

Sweet Earth Holdings Corporation
Management Discussion & Analysis
For the Year Ended June 30, 2024



This Management's Discussion & Analysis ("MD&A") is intended to help the reader understand the Sweet Earth Holdings Corporation (the "Company") financial statements. The information provided herein should be read in conjunction with the Company's audited financial statements for the year ended June 30, 2024 and related notes attached thereto which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars ("CAD"). The effective date of this report is October 28, 2024.

Management is responsible for the preparation and integrity of financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management on a quarterly basis to review financial statements and MD&As, and to discuss other financial, operating and internal control matters.

The financial statements of the Company are prepared on a consolidated basis to include the financial information of the Company's wholly-owned subsidiaries, TSN Agricorp Ltd., Sweet Earth, LLC (deconsolidated in December 2023), Sweet Earth Holdings Corp. S.L.(dissolved in December 2022) and Sweet Earth Colombia S.A.S.(operations did not commence).

On May 19, 2020, the Company completed a reverse takeover transaction ("RTO") of Seaway Energy Services Inc., the effective of which was to become a listed entity on the Canadian Securities Exchange ("CSE") under the ticker symbol SE.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from such statements. Readers are therefore cautioned not to put undue reliance on forward-looking statements. See "Forward-looking Information and Statements" that are subject to risk factors set out in a cautionary note contained herein.

DESCRIPTION OF BUSINESS AND OVERVIEW

Sweet Earth Holdings Corporation (the "Company") was incorporated as 1168061 B.C. Ltd. under the Province of British Columbia Business Company Act on June 13, 2018. The name was changed to Sweet Earth Holdings Corporation on July 26, 2018, to reflect the Company's strategic decision to focus the business on becoming a major hemp cannabidiol ("CBD") cultivator and processor. During the fiscal year ended June 30, 2021, the Company changed its focus of operations that maintains a full line of hemp and CBD products for the US and global market.

Effective December 31, 2023, the Company is no longer operating in the CBD business sector. The company is actively shifting its strategic direction to better align with evolving market demands and emerging opportunities. Creating shareholder value is at the core of the company's strategic initiatives as it navigates new business opportunities.

In September 2024, both TSN and LLC were dissolved.

On October 17, 2024, the Company closed a non-brokered private placement of common shares in the capital of the Company at \$0.017 per share by the issuance of 12,000,000 shares for gross proceeds of \$204,000.

Future Plans & Market Outlook

Management has been working to grow its business and maintain its listing requirements with the CSE. The Company continues to move forward with developing new business opportunities that will increase its revenue. The current condition of the hemp segment has declined significantly over the past several quarters and the Company is looking to find new opportunities in all sectors of industry.

RESULTS OF OPERATIONS

This review of the results of operations should be read in conjunction with the Company's consolidated financial statement for the year ended June 30, 2024.

Financial Results

For the year ended June 30, 2024

The Company's revenue from operations for the year ended June 30, 2024, was \$9,671 (2023 – \$42,254) and the gross profit was \$5,576 (2023 - \$30,300).

For the year ended June 30, 2024, the Company net income was \$182,922 (2023 – loss of \$117,866). The net income (loss) is comprised of a gross profit on sales of \$5,576 (2023 - \$30,300), net operating costs of \$19,111 (2023 - \$187,135), administrative expenses of \$319,576 (2023 - \$344,951) and other income of \$516,033 (2023 - \$383,920).

For the year ended June 30, 2024, net operating costs of \$19,111 (2023 - \$187,135) consisted of depreciation of \$nil (2023 - \$117,311), interest on leases (equipment and building) of \$nil (2023 - \$44,074), and utilities of \$19,111 (2023 - \$25,080). The operating expenses decreased from the previous year due to termination of land lease and termination of operations in December 2023.

For the year ended June 30, 2024, significant administrative expenses of \$319,576 (2023 - \$344,951) consisted of consulting fees of \$nil (2023- \$101,983), management fees of \$60,750 (2023 - \$35,360), office and general expenses of \$39,395 (2023 - \$102,310), professional fees of \$206,177 (2023 - \$77,093), and travel costs of \$nil (2023 - \$5,895). The total administrative expenses during the year were comparable to last year however management fees and professional fees were higher than last year as the company continues to reorganize, restructure and explore other corporate opportunities.

For the year ended June 30, 2024, significant other items of \$516,033 (2023 - \$383,920) primarily consisted of loss for impairment of property and equipment of \$12,464 (2023 - \$905,253), gain on termination of lease liabilities of \$4,940 (2023 - \$998,599), gain on extinguishment of accounts payable of \$813 (2023 - \$264,060), loss on settlement of liability of \$113,448 (2023 - \$nil) and gain on deconsolidation of a subsidiary of \$636,192 (2023 - \$67,938).

