

**LIGHT AI INC.**  
(formerly Mojave Brands Inc.)

**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED AUGUST 31, 2024**

**INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") has been prepared by the management of Light AI Inc. (the "Company") as of December 27, 2024, and should be read in conjunction with the audited consolidated financial statements of the Company together with the related notes thereto for the year ended August 31, 2024. The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). All amounts are stated in Canadian dollars unless otherwise indicated.

Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation. Additional information related to the Company and its operations is available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).

**FORWARD-LOOKING STATEMENTS**

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future business plans and strategy. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" occur. Forward-looking information is based on assumptions and expectations which the Company considers are reasonable, and which are based on management's experience and its perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. The assumptions used to develop forward-looking information include, but not limited to, assumptions about:

- The general business and economic conditions;
- The timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned business objectives;
- The nature and location of the Company's plants, and the timing of the ability to commence its business operations;
- The Company's ability to secure the necessary consulting, technical and related services and supplies on favourable terms;
- The Company's ability to attract and retain key staff;
- Treatment of the Company's business under governmental regulatory regimes and tax laws and the renewal of the Company's license thereunder;
- The anticipated terms of the consents, permits and authorizations necessary to carry out the planned operations and the Company's ability to comply with such terms on a cost-effective basis;
- Fluctuations in the price of common shares and the market for the common shares; and
- The ability of the Company to generate cash flow from operations and from financing activities.

Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to

be correct. The Company does not undertake to revise or update any forward-looking information, except in accordance with applicable laws. Readers should not place undue reliance on forward looking information.

Forward-looking information is subject to known and unknown risks and uncertainties that may cause the actual results, or performance of the Company to be materially different from those expressed or implied by such forward-looking information. These risks and uncertainties included risk and uncertainties associated with the medical marijuana industry, such as the potential changes in government regulation, and the uncertainty of predicting operating and capital costs. They also include risks and uncertainties that affect the business environment generally, such as changes in interest rates and the condition of financial markets, and changes in exchange rates, and other risks identified herein under “Risks and Uncertainties”.

## **COMPANY OVERVIEW**

Light AI Inc. was incorporated under the name Infinity Minerals Corp. on November 12, 2010, under the laws of the Province of British Columbia, Canada. The name of the Company was changed to Herbal Clone Bank Canada Inc. on August 29, 2014, to High Hampton Holdings Corp. on June 18, 2015, to Mojave Jane Brands Inc. on June 11, 2019, to Mojave Brands Inc. on March 30, 2021, and subsequently to Light AI Inc. on December 13, 2024. The Company is a reporting issuer in British Columbia, Ontario and Alberta, and its common shares are traded on the Canadian Securities Exchange (the “CSE”) under the symbol “MOJO” and on the Frankfurt Exchange under the symbol “FSE: 0HCN”. The Company was engaged in identifying and evaluating potential business opportunities. Trading in the Company common shares was halted on June 19, 2024, pending review and approval of the Business Combination Transaction described below by the CBOE. On December 13, 2024, the Company completed the Transaction and changed its name from Mojave Brands Inc. to Light AI Inc. For additional details regarding the Transaction, please refer to the final long form prospectus, agency agreement and related documents filed under the Company’s profile on Sedar+ on December 17, 2024.

On October 25, 2023, the Company completed a consolidation of the Company’s issued and outstanding common shares, stock options and warrants on a basis of one (1) post-consolidation common share for every four (4) pre-consolidation common shares. All information relating to basic and diluted loss per share, issued and outstanding common shares, stock options and warrants in these consolidated financial statements have been adjusted and restated retrospectively to reflect the share consolidation.

On December 15, 2023, the Company completed a non-brokered private placement of 6,799,800 units announced at a price of \$0.07 per unit for gross proceeds of \$475,986. Each unit is comprised of one common share and one-half of share purchase warrant; each whole warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of \$0.11.

