THS MAPLE HOLDINGS LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

Seven months ended June 30 2024 and year ended November 30 2023

The following management discussion and analysis ("MD&A") of THS Maple Holdings Ltd. ("THS" or "the Company") provides a review of corporate developments, results of operations and financial position for the financial year ended June 30, 2024 covering a period of seven months compared with the twelve month period ended November 30, 2023. This discussion is prepared as of October 23, 2024. The results reported in this MD&A have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and are presented in Canadian dollars, which is the Company’s functional currency.

Information contained herein is presented as of October 28, 2024, unless otherwise indicated. The annual audited financial statements were approved for issuance by the Board of Directors on October 28, 2024.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements. Forward-looking statements can often be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the ability of the Company to obtain necessary financing, the economy generally, the Covid-19 pandemic, conditions in the target market of the Company, consumer interest in the services and products of the Company, competition and anticipated and unanticipated costs. Such statements could also be materially affected by environmental regulation, taxation policies, competition, the lack of available and qualified personnel or management, stock market volatility and the ability to access sufficient capital from internal or external sources. Actual results, performance or achievement could differ materially from those expressed herein. While the Company anticipates that subsequent events and developments may cause its views to change, the Company specifically disclaims any obligation to update these forward-looking statements, except as required by applicable law. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Company.

COMPANY OVERVIEW

THS Maple Holdings Ltd. sells and distributes maple syrup and maple flavored products to retail partners and direct to consumers in Canada and over 20 other countries. In its facility in Granby Quebec, the Company purchases, stores and bottles maple syrup in over 100 different formats under its proprietary brands Turkey Hill, Echo Mountain and Herman's 76. Working with its manufacturing partners, THS also sells products such as cookies, candies, chocolates and beverages, all with maple flavoring, under the same brands.

The Company is committed to achieving its sales objectives through its diversified distribution network, which is focused on the gift and souvenir markets, specialty food retailers and domestic markets in countries around the world. While the COVID-19 pandemic had a significant impact on the Company's sales between March 2020 and late 2022, demand has returned and THS is on pace to surpass pre-pandemic levels.

The Company's mission is to build lasting, mutually beneficial relationships with channel partners, maple syrup producers, suppliers and employees. To meet this goal, the Company continues to make significant investments in production efficiency, brand marketing and product innovation. Based on its analysis of the market and the increasing demand for natural sweeteners, the Company believes that the growth prospects for the domestic and international maple products markets are positive.

The Company has transitioned to a new fiscal year-end from November 30 to June 30, effective December 1, 2023. As a result, fiscal 2024 is a transition year that includes 7 months of operations, starting on December 1, 2023 and ending on June 30, 2024. The Company's subsequent 12-month financial year will begin on July 1, 2024 and end on June 30, 2025. In that respect, the Company addressed the seasonality of its business which is travel and tourism-related as well as the natural timing of annual maple syrup production which typically ends late spring.

GOING CONCERN

The audited consolidated net loss and comprehensive loss for the financial year ended June 30, 2024 was $2,999,348 (2023 – $2,666,553). Additionally, the Company reported consolidated negative cash flow used in operations (before changes in non-cash working capital) of $1,122,561 for the year ended June 30, 2024 (2023 - $1,371,885). As at June 30, 2024, the Company had a consolidated accumulated deficit of $8,634,008 (November 30, 2023 - $5,634,660) and a consolidated working capital of $241,050 (November 30, 2023, a consolidated working capital deficiency of $4,237,443).

The operations and consolidated net loss for the year ended June 30, 2024 resulted in the Company being in breach of its bank covenants under the terms of its credit line agreement. A tolerance letter will be requested by the Company from the bank once the audited consolidated financial statements have been approved by the Company's Board of Directors. The next annual review is scheduled for March 31, 2025.

