

LIGHT AI INC.

(formerly Mojave Brands Inc.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended November 30, 2024 and 2023

(Unaudited – Prepared by Management)

(EXPRESSED IN CANADIAN DOLLARS)

**Notice of No Auditor Review of
Condensed Interim Consolidated Financial Statements**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company for the three months ended November 30, 2024 and 2023 have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these condensed interim financial statements.

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LIGHT AI INC.*(formerly Mojave Brands Inc.)***CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****(Unaudited – Prepared by Management)**

	Note	November 30, 2024	August 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents		\$ 9,275	\$ 34,701
GST recoverable		42,478	39,440
Prepaid expenses		51,534	-
Loan receivable	4	250,000	250,000
Total assets		\$ 353,287	\$ 324,141
LIABILITIES AND EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities	5	\$ 545,184	\$ 317,663
Loans payable	6	158,308	75,835
Total liabilities		703,492	393,498
Equity (deficiency)			
Share capital	8	56,391,541	56,391,541
Share-based payments reserve	9	7,020,615	7,020,615
Deficit		(63,762,361)	(63,481,513)
Total equity (deficiency)		(350,205)	(69,357)
Total liabilities and equity (deficiency)		\$ 353,287	\$ 324,141

Nature of business and going concern (Note 1)

Approved by the board of directors on January 29, 2025 and signed on its behalf by:

<u>/s/ "Steve Semmelmayr"</u>	Director	<u>/s/ "Hugh Cleland"</u>	Director
Steve Semmelmayr		Hugh Cleland	

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

LIGHT AI INC.*(formerly Mojave Brands Inc.)***CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(Unaudited – Prepared by Management)

		For the three months ended November 30,	
	Note	2024	2023
EXPENSES			
Accounting and audit		\$ 15,000	\$ 3,000
Consulting		-	155,238
Filing and transfer agent		5,890	7,076
Legal fees		240,717	-
Loan interest		1,473	-
Management fees	7	15,000	11,000
Office and general		2,798	2,610
Loss before items below		(280,878)	(178,924)
Foreign exchange gain (loss)		30	(4,917)
Interest income		-	298
Provision for doubtful receivables		-	(30,513)
Comprehensive loss for the period		\$ (280,848)	\$ (214,056)
Basic and diluted loss per common share	8	\$ (0.03)	\$ (0.08)
Weighted average number of common shares outstanding		9,360,414	2,560,614

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

LIGHT AI INC.*(formerly Mojave Brands Inc.)***CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)**

(Unaudited – Prepared by Management)

Three Months Ended November 30, 2024

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity (deficiency)
Balance, August 31, 2024		9,360,414	\$ 56,391,541	\$ 7,020,615	\$ (63,481,513)	\$ (69,357)
Comprehensive loss for the period		-	-	-	(280,848)	(280,848)
Balance, November 30, 2024		9,360,414	\$ 56,391,541	\$ 7,020,615	\$ (63,762,361)	\$ (350,205)

Three Months Ended November 30, 2023

		Number of Shares*	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, August 31, 2023		2,560,614	\$ 55,937,788	\$ 7,020,615	\$ (62,323,125)	\$ 635,278
Comprehensive loss for the period		-	-	-	(214,056)	(214,056)
Balance, November 30, 2023		2,560,614	\$ 55,937,788	\$ 7,020,615	\$ (62,537,181)	\$ 421,222

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

LIGHT AI INC.*(formerly Mojave Brands Inc.)***CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited – Prepared by Management)

	For the three months ended November 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (280,848)	\$ (214,056)
Items not affecting cash:		
Accrued interest income	-	(298)
Accrued loan interest	1,473	-
Changes in non-cash working capital items:		
GST recoverable	(3,038)	-
Prepaid expenses	(51,534)	(438,733)
Trade and other payables	227,521	8,072
Amounts due to related parties	-	(31,913)
Net cash used in operating activities	(106,426)	(676,928)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	-	1,377
Net cash used in investing activities	-	1,377
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds received	81,000	-
Net cash provided by (used in) financing activities	81,000	-
Change in cash during the period	(25,426)	(675,551)
Cash, beginning of the period	34,701	690,178
Cash, end of the period	\$ 9,275	\$ 14,627
SUPPLEMENTAL CASH DISCLOSURES		
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

LIGHT AI INC.

