Claimant. Management is consulting with legal counsel regarding a response to the Claimant and intends to vigorously defend its intellectual property rights.

OUTSTANDING SHARE DATA

Details of the Company’s capitalization are as follows:

	September 30, 2021	Date of MD&A
Common shares	72,132,347	72,132,347
Warrants	20,294,769	20,294,769
Broker warrants	1,880,000	1,880,000
RSUs	290,000	1,290,000
PSUs	-	2,000,000
Options	5,695,000	9,895,000

As at the date of this report, 866,667 Common Shares and 18,450,00 Options (together the “Escrowed Securities”) are held in escrow under a Form 46-201F1 escrow agreement and will be released as follows:	
March 5, 2022	1/5 of the Escrowed Securities
September 5, 2022	1/4 of the Escrowed Securities
March 5, 2023	1/3 of the Escrowed Securities
September 5, 2023	1/2 of the Escrowed Securities
March 5, 2024	the remaining Escrowed Securities

As at the date of this report, 7,185,000 Common Shares (the “**Voluntary Escrowed Securities**”) are held in escrow under a voluntary escrow agreement and will be released as follows:

December 5, 2021	25% of the Voluntary Escrowed Securities
March 5, 2022	25% of the Voluntary Escrowed Securities
July 5, 2022	the remaining Voluntary Escrowed Securities

As at the date of this report, 14,470,000 Voluntary Escrowed Securities are held in escrow under a voluntary escrow agreement and will be released as follows:

December 8, 2021	25% of the Voluntary Escrowed Securities
March 8, 2022	25% of the Voluntary Escrowed Securities
June 8, 2022	25% of the Voluntary Escrowed Securities
October 8, 2022	the remaining Voluntary Escrowed Securities

SUBSEQUENT EVENT

Subsequent to September 30, 2021, the Company completed the following transactions:

- a) The Company granted a number of equity incentive awards (the "Securities") to certain directors, officers, and consultants of the Company. In particular, an aggregate of 1,000,000 restricted share units (each, a "RSU") were granted to certain directors of the Company pursuant to the Company's Omnibus Equity Incentive Plan (the "Plan"). Each RSU represents the right to receive, once vested, one common share in the capital of the Company (each, a "Share"). The RSUs will vest as to the first 25% on the date which is six months from the date of grant and 25% every six months thereafter until fully vested. In addition, the Company granted 2,000,000 performance share units (each, a "PSU") to officers of the Company pursuant to the Plan. Each PSU represents the right to receive, once vested, one Share. The PSUs will vest in accordance with certain milestones based on the revenues of the Company. Finally, the Company granted an aggregate of 4,200,000 stock options (each an "Option") to certain directors, officers, and consultants of the Company. Each Option is each exercisable for the purchase of one Share at an exercise price of \$0.35 per Share until the date which is five years from the date of issuance. An aggregate of 400,000 of the Options issued to certain officers and consultants of the Company shall vest immediately on the date of the issuance. An aggregate of 3,800,000 of the Options granted to certain directors and consultants of the Company shall vest as to the first 25% on the date which is six months from the date of grant and 25% every six months thereafter until fully vested.

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.

RISK FACTORS

Investing in the Company's securities involves a high degree of risk. In addition to the risks identified in this section and elsewhere in this MD&A, current and prospective investors should carefully consider all the risk factors noted in the Company's prospectus dated February 26, 2021, a copy of which is available on SEDAR at www.sedar.com, before purchasing Common Shares or any other securities of the Company that may be offered or that are issued and outstanding from time to time. Such risk factors identified are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations. The occurrence of any of such risks, or other risks not presently known to the Company or that the Company currently believes are immaterial, could materially and adversely affect the Company's investments, prospects, cash flows, results of operations or financial condition, and the Company's ability to make dividend payments to shareholders. The value of the Common Shares, or any other securities of the Company that may be offered or issued and outstanding from time to time, could decline and investors may lose all or part of their investment.

Requirement for Licences Which Have Not Been Obtained and Licensing Risks

The Company's ability to sell its products as NHPs in Canada is 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 proposed 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 as well as the future prospects.

Corporate

Limited Operating History

The Company has a very limited history of operations and is considered a start-up company. There is very limited financial information available about the Company and it is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of its success must be considered remote in light of the Company's early stage of operations.

