Sprout AI Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED October 31, 2024

(Expressed in United States Dollars)

INTRODUCTION

This management's discussion and analysis ("MD&A") of the financial position and results of operations for Sprout AI Inc. (the "Company") is prepared by management as at December 27, 2024. The information herein should be read in conjunction with the interim condensed consolidated financial statements for the three months ended October 31, 2024, and the related notes contained therein, which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

This MD&A was reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on December 30, 2024.

The information contained herein is not a substitute for detailed investigation or analysis on any particular issue of the Company. The information provided in this document 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 quoted in United State dollars, the reporting currency of the Company, unless specifically noted.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology. Forward-looking statements in this MD&A include but are not limited to: volatility of stock price and market conditions, regulatory risks, difficulty in forecasting, key personnel, limited operating history, competition, investment capital and market share, market uncertainty, additional capital requirements, management of growth, pricing policies, litigation, no dividend history. The risk factors described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking statements. In addition, any forward-looking statements represent the Company's estimates only as of the date of this MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking statements in the MD&A include: (a) execution of the Company's existing plan to become a global leader and distributor of its products and related product lines. (b) ability to secure distribution partners (c) demand for the Company's products. Forward looking statements are based on a number of assumptions that may prove to be incorrect including but not limited to assumptions about: the impact of competition; the ability to obtain new financing on acceptable terms; the ability to retain skilled management and staff; currency, exchange and interest rates; the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest. The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to the Company. Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that such forward-looking statements will materialize. Unless required by applicable securities laws the Issuer disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, see "Risk Factors".

While the Company considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section titled "Risk Factors".

COMPANY BACKGROUND

Sprout AI Inc. (the "Company" or "Sprout AI") was incorporated on August 25, 2020, under the Business Corporations Act in British Columbia. On June 1, 2021, the Company changed its name from 1262803 B.C. Ltd. to Sprout AI Inc. upon closing of its acquisition of Sprout AI S.A. ("Sprout SA"), a fully owned subsidiary of TheraCann International Benchmark Corp (TIBC). The Company is an urban indoor vertical farming technology company in the business of planning, designing, manufacturing and/or assembling sustainable and scalable AI-controlled vertical cultivation equipment for indoor vertical farming. The Company's habitats utilize vertical automated fogponic technology and are designed to operate within high density urban settings with access to limited power and water. The Company trades on the Canadian Stock Exchange under the symbol BYFM.

Sprout SA, the Company's Panama subsidiary, is a limited liability company incorporated on November 19, 2018 in the Republic of Panama through Public Deed No. 30280. The registered office of Sprout is located at the Galley 7 in Panama Viejo Business Center, Parque Lefevre, Panama, Republic of Panama.

Beyond Farming Panama, S.A. ("BYFM") is a limited liability company incorporated on May 20, 2024, in the Republic of Panama through Public Deed No. 3642. The registered office of "BYFM" is located at The Panama Viejo Business Center Galey 7, Parque Lefevre, Republic of Panama. BYFM has been formed to facilitate the amalgamation of Panama's primary entities including TIBC, Sprout SA, One System One Solution S.A. (OS2), and ETCH Biotrace S.A., (ETCH Bio).

COMPANY'S OPERATIONS AND OUTLOOK

Sprout AI began operations in October 2018 within the high-technology, tax-free Panama Pacifico park in Panama, with the goal of developing the world's first repeatable, economic, practical, scalable, sustainable, safe, and secure (REP4S) Farm as a Solution (FaaS) technology. This innovative solution enables the production of fruits (including berries), vegetables (leafy and root), and mushrooms all within the same urban facility. Since its inception, Sprout AI, in collaboration with its parent company TheraCann International Benchmark Corp (TIBC), has developed two additional proprietary technologies essential for urban indoor vertical cultivation: One System One Solution (OS2) an enterprise resource planning and compliance (ERPc) software that includes Sprout AI's artificial intelligence (AI) module, and the ETCH Biotrace, a plant traceability system. When combined, these technologies enhance Sprout AI's vertical indoor farming hardware, enabling the successful production of over 35 different crops in self-contained, environmentally controlled, REP4S-compliant habitats using water-neutral fogponic technology.