In response to the recurring operating losses and negative cash flows from operating activities, the Company is undertaking a number of programs (US warehouse, second production shift at its Granby facilities) to enhance its sales and future cash flows, to meet its obligations and to fund its ongoing business operations. The Business Combination transaction has been executed on April 26, 2024 and has allowed the Company to significantly reduce its short-term debt.

The Company's ability to meet the covenant measurements under the terms of its credit agreement with its lender is still dependent upon continued improvement in profitable commercial operations, continued funding support from its lender and shareholders, and new equity and debt placements. However, there can be no assurance that management will be successful in this regard. These financial statements do not include any adjustments to the carrying value of assets or liabilities, to the recoverable amounts or the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption were inappropriate, and these adjustments could be material.

RECENT EVENTS AND FY 2024 HIGHLIGHTS

- On April 26, 2024, the Company (formerly known as Toronto Cleantech Capital Inc., a capital pool company) ("TCC") completed a Business Combination Agreement dated September 8, 2023 (the "Transaction") with THS LP (the Company's "Shareholder"), THS Genpar Inc. (THS GP), the limited partners of THS LP (the "Ultimate Shareholders") and the Unitholders of THS GP (the "GP Unitholders") which resulted in the reverse take-over of TTC by the Company. This transaction constitutes a "Qualifying Transaction" under the policies of the TSX Venture Exchange (the "Exchange"), as such term is defined in Exchange Policy 2.4 – Capital Pool Companies ("Policy 2.4"). This Transaction enabled the Company to repay on April 29, 2024 its Subordinated secured promissory note from the Shareholder. The Company therefore became the business of the entity resulting from the Agreement.
- Promissory note of $3,725,000 along with accrued interests of $235,134 from the Shareholder was repaid as part of the above Transaction.
- Subsequent to the Transaction, the Company changed its financial year-end to June 30 from November 30 (see the "Company overview" section).
- Revenue for the financial year (**7 months**) ended June 30, 2024 was $5.8 million, compared to $10.3 million last year (**12 months**).
- Gross margin for the year ended June 30, 2024 was 20.0% vs. 17.8% in 2023. The gross margin for the current financial year improved compared to last year but remains under pressure as it was negatively affected by rapid increases in the cost of some supplies and the low supply of certain categories of maple syrup causing the Company to use more expensive organic syrup for some orders.
- On May 31, 2024, the Company entered into a Lease Transfer Agreement to operate a retail kiosk located in the Old Port of Montreal. This transaction allows the Company a foothold in the retail environment and enables the Company to get a closer look at consumer trends in the Canadian tourism industry.

RESULTS OF OPERATIONS (AUDITED)

	June 30, 2024	November 30, 2023
	$	**$**
Sales	**5,808,042**	10,308,047
Cost of sales	**4,649,351**	8,469,227
Gross profit	**1,158,691**	1,838,820
Operating expenses		
Selling expenses	**564,087**	1,043,847
Administrative expenses	**1,451,068**	1,639,750
	2,015,155	2,683,597
Operating loss	**(856,464)**	(844,777)
Listing expense	**1,700,390**	-
Loss on settlement of debt	**-**	911,314
Finance costs	**455,929**	943,252
Other income	**(13,840)**	(33,204)
	2,142,479	1,821,362
Loss before income taxes	**(2,998,943)**	(2,666,139)
Income tax expense	**405**	414
Net loss and comprehensive loss for the year	**(2,999,348)**	(2,666,553)
Net loss per share		
Basic and diluted	**(0.083)**	(0.133)

- Revenue for the financial year (**7 months**) ended June 30, 2024 was $5.8 million, compared to $10.3 million last year (**12 months**) (see "Recent events and FY 2024 highlights" section above).
- Gross margin for the year ended June 30, 2024 was 20.0% vs. 17.8% in 2023. Despite the year over year improvement, the gross margin was negatively affected by rapid increases in the cost of some supplies and the low supply of certain categories of maple syrup due to the weak maple syrup crop in the Province of Quebec causing the Company to use more expensive organic syrup from other supplier sources for its customers; historically the gross margin tends to improve as sales volumes increase from late spring to the fall.
- Costs of listing expenses of $1,700,390 (non-recurring) capture the total fair value of TCC's net assets, including better access to capital and the public listing.
- Selling expenses amounted to $564,087 for the year ended June 30, 2024 compared to $1,043,847 for the 2023 financial year; the Company has started re-allocating certain sales resources to optimize sales opportunities and conversions.