(formerly Mojave Brands Inc.)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023

(Unaudited – Prepared by Management)

1. NATURE OF BUSINESS AND GOING CONCERN

Light AI Inc., (the “Company”) was incorporated in British Columbia on November 12, 2010. The registered office address of the Company is 1500 – 1055 West Georgia Street, P.O. Box 11117, Vancouver, BC, V6E 4N7. The principal place of business address is 1540 – 1075 West Georgia Street, Vancouver, BC, V6E 3C9. 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 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 Offering described below by the CBOE. On December 13, 2024, the Company completed a business combination transaction and changed its name from Mojave Brands Inc. to Light AI Inc.

These consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception with an accumulated deficit as at November 30, 2024 of \$63,762,361. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. While the Company has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future. 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.

These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

Business Combination Transaction

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 by way of a series of steps or transactions including the amalgamation (as described below). Light AI is an emerging healthcare technology company in the development stage of the first version of a commercial software specializing in medical imaging designed to differentiate between bacterial and viral infections at point-of-care (“POC”). Light AI’s artificial intelligence (“AI”) uses advanced algorithms to identify key patterns in patient images to produce an effective probability score. Light AI’s technology utilizes smartphones with integrated cameras to capture images, which are then analyzed in order to differentiate between viral and bacterial infections using machine learning (“ML”) algorithms and a proprietary database of images gathered since 2016.

On December 13, 2024, the Company completed the amalgamation and the 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.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023**

(Unaudited – Prepared by Management)

1. NATURE OF BUSINESS AND GOING CONCERN (cont'd...)Offering

On September 25, 2024, the Company signed an agreement to appoint Ventum 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 (see Note 13).

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.

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.

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2. BASIS OF PREPARATION**Statement of compliance**

These condensed unaudited interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*.

The condensed interim consolidated financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended August 31, 2024, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

Significant accounting estimates and judgments

The preparation of the Company’s consolidated financial statements in conformity with IFRS Accounting Standards 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.

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3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company's audited annual consolidated financial statements for the year ended August 31, 2024 were consistently applied to all the periods presented unless otherwise noted below.

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 in the future.

4. LOAN RECEIVABLE

On February 2, 2024, the Company advanced a loan of \$250,000 to Light AI, which is evidenced by a promissory note. The loan is non-interest bearing and is payable upon demand. As the loan was advanced to Light AI for the purpose of facilitating the business combination 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 and November 30, 2024.

5. TRADE AND OTHER PAYABLES

	November 30, 2024	August 31, 2024
Trade payables	\$ 107,349	\$ 98,545
Accrued liabilities	437,835	219,118
	\$ 545,184	\$ 317,663

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

6. LOANS PAYABLE

During the year ended August 31, 2024, the Company received loans totaling \$75,000 from LAI SPV. These loans are unsecured, bear interest at a rate of 5% per annum, compounded monthly, and were originally payable on October 23, 2024, but subsequently extended to April 23, 2025. If the loans are not repaid by the due date, the principal amount together with the accrued interest will become subject to interest at the Bank of Canada rate plus 2% per annum, compounded monthly, until paid in full. As of November 30, 2024, the Company accrued interest of \$1,786 on these loans (August 31, 2024 - \$835).

