

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

## **Date and Subject of this Discussion and Analysis**

The following is management's discussion and analysis ("MD&A") of Greenrise Global Brands Inc. (the "Company" or "Greenrise") financial condition and results of operations for the nine-months ended September 30, 2024, and should be read in conjunction with the unaudited condensed consolidated financial statements and related notes for the same reporting period and the Company's audited financial statements for the year ended December 31, 2023 (the "Year-End").

The financial information contained herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included are quoted in Euros ("€"), which is the functional currency of the Company or Canadian dollars ("CAD\$"), unless stated otherwise.

## **Cautionary Statement Regarding Forward-Looking Information**

This MD&A and the documents incorporated by reference herein contain forward-looking information (collectively "**forward-looking statements**") within the meaning of the applicable Canadian securities laws concerning our planned activities for the current financial year. The Company's representatives may also make forward-looking statements orally from time to time.

Statements in this document that are not historical facts, including statements about the Company's beliefs and expectations, recent business and economic trends constitute forward-looking statements. Forward-looking statements include, without limitation, statements regarding the outlook for future operations, forecasts of future revenue and expenditures, market conditions, specifically the Canadian and German stock markets or other business plans. Forward-looking statements include statements regarding the intent, belief, or current expectations of the Company, primarily with respect to the results of operations, financial position or cash flows of the Company.

The statements are based on current plans, estimates, and projections and are subject to change. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, and the Company undertakes no obligation to update publicly any changes in light of new information or future events.

Shareholders and potential investors are cautioned that any such forward-looking statements are not guarantees and involve risks and uncertainties, and that actual results may differ from those in the forward-looking statements as a result of various factors such as general economic and business conditions particularly in North America and Europe, including changes in interest rates, actions by government authorities in Canada, Germany or the European Union, including changes in government regulation, political conditions in Europe and future decisions by the Company's directors or officers in response to changing conditions, the ability to execute prospective business plans and misjudgments in the course of preparing forward-looking statements.

Material factors and assumptions underlying the Company's expectations regarding forward-looking statements include, among others: the ability of the Company to obtain financing on acceptable terms, that the Company will be able to maintain appropriate levels of liquidity in order to make investments when attractive opportunities arise, stability in the global economic environment particularly in Canada and Germany and broadly in regard to North America and the European Union, and Canadian and German interest rates and that interest rates and foreign exchange rates, particularly in regard to the Canadian dollar and Euro, will not vary materially from current levels.

The status of the equity markets in Canada and Germany, in particular, the Canadian Securities Exchange and the Frankfurt Stock Exchange, may affect the financial performance of the Company. In addition, as the Company's cash and assets are held in €'s and to a lesser extent in CAD\$, high annual inflation in Germany, the European Union and Canada may affect the financial performance and condition of the Company. A majority of the Company's assets have an economic interest in Germany. Therefore, the fluctuation between the CAD\$ and the € may affect financial performance. The economic health of the economies of Germany and the European Union may also affect the financial performance of the Company.

Shareholders and potential investors are advised that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to the Company or persons acting on its behalf contained in this MD&A.

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**Description of the Company’s Business**

Greenrise is a Canadian-incorporated holding company that has been investing in the German cannabis industry since 2018.

Greenrise’s common shares trade on the Frankfurt Stock Exchange under the trading symbol is “C4T” and on the Canadian Securities Exchange (“CSE”) under the trading symbol “XCX” and is a securities reporting issuer in the Canadian provinces of British Columbia, Alberta, Ontario, and Quebec.

The Company’s investments are loans to CannaCare Health GmbH (“CannaCare”) with a principal amount outstanding of €1,139,920 (“CannaCare Loan Receivables”). The Company amended the CannaCare Loan Receivables agreement by extending the repayment date to December 31, 2024, and discounting the principal payment by half if the loan receivables are fully repaid prior to the extended repayment date. CannaCare is a Hamburg, Germany based company with operations in CBD sales predominantly in Germany (www.cannacare-health.de).

**Recent Developments**

On March 20, 2024, The Company entered into a drawdown credit facility for CAD\$150,000, secured by the CannaCare Loan Receivables and due on December 31, 2024, with a company owned by an executive officer of the Company.

**Results of Operations**

The table below highlights selected financial information for the three and nine months ended September 30, 2024, and 2023:

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<b>2024</b>	2023	<b>2024</b>	2023
<b>Expenses</b>				
General and administrative (Note 8)	€ (22,284)	€ (39,965)	€ (42,905)	€ (229,108)
Interest expense (Note 5)	(47,432)	(43,342)	(135,630)	(134,036)
Transfer agent, filing fees and shareholder communication	(4,730)	(5,598)	(11,720)	(9,726)
	<b>(74,446)</b>	<b>(88,905)</b>	<b>(190,255)</b>	<b>(372,870)</b>
<b>Other income (expense)</b>				
Interest income and accretion	22,607	17,565	66,170	52,548
Foreign exchange gain (loss)	-	(4,618)	-	(6,505)
Unrealized gain on derivative liability (Note 7)	-	5,979	1,886	61,290
<b>Net and comprehensive loss for the period</b>	<b>€ (51,839)</b>	<b>€ (69,979)</b>	<b>€ (122,199)</b>	<b>€ (265,537)</b>

The Company reported interest income and accretion of €66,170 from loan receivables compared to €52,548 in the previous year, as the loan was outstanding for an entire year in the current year.