For the quarter ended June 30, 2024

For the fourth quarter ended June 30, 2024, the Company's revenue from operations was a reversal of revenue of \$5,608 (2023 – revenue of 47,704) and gross net loss on sales of \$7,929 (2023 - \$1,725).

For the three months ended June 30, 2024, the Company net income was \$453,477 (2023 - \$236,738). The net income is comprised of a gross net loss on sales of \$7,929 (2023 - \$1,725), operating costs of \$2,717 (2023 - \$34,945), administrative expenses of \$59,433 (2023 - \$11,124) and other net gains of \$523,557 (2023 - \$284,532).

ANNUAL SELECTED INFORMATION

	For the year ended June 30, 2024	For the year ended June 30, 2023	For the year ended June 30, 2022
	\$	\$	\$
Revenue	9,671	42,254	88,116
Gross Profit	5,576	30,300	21,959
Operating expenses	(19,111)	(187,135)	(326,971)
Administrative expenses	(319,576)	(344,951)	(1,048,937)
Net income (loss)	182,922	(117,866)	(3,146,879)
Basic/Diluted loss per share	0.01	(0.04)	(1.16)
Total assets	17,703	167,512	1,283,452
Total liabilities	304,894	640,798	2,123,792

SUMMARY OF QUARTERLY RESULTS

Selected financial indicators for the past eight quarterly periods are shown in the following table:

	Three Months Ended June 30, 2024	Three Months Ended March 31, 2024	Three Months Ended December 31, 2023	Three Months Ended September 30, 2023
	\$	\$	\$	\$
Revenue	(5,608)	5,606	5,398	4,275
Income (loss) for the period	453,477	(15,538)	(214,162)	(40,855)
Income (loss) per share – basic & diluted	0.03	(0.00)	(0.02)	(0.00)
Total assets	17,703	9,791	53,702	123,011
Total liabilities	304,894	770,448	784,548	645,462

	Three Months Ended June 30, 2023	Three Months Ended March 31, 2023	Three Months Ended December 31, 2022	Three Months Ended September 30, 2022
	\$	\$	\$	\$
Revenue	7,704	15,672	9,238	9,640
Loss for the period	236,738	(206,356)	(20,144)	(128,104)
Loss per share – basic & diluted	0.09	(0.07)	(0.01)	(0.05)
Total assets	167,512	71,180	228,345	1,171,815
Total liabilities	640,978	1,289,546	1,237,483	2,167,636

LIQUIDITY, FINANCING AND CAPITAL RESOURCES

As at June 30, 2024, the Company had a cash balance of \$17,703 (June 30, 2023 - \$155,048) to settle current liabilities of \$304,894 (June 30, 2023 - \$640,798). The Company expects to fund these liabilities and its operational activities and through the issuance of capital stock and, or through operational revenues over the coming year.

As at June 30, 2024, the Company's cash used in operating activities was \$165,518 (2023 -\$491,704), and cash from financing activities was \$25,000 (2023 - \$525,000).

During the year ended June 30, 2024, cash used in operating activities was \$165,518 (2023 -\$491,704). Cash used during the year consists primarily of net income of \$182,922 (2023 - loss of \$117,866), less adjustments for depreciation of \$nil (2023 - \$117,311), interest on lease of \$nil (2023 - \$44,074), accrued interest of \$226 (2023 - \$16,544), gain on termination of lease liabilities of \$4,940 (2023 - \$998,599), loss on impairment of property and equipment of \$12,464 (2023 - \$905,253), loss on impairment of inventory of \$nil (2023 - \$41,424), loss on settlement of liability of \$113,448 (2023 - \$nil), gain on extinguishment of accounts payable of \$813 (2023 - \$264,060), gain on deconsolidation of a subsidiary of \$636,192 (2023 - \$67,938) and net change in non-cash operating working capital of \$167,367 (2023 - \$167,847).

During the year ended June 30, 2024, cash provided by financing activities was \$25,000 (2023 - \$525,000) of which \$25,000 (2023 - \$25,000) was from loans and \$nil (2023 - \$500,000) was from issuance of shares.

RELATED PARTY TRANSACTIONS

The Company considers officers and members of the Board of Directors as related parties. Key Management costs for the year ended June 30, 2024 is \$60,750 (2023 - \$35,360). Payments and accruals were made to the following officers and directors, or to companies controlled by these officers and directors:

	For the Year Ended	
	June 30, 2024	June 30, 2023
	\$	\$
Management fees to former CEO and former director	-	17,610
Management fees to CEO and director	28,875	-
Management fees to CFO and director	31,875	17,750
Total	60,750	35,360

Due to related parties represents fees due to officers and directors at June 30, 2024 of \$21,000 (June 30, 2023 – \$7,500). The amounts are non-interest bearing, due on demand and bear no specific terms of repayment.