### Business Combination Agreement

On January 31, 2024, the Company entered into a binding letter of intent (“LOI”) with LAI SPV Corp. (“LAI SPV”) and Light AI Inc. (“Light AI”) under which the Company, LAI SPV and Light AI will combine their respective businesses by way of a share exchange, merger, amalgamation, plan of arrangement or such other similar form of transaction (the “Transaction”). The parties entered into a Business Combination Agreement on June 19, 2024 and subsequently amended on September 9, 2024 and October 24, 2024, whereby the Company, Light AI and LAI SPV agreed to effect the combination of their respective businesses and assets.

On December 13, 2024, the Company completed the amalgamation and terms and conditions of the amalgamation were as follows: (i) 1479875 B.C. Ltd. (“Subco”), a wholly owned subsidiary of the Company incorporated for the purpose of effecting the transaction, amalgamated with Light AI and LAI SPV to form Light AI Technologies Inc.; (ii) holders of common shares in the capital of Light AI received 3.89 common shares in the capital of the Company for each Light AI share held, and the Light AI shares were cancelled; (iii) holders of common shares in the capital of LAI SPV received one common share in the capital of the Company for each LAI SPV share held, and the LAI SPV shares were cancelled; (iv) Company share purchase warrants were issued to the holders of Light AI share purchase warrants, and LAI SPV share purchase warrants, in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratio, such Light AI warrants and LAI SPV warrants were cancelled; (v)

Company options were issued to holders of Light AI options and LAI SPV options in exchange and replacement for, and on an equivalent basis after giving effect to the applicable exchange ratio, such Light AI options and LAI SPV options were cancelled; (vi) Light AI Technologies Inc. became a wholly owned subsidiary of the Company; and (vii) the Company changed its name to Light AI Inc. The Company will continue to carry on the business of Light AI.

### Offering

On September 25, 2024, the Company signed an agreement to appoint Venum Financial Corp. as the lead agent and sole bookrunner on behalf of a syndicate of agents (collectively the “Agents”) in respect of a proposed public offering of a minimum of 18,181,818 units and a maximum of 27,272,727 units at \$0.55 per unit to raise gross proceeds of a minimum of \$10 million and a maximum of \$15 million (the “Offering”). On December 5, 2024, the Company and its agents agreed to increase the maximum size of the proposed public offering from 27,272,727 units to 29,248,000 units with maximum gross proceeds of \$16,086,400. Each unit will comprise one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at an exercise price of \$0.80 per share for a period of 18 months from the closing of the Offering. In consideration for the Agents’ services, the Company has agreed to pay to the Agents: (i) a cash fee equal to 7% of the aggregate gross proceeds; (ii) common share purchase warrants equal to 7% of the units sold in the offering (“Broker Warrant”); and (iii) a corporate finance fee of \$200,000 plus applicable taxes, payable at closing. Each Broker Warrant will entitle the holder thereof to acquire one common share at \$0.55 per share for a period of 18 months from closing. The Company is entitled to sell units to certain purchasers designated by the Company on the president's list to a maximum of \$3,000,000. The Company will pay to the Agents a reduced cash fee equal to 3.5% of the aggregate gross proceeds from the president's list purchasers and Broker Warrants equal to 3.5% of the units sold to the president's list purchasers. The Company will pay reasonable fees and expenses of the Agent’s legal counsel up to a maximum of \$250,000 and US\$20,000. The Company will grant the Agents an option (the “Over-Allotment Option”) to increase the size of the Offering by up to 15% of the units sold under the Offering. The maximum number of units issuable pursuant to the Overallotment Option is 4,387,200 units for aggregate gross proceeds of approximately \$2,412,960, assuming the offering is fully subscribed and the overallotment option is exercised in full for the units.

In connection with the Transaction, the Company intends to delist the common shares on the Canadian Securities Exchange and list the common shares on CBOE Canada. Listing is subject to the Company fulfilling all of the listing requirements of CBOE Canada, which cannot be guaranteed and there is no assurance that CBOE Canada will approve such listing application. The Company intends to use the net proceeds from the Offering for operations, marketing, working capital and general corporate purposes, as set forth in the preliminary prospectus.

