



Delivra Health Brands Inc.

Condensed Consolidated Interim Financial Statements (Unaudited)

For the three months ended September 30, 2023 and 2022
(in Canadian dollars)

Delivra Health Brands Inc.

Table of contents

Notice to reader	3
Condensed consolidated interim statements of financial position.....	4
Condensed consolidated interim statements of loss and comprehensive loss	5
Condensed consolidated interim statements of changes in equity	6
Condensed consolidated interim statements of cash flows	7
Notes to the condensed consolidated interim financial statements	8-20

Delivra Health Brands Inc.

Notice to reader

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Professional Chartered Accountants for a review of interim financial statements by an entity's auditor.

Delivra Health Brands Inc.

Condensed consolidated interim statements of financial position

As at September 30, 2023 and June 30, 2023

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

	Note	September 30 2023	June 30 2023
		\$	\$
Assets			
Current assets			
Cash		2,914	2,721
Accounts receivable	3	3,497	2,589
Short term investments	4	11	11
Lease receivable		118	155
Inventories	5	1,849	2,260
Prepaid expenses and deposits		156	182
		8,545	7,918
Lease receivable		-	-
Property, plant and equipment	6	160	179
Intangible assets	7	2,210	2,466
Total assets		10,815	10,563
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8	5,173	5,217
Loans and lease liabilities	9	360	253
		5,533	5,470
Loans and lease liabilities	9	1,617	1,704
Total liabilities		7,150	7,174
Equity			
Share capital	11	148,226	148,226
Other reserves	12	25,387	25,386
Accumulated other comprehensive loss		(136)	(185)
Accumulated deficit		(169,812)	(170,038)
Total equity		3,665	3,389
Total liabilities and equity		10,815	10,563

Going concern (note 2(c))

“Jason Bednar”
Jason Bednar, Director

“Gord Davey”
Gord Davey, Director

Delivra Health Brands Inc.

Condensed consolidated interim statements of loss and comprehensive loss

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

	Note	For the three months ended September 30	
		2023	2022
		\$	\$
Revenue		3,671	1,762
Excise taxes		-	33
Net revenue	14	3,671	1,729
Inventory expensed to cost of sales		1,671	840
Inventory write-down		78	10
Gross (loss) profit		1,922	879
Expenses			
General and administration	10	914	964
Sales and marketing		403	79
Depreciation and amortization	6	334	332
Share-based compensation	12	1	38
		1,652	1,413
Profit (loss) from operations		270	(534)
Other (expense) income			
Interest and finance costs		(55)	161
Loss on assets disposal	3,6	-	(11)
Gain from contingency debt settlement		13	-
Unrealized loss/gain on short term investment	4	-	(2)
Foreign exchange gain		(2)	5
		(44)	153
Net profit (loss)		226	(381)
Other comprehensive loss			
Foreign currency translation		49	75
Comprehensive profit (loss)		275	(306)
Net profit (loss) per share – basic		0.001	(0.002)
Weighted average number of outstanding common shares (basic)		252,617,854	252,617,854
Net profit (loss) per share – diluted		0.001	(0.002)
Weighted average number of outstanding common shares (diluted)		307,211,561	307,789,464

Delivra Health Brands Inc.

Condensed consolidated interim statements of changes in equity

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

	Note	Number of shares	Share capital	Other reserves	Accumulated other comprehensive loss	Accumulated deficit	Total
		#	\$	\$	\$	\$	\$
Balance, June 30, 2022		252,617,854	148,226	25,234	(233)	(169,854)	3,373
Share-based compensation	12	-	-	38	-	-	38
Foreign currency translation		-	-	-	75	-	75
Net loss		-	-	-	-	(381)	(381)
Balance, September 30, 2022		252,617,854	148,226	25,272	(158)	(170,235)	3,105
Balance, June 30, 2023		252,617,854	148,226	25,386	(185)	(170,038)	3,389
Share-based compensation	12			1.00			1
Foreign currency translation					49		49
Net profit (loss)						226	226
Balance, September 30, 2023		151,617,854	148,226	25,387	(136)	(169,812)	3,665

Delivra Health Brands Inc.