Negative Operating Cash Flow

Although the Company expects to become profitable, there is no guarantee that will happen, and the Company may never become profitable. The Company currently has a negative operating cash flow and may continue to have that for the foreseeable future. To date, the Company has not generated any revenues. As a result, the Company's net losses from operations may worsen. The Company's ability to generate revenues and potential to become profitable will depend largely on the Company's ability to manufacture and market the Company's products. There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, the Company cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, the Company may be unable to continue the Company's business.

Additional Financing

The Company has limited source of operating cash flow to fund all of its operational needs and may require additional financing to continue its operations. There can be no assurance that such financing will be available at all or on favourable terms. Failure to obtain such additional financing could result in delay or indefinite postponement of the Company's deployment of its products. Additional financing may dilute the ownership interest of the Company's shareholders at the time of the financing, and may dilute the value of their investment.

Uncertainty of Additional Capital

The Company anticipates expending substantial funds to carry out the development, introduction, distribution and manufacture of its products. The Company may require additional funds for these purposes through one or more public or private equity financings, by taking on debt financing, or from other sources. No assurance can be given that such additional funds will be available on acceptable terms or at all. If such funds are unavailable or are only available at a prohibitive cost, the Company may have to significantly curtail its product development program or seek funds through financing alternatives that may require the Company to sell its rights to certain products or certain marketing territories. Any additional equity financing may result in dilution to existing shareholders.

Going Concern

The Company currently is not profitable and accordingly it is primarily dependent upon equity and or debt financing for any additional funding required for product development and operating expenses. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern if additional funding is not secured.

General risks associated with a business in the early stages of development

Any investment in the Company's securities must be considered highly speculative due to the nature of the Company's business, the early stage of its deployment, its current financial position and ongoing requirements for capital. An investment in the Company's securities should only be considered by those persons who can afford a total loss of investment, and is not suited to those investors who may need to dispose of their investment in a timely fashion. Investors should consult with their own professional advisors to assess the legal, financial and other aspects of an investment in the securities of the Company.

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

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company may experience some changes in its operating plans and certain delays in its plans. 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.

Products and Business

Government Regulation

The processing, manufacturing, packaging, labeling, advertising and distribution of the Company's 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 may attempt to

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.

The Company may not be able to develop its products, which could prevent it from ever becoming profitable

If the Company cannot successfully develop, manufacture, sell and distribute its products on a large enough scale, or if the Company experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Company may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Company's ability to effectively enter the market. A failure by the Company to achieve a low-cost structure through economies of scale or improvements in cultivation and manufacturing processes would have a material adverse effect on the Company's commercialization plans and the Company's business, prospects, results of operations and financial condition.

Significant ongoing costs and obligations

The Company expects to incur significant ongoing costs and obligations related to its investment in developing its business and the products, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company's efforts to grow the Company's business may be costlier than the Company expects, and the Company may not be able to increase the Company's revenue enough to offset the Company's higher operating expenses. The Company may incur significant losses in the future for a number of reasons, including the other risks described in this Prospectus, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Company is unable to achieve and sustain profitability, the market price of the Company's Common Shares or Unit Warrants may significantly decrease.

Third Party Suppliers

The Company does not currently have the infrastructure or capability internally to process and manufacture the Company's proposed mushroom products. The Company expects to rely on third-party organizations to process and manufacture all of the Company's proposed mushroom products. The Company expects that the Company's business will rely on the ability of its manufacturing partner (the "Manufacturing Partner") to obtain all of the mushroom powder the Company anticipates requiring for the Company's proposed 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 mushroom powder is uncertain and cannot be predicted. In addition, the mushroom powder the Company purchase is grown in the United States and the presence of COVID-19, and the governmental and commercial response to the pandemic, may negatively affect the Company's ability to source mushroom powder for the Company's products.

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.

Success of Products is Dependent on Public Taste

The ability of the Company to earn revenues is 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 proposed 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.

There is no assurance that the Company will turn a profit or generate immediate revenues

There is no assurance as to whether 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 development and initial operations of its business. The payment and amount of any future dividends will depend upon, 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 Use of Proceeds

Although the Company set out its intended use of proceeds from in its IPO prospectus, these intended uses are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such proceeds. The failure by the Company to apply the funds raised in the IPO effectively could have a material adverse effect on the Company's business, including the Company's ability to achieve its stated business objectives.