The system generates its own water for cultivation through an advanced dehumidification and air purification system while optimizing power usage via an AI-driven crop growth scheduling module. Compared to traditional farming, Sprout AI reduces water usage by over 95% and nitrate consumption by more than 99%. The system is soil-free, pesticide-free, herbicide-free, and ensures the production of pure crops, free from biological or chemical contaminants. Since environmental control is localized within each habitat rather than across the entire warehouse, the need for expensive HVAC systems is significantly reduced, lowering both capital and operational costs. The use of rolling racks, arranged in multi-row configurations, maximizes cubic space within warehouses, ensuring optimal crop canopy area and overall efficiency.

The Company is deeply committed to environmental and social sustainability. Its vision is to lead urban vertical cultivation by consistently producing high-quality, high-yield harvests with minimal variability between batches. To achieve this, Sprout AI's mission is to develop innovative, adaptable solutions that meet regulatory demands related to quality, traceability, and crop production audits.

The Company's business model focuses on the planning, design, implementation, and support of automated fogponic grow habitats designed to operate efficiently within high-density urban settings with limited access to power and water. These habitats are integral to the FaaS facilities, which are planned, designed, implemented, and operated by TIBC to provide turnkey urban indoor vertical farms. TIBC's objective is to cultivate, process, and distribute the widest variety of pure fruits, vegetables, and mushrooms—free from contaminants and offering extended shelf life—within a 50 km radius of consumers, ensuring both freshness and sustainability.

Over the past four years, the Company has completed a number of key initiatives and transactions that have affected the operations of the Company. The key events are as follows:

Amalgamation with TheraCann International:

- **Special Meeting Outcome**: On August 30, 2024, 95% the Company's minority shareholders voted in favor of amalgamation with TIBC.
- **Agreement Terms**: Amalgamation structured as a reverse takeover, Sprout AI will complete a 3.333 to 1 share consolidation, followed by conversion at a 5.296 Sprout AI shares to 1 TIBC share ratio. TIBC shareholders will hold 70% of post-amalgamation equity.
- **Regulatory Approvals**: Pending approval from regulatory authorities and company shareholders. Current approval has been contingent on the completion of:
    1. receipt of financing from two investors who entered non-brokered private placement share purchase agreements in August 2024, one for US$500K, and the second for US$1M. As of the date of this MD&A all but US$30K has been received for the first one. As for the second one, now that property of the buyer has been liquidated we are anticiptating closure in January 2025; and
    2. review of post amalgamation definitive agreements by the Regulator regarding full financing of US$50M-75M to the Company for operating capital to ensure compliance with Canadian Regulatory Trading requirements under these agreements. It is anticipated that this review will be completed in January 2025.
    3. review of TIBC's unaudited but reviewed consoldiated Q3 financial statements by the Regulatory. It is anticipated that this review will be completed in January 2025.
- **Amalgamation Benefits**:
    1. **Market Penetration**: Enhanced customer relationships, market expansion, and strategic partnerships.
    2. **Technology Integration**: Combining Sprout AI's automation with TheraCann's ERP software for optimized crop quality and yield.
    3. **Expertise Leverage**: Synergy between teams driving innovation and operational efficiency.
    4. **Vertical Farming Expansion**: Facilitated by TheraCann's "We Own" model for increased production capacity.
    5. **Cost Reduction**: Expected savings in operations, administration, marketing, and sales, allowing reinvestment into growth.