### Long Form Prospectus

On October 29, 2024, the Company filed and obtained a receipt for a preliminary prospectus in each of the provinces and territories of Canada, other than Quebec, in connection with the Offering. On December 17, 2024, the Company filed and obtained a final receipt for its long form prospectus.

### Loan

In connection with the LOI, the Company advanced a loan of \$250,000 to LAI (the “Loan”), which is evidenced by a promissory note. The Loan is non-interest bearing (except as described below) and is payable upon demand. In the event the LOI is terminated, the Loan will become due and payable, bear interest at a rate of 24% per annum from the date of issuance, and LAI will issue the Company 277,778 common share purchase warrants of LAI (the “LAI Warrants”). The LAI Warrants will be exercisable for LAI Shares at \$0.90 per LAI Share for a period of 48 months from the date of issuance. In addition, the Company has the right to convert the Loan into LAI Shares at \$0.90 per LAI Share. As the loan was advanced to Light AI for the purpose of facilitating the Transaction, the Loan is classified as at fair value through profit or loss. Due to the lack of an active market for the Company’s privately placed debt instrument and the on-demand nature of the Loan, the Company determined that the face value of the Loan is considered to be a reasonable approximation of its fair value at the issuance date and as of August 31, 2024.

About Light AI Inc.

Light AI is a private British Columbia health care company focused on developing artificial intelligence health diagnostic applications. Light AI is developing a technology platform which represents the next-generation diagnostics: It applies AI algorithms to smart phone images, starting with images of strep A to identify disease in seconds. Its patented, app-based solution requires no swabs, lab tests or proprietary hardware of any kind. Its hardware platform is the 4.5 billion smart phones that exist in the world today. In pre-Food and Drug Administration validation studies, Light AI's algorithm has attained accuracy of almost 97 percent in identifying strep A, a disease which infects over 600 million per year globally and kills as many children per year as malaria. Notably, 97 percent accuracy is on par with the gold standard swab culture that is currently used for the diagnosis of strep A, and in the same validation studies, Light AI's artificial intelligence has also achieved a negative predictive value of 100 percent, meaning it can specify with high degree of certainty that someone does not have strep A. Light AI's approach to applying AI to smart phone images can be expanded to other throat conditions, as well as other areas of analysis, such as the human eye and skin. Light AI's vision is to combine the smart phone with AI in the cloud to create a digital clinical lab that provides quick and accessible diagnosis for countless conditions that today require expensive and time-consuming imaging or lab processes.

Light AI's founding chief executive officer, Peter Whitehead, is a data scientist and entrepreneur, who has founded, built and sold a medical imaging company. He has been developing AI algorithms for processing medical images since the 1990s, and has been awarded image analytic patents over a career spanning three decades. In Light AI, he has surrounded himself with globally recognized leaders, including: (1) the former chief information officer of Johnson & Johnson research and development as Light AI's chief operating officer; (2) an FDA lead, who spent 16 years in regulatory affairs at Medtronic, including as director, regulatory affairs; (3) a former senior adviser to the Gates Foundation and co-ordinator of malaria diagnostics at the World Health Organization; and (4) the Centers for Disease Control and Prevention's principal investigator for the CDC's national sentinel network, which is a network of emergency departments co-ordinating disease surveillance to identify emerging pathogens and pandemics. Light AI's interactive process of AI algorithm development began in 2016. Light AI has built a library of approximately 280,000 images of the back of the throat, which may be the largest database of pharyngitis images in the world today, to achieve its NPV of 100 per cent and accuracy of almost 97 percent. Building this library and the accompanying AI algorithms took seven years, the collaboration of more than 14 partners (including the American Heart Association, UCLA Health Network, LabCorp and Cincinnati Children's Hospital), funded with \$9.3 million (U.S.) in dilutive capital and approximately \$10 million (U.S.) in non-dilutive capital.