Raw Materials

The Company's products are derived from mushrooms. Accordingly, the Company and/or its manufacturers must acquire enough mushrooms so that the products can be produced to meet the demand of its customers. A mushroom shortage could result in loss of sales and damage to the Company. If the Company and/or its manufacturers become unable to acquire commercial quality mushrooms on a timely basis and at commercially reasonable prices, and are unable to find one or more replacement suppliers with the regulatory approvals to produce mushrooms at a substantially equivalent cost, in substantially equivalent volumes and quality, and on a timely basis, the Company will likely be unable to meet customer demand.

Limited Number of Products

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

If the mushroom market declines or mushroom-derived products fail to achieve substantially greater market acceptance than they currently enjoy, the Company will not be able to grow its revenues sufficiently for it to achieve consistent profitability. Even if products to be distributed by the Company conform to international safety and quality standards, sales could be adversely affected if consumers in target markets lose confidence in the safety, efficacy, and quality of mushrooms. Adverse publicity about mushroom-derived products that the Company sells may discourage consumers from buying products distributed by the Company.

Consumer Perception of Mushrooms

The Company is highly dependent upon consumer perception of mushrooms and mushroom-derived products. The public may associate its mushrooms with illegal psychoactive mushrooms, which are prohibited substances. The Company's revenues may be negatively impacted due to the fact the market does not fully accept mushroom-based products as a health-food product.

Brand Awareness

The Company's brand is very new and brand awareness has not been achieved inside or outside Canada and the United States. There is no assurance that the Company will be able to achieve brand awareness in any of the regions it operates in, or anywhere else. In addition, the Company must develop successful marketing, promotional and sales programs in order to sell its products. If the Company is not able to develop successful marketing, promotional and sales programs, then such failure will have a material adverse effect on the business, financial condition and operating results.

Development of New Products

The Company's success will 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.

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 mushroom ingredients. Many factors must be considered when investing in this industry due to regulations set by agencies that regulate the industry. The Company faces 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's Company and to the extent the Company compete directly with any given company with greater financial resources, the Company may be at a disadvantage.

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

Other risks within the Company's industry are outlined in the Prospectus and 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 are subject to regulations or 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, limit the number or types of ingredients and products the Company are able to produce. Further, the oversight from the FDA or other governmental authorities may increase the costs associated with the Company's products and operating the Company's company and business, which would adversely affect the Company's shareholders.

Compliance with Regulation in 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 are subject to U.S. federal laws and regulation by one or more U.S. federal agencies, including the FDA, FTC, CPSC, EPA and other governmental authorities. The Company is also regulated by various U.S. state and local laws and regulations as well as agencies of the states 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 us. For instance, the FDA regulates, 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). Dietary supplements and dietary ingredients that do not comply with FDA laws and regulations, such as the DSHEA, 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 or other governmental entities may take enforcement action against any adulterated or misbranded dietary supplement on the market. The FDA and other U.S. governmental entities have broad enforcement powers. If the Company violates applicable regulatory requirements, the FDA and U.S. governmental authorities may bring enforcement actions against us, which could have a material adverse effect on the Company's business, prospects, financial condition, and results of operations.

The FDA 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 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 are not allowed to make. Any of these actions could prevent us from marketing particular dietary supplement products or making certain claims or statements with respect to the Company's products. The FDA could also require us to recall, withdraw or remove a particular product from the market. Any recall, withdrawal or removal would result in additional costs to us, 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.

The FDA has issued guidance governing the notification of new dietary ingredients ("NDIs"). The guidance, if fully implemented, could have a material impact on the Company's operations. FDA enforcement of the NDI guidance could require us to incur additional expenses, which could be significant, and negatively affect the Company's

business, including, but not limited to, the prohibition on sale of new dietary ingredients or dietary supplements until the FDA determines that those ingredients or products comply with applicable laws and regulations.

The FTC exercises jurisdiction over the advertising of dietary supplements and has instituted 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 us 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.

Future Regulation in the United States

From time to time, U.S. federal, state or local legislative and governmental authorities may impose additional or more stringent laws or regulations that could apply to the Company's Company, business and products, repeal laws or regulations that the Company consider favorable to us 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 business in the future. 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 sells). 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, and, 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 the Company's business, financial condition and results of operations.