Land for Equity Swap:

- **Land Acquisition**: On October 19, 2024, TIBC secured 5 hectares through a share swap, valued at US$2.65M.
- **New Facility**: A 7,665 m² facility is estimated to produce 294,000 kg of produce annually, with operations expected by 2026.
- **Financial Projections**: Projected revenue is estimated to be $11M, profit of $5M, annual operational costs of $4.6M, and 62% EBITDA.
- **Future Plans**: Further land-for-equity deals to support global expansion of 27 FaaS Facilities by 2030.
- **Capital Conservation**: Strategy to conserve cash for CAPEX and OPEX through land swaps.

TheraCann / Sprout AI New Headquarters:

- **New Facility**: Relocated to downtown warehouse and administration offices in Panama City on May 1, 2024.
- **Open House**: Hosted on May 20, 2024, to banks, clients, and investors, showcasing rapid deployment and new crop varieties.

TheraCann Beyond Farming / MBRIF Program:

- **MBRIF Acceleration Program**: Accepted on May 22, 2024, offering support for UAE market expansion, financing, technology, marketing, and banking assistance.
- **Exclusive Presentation**: Formal presentation to UAE investors was made on November 27, 2024 following which three potential projects were presented to the Company for review and consideration. In anticipation of one or more of these projects, the Company has met, and has commenced due dilligence with the Emirate Development Bank (EDB) of the UAE to secure project funding. Upon successful completion the EDB will provide 80% financing of the Company's projects with favorable low interest rate, long term loans.

Loans & Financing made to Sprout AI:

- **October 31, 2024:** The Company continues to receive, and expects to receive operating capital from TIBC to the to ensure a smooth transition through Amalgamation.
- **May 1, 2023**: The Company entered into a non-interest-bearing commercial loan agreement with TIBC for US$1M.

- **March 7, 2022:** The Company entered into an unsecured commercial loan agreement with S. Halter for $520,000. The loan has a three year term. This loan was amended to change the commencement date for re-payment of the loan to August 2026.

Additional Achievements:

- **Expansion of Mushroom Varieties:** We have successfully completed the production of 5 different varieites of mushrooms using the same Sprout AI technology used within a common Habitat and Rack structure. These different varieties were produced in the 2nd row above the first row of Habitats used to produce 7 different vegetables and 3 different berry crops. Purpose of this production was to ensure that our sanitary production protocols would ensure multiple mix of crops within a confined space without risk of cross contamination. Having proven this to be so by December 2024, full scale production will begin in January 2025.
- **Reduction in Habitat Cost**: Having collected valuable experience to further refine and redesign our Sprout AI fogponic model version 3.0 (v3.0) at a construction cost of $11,900 per habitat on average, we have since moved to version 3.5 (v3.5) at a construction cost of $6,500 per habitat on average. Our goal will be to further reduce cost to $5,000 per Habitat, and in so doing reduce payback period cycle time to less than 1-2 years depending on crop produced.
- **Robust Business Model:** Using existing multi-year data on our production cycle time and crop yeilds per crop on a per Habitat level, we have completed our five yaer multiple project site business model that provides a high degree of confidence regarding crop production volume (in kilograms per month), input costs to produce crop volume (in kWH), and the ability to select high value crops for each regional location to calculate monthly revenue received. This model has enabled us to select sites, crops, and % of crops based on local demand both seasonally and annually.
- **Expanding Head Office Production to Generate Revenue:** Currently our Head Office showroom has 8 Sprout AI v3.0 Habitats on rack, and 2 floor mounted. We have completed the plan, design, and procurement list to purchase components to assemble and operate an additional 60 Sprout AI v3.5 Habitats for a total of 68 Habitats. Crops have been selected that will enable the Head Office to rapidly produce crops by mid-Q1 2025 for the purpose of selling those crops to small to mid-sized local grocery stores and restaurant chains in Panama City. This project is contingent only on the completion of receipt of 30% of our second investors private placement commitment, a total of US$300K.
- **Strawberry Quality Recognition**: An independent April 2024 study confirmed contaminant-free strawberries with superior shelf life (up to 28 days). Results of our study were presented in Berlin, Germany in November 2024 at the Falling Walls Scientific Symposium.
- **Market Entry**: Authorized dealer status with grocery chains in Panama secured, and introductions to primary wholesale purchases within the UAE completed.
- **Blind Test Success**: Sprout AI's fogponic strawberries preferred by over 75% of consumers in a UDELAS blind test.
- **Domestic Sales**: Began selling fruit and vegetables in the domestic Panamanian market in December 2023, and will expand to include mushrooms in January 2024.
- **MINSA License**: On November 17, 2023, obtained a license to produce and sell fruit and vegetables in Panama.
- **Potato Seed Project**: Successful cultivation of the "Karú" potato seed in partnership with Panama's IDIAP, presented in May 2023.
- **UDELAS Collaboration**: Agreement with UDELAS for student practicum programs using Sprout AI technology, commenced in May 2023.