Condensed consolidated interim statements of cash flows

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

	Note	For the three months ended	
		September 30	
		2023	2022
			\$
Operating activities			
Net profit		226	(381)
Adjustments to reconcile non-cash items		-	-
Depreciation and amortization	6,7	334	332
Inventory write-down	5	78	10
Unrealized loss on fair valuation of investment	4	-	2
Share-based compensation	12	1	38
Loss on disposal of assets	3,6	41	11
Gain on loan forgiveness/accounts settlement		13	-
Interest and accretion on loans and borrowings	9	71	(175)
Changes in working capital			
Accounts and lease receivable		(935)	173
Inventories		330	(16)
Prepaid expenses and deposits		26	7
Accounts payable and accrued liabilities		2	(155)
Net cash provided by operating activities		187	156
Investing activities			
Net cash provided by investing activities		-	-
Financing activities			
Repayment of loans and borrowings	9	(56)	(69)
Net cash used in financing activities		(56)	(69)
Effect of foreign exchange on cash		62	75
Change in cash during the period		193	162
Cash, beginning of the year		2,721	1,084
Cash, end of the period		2,914	1,246

Supplemental information:

- 1) During the three months ended September 30, 2023, the interest paid was \$4 (2022: \$6)
- 2) During the three months ended September 30, 2023, there was no income tax paid (2022: \$nil)

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

1. Nature of operations

Delivra Health Brands Inc. (“Delivra Health” or the “Company”) is a publicly traded corporation, incorporated in Canada, with its head office located at 404 – 999 Canada Place, Vancouver, BC, V6C 3E2. Delivra Health’s common shares are listed on the TSX Venture Exchange (the “TSXV”) under the symbol “DHB” and on the OTCQX® Best Market operated by OTC Market Group under the symbol “DHBUF”. The Company was formerly known as Harvest One Cannabis Inc. and was listed on the TSXV under the symbol “HVT” and on the OTCQX® Best Market operated by OTC Market Group under the symbol “HRVOF”. The name change was approved by the TSXV in September 2022.

These unaudited condensed consolidated interim financial statements as at and for the three months ended September 30, 2023 and 2022 include Delivra Health and its subsidiaries (together referred to as “the Company”).

The Company is in the health and wellness consumer packaged goods business. The Company provides innovative lifestyle and health and wellness self-care products to consumers and patients in regulated markets around the world through its subsidiaries: Dream Water Global (“Dream Water”) and Delivra Corp. (“Delivra”).

2. Significant accounting policies

a) *Basis of presentation and statement of compliance*

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 - Interim Financial Reporting, following the same accounting policies and methods of application as those disclosed in the annual audited consolidated financial statements for the year ended June 30, 2023 other than those disclosed in note 2(f). These condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended June 30, 2023, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Several amendments apply for the first time in 2023, but do not have an impact on the Interim Financial Statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on November 28, 2023.

b) *Estimation Uncertainty*

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions and heightened inflation. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

To date, the Company has not experienced a significant overall downturn in demand for its products in connection with such ongoing uncertainties, however, the Company cannot provide assurance that there will not be downturns or disruptions to its operations in the future.

c) *Basis of accounting – going concern*

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company’s ability to continue in the normal course of operations is dependent on its ability to achieve profitable operation, raise additional capital through debt or equity financings, and/or divestiture of non-core assets. While the Company has been successful in raising capital in the past, there is no assurance it will be successful in closing further financing transactions in the future.

The Company had a consolidated net profit of \$226 and generated operating cash flows of \$187 for the three months ended September 30, 2023 and an accumulated deficit of \$169,812 as at September 30, 2023. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company’s ability to continue as a going concern. If for any reason the Company is unable to continue as a going concern, then this could have an impact on the Company’s ability to realize assets at their recognized values, in particular intangible assets, and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements. Management acknowledges that in the absence of securing additional capital there is uncertainty over the Company’s ability to meet its funding requirements as they fall due.