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

The Company may depend significantly on consumer perception regarding the safety and quality of the Company's 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, whether or not accurate, that associates consumption of the Company's products or any other similar products with illness or other adverse effects, or questions the benefits of the Company's or similar products or that 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 the Company's particular 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. The Company's dietary supplement products are not drug products and cannot be used to diagnose, treat, cure or prevent any disease, and the Company may be subject to legal and regulatory actions if the Company's products were classified as drug or food products with respect to the marketing and sale of the Company's 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 the Company sell is believed to cause injury or illness or if the Company are 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 manufacture or sell may require significant management 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 the Company's brands and thus decrease

consumer demand for the Company's products. As is common in the dietary supplement industry, the Company relies on the Company's contract manufacturers and suppliers to ensure that the products they manufacture and sell to us comply with all applicable regulatory and legislative requirements. In general, the Company seeks representations and warranties, indemnification and/or insurance from the Company's 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 the Company's products. In addition, the failure of those products to comply with applicable regulatory and legislative requirements could prevent us from marketing the products or require us 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.

The Company is subject to environmental, health and safety laws and regulations, which could subject us to liabilities, increase the Company's costs or restrict the Company's operations in the future

The Company's operations are subject to a variety of environmental, health and safety laws and regulations in each of the jurisdictions in which the Company operate. These laws and regulations govern, among other things, air emissions, wastewater discharges, the handling and disposal of hazardous substances and wastes, soil and groundwater contamination and employee health and safety. The Company is also subject to laws and regulations governing the handling and disposal of noncompliant products and waste, the handling of regulated material that is included in the Company's products and the disposal of products at the end of their useful life. These laws and regulations have increasingly become more stringent, and the Company may incur additional expenses to ensure compliance with existing or new requirements in the future. Any failure by us to comply with environmental, health and safety requirements could result in the limitation or suspension of the Company's operations. The Company also could incur monetary fines, civil or criminal sanctions, third-party claims or cleanup or other costs as a result of violations of or liabilities under such requirements. In addition, compliance with environmental, health and safety requirements could restrict the Company's ability to expand the Company's facilities or require us to acquire costly pollution control equipment or incur other significant expenses.

Commercialization and Marketing of Products

The Company is reliant on third-party consultants to assist in its investigating the process of developing and commercializing its mushroom products. No assurance can be given that the results of these investigations will determine that manufacturing and distribution of its products will be feasible or commercially viable. A failure to obtain satisfactory results on these investigations could have a material adverse effect on the Company's business and may adversely affect the Company's ability to begin earning revenue.

Dependence on Management and Key Personnel

The Company has a small management team and is dependent on certain members of its management and consultants. The loss of the services of one or more of them could adversely affect the Company. The Company's ability to maintain its competitive position is dependent upon its ability to attract and retain highly qualified managerial, specialized technical, manufacturing, sales and marketing personnel. There can be no assurance that the Company will be able to continue to recruit and retain such personnel. The inability of the Company to recruit and retain such personnel would adversely affect the Company's operations and product development.

Conflicts of Interest

Certain directors and officers of the Company are or may become associated with other companies in the same or related industries, which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. The directors and officers of the Company have either other full-time employment

or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors and officers.

Health and Safety

Health and safety issues related to the Company's products may arise that could lead to litigation or other action against the Company or to regulation of certain of its product components. The Company may be required to modify its recipes or packaging and may not be able to do so. It may also be required to pay damages that may reduce its profitability and adversely affect its financial condition. Even if these concerns prove to be baseless, the resulting negative publicity could affect the Company's ability to market certain of its products and, in turn, could harm its business and results from operations.

Product Contamination

The sale of products for human consumption involves inherent risks. The Company could decide to, or be required to, recall products due to suspected or confirmed contamination or product tampering. A product recall could adversely affect product sales financial condition and results of operation as the well as the Company's general reputation in the industry.

Product Liability Claims

The Company may be required to pay for losses or injuries purportedly or actually caused by its products. As the Company does not yet have any products, it has not been subject to any product liability claims; however, it may be subject to such claims in the future. In the event that the Company's products are found to cause any injury or damage, the Company will be subject to substantial liability. This liability may exceed the funds available to the Company.

Company and result in the failure of its business

In certain circumstances, the Company's reputation could be damaged. Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Marketing and distribution capabilities

In order to commercialize its products, the Company must either acquire or develop an internal marketing and sales force with technical expertise and with supporting distribution capabilities or arrange for third parties to perform these services. In order to market any of its products, the Company must either acquire or develop a sales and distribution infrastructure. The acquisition or development of a sales and distribution infrastructure would require substantial resources, which may divert the attention of its management and key personnel, and defer its product development and deployment efforts. To the extent that the Company enters into marketing and sales arrangements with other companies, its revenues will depend on the efforts of others. These efforts may not be successful. If the Company fails to develop substantial sales, marketing and distribution channels, or to enter into arrangements with third parties for those purposes, it will experience delays in product sales and incur increased costs.