The Company reported an unrealized gain on derivative liability of €1,886 compared to €61,290 in the prior year.

**Quarterly Results**

The table below shows selective financial results for each of the most recent eight quarters in thousands of Euros:

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(in thousands, except per share amounts)

	Q3, 2024		Q2, 2024		Q1, 2024		Q4, 2023	
Revenue	€	0	€	0	€	0	€	0
Loss and comprehensive loss		62		42		29		34
Basic and diluted loss per share		0.00		0.00		0.00		0.00

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	Q3, 2023		Q2, 2023		Q1, 2023		Q4, 2022	
Revenue	€	0	€	0	€	-	€	-
Loss and comprehensive loss		70		191		15		(201)
Basic and diluted loss per share		0.00		0.00		0.00		0.02

**Financial Condition, Liquidity and Capital Resources**

As at September 30, 2024, the Company’s total assets increased to €443,254, compared to €441,823 as at December 31, 2023.

The Company had working capital deficit of €2,737,112 as at September 30, 2024 as compared to working capital of €5,332 on December 31, 2023. The decrease in working capital is primarily a result of the loans and convertible debenture becoming due in the coming twelve months.

The Company’s investments include two unsecured loan receivables with CannaCare (“CannaCare Loan Receivables”) with total recoverable value of €1,139,920 and accrued interest totalling €41,234. During the year ending December 31, 2023, the Company and CannaCare amended both loan receivable agreements where the Company will discount the principal amounts owing by half if repaid before December 31, 2024. At September 30, 2024, the fair value of the loans was determined to be €426,066.

Total liabilities increased to €3,180,336 as at September 30, 2024, compared to €3,056,736 as at December 31, 2023.

As at September 30, 2024, the Company’s shareholders’ deficiency increased to €2.7-million, compared to €2.6-million as at December 31, 2023.

**Going Concern Considerations**

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2024, the Company had an accumulated deficit of €11,174,376 and a working capital deficit of €2,737,112. To date, the Company has not generated sufficient revenues to meet its operating and administrative expenses or its other obligations. The Company’s continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations and ultimately attain profitable operations. These factors indicate a material uncertainty exists that may cast significant doubt on the ability of the Company to continue operations as a going concern. Management intends to finance operating costs over the next twelve months with private placements of the Company’s common shares and loans from related parties.

**Related Party Transactions**

The Company considers the executive officers as key management.

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Included in accounts payable at September 30, 2024, is €41,578 (December 31, 2023 – €33,351) owing to officers of the Company for expenses incurred on behalf of the Company.

**Material Accounting Policy Information**

Set out below are the Company's material accounting policy information and estimates:

**Foreign currency translation**

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and its subsidiaries is the Euro. These consolidated financial statements are presented in Euros.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising in the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the consolidated statement of comprehensive loss in the period in which they arise.

Exchange differences arising from the translation of non-monetary items are recognized in other comprehensive income in the consolidated statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

**Discontinued operations**

Effective December 15, 2022, the Company sold its subsidiary in Germany, AMP Germany, which operated in the medicinal cannabis segment. The medical cannabis segment meets the criteria of a discontinued operation under IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. This operating segment was not previously classified as held-for-sale or discontinued operations.

**Financial instruments**

**Classification**

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive loss ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as FVTOCI. Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL or if the Company has opted to measure them at FVTPL.

**Impairment of financial assets at amortized cost**

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses.

The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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Derecognition

Financial assets:

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Financial liabilities:

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of comprehensive loss.

**Income taxes**

Income tax expense comprises current and deferred tax. Current and deferred tax is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or in reserves as part of shareholders' equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the asset can be realized.

Deferred income tax assets and deferred income tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

**Earnings (loss) per share**

Basic earnings (loss) per share is computed by dividing net income (loss) attributable to the equity owners of the Company by the weighted average number of common shares outstanding during the reporting period.

Diluted earnings (loss) per share is determined by dividing the net income (loss) attributable to the equity owners of the Company by the weighted average number of common shares outstanding, adjusted for the dilutive effect of all potential common share issuances upon exercise of options, warrants and similar instruments. For the periods presented, the Company had no dilutive instruments.

**Reserves**

Share-based payments

The Company's share option plan allows employees, directors, officers and consultants to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in share-based payment reserve in equity.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

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When options are exercised, the proceeds received, together with any related amount in share-based payments reserve, are credited to share capital.

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of the financial statements of subsidiaries and equity accounted investments of the Company that have a functional currency other than the Euro.

**Critical Risk Factors**

*Limited Operating History*

The Company has just commenced sales of products and as such has no history of earnings. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered considering the early stage of operations.