FINANCIAL INSTRUMENTS

International Financial Reporting Standards establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of chequing account at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At September 30, 2023, management considers the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

As at June 30, 2024, the Company had a cash balance of \$17,703 (June 30, 2023 - \$155,048) to settle current liabilities of \$304,894 (June 30, 2023 - \$640,798). So far, the Company's sole source of funding has been the issuance of equity securities. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. The Canadian dollar equivalent of the amounts denominated in foreign currencies at June 30, 2024 and June 30, 2023 are as follows:

	USD
June 30, 2024	\$
<i>Financial assets</i>	684
<i>Financial liabilities</i>	24,072
June 30, 2023	
<i>Financial assets</i>	-
<i>Financial Liabilities</i>	392,108

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company is not currently subject to price risk as it is not listed on a public stock exchange.

FUTURE ACCOUNTING POLICY CHANGES

A number of new standards, amendments to standards and interpretations are not yet effective as of the date of this report and were not applied in preparing the audited financial statements. None of these are expected to have a material effect on the financial statements of the Company.

CAPITAL COMMITMENTS

The Company has no commitments for equipment expenditures for 2024. The Company has forecasted that any property and equipment expenditures based on future needs will be funded from working capital and/or from operating or capital leases.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Management must make significant judgments or assessments as to how financial assets and liabilities are categorized. The following are the critical estimates and judgments that management has made in applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

a) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

b) *Functional currency*

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar, which is also the reporting currency of the Company. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards (“IAS”) 21. An entity considers the following factors in determining the functional currency of entities under its control:

- i) the currency that mainly influences sales prices for goods and services,
- ii) the currency of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services, and
- iii) the currency that mainly influences labour, material and other costs of providing goods or services.

The Company has determined that the function currency of TSN and LLC is the US dollar.

c) *Estimated useful life and residual value of equipment*

The calculation of depreciation involves estimates concerning the economic life and salvage value of equipment.

d) *Fair value of share-based payments*

The fair value of share-based payments is calculated using a Black-Scholes option-pricing model. There are a number of estimates used in the calculation such as the future forfeiture rate, expected option life and the future price volatility of underlying security, which can vary from actual future events. The factors applied in the calculation are management’s best estimate based on historical information and future forecasts.

e) *Leases*

The Company applies judgement to determine whether an arrangement contains a lease. The evaluation requires the Company to determine whether a contract conveys the right to direct the use of an identified asset, the supplier has a substantive substitution right, the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period and whether renewal options are reasonably certain of being exercised. For those arrangements considered to be a lease, further judgement is required to determine the lease term and the rate implicit in the lease.

f) *Taxation*

The calculation of deferred taxes is based on a number of assumptions including estimating the future periods in which temporary differences, tax losses and other tax credits will reverse, the use of substantively enacted tax rates at the statements of financial position date and the likelihood of deferred tax assets being realized.

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OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

SHARES AND SHARE-BASED UNITS

The Company has the following common shares, stock options, and share purchase warrants outstanding:

Common shares

As at June 30, 2024, the issued and outstanding share capital is comprised of 12,802,941 common shares.

As at the date of this report, the issued and outstanding share capital is comprised of 24,802,941 common shares.

Warrants

As at June 30, 2024, there were 10,303,000 warrants outstanding.

As at the date of this report, the following warrants were outstanding:

Warrants	Number of shares upon exercise	Exercise price	Expiry Date
10,000,000	10,000,000	\$0.10	June 12, 2025

Share Options

As at June 30, 2024 and as at the date of this report, there were no options were outstanding and exercisable.

GOING CONCERN

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning 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. As at June 30, 2024, the Company has incurred an accumulated loss of \$15,072,562 to date. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements contained in this news release may constitute forward-looking information. Forward looking information is often, but not always, identified by the use of words such as “anticipate”, “plan”, “estimate”, “expect”, “may”, “will”, “intend”, “should”, and similar expressions. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company’s actual results could differ materially from those anticipated in this forward-looking information as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions, changes to the Company’s strategic growth plans, and other factors, many of which are beyond the control of the Company. The Company believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon. Any forward looking information contained in this news release represents the Company’s expectations as of the date hereof, and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

RISK FACTORS

At this time, the Company does not have a principal activity. In addition to the other information in this report, you should carefully consider the following factors, which describe the risks, uncertainties and other factors that may materially and adversely affect our business, financial condition and operating results. Many factors affect our business, some of which are beyond our control. The ongoing costs and obligations of running a public company; future acquisitions or dispositions; management of growth; security breaches; changes in laws, regulations and guidelines; and management's success in anticipating and managing the foregoing factors.

These risk factors are not intended to represent a complete list of the risk factors that could affect the Company, many factors could cause actual actions, events or results to differ materially from those described in the forward looking statements included herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended, and there can be no assurance that the forward-looking statements will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements in this document. All the forward-looking statements made in this document are qualified by these cautionary statements.