**SELECTED ANNUAL INFORMATION**

The following table sets out selected financial information for the Company which has been derived from the Company's audited consolidated financial statements for the fiscal years ended August 31, 2024, 2023, and 2022.

	<b>Fiscal 2024 (\$)</b>	<b>Fiscal 2023 (\$)</b>	<b>Fiscal 2022 (\$)</b>
Revenues	-	-	-
Income (loss) from continuing operations	(1,158,388)	(68,858)	34,360
Net income (loss)	(1,158,388)	(68,858)	67,119
Income (loss) from continuing operations per share - basic and diluted	(0.16)	(0.03)	0.01
Net loss (loss) per share - basic and diluted	(0.16)	(0.03)	0.03
Total assets	324,141	692,141	884,042
Total non-current liabilities	-	-	40,000
Dividends	-	-	-

### Factors That Affect the Comparability of the Annual Financial Data Disclosed Above

Net income (loss) for the years ended August 31, 2024, 2023, and 2022 was (\$1,158,388), (\$68,858), and \$67,119, respectively. The significant variance was mainly attributable to general operating expenses (2024 - \$1,153,823, 2023 - \$218,266, 2022 - \$181,346), gain on extinguishment of accounts payable (2024 - \$nil, 2023 - \$103,869, 2022 - \$nil), and gain (loss) from provision for doubtful receivables (2024 - \$nil, 2023 - (\$1,465), 2022 - \$191,237). The substantial increase in general operating expenses in fiscal 2024 was mainly due to capital market advisory services and legal fees related to the proposed transaction. The decrease in total assets was due to the use of cash in operating activities.

### **DISCUSSION OF OPERATIONS**

During the year ended August 31, 2024, the Company reported a net loss of \$1,158,388 compared to a net loss of \$68,858 for the year ended August 31, 2023. The net loss for fiscal 2024 was mainly attributable to general operating expenses of \$1,153,823 (2023 - \$218,266). The substantial increase in general operating expenses in fiscal 2024 was mainly due to a capital market advisory services agreement with Commodity Partners Inc. totaling \$580,952 (2023 - \$nil). Commodity Partners Inc. became a significant shareholder of the Company through the non-brokered private placement completed in December 2023. The Company also incurred legal fees of \$225,222 primarily related to the transaction with Light AI and LAI SPV. Other key expense items for fiscal 2024 are summarized below:

- Accounting and audit amounted to \$71,113 (2023 - \$24,656). The increase was due to additional compliance work related to the proposed transaction.
- Management fees of \$58,500 (2023 - \$90,000) mainly related to fees for the company's CEO and CFO.
- Marketing and promotion expenses totaled \$51,077 (2023 - \$nil). In December 2023, the Company engaged a marketing firm at a monthly fee of \$5,000 to provide capital raising, presentation pitch, and social media promotion services.
- Travel expenses amounted to \$115,961 (2023 - \$nil), incurred for promotional trips by Light AI marketers.

### **SUMMARY OF QUARTERLY RESULTS**

The following table sets forth selected unaudited financial information for the Company's eight most recent quarters ending with the last quarter for the three months ended August 31, 2024.

	For the Three Months Ended							
	Fiscal 2024				Fiscal 2023			
	Aug. 31, 2024	May 31, 2024	Feb. 29, 2024	Nov. 30, 2023	Aug. 31, 2023	May 31, 2023	Feb. 28, 2023	Nov. 30, 2022
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total revenues	-	-	-	-	-	-	-	-
Net income (loss) from continuing operations	(382,107)	(215,926)	(346,299)	(214,056)	37,523	(60,948)	(29,427)	(16,006)
Net income (loss)	(382,107)	(215,926)	(346,299)	(214,056)	37,523	(60,948)	(29,427)	(16,006)
Net income (loss) from continuing operations per share - basic and diluted	(0.04)	(0.02)	(0.04)	(0.08)	0.01	(0.01)	(0.01)	(0.01)
Net income (loss) per share - basic and diluted	(0.04)	(0.02)	(0.04)	(0.08)	0.01	(0.01)	(0.01)	(0.01)