During the three months ended November 30, 2024, the Company received additional loans totaling \$81,000 from LAI SPV. These loans are also unsecured, bear interest at a rate of 5% per annum, compounded monthly, and are payable on April 8, 2025. If the loans are not repaid by the due date, the principal amount together with the accrued interest will become subject to interest at the Bank of Canada rate plus 2% per annum, compounded monthly, until paid in full. As of November 30, 2024, the Company accrued interest of \$522 on these loans.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023**

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7. RELATED PARTY TRANSACTIONS AND BALANCES

Included in accounts payable is \$10,500 (August 31, 2024 - \$10,500) 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 three month periods ended November 30 is as follows:

	2024	2023
Management fees	\$ 15,000	\$ 11,000

The Company entered into the following transactions with related parties during the three months ended November 30, 2024:

- a) Incurred management fees of \$7,500 (2023 - \$2,500) the former Chief Executive Officer ("CEO") of the Company.
- b) Incurred management fees of \$7,500 (2023 - \$1,000) to a company controlled by the former Chief Financial Officer ("CFO") of the Company.
- c) Incurred management fees of \$nil (2023 - \$7,500) to Varshney Capital Corp. a company partially controlled by Peeyush Varshney, a former director of the Company.

8. SHARE CAPITAL**Authorized share capital**

The Company has authorized an unlimited number of common shares with no par value.

Issued share capital

At November 30, 2024 and August 31, 2024, the Company had 9,360,414 common shares outstanding.

Share consolidation

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 financial statements have been adjusted and restated retrospectively to reflect the share consolidation.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023**

(Unaudited – Prepared by Management)

8. SHARE CAPITAL (cont'd...)**Share issuance**

During the year ended August 31, 2024, 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. No proceeds were allocated to the warrants based on the residual method. The Company incurred filing and other expenses of \$22,233 in connection with the private placement.

9. SHARE-BASED PAYMENTS**Stock options**

The Company's Board of Directors approved the implementation of an aggregate maximum of 10% of the issued and outstanding common shares may be issued for granting of options to directors, senior officers, full time employees of the Company, affiliates or subsidiaries, or any consultants to the Company. The terms of the awards under the Plan are determined by the Board of Directors.

Stock option transactions are summarized as follows:

	Number of options	Weighted Average Exercise Price
Balance, August 31, 2023	5,000	\$ 34.00
Forfeited	(5,000)	34.00
Balance, August 31, 2024 and November 30, 2024	-	\$ -

Performance Share Units and Restricted Share Units

The Company's Board of Directors approved the implementation of a restricted share unit plan (the "RSU Plan"). Under the RSU Plan, eligible persons may (at the discretion of the Board) be allocated several RSUs as the Board deems appropriate, with vesting provisions also to be determined by the Board, subject to a maximum vesting term of three (3) years from the end of the calendar year in which RSUs were granted. Upon vesting, eligible participants shall be entitled to a cash payment equal to the number of RSUs granted, multiplied by the fair market value of the Company's common shares on the redemption date. The Company shall also have the option (at the discretion of the Board) to settle amounts owing to eligible persons via the issuance of common shares of the Company.

The Company had no RSU transactions during the year ended August 31, 2024 and the three months ended November 30, 2024. There were no RSUs outstanding as at August 31, 2024 and November 30, 2024.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023**

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9. SHARE-BASED PAYMENTS (cont'd...)**Warrants**

Warrants are issued as private placement incentives and measured using the residual method. Agents' warrants are measured at fair value on the date of the grant determined using the Black-Scholes Option Pricing Model.

	Number of Warrants		Weighted Average Exercise Price
Balance, August 31, 2023	1,437,500	\$	0.60
Issued	3,399,900		0.11
Balance, August 31, 2024 and November 30, 2024	4,837,400	\$	0.26

As at November 30, 2024, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,437,500	\$ 0.60	July 12, 2025
3,399,900	\$ 0.11	December 15, 2025
4,837,400		

The share-based payment reserve records items recognized as share-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

10. CAPITAL MANAGEMENT

The Company manages its capital structure and adjusts it, based on the funds available to the Company to support the growth and development of its subsidiaries and additional acquisition opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include all components of its shareholders' equity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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11. FINANCIAL INSTRUMENTS

As of November 30, 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 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 pertains to a loan extended to Light AI, with which the Company completed the Transaction subsequently. Following the Transaction, the loan became an intercompany balance.