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

2. Significant accounting policies (continued)

d) *Basis of measurement*

These condensed consolidated interim financial statements are presented in Canadian dollars and are prepared on a historical cost basis, except for certain financial instruments which are measured at fair value.

e) *Basis of consolidation*

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its subsidiaries. The accounts of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Intercompany transactions, balances and unrealized gains or losses on transactions are eliminated.

Subsidiary	Jurisdiction	% ownership	Accounting method
Dream Products Inc.	Canada	100%	Consolidation
Dream Products USA Inc.	USA	100%	Consolidation
Sarpes Beverages, LLC	USA	100%	Consolidation
Delivra Corp.	Canada	100%	Consolidation
Delivra Inc.	Canada	100%	Consolidation
Delivra Pharmaceuticals Inc.	Canada	100%	Consolidation
LivCorp Inc.	Canada	100%	Consolidation
LivCorp International Inc.	Canada	100%	Consolidation
LivVet Inc.	Canada	100%	Consolidation
PortaPack Ltd.	Canada	100%	Consolidation
United Greeneries Holdings Ltd.	Canada	100%	Consolidation
United Greeneries Operations Ltd.	Canada	100%	Consolidation

3. Accounts receivable

The summary of the Company's accounts receivable is as follows:

	September 30 2023	June 30 2023
	\$	\$
Trade receivables	3,283	2,384
Taxes recoverable from governments	214	205
	3,497	2,589

The Company provides credit to its customers in the normal course of business and has mitigated this risk by managing and monitoring the underlying business relationships. At the reporting date, there was \$19 trade receivable write-down (Sep 2022 - \$nil), related to previously classified discontinued operations activities). At the reporting date, the Company assessed the collectability of the balance and concluded that none of the receivables were uncollectible.

4. Short term investments

The Company's **short-term** investments is composed of by the Cann Group shares received relating to the sale of the Company's wholly owned subsidiaries the Satipharm Entities, the shares are valued at the closing share price at the end of the reporting period. The continuity of the Company's short term investments is as follows:

Balance, June 30, 2022	26
Unrealized loss on changes in fair value	(15)
Balance, June 30, 2023	11
Unrealized loss on changes in fair value	-
Balance, Sep 30, 2023	11

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

5. Inventories

The summary of the Company's inventories is as follows:

	September 30 2023	June 30 2023
	\$	\$
Infused licensed products		
Raw materials and work-in-progress	35	35
Finished goods	56	162
	91	197
Liquid sleep shots and sleep powder packets		
Raw materials and work-in-progress	3	3
Finished goods	606	715
	609	718
Pain relief creams		
Raw materials and work-in-progress	850	841
Finished goods	530	653
	1,380	1,494
Packaging and supplies	238	238
Inventory allowance	(468)	(387)
	1,850	2,260

a) *Infused licensed products*

Infused licensed products on hand as at September 30, 2023 pertains to infused 2.0 products produced and held by the Company's manufacturer/distributor.

b) *Allowance and write-downs*

During the three months ended September 30, 2023, the inventory write-down was \$78 (2022: \$10). Due to estimation uncertainties attributable to forecasting including slow moving and expiry dates, it is not possible to predict whether the full carrying value of inventory can be recognized in the next 12 months. As such, as at September 30, 2023, the Company recognized an inventory valuation allowance of \$468.

6. Property, plant and equipment

The summary of the Company's property, plant and equipment is as follows:

	Plant and equipment	Office equipment	Construction in progress(i)	Right-of-use assets	Total
	\$	\$	\$	\$	\$
Cost					
July 1, 2022	480	352	11	154	997
Additions	-	-	-	-	-
Disposals and write-downs	-	-	(11)	-	(11)
June 30, 2023	480	352	-	154	986