### Factors That Affect the Comparability of the Quarterly Financial Data Disclosed Above

The net losses for the quarters were primarily due to general operating expenses, which remained relatively consistent across quarters in fiscal 2023. General operating expenses increased significantly throughout fiscal 2024 largely due to consulting fees paid to Commodity Partners Inc. and expanded marketing activities. The significant loss in the fourth quarter of fiscal 2024 was mainly attributable to legal fees related to the proposed transaction. The net income in the fourth quarter of fiscal 2023 primarily resulted from a gain on extinguishment of accounts payable totalling \$103,869.

### **FOURTH QUARTER**

In the fourth quarter ended August 31, 2024, the Company incurred a net loss of \$382,107 compared to net income of \$37,523 in 2023. The net loss in the fourth quarter of 2024 was primarily due to general operating expenses of \$382,107 (2023 - \$69,294). Factors affecting general operating expenses for the current quarter are similar to those discussed in the "Discussion of Operations" Section.

### **LIQUIDITY AND CAPITAL RESOURCES**

As of August 31, 2024, the Company held a cash balance of \$34,701, a decrease of \$655,477 from the cash balance of \$690,178 as of August 31, 2023. The Company spent \$935,309 on operating activities and advanced a loan of \$250,000 to Light AI pursuant to the LOI. The Company financing activities included \$453,753 of net proceeds raised from a private placement financing and \$75,000 of loan proceeds received from LAI SPV.

The Company had a working capital deficiency of \$69,357 as of August 31, 2024 compared to working capital of \$635,278 as of August 31, 2023.

### Going Concern

As at the date of this MD&A, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business objectives. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due and to attain future profitable operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. Further, if an equity offering is used to raise required additional capital, it may result in dilution to existing shareholders based on the size of such an offering. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company intends to complete a public offering of a minimum of 18,181,818 units and a maximum of 29,248,000 units at \$0.55 per unit to raise gross proceeds of a minimum of \$10 million and a maximum of \$16 million concurrent with the proposed Transaction.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

### **RELATED PARTY TRANSACTIONS AND BALANCES**

Amounts due to related parties of \$nil (August 31, 2023 - \$31,913) are related to advances made by Peeyush Varshney and amounts payable to his father and a company controlled by his mother and are unsecured, non-interest bearing, and have no specific terms of repayment. During the year ended August 31, 2024, the Company repaid the amounts due to Peeyush Varshney and the amounts payable to his father and a company controlled by his mother of \$31,913.

Included in accounts payable is \$10,500 (2023 - \$nil) in management fees owed to the Company's directors and officers. These amounts are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management personnel include directors (executive and non-executive) and officers of the Company. The compensation paid or payable to key management personnel and entities over which they have control or significant influence during the years ended August 31 is as follows:

	2024	2023
Management fees	\$ 58,500	\$ 90,000
Consulting fees	435,714	2,000
	\$ 494,214	\$ 92,000

The Company entered into the following transactions with related parties during the year ended August 31, 2024:

- a) Incurred management fees of \$27,500 (2023 - \$nil) the Chief Executive Officer ("CEO") of the Company.
- b) Incurred management fees of \$23,500 (2023 - \$nil) to a company controlled by the Chief Financial Officer ("CFO") of the Company.
- c) Incurred management fees of \$7,500 (2023 - \$90,000) to Varshney Capital Corp. a company partially controlled by Peeyush Varshney, a former director of the Company.
- d) Incurred consulting fees of \$435,714 (2023 - \$nil) to Commodity Partners Inc., a company controlled by a significant shareholder of the Company, for capital market advisory services.
- e) Incurred consulting fees of \$nil (2023 - \$2,000) to a company controlled by the former Chief Executive Officer ("CEO") of the Company and the former CEO of the Company.
- f) Incurred rent expense of \$nil (2023 - \$15,000) to a company controlled by the mother of Peeyush Varshney, a former director of the Company.