- Administrative expenses reached $1,451,068 for the year ended June 30, 2024 compared to $1,639,750 for the financial year in 2023. This increase is primarily due to the creation and hiring of the CFO position, as well as higher professional fees related to audit requirements (versus Review engagements for previous financial years) in place during the period in 2024 and to the Qualifying Transaction (non-recurring) and to the one-time transition from Accounting Standards for Private Enterprises (ASPE) to IFRS.
- Finance costs amounted to $455,929 for the financial year ended June 30, 2024 compared to $943,252 for the year ended November 30, 2023. The Promissory note of $3,725,000 from the Shareholder was repaid during the year

LIQUIDITY AND CAPITAL RESOURCES (AUDITED)

	June 30, 2024	November 30, 2023 (Restated Note 22)
	$	$
ASSETS		
Current		
Cash	**16,300**	80,687
Trade and other receivables	**1,632,610**	1,007,610
Inventories	**4,934,771**	3,852,718
Prepaid expenses	**171,826**	89,109
	6,755,507	5,030,124
Non-current		
Property and equipment	**646,075**	709,021
Intangible assets	**304,901**	47,496
Right-of-use assets	**964,620**	1,028,986
	8,671,103	6,815,627
LIABILITIES		
Current		
Bank indebtedness	**2,326,177**	1,634,860
Bank demand loans	**965,163**	946,704
Promissory note and loans from companies controlled by two directors	**620,000**	4,175,000
Trade and other payables	**2,065,675**	2,132,410
Deferred revenues	**158,107**	246,292
Current portion of balance of purchase price	**96,667**	-
Current portion of lease liabilities	**282,668**	132,301
	6,514,457	9,267,567
Non-current		
Lease liabilities	**830,429**	1,020,039
Loan from a company controlled by a director	**1,200,000**	-
Non-current portion of balance of purchase price	**128,205**	-
	8,673,091	10,287,606
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital	**8,232,020**	1,902,681
Contributed surplus	**400,000**	260,000
Deficit	**(8,634,008)**	(5,634,660)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)	**(1,988)**	(3,471,979)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY) AND LIABILITIES	**8,671,103**	6,815,627

- As part of the Business Combination Transaction (please see "Recent Events and FY 2024 highlights" section above), a private placement of $4.2 million enabled the Company to repay its Promissory note of $3,725,000, along with accrued interests of $235,134 from the Shareholder and shoring up the Company's equity and achieving a positive working capital position.
- The bank overdraft, for a maximum authorized amount of $2,300,000, bears interest at prime rate. On June 26, 2024, the Company entered into a Products Payment Settlement Limit (PPSL) with the bank for a maximum authorized amount of $250,000. The next annual review is scheduled for March 31, 2025. The Company is required to respect certain covenants. As at June 30, 2024, the Company is not in compliance with certain covenants (see Subsequent Events section).
- The Company's leases are real estate leases for office, production and warehouse space located in Granby (Granby and Waterloo in 2023). The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the statement of financial position at the date of initial application is 13.75%.
- Higher inventory levels as at June 30, 2024 compared to November 30, 2023 reflect the Company's preparation to support current and future sales volume increases for the 2024 season.

CAPITALIZATION

The Company has common shares outstanding at each reporting date as follows:

	June 30, 2024	November 30, 2023
Common shares	60,339,100	11,700,000

RISKS TO THE COMPANY

THS operates in a competitive market. While the Company manages its manufacturing and distribution processes to continually monitor risks, some are beyond the Company's control. The list below are some of these risks, but is not meant to be all of the potential risks involved in operating the Company.