Financial statement readers should note that the above statements may contain forward looking information and/or assumptions and actual results may vary from the forward-looking information presented. In order to deliver on the contracts mentioned, the Company will face several risk factors such as obtaining supplies and financing to complete the order and standard manufacturing completion risks all of which may cause actual results to differ materially from the forward-looking information. This is also the case with any press releases issued by the Corporation on operations.

Expressed in US Dollars

FINANCIAL PERFORMANCE

SELECTED FINANCIAL INFORMATION

	Three Months Ended October 31,		**Nine months Ended October 31,**	
	2024	2023	**2024**	2023
Total Revenue	**nil**	121	**79**	304
Net income/(loss) for the period	**(263,923)**	(317,293)	**(931,741)**	(1,105,398)
Net income/(loss) per share	**(0.00)**	(0.00)	**(0.01)**	(0.01)
Capital expenditures net of dispositions	**367**	(9,344)	**(17,330)**	(28,600)

	October 31, 2024	January 31, 2024
Total assets	**1,278,292**	1,466,592
Total Liabilities	**6,260,858**	5,517,419
Working capital (deficit)	**(5,231,241)**	(4,518,114)

RESULTS OF OPERATIONS

The following paragraphs provide information about the results of the Company's on-going operations for the three months ended October 31, 2024.

Revenue

For the three months ended October 31, 2024, the Company generated revenue of $Nil as compared to $121 same period of 2023.

Revenue is primarily generated from the sale of products in habitat manufacturing and management and consulting services from related parties. This small amount of revenue was from a test trial of Strawberries and is considered immaterial but is still recorded.

Net Loss for the period-end

For the three months ended October 31, 2024, the Company recorded a net loss of $263,923 as compared to a loss of $317,293 in the corresponding period of 2023.

The losses were primarily as a result of payroll expenses, professional fees and general and office administration costs.

Depreciation expense

Depreciation expense on capital assets for the three months ended October 31, 2024, was $50,740 respectively as compared to $82,432 in the corresponding period of 2023. The decrease in depreciation is attributable to the fact that management and the lessor agreed not to exercise the extension option of the lease of the building located in Panama Pacifico, which expired on April 30, 2024. As a result, the amortization of the right-of-use asset associated with the lease ceased to apply in subsequent months.

The Company's depreciation relates to the equipment owned at the manufacturing facility in Panama as well as the depreciation of the Company's right of use assets.

Capital expenditures

The Company had no capital additions in the period ended October 31, 2024.

Expressed in US Dollars

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the operation results for the past quarters since incorporation:

Quarter Ended	Total Assets	Working Capital	Shareholders' Equity (Deficiency)	Revenue	Net (Loss) Income	Loss per Share
October 31, 2024	**1,278,292**	**(5,231,241)**	**(4,982,566)**	**0**	**(263,923)**	**0.00**
July 31, 2024	1,349,989	(5,036,506)	(4,718,646)	0	(283,765)	0.00
April 30, 2024	1,441,343	(5,015,584)	(4,434,880)	79	(384,053)	0.00
January 31, 2024	1,466,592	(4,518,114)	(4,050,827)	240,399	(80,447)	0.00
October 31, 2023	1,956,162	(4,509,797)	(3,970,380)	121	(317,293)	0.01
July 31, 2024	2,048,965	(4,230,863)	(3,653,087)	169	(378,721)	0.01
April 30, 2023	2,345,455	(3,823,879)	(3,274,366)	14	(409,384)	0.00
January 31, 2023	2,109,957	(3,394,245)	(2,864,982)	775,684	305,333	0.01
October 31, 2022	2,554,370	(3,633,958)	(3,170,315)	6,152	(550,362)	0.02
July 31, 2024	2,748,549	(3,057,344)	(2,619,953)	102,180	(455,566)	0.01

During the quarters presented above and subsequent to the initial round of funding by the Corporation, Sprout was building its manufacturing facilities, developing its technology and constructing habitats for its own use as floor models and for its initial contract in Zimbabwe. As a result, the Company had minimal revenue during these periods and losses created from the growth activities and listing expenses for the RTO and CSE listing. In addition, it received capital injections from its related company, TheraCann International Benchmark Corp, which has been recorded through inter-company transfers and as a result generated negative working capital.

LIQUIDITY AND CAPITAL RESOURCES

Capital management

The Company considers its capital to be the main component of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. The Company will finance its future activities with debt, equity, hybrid securities and funds from operations.

Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

Cash and Working Capital

The Company's working capital position as at the end of the period was as follows:

	October 31, 2024	January 31, 2024
Deficit	**(11,744,508)**	(10,812,769)
Working capital	**(5,231,241)**	(4,518,114)
Cash	**18,158**	6,812

The Company anticipates that future periods may continue to reflect some operational losses as we progress through our growth phase. However, recent successes in securing additional capital and advancing new revenue-generating projects provide a stronger foundation for achieving our corporate objectives. While additional financing through debt, equity issuances, or other means may be required to support ongoing and future initiatives, the management is confident in our ability to explore these options on favorable terms. While no assurances can be provided regarding the availability of future financing, the Company remains committed to pursuing the most advantageous solutions to ensure sustainable growth and financial stability"

Expressed in US Dollars

Operating Activities

Net cash used in operating activities for the three-month period ended October 31, 2024, was $223,016 compared to $437,355 in the same period of 2023. The Company is focusing on ramping up operations during the period and incurred operating expenses as discussed above.

Investing Activities

Net cash used in investing activities for the three-month period ended October 31, 2024, was $367 as compared to $9,344 in the same period of last year used for investments in equipment and product development.

Financing Activities

Net cash from financing activities during the three-month period ended October 31, 2024 was $227,284 compared to $390,922 in the same period of last year, mostly amounts received from related parties.

OUTSTANDING SHARE DATA

The Company shares are listed on the CSE under the symbol "BYFM" and US OTC stock market under the symbol "BYFMF". The Company shares are currently "Halted" pending the completion of the amalgamation process.
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As at October 31, 2024 the Company had 90,964,806 shares issued and outstanding (January 31, 2024 – 90,964,806).

The following is a summary of the share transactions:

	Number of common shares	**Amounts**
At January 31, 2023	90,964,806	6,009,390
At January 31, 2024	**90,964,806**	**6,009,390**
At October 31, 2024	**90,964,806**	**6,009,390**

RELATED PARTY TRANSACTIONS

a) Transactions with key management personnel

Transactions with key management personnel of the Company include certain members of the Company's executive management team and the Board of Directors which have the responsibilities for strategic planning, oversight and control of the Company. During the period ended October 31, 2024, the total compensation paid to executive management team and Board of Directors mounted to $45,275 (January 31, 2024 - $346,928).

b) Other related party transactions

During the period ended October 31, 2024, the Company received other revenue from TheraCann International Benchmark Corp., an entity controlled by an officer of the Company, in the amount of $Nil (January 31, 2024 - $143,133) for management and consulting services provided during 2024.