*Negative Cash Flow for the Foreseeable Future*

The Company has commenced sales of products during late 2020 and as such has no history of earnings or cashflow from operations. To the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative cash flow.

*Reliance on Management*

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and consultants. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, or financial condition.

*Additional financing needs*

The Company will require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability. If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of holders of the Company shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

*Difficulty to Forecast*

The Company must rely largely on its own market research to forecast demand for its product's as detailed forecasts are not generally obtainable from other sources at this early stage. A failure in the demand for its products could have a material adverse effect on the business, results of operations and financial condition of the Company.

*Compliance with Laws*

The Company's operations are subject to various laws, regulations, and guidelines. The Company endeavors to comply with all relevant laws, regulations, and guidelines. However, there is a risk that the Company's interpretation of laws, regulations, and guidelines, including, but not limited to the Cannabis Regulations, the regulations thereunder and applicable stock exchange rules and regulations, may differ from each other, and the Company's operations may not be in compliance with such laws, regulations and guidelines.

In addition, achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and, where necessary, obtaining regulatory approvals.

The impact of regulatory compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals required by the

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Company may significantly delay or impact the development of the Company's business and operations and could have a material adverse effect on the business, results of operations and financial condition of Company. Any potential noncompliance could cause the business, financial condition, and results of operations of the Company to be adversely affected.

The Company incurs ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed. Amendments to current laws and regulations, or more stringent application of existing laws or regulations, may have a material adverse impact on the Company resulting in increased cost to purchase products. The introduction of new tax laws, regulations or rules, or changes to, or differing interpretations of, or application of, existing tax laws, regulations or rules in any of the countries in which the Company operates could result in an increase in the Company's taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, regulations or rules will not be enacted or that existing tax laws, regulations or rules will not be changed, interpreted, or applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a material adverse effect on the Company.

*Regulation of the Cannabis Industry*

The Company's cannabis-related investments are heavily regulated in all jurisdictions where it carries on business. The Company's operations are subject to various laws, regulations and guidelines by governmental authorities, particularly The Federal Opium Agency of Germany's Federal Institute for Drugs and Medical Devices (the "BfArM"), relating to the marketing, management, transportation, storage, sale, pricing and disposal of medical cannabis and cannabis oil, and also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over the activities of the Company, including the power to limit or restrict business activities as well as impose additional disclosure requirements on the Company's products and services. Achievement of the Company's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the production and sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products or the extent of documentation that may be required by governmental authorities. Any delays in obtaining or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions, including the revocation or imposition of additional conditions on licenses to operate the Company's business, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. To the extent that there are changes to the existing laws and regulations or the enactment of future laws and regulations that affect the sale or offering of the Company's products or services in any way, this could have a material adverse effect on the business, results of operations and financial condition of the Company.

*Changes in Laws, Regulations and Other Guidelines*

The Company's operations are subject to a variety of laws, regulations, and guidelines relating to the marketing, acquisition, management, distribution (including import), transportation, storage, sale, and disposal of medical cannabis products. While the Company is currently in compliance with all such laws, regulations and guidelines, any rulings to the contrary or any changes to such laws and regulations that are beyond the control of the Company could have a material adverse effect on the business, results of operations, financial condition, and prospects of the Company.

*Conflicts of Interest*

Certain of the directors and officers of the Company are, or may become directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

*Litigation*

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue. Even if the Company is involved in litigation and wins, litigation can redirect significant Company's resources.

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*Uninsurable Risks*

The business of the Company may not be insurable, or the insurance may not be purchased due to high cost. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company.

*Economic Environment*

The Company's operations could be affected by the economic context should the unemployment level, interest rates, or inflation reach levels that influence consumer trends and consequently impact the Company's future sales and profitability.

*Global Economy Risk*

The ongoing economic slowdown and downturn of global capital markets have generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Company is subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations.

*Going-Concern Risk*

The financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing an equity or debt financing or in achieving profitability.

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

*Financial Risk Exposures*

The Company may have financial risk exposure to varying degrees relating to the currency of each of the countries where it operates and has financial risk exposure towards digital currencies. The level of the financial risk exposure related to a currency and exchange rate fluctuations will depend on the Company's ability to hedge such risk or use another protection mechanism.

*Attracting and keeping senior management and key personnel and consultants*

The success of the Company depends on the continued ability to attract, retain, and motivate highly qualified management, clinical, and scientific personnel, and industry consultants.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements that would potentially affect current or future operations or the financial condition of the Company.

**Other MD&A Requirements**

As specified by National Instrument 51-102, the Company advises readers of this MD&A that important additional information about the Company is available on the SEDAR website – [www.sedarplus.ca](http://www.sedarplus.ca)

The Company's Interim Chief Executive Officer (CEO) and Interim Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

As at September 30, 2024 there were no stock options outstanding.

As at September 30, 2024, the Company had no warrants outstanding.



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*Directors and Officers*

Directors:

Dr. Stefan Feuerstein  
Frank Otto  
Oliver Schindler

Officers:

Tom Kusumoto – Interim Chief Executive Officer and Chief Financial Officer

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