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

6. Property, plant and equipment (Continued)

	Plant and equipment	Office equipment	Right-of-use assets	Total
Accumulated depreciation				
July 1, 2022	229	344	154	727
Depreciation	72	8	-	80
June 30, 2023	301	352	154	807
Net book value				
June 30, 2023	179	-	-	179
Cost				
July 1, 2023	480	352	-	832
Additions	-	-	-	-
Disposal	-	-	-	-
September 30, 2023	480	352	-	832
Accumulated depreciation				
July 1, 2023	301	352	-	653
Depreciation	19	-	-	19
September 30, 2023	320	352	-	672
Net book value				
September 30, 2023	160	-	-	160

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

7. Intangible assets

The summary of the Company's intangible assets is as follows:

	Brand names	Technology & formulations	In-process R&D	Customer relationships	Website & other	Total
Cost	\$	\$	\$	\$	\$	\$
July 1, 2022	6,043	2,154	-	1,540	135	9,872
Additions	-	-	-	-	41	41
Disposals and write-downs	-	-	(398)	-	-	(398)
June 30, 2023	6,043	2,154	-	1,540	177	9,914
Accumulated amortization						
July 1, 2022	3,021	2,154	-	916	106	6,197
Amortization	1,007	-	-	220	23	1,250
June 30, 2023	4,029	2,154	-	1,136	129	7,447
Net book value						
June 30, 2023	2,015	-	-	404	47	2,466
Cost						
July 1, 2023	6,043	2,154	-	1,540	177	9,914
Additions	-	-	-	-	-	-
Disposal	-	-	-	-	(41)	(41)
September 30, 2023	6,043	2,154	-	1,540	136	9,873
Accumulated amortization						
July 1, 2023	4,029	2,154	-	1,136	129	7,448
Amortization	252	-	-	56	7	315
September 30, 2023	4,281	2,154	-	1,192	136	7,763
Net book value						
September 30, 2023	1,762	-	-	348	-	2,110

8. Accounts payable and accrued liabilities

The summary of the Company's accounts payable and accrued liabilities is as follows:

	September 30 2023	June 30 2023
	\$	\$
Trade payables	2,232	2,192
Accrued liabilities	1,212	2,149
Payroll liabilities	180	155
Other payables	1,549	721
	5,173	5,217

Trade payables, accrued liabilities, payroll liabilities and other payables are non-interest bearing. All amounts are expected to be settled within 12 months.

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

9. Loans and lease liabilities

The summary of the Company's loans and borrowings is as follows:

	Notes	September 30 2023	June 30 2023
		\$	\$
Secured and unsecured loans	(a)	1,859	1,802
Lease liabilities	(b)	118	155
Total loans and lease liabilities		1,977	1,957
Current portion		(360)	(253)
Non-current portion		1,617	1,704

a) Secured and unsecured loans

As at September 30, 2023, the Company has four remaining unsecured loans from the Atlantic Canada Opportunities Agency ("ACOA") (2023 – four remaining unsecured loans).

	Effective Interest Rate(ii)	Maturity	Face Value	Balance, July 1, 2023	Accretion	Repayments	Total
			\$	\$	\$	\$	\$
Loans assumed on acquisition							
ACOA 201210	16%	(i)	2,860	1,297	52	-	1,349
ACOA 202454	16%	2023	85	-	-	-	-
ACOA 203110	16%	2024	197	59	1	(10)	50
ACOA 206091	16%	2023	76	-	-	-	-
ACOA 206924	16%	2026	117	39	2	(5)	36
ACOA 207593	16%	(i)	484	407	16	-	423
Balance, September 30, 2023			3,819	1,802	71	(15)	1,858

(i) The annual instalments are calculated as 5% to 10% of forecasted revenues from pipeline products for the calendar year immediately preceding the due date of the respective payment, with an estimated commencement date of August 31, 2024.

(ii) The discount rate used to calculate the fair value of the loans.

The loans with ACOA are through the Atlantic Innovation Fund for the specified projects, in which repayable contributions are received by the Company to a maximum amount based on the lesser of: (i) a percentage of eligible costs, plus a percentage of working capital requirements for the project in certain instances, and (ii) a specified amount. The Company must meet certain conditions of assistance, which are specific to each agreement and project, including maintaining specified amounts of equity.