During the period ended October 31, 2024, the Company received other revenue from One System One Solution, S.A., an entity controlled by an officer of the Company, in the amount of $Nil (January 31, 2024 - $97,017) for software development services provided during 2024.

During the period ended October 31, 2024, the Company was charged a software licensing fee in the amount of $ 10,497(January 31, 2024 -$45,487) by One System One Solution, S.A., an entity controlled by an officer of the Company.

During the period ended October 31, 2024, the Company was charged $80,186 (January 31, 2024 - $320,742) by TheraCann International Benchmark Corp., an entity controlled by an officer of the Company, in connection with the Company's premises sublease.

Included in accounts payable are $38,583 (January 31, 2024 - $36,398) payable to an officer of the Company, received to facilitate the Company's operation.

Expressed in US Dollars

The following shows the amounts due from and due to related parties:

Due from related parties	**October 31, 2024**	January 31, 2024
TheraCann Canada Benchmark Ltd.	**56,922**	33,673
ETCH BioTrace, S.A.	**45,296**	44,884
One System One Solution, S.A.	**201,907**	210,363
TheraCann Africa Benchmark Corporation	**562**	562
	304,686	289,482

Due to related parties	**October 31, 2024**	January 31, 2024
Theracann International Benchmark Corporation	**3,225,267**	2,395,572
Theracann Australia Benchmark Pty Ltd.	**120,807**	118,675
Theracann Canada Inc.	**913**	4,113
	3,346,988	2,518,360

The amounts due from/to related parties are from companies that are owned or controlled by the majority shareholder. The amounts due from/to related parties are unsecured, non-interest bearing and due within 12 months.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The amendments to existing accounting standards that became effective October 31, are either not applicable or are not expected to have a significant impact on the Company's financial statements.

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained and are subject to change. The Company's accounting policies and estimates used in the preparation of the financial statements are considered appropriate in the circumstances but are subject to judgments and uncertainties inherent in the financial reporting process. In preparing these MD&A, management has made significant assumptions regarding the circumstances and timing of the transactions contemplated therein, which could result in a material adjustment to the carrying amount of certain assets and liabilities if changes to the assumptions are made.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company´s financial instruments consist of cash, accounts receivable and other, due from related parties, accounts payable and accrued liabilities and due to related parties. Unless otherwise noted, it is management´s opinion that the Company is not exposed to credit, liquidity or market risks arising from these financial instruments.

Credit risk and economic dependence

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk on the accounts receivable from its customers and due from related parties. In order to reduce its credit risk, the Company has adopted credit policies which include the analysis of the financial position of its customers and regular review of their credit limits. As at October31, 2024, 100% (January 31, 2024   100%) of the contracted revenues are from two (January 31, 2024   two) related companies.

As of October 31, 2024, the Company had $304,686 (January 31, 2024 $289,482) of financial assets carried at amortized cost which were subject to expected credit loss assessment in accordance with IFRS 9. The Company had determined $Nil (January 31, 2024 $Nil) for the allowance for expected credit loss as the full balance is due within 12 months. There is no history of default for those debtors.

Expressed in US Dollars

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms.

The Company anticipates that future periods may continue to reflect some operational losses as we progress through our growth phase. However, recent successes in securing additional capital and advancing new revenue-generating projects provide a stronger foundation for achieving our corporate objectives. While additional financing through debt, equity issuances, or other means may be required to support ongoing and future initiatives, the management is confident in our ability to explore these options on favourable terms. While no assurances can be provided regarding the availability of future financing, the Company remains committed to pursuing the most advantageous solutions to ensure sustainable growth and financial stability. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and liabilities that might be necessary should circumstances change.

While the Company has been successful in securing parent company loans in the past, there is no assurance that it will be able to do so in the future. All the Company's liabilities, with the exception of the lease liabilities and non-current portion of the long-term debt, are due within the next 12 months.