## 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 those estimates and judgments. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Areas requiring a significant degree of estimation and judgment by the Company's management relate to but are not limited to:

- the fair value measurements for financial instruments;
- the recoverability and measurement of deferred tax assets and liabilities; and
- whether the Company has sufficient financing to operate as a going concern.

Actual results may differ from those estimates and judgments.

## FINANCIAL INSTRUMENTS

As of August 31, 2024, the carrying amounts of accounts payable, and loans payable carried at amortized cost are considered a reasonable approximation of their fair values due to the relatively short period to maturity of these financial instruments. Cash and cash equivalents and loan receivable are carried at fair value.

### Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

#### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and loan receivable. The credit risk with respect to its cash is minimal as they are held with high-credit quality financial institutions. The loan receivable was a loan to Light AI with which the Company plans to merge. The Company does not anticipate any default on the loan receivable.

#### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have enough liquidity to meet liabilities when due. as they fall due. As of August 31, 2024, the Company has a cash balance of \$34,701 and current liabilities of \$393,498. Liquidity risk is assessed as high. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. The loans payable, originally due on October 23, 2024, have been extended to a new maturity date of April 23, 2025.

#### *Interest rate risk*

The Company is exposed to interest rate risk arising from cash held in Canadian financial institutions. The interest rate risk on cash is not considered significant due to its short-term nature and maturity. Loans payable that are not repaid by the maturity date will be subject to interest at the Bank of Canada rate plus 2% per annum, compounded monthly, until it is paid in full. The exposure to interest rates for the Company is considered minimal. The Company has not used any financial instrument to hedge potential fluctuations in interest rates.

## OUTSTANDING SHARE DATA

The Company had the following common shares, stock options and warrants outstanding as at the date of this report:

Issued and Outstanding Common shares	82,595,471
Stock options	7,113,945
Warrants	7,792,635
	97,502,051



## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

### **New accounting standards**

There were no new or amended IFRS pronouncements effective September 1, 2024 that are expected to impact the Company's consolidated financial statements.

## **RISK AND UNCERTAINTIES**

The Company's business is subject to risks inherent in a high growth, heavily regulated enterprise, and the Company has identified certain risks pertinent to its business that may materially and adversely affect our business, products, financial condition and operating results. There are many factors that affect our business and our results of operations, some of which are beyond our control. The following is a description of important factors that may cause our actual results of operations in future periods to differ materially from those currently expected or discussed in the forward-looking statements set forth in this report relating to our financial results, operations and business prospects. Except as required by law, we undertake no obligation to update any such forward-looking statements to reflect events or circumstances after the date of this MD&A. These risks include, but are not limited to the following:

### *Additional funding requirements*

The Company has not generated positive cash flows from operating activities. As a result of the Company's negative cash flow from operating activities, the Company continues to rely on the issuance of securities or other sources of financing to generate the funds required to fund its business. The Company may continue to have negative operating cash flow for the foreseeable future. The Company expects to continue to increase operating expenses as it implements initiatives to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable. There is no assurance that the Company will be successful in achieving a return on shareholders' investments and the likelihood of success must be considered in light of the early stage of operations.

### *Business acquisition risk*

A number of risks associated with business acquisition include: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully, or at all, or may take longer to realize than expected; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets. The presence of one or more material liabilities and/or commitments of an acquired company that are unknown to us at the time of acquisition could have a material adverse effect on our results of operations, business prospects and financial condition. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our existing operations.

## **DISCLOSURE CONTROLS**

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

**APPROVAL**

The Board of Directors of Light AI Inc. has approved the contents of this management discussion and analysis on December 27, 2024.