Competition

The Company's industry is highly competitive and composed of many domestic and foreign companies. The Company has experienced and expects to continue to experience, substantial competition from numerous competitors whom it expects to continue to improve their products and technologies. Competitors may announce and introduce new products, services or enhancements that better meet the needs of end-users or changing industry standards, or achieve greater market acceptance due to pricing, sales channels or other factors. Competitors may be able to respond more quickly than the Company to changes in end-user requirements and devote greater resources to the enhancement, promotion and sale of their products.

Regulation

The Company's products are subject to numerous Canadian and U.S. federal, provincial, state and local legislation and measures relating to the manufacture of products for human consumption. There can be no assurance that the Company will not experience difficulties with its efforts to comply with applicable regulations as they change in the future or that its continued compliance efforts (or failure to comply with applicable requirements) will not have a material adverse effect on the Company's results of operations, business, prospects and financial condition.

Intellectual Property

The Company's ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its brand and its product creation processes. The Company has adopted procedures to protect its intellectual property and maintain secrecy of its confidential business information and trade secrets. However, there can be no assurance that such procedures will afford complete protection of such intellectual property, confidential business information and trade secrets. There can be no assurance that the Company's competitors will not independently develop technologies that are substantially equivalent or superior to the Company's technology.

The Company has trademark applications in Canada and the U.S. for the Company's key name and phrases. The trademarking process can take up to 24 months or longer to complete and can be challenged during the process. At this time, the Company cannot state whether the trademarks the Company has applied for will be approved, refused, and/or ultimately registered. In addition, the Company's trademark rights and related registrations may be challenged in the future and could be cancelled or narrowed.

Failure to protect the Company's trademark rights could prevent us in the future from challenging third parties who use names and logos similar to the Company's trademarks, which may in turn cause consumer confusion or negatively affect consumers' perception of the Company's brand and products. In addition, if the Company does not keep the Company's trade secrets confidential, others may produce products with the Company's recipes or formulations. Moreover, there is a risk that the transfer of intellectual property rights pursuant to the Asset Purchase Agreement was deficient which could give rise to litigation risk. Intellectual property disputes and proceedings may be protracted with no certainty of success, and an adverse outcome could subject us to liabilities, force us to cease use of certain trademarks or other intellectual property or force us to enter into licenses with others. Any one of these occurrences may have a material adverse effect on the Company's business, results of operations and financial condition.

Currency Fluctuations

Fluctuations in the exchange rate between the United States dollar and the Canadian dollar may have a material effect on the Company's results of operations. To date, the Company has not engaged in exchange rate-hedging activities. To the extent that the Company may seek to implement hedging techniques in the future with respect to its foreign currency transactions, there can be no assurance that the Company will be successful in such hedging activities.

COVID-19 Outbreak

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The duration and impact of the COVID-19 pandemic on the Company is unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the Company's financial results and operations.

The Company continues to closely monitor business operations and may take further actions in response to directives of government and public health authorities or that are in the best interests of employees, customers, suppliers or other stakeholders, as necessary. These changes and any additional changes in operations in response to COVID-19 have, and could continue to, materially impact the Company's financial results and could materially impact the Company's ability to access capital on acceptable terms or at all.

The spread of COVID-19 has caused an economic slowdown and increased volatility in financial markets, which may have negatively impacted the market price for the Company's Common Shares. Governments and central banks have responded with monetary and fiscal interventions intended to stabilize economic conditions. However, it is not currently known how these interventions will impact debt and equity markets or the economy generally.

The current global uncertainty with respect to the spread of COVID-19 and its effect on the Canadian economy and the larger global economy may have negative effects on the Company. While the precise impact of COVID-19 on the Company's ability to develop its business and its products remains unknown, the rapid spread of COVID-19 around the world and the declaration of a global pandemic by the World Health Organization may result in future workforce shortages and additional sanitary measures, further international border closures that restrict or materially slow the ability of the Company or its competitors to purchase mushroom powder or packaging, restrictions on shipping, both within Canada and the US and internationally, restrictions on the ability of the Company to access financing through the financial markets, and any changes to the Company's regulatory framework may increase competition for the mushrooms and packaging used by the Company or affect the Company's ability to deliver its products to customers – each which could materially adversely affect the business, financial condition and cash flows of the Company.