October 31, 2024	**0 - 12 months**	**1 - 3 years**	**3 - 5 years**	**Beyond 5 years**	**Indefinite maturity**	**Total**
Financial assets						
Financial assets at FVTPL	18,158	0	0	0	0	18,158
Financial assets at amortized cost	304,686	0	0	0	0	304,686
Total	**322,844**	**0**	**0**	**0**	**0**	**322,844**
Financial liabilities						
Other financial liabilities	**4,708,402**	**896,288**	**0**	**0**	**0**	**5,604,690**

January 31, 2024	**0 - 12 months**	**1 - 3 years**	**3 - 5 years**	**Beyond 5 years**	**Indefinite maturity**	**Total**
Financial assets						
Financial assets at FVTPL	6,812	0	0	0	0	6,812
Financial assets at amortized cost	289,482	0	0	0	0	289,482
Total	296,294	0	0	0	0	296,294
Financial liabilities						
Other financial liabilities	4,164,781	505,401	0	0	0	4,670,182

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

Foreign currency risk is the risk is the risk to the Company's earnings that arises from volatility in foreign exchange rates. The Company may have contracts with clients to receive fees in currencies other than its measurement currency. This may have an adverse effect on the value of future revenues and assets dominated in currencies other than the United States Dollars, absent any Company specific event.

Included in the undernoted accounts are the following Canadian dollar balances:

	October 31, 2024	January 31, 2024

Cash	**6,233**	2,929
Due from related parties	**73,278**	35,112
Account payable	**403,381**	463,910

Interest rate risk

The Company has deposits in financial institutions. The Company is exposed to reductions in interest rates, which could impact expected current and future returns. As at October 31, 2024, the amount of $13,524 (January 31, 2024 - $6,812) was held in deposits with financial institutions.

October 31, 2024	**Floating Rate Financial Instruments**	**Fixed Rate Financial Instruments**	**Non-interest bearing**	**Total**
Financial assets				
Financial assets at FVTPL	18,158	0	0	18,158
Financial assets at amortized cost	0	0	304,686	304,686
	18,158	**0**	**304,686**	**322,844**
Financial liabilities				
Other financial liabilities	**0**	**532,695**	**4,058,580**	**4,601,275**

January 31, 2024	Floating Rate Financial Instruments	Fixed Rate Financial Instruments	Non-interest bearing	Total
Financial assets				
Financial assets at FVTPL	6,812	0	0	6,812
Financial assets at amortized cost	0	0	289,482	289,482
	6,812	0	289,482	296,294
Financial liabilities				
Other financial liabilities	0	528,004	4,142,178	4,670,182

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest risk or currency risk. The Company is not exposed to any other price risk.

Fair value measurements of financial assets

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

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.

The fair value of the Company's receivables, and due from related parties approximate their carrying value due to their short term in nature. The Company's cash is measured at fair value using Level 1 inputs.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RISKS AND UNCERTAINTIES

The following are certain factors relating to the Company's business which prospective investors should carefully consider before deciding whether to purchase common shares in the Company's authorized capital. These risks and uncertainties are not the only ones we are facing. Additional risk and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our operations. If any such risks actually occur, the business, financial condition, liquidity and results of our operations could be materially adversely affected.

Risk Factors

We may need to raise further capital

Our business strategy is based in part on the scalability of our operations. In order to expand our operations, we will need to raise additional funds in the future, and such funds may not be available on commercially reasonable terms, if at all. If we cannot raise enough funds on acceptable terms, we may not be able to fully implement our business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated requirements. This could seriously harm our business, financial condition and results of operations.

Related Party

TheraCann owns approximately 53% of the outstanding common shares, giving legal control of the Company. TheraCann will be able to exert control on all matters requiring shareholders' approval and strategic operations of the Company.

Key Personnel Risk

Our success will depend on our directors and officers to develop our business and manage our operations, and on our ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents. No securities commission or regulatory authority has reviewed the accuracy of the information presented herein.