Seasonality of Demand and Sales - The Company's business is affected by seasonality, which results in fluctuations in our operating results. THS experiences moderate to significant fluctuations in aggregate sales volume during the year. Historically, revenues in the first and second fiscal quarters are traditionally lower than those in the third and fourth fiscal quarters. However, the mix of product sales may vary considerably from time to time as a result of changes in seasonal demand and activities.

Reliance on Manufacturing and Supply Partners – As discussed in the Company Overview, THS works with third party partners to supply materials for the bottling and packaging of its maple syrup products as well as manufacturing partners for its other products, such as cookies and chocolate. In some cases, the Company has established redundancy in supply, but not all, due to competitive or other reasons . As a result, the Company relies on strong relationships and can be impacted by the issues facing its partners.

Transportation and Distribution Delays – THS uses third party transportation companies to deliver the large majority of its products to its customers. Events such as weather delays, labour disruptions and availability of delivery vehicles may delay the delivery of product from time to time. Delays in transportation may also affect the delivery of supplies (such as bottles or boxes) required to prepare a customer order. As a result, the Company uses a number of different distribution partners in part to minimize the impact of issues facing an individual partner.

Events Affecting Demand of THS' Products – In addition to seasonality, certain events may affect the demand of the Company's products including a general economic slowdown or a global health emergency that restricts travel. While very difficult to predict, a situation like the impact of COVID-19, can have a material effect on the sales of the Company.

Global Financial Conditions including Currency Exchange Rates – THS' facility is located in Canada, but its sales are made locally and other parts of the world including the United States, Europe and Asia. Some of its manufacturing supplies come from other countries as well. The Company is subject to currency fluctuations that may help or hurt operating margins as it is often difficult to "pass on" the potential unfavorable impact of such fluctuations to the customer within a season.

Strength of Its Retail Partners – As most of the Company's sales are through retail partners, the financial strength of the retailers is important to the growth of THS. The failure of a larger customer could have a material effect on the Company's sales for a prolonged period of time.

SUBSEQUENT EVENTS

The maximum authorized amount of $2,300,000 of the bank overdraft was increased to $3,000,000 on August 28, 2024 following the Company's eligibility to EDC's Export Guarantee Program (the Program). This Program provides the Company's bank with a guarantee covering a portion of the maximum bank overdraft authorized amount.

Subsequent to its year-end, the Company entered into new long-term lease agreements for expanded rental space at its principal place of business in Granby from October 2024 to January 2030.

To support its business and commercial plans on the US market, the Company also entered into a new lease for new warehouse rental space in Vermont from December 2024 to November 2029.

On October 25, 2024, the Company received preliminary confirmation that the bank overdraft facility's maturity has been extended to October 2025.

STRATEGIC OUTLOOK AND DIRECTION

The COVID-19 pandemic had a severe impact on many industries and THS specifically due to restrictions in travel and tourism, as well as closures of many of the outlets for purchasing the Company's products. Restrictions were removed gradually beginning in 2021 and only very recently have all tests and reporting for international been eliminated. While most of the factors affecting the Company's activities have returned to pre-pandemic levels, some, like the global cruise industry and cross-border travel between the United States and Canada, both important channels for THS, have not fully recovered. The Company expects these and other factors to continue to improve over the next 2 to 3 years.

The Company benefits from selling products that are made from natural and organic sources. There is a trend toward less processed foods and sweeteners that are chemical free. Maple syrup meets these criteria. In addition, its production produces low carbon output and is largely immune from some of the current impacts of climate change due to the maturity of sugar maple trees. The Company expects the demand for maple and maple-flavored products to increase considerably over the next 3 to 5 years due to health trends and growth in international travel.

The industry in which THS operates is highly fragmented; there are several small providers of products to the channels that the Company serves. THS sees opportunity for consolidation over the coming years to be able to grow the market in an efficient manner.