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 at November 30, 2024, the Company has a cash balance of \$9,275 and current liabilities of \$703,492. The Company's accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. Following the Transaction, the loans payable were reclassified as an intercompany balance.

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. The exposure to interest rates for the Company is considered minimal.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023**

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12. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

Financial instruments measured at fair value on the statement of financial position are summarized in levels of fair value hierarchy as follows. There have been no changes in these levels and no changes in classifications during the three months ended November 30, 2024.

	Level 1	Level 2	Level 3	Total
November 30, 2024				
Cash	\$ 9,275	\$ -	\$ -	\$ 9,275
Loan receivable	\$ 250,000	\$ -	\$ -	\$ 250,000
August 31, 2024				
Cash	\$ 34,701	\$ -	\$ -	\$ 34,701
Loan receivable	\$ 250,000	\$ -	\$ -	\$ 250,000

13. EVENTS AFTER THE REPORTING PERIOD**1) Offering**

On December 30, 2024, the Company announced that, pursuant to its long-form prospectus dated December 17, 2024, the Company completed its Offering by selling 30,878,200 units of the Company at \$0.55 per unit (the “Units”) for aggregate gross proceeds of \$16,983,010, encompassing the primary offering of 29,248,000 Units for gross proceeds of \$16,086,400 and the partial exercise of an Over-Allotment Option (as defined below) amounting to 1,630,200 Units for gross proceeds of \$896,610. Each Unit is comprised of one common share and one-half of one Share purchase warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder thereof to acquire one common share at \$0.80 per common share until June 30, 2026.

The Offering was completed pursuant to an agency agreement dated December 17, 2024 (the “Agency Agreement”) between the Company and a syndicate of agents including Ventum Financial Corp., as lead agent and sole bookrunner, Haywood Securities Inc. and Beacon Securities Limited (collectively, the “Agents”). Pursuant to the Agency Agreement, the Company granted the Agents an over-allotment option (the “Over-Allotment Option”) exercisable, in whole or in part, at the sole discretion of the Agents, to sell up to an additional 4,387,200 Units for up to 30 days following closing of the Offering. On December 30, 2024, the Agents partially exercised the Over-Allotment Option for 1,630,200 Units. Pursuant to the Agency Agreement, on December 30, 2024, the Company paid \$1,006,076 in cash commissions, paid \$210,000 as a corporate finance fee and \$333,592 in agent legal and other related costs. Additionally, the Company issued 1,829,230 broker warrants with an exercise price of \$0.55 (the Broker Warrants”). The Broker Warrants expire on June 30, 2026.

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(Unaudited – Prepared by Management)**

13. EVENTS AFTER THE REPORTING PERIOD (cont'd)**1) Offering (cont'd)**

On January 8, 2025, the Company announced the Agents have further exercised their Over-Allotment Option in full to purchase an additional 2,757,000 Units at a price of \$0.55 per Unit for gross proceeds of \$1,516,350. Each Unit is comprised of one common share and one-half of one Share purchase warrant (each whole warrant, a “Warrant”). Each Warrant entitles the holder thereof to acquire one common share at \$0.80 per common share until July 8, 2026. Pursuant to the Agency Agreement, on January 8, 2025, the Company paid \$106,145 in cash commissions and \$37,752 in agent’s legal and other related costs. Additionally, the Company issued 192,990 Broker Warrants with an exercise price of \$0.55. The 192,990 Broker Warrants expire on July 8, 2026.

On January 8, 2025, the Company announced its common shares commenced trading on Cboe Canada under the symbol “ALGO”.

- 2) On January 15, 2025, the Company granted 1,750,000 deferred share units and 5,573,000 stock options to directors, employees, advisors and consultants of the Company. The 5,573,000 stock options have an exercise price of \$0.70 and expire on January 15, 2035.
- 3) The Company issued a total of 1,200,345 common shares from the exercise of warrants for aggregate proceeds of \$541,982.