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

9. Loans and lease liabilities (continued)

b) Lease liabilities

The continuity of the Company's lease liabilities is as follows:

Balance, June 30, 2022	288
Interest expense on lease liabilities	32
Lease payments	(165)
Balance, June 30, 2023	155
Interest expense on lease liabilities	4
Lease payments	(41)
Balance, September 30, 2023	118
Current portion	(118)
Non-current portion	-

For the period ended September 30, 2023, the Company recorded \$3 rent expense recovery due to annual adjustment relating to short term leases.

10. General and administration expenses

The summary of the Company's general and administration expenses is as follows:

	September 30 2023	September 30 2022
	\$	\$
Insurance	44	42
Investor relations	26	20
Office and general	144	117
Professional and consulting services	113	199
Regulatory	7	3
Rent	3	(7)
Salaries, bonus and benefits	551	580
Travel	26	10
	914	964

11. Share capital and earnings per share

a) Authorized

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

b) Issued capital

At September 30, 2023, 252,617,854 common shares (June 30, 2023 – 252,617,854) were issued and fully paid.

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

11. Share capital and earnings per share (continued)

c) <i>Earnings per share</i>	September 30	September 30
	2023	2022
Net income (loss)	\$226	\$(381)
Weighted average number of shares outstanding:		
Basic	252,617,854	252,617,854
Diluted	307,211,561	307,789,464
Earnings per share:		
Basic	\$0.001	\$(0.002)
Diluted	\$0.001	\$(0.002)

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

12. Other reserves

The summary of the Company's other reserves is as follows:

	Share-based awards (a)	Warrants (b)	Other	Total
	\$	\$	\$	\$
Balance, June 30, 2022	11,862	12,557	815	25,234
Warrants issued	-	-	-	-
Share-based compensation	152	-	-	152
Balance, June 30, 2023	12,014	12,557	815	25,386
Warrants issued	-	-	-	-
Share-based compensation	1	-	-	1
Balance, September, 2023	12,015	12,557	815	25,387

a) Share-based awards

(i) Stock options

The Company has established a share purchase option plan ("Plan") whereby the Company's Board of Directors may from time to time grant stock options to employees and non-employees. Options granted under the Plan will not have a term to exceed 5 years from the date of grant. The maximum number of shares that may be reserved for issuance under the Plan is 21,507,948. Vesting is determined by the Board of Directors.

The continuity of the Company's stock options is as follows:

	Number outstanding #	Weighted average exercise price \$
Outstanding at June 30, 2022	15,203,141	0.24
Expired	(877,625)	0.76
Forfeited	(2,952,778)	0.16
Outstanding at June 30, 2023	16,272,738	0.17
Forfeited	(1,672,500)	0.69
Outstanding at September 30, 2023	14,600,238	0.11

During the three months ended September 30, 2023 and 2022, there were no new stock options granted.

The number of options outstanding and exercisable at September 30, 2023 is as follows:

Expiry date	Number of stock options outstanding #	Exercise price \$	Number of stock options exercisable #
April 22, 2024	400,000	0.85	400,000
July 31, 2024	150,000	0.56	150,000
July 14, 2025	3,411,667	0.09	3,411,667
December 7, 2025	1,500,000	0.08	1,375,000
April 8, 2026	4,538,571	0.12	4,538,571
October 31, 2027	4,600,000	0.05	4,600,000
	14,600,238		14,475,238

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

12. Other reserves (continued)

b) Warrants

The continuity of the Company's warrants is as follows:

	Brokers' RTO Warrants, Secondary Warrants	Compensation Warrants(i)	Hygrovest * Warrants	Bought Deal Warrants	Total number outstanding	Weighted average exercise price
					#	\$
Outstanding at June 30, 2022	100,002	-	17,083,333	37,096,700	54,280,035	0.15
Issued	-	300,000	-	-	300,000	0.09
Expired	(100,002)	-	(17,083,333)	-	(17,183,335)	0.07
Outstanding at June 30, 2023	-	300,000	-	37,096,700	37,396,700	0.19
Expired	-	(300,000)	-	-	-	0.07
Outstanding at September 30, 2023	-	-	-	37,096,700	37,396,700	0.19

*MMJ Group Holdings Limited changed the company name to Hygrovest Limited on December 22, 2021.

