

# **FINCANNA CAPITAL CORP.**

## **MANAGEMENT DISCUSSION AND ANALYSIS** (Expressed in Canadian Dollars)

**FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2024**

## **Date and Note to Reader**

The following management's discussion and analysis ("MD&A") prepared effective December 27, 2024 should be read in conjunction with the audited consolidated financial statements for the years ended April 30, 2024 and 2023 and the condensed interim consolidated financial statements for the three and six months ended October 31, 2024 of FinCanna Capital Corp. ("FinCanna" or the "Company") and accompanying notes thereto which have been prepared in accordance with International Financial Reporting Standards. All figures are in Canadian dollars unless stated otherwise.

## **Forward-Looking Statements**

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

## **Overview**

FinCanna Capital Corp. ("FinCanna" or the "Company") was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on November 28, 2016, under the name 1098119 B.C. Ltd., and changed its name to Coachella Cannabis Corp. on the same date, and further to FinCanna Capital Corp. on May 12, 2017. The Company's head office address is at Suite 550 – 800 West Pender Street, Vancouver, BC V6C 2V6 and its registered and records office address is Suite 2500 – 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1B3. The Company currently has no active business operations, having determined to cease funding its last remaining investee company in August 2022.

The common shares of FinCanna Capital Corp. are listed on the Canadian Securities Exchange ("CSE") and began trading on December 29, 2017, under the symbol "CALI". In March 2018, FinCanna also received its listing on the OTCQB and trades under the symbol "FNNZF".

On April 12, 2023, the Company's common shares were placed on inactive status by the CSE and are listed under the symbol "CALI.X".

## **Nature of Business**

FinCanna began operating in 2017 as an investment company that provided growth capital to businesses in the licensed U.S cannabis industry. The Company focused on targeted sectors of the cannabis supply chain through direct royalty or equity investments and strategic joint venture partner relationships.

The Company currently has no active business operations, having determined to cease funding its last remaining investee company in August 2022.

## **Highlights & Recent Developments**

For more details on the following highlights, please refer to the news releases available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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In September 2024, the Company advanced \$170,000 to Renu Environmental, Inc. ("Renu"). The loan bears an interest rate of 12% per annum and is due on the earlier of (a) 5 business days following the initial receipt of funds by Renu pursuant to a certain credit agreement; and (b) March 31, 2025.

## Summary of Quarterly Results

The following table summarizes selected financial data reported by the Company for the quarter ended October 31, 2024 and the previous seven quarters.

Quarter Ended	Revenues	Income (Loss) for the period	Income (Loss) per share	Weighted average outstanding shares
January 31, 2023	\$ -	\$ (443,965)	\$ (0.01)	74,288,947
April 30, 2023	\$ -	\$ (105,076)	\$ (0.00)	788,173,177
July 31, 2023	\$ -	\$ (49,480)	\$ (0.00)	879,633,242
October 31, 2023	\$ -	\$ (105,280)	\$ (0.00)	909,294,478
January 31, 2024	\$ -	\$ (154,431)	\$ (0.00)	977,245,163
April 30, 2024	\$ -	\$ 68,876	\$ 0.00	995,490,866
July 31, 2024	\$ -	\$ (97,299)	\$ (0.00)	996,005,671
October 31, 2024	\$ -	\$ (155,740)	\$ (0.00)	996,005,671

## Results of Operations

### **For the three months ended October 31, 2024 and 2023**

During the three months ended October 31, 2024, the Company's net loss was \$155,740 (2023 - \$105,280). The key contributors to the net loss were as follows:

*Expenses:*

- Interest expense decreased to \$122,100 (2023 - \$134,365) as the convertible debentures were partially converted into common shares in 2023 and 2024.

*Other expenses:*

- Other income decreased to \$nil (2023 - \$68,144) due to the amounts received from the Agrify settlement.

### **For the six months ended October 31, 2024 and 2023**

During the six months ended October 31, 2024, the Company's net loss was \$253,039 (2023 - \$154,760). The key contributors to the net loss were as follows:

*Expenses:*

- Interest expense decreased to \$244,201 (2023 - \$271,236) as the convertible debentures were partially converted into common shares in 2023 and 2024.
- Professional fees increased to \$62,627 (2023 - \$37,316) due to higher legal costs.

*Other expenses:*

- Other income decreased to \$67,021 (2023 - \$169,785) due to the amounts received from the Agrify settlement.

## **Liquidity and Capital Resources**

As at October 31, 2024, the Company had negative working capital of \$3,428,113 and a secured debt of \$3,082,452. The Company is currently in discussions with representatives of its secured creditors with respect to possible options.

The Company currently does not have any capital commitments.

### **Working Capital**

As at October 31, 2024, the Company had negative working capital of \$3,583,853 (April 30, 2024 – negative working capital of \$3,330,814).

### **Cash**

As at October 31, 2024, the Company had cash of \$22,872 (April 30, 2024 – \$255,048).

### **Cash provided by operating activities**

The Company used \$62,176 in its operating activities during the six months ended October 31, 2024. For details on the Company's operating cash activities, refer to the Statements of Cash Flow in the condensed interim consolidated financial statements for the three and six months ended October 31, 2024.

### **Cash provided by investing activities**

The Company used \$170,000 in its investing activities during the six months ended October 31, 2024. For details on the Company's operating cash activities, refer to the Statements of Cash Flow in the condensed interim consolidated financial statements for the three and six months ended October 31, 2024.

### **Cash provided by financing activities**

The Company did not generate any cash from its financing activities during the six months ended October 31, 2024.

## **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements.

## **Transactions with Related Parties**

Key management 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 consist of executive and non-executive members of the Company's Board of Directors and corporate officers and/or companies controlled by those individuals. Remuneration attributed to key management during the periods ended October 31, 2024 and 2023, can be summarized as follows:

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	Three months ended October 31, 2024 (\$)	Three months ended October 31, 2023 (\$)	Six months ended October 31, 2024 (\$)	Six months ended October 31, 2023 (\$)
Professional fees	14,889	19,673	30,606	31,637

As at October 31, 2024, \$5,119 (April 30, 2024 - \$5,349) was owed to the management and former management of the Company for key management remuneration. This amount is included in accounts payable and accrued liabilities. Amounts due to related parties are unsecured, have no fixed repayments and are non-interest bearing.

## **Proposed Transactions**

As of the date of this report, there are no proposed transactions.

## **Risk Factors**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for the year ended April 30, 2024, available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## **Approval**

The Board of Directors of FinCanna has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

## **Additional Information**

Additional information related to the Company is on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).