The Company's outstanding warrants as of September 30, 2023 is as follows:

	Issued #	Outstanding #	Exercise price \$	Expiry date
Bought Deal Warrants	37,096,700	37,096,700	0.20	Mar 17, 2024
	37,396,700	37,096,700		

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

13. Related parties

The summary of the Company's related party transactions during the three months ended September 30, 2023 and 2022 is as follows:

a) Compensation of key management personnel

Key management personnel ("KMP") include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The KMP of the Company are the members of the Company's executive management team and Board of Directors. Compensation provided to KMP is as follows:

	September 30 2023	September 30 2022
	\$	\$
Salaries and benefits	167	161
Directors' fees	60	60
Share-based compensation	2	22
Total	229	243

b) Payments to related parties

As at September 30, 2023, there was \$280 directors' fees (June 30, 2023 – \$280) included in accounts payable and accrued liabilities.

14. Revenue and other geographical information

The Company generates net revenue from two geographical locations:

	September 30 2023	September 30 2022
Net revenue	\$	\$
Canada	721	888
US	2,950	841
Total	3,671	1,729

Net revenues in each geographical location relate to the sale of the following:

- Canada – Dream Water liquid sleep shots and sleep powder packets, and LivRelief™ pain relief creams
- US – Dream Water liquid sleep shots and sleep powder packets

The Company's non-current assets are all in Canada.

15. Major customers

During the three months ended September 30, 2023, the Company reported net revenue from one major customer over 10% of its total net revenue. The customer represented approximately \$2,164 (September 30, 2022 - \$nil) of total net revenue of the Company.

16. Financial instruments and risk

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include foreign exchange risk, credit risk, interest rate risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

16. Financial instruments and risk (Continued)

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. As at September 30, 2023, the Company is exposed to foreign currency risk through its bank accounts denominated in United States Dollars (“USD”) and Australian Dollars (“AUD”). A 10% appreciation (depreciation) of USD or AUD against the CAD, with all other variables held constant, would result in an immaterial change in the Company’s loss and comprehensive loss for the year.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company’s trade accounts receivable. The Company’s cash and accounts receivable are exposed to credit risk. The risk for cash is mitigated by holding these instruments with highly rated financial institutions. The Company provides credit to its customers in the normal course of business and has mitigated this risk by managing and monitoring the underlying business relationships. As at September 30, 2023, the Company is exposed to credit risk in the amount of the carrying amount of the Company’s cash and accounts receivable.

As at September 30, 2023, the Company’s aging of receivables was approximately as follows:

	September 30 2023	June 30 2023
	\$	\$
0 – 60 days	2,502	2,209
Over 60 days	782	175
	3,283	2,384

Credit concentration

As at September 30, 2023, the Company’s major customer balance of accounts receivable was approximately \$2,848 (June 30, 2023 - \$1,531).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at September 30, 2023, the Company is not exposed to any significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities have maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company has current assets of \$8,545 and current liabilities

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2023 and 2022

(Unaudited – Expressed in thousands of Canadian dollars, except share and per share amounts)

16. Financial instruments and risk (Continued)

of \$5,533. The Company addresses its liquidity through debt or equity financing obtained through the sale of convertible debentures and common shares. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Fair value hierarchy

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

During the period ended September 30, 2023, there were no transfers of amounts between fair value levels.

Cash and short-term investments are classified as a Level 1 financial instrument.

The Company's other financial instruments, including accounts receivable, current portion of lease receivable, promissory note and accounts payable and accrued liabilities are carried at cost which approximates fair value due to the relatively short maturity of those instruments. The carrying value of the Company's non-current portion of lease receivable, loans and borrowings approximate fair value as they bear a market rate of interest.