

Delivra Health Brands Inc.

Consolidated Financial Statements

For the years ended June 30, 2026 and 2025
(in Canadian dollars)

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DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Delivra Health Brands Inc.

Opinion

We have audited the accompanying consolidated financial statements of Delivra Health Brands Inc. (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2026 and 2025, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2026 and 2025, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company incurred a net loss of $2,254,000 and negative operating cash flows of $637,000 during the year ended June 30, 2026 and, as of that date, the Company's accumulated deficit was $172,606,000. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in the auditor's professional judgment, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Revenue

As described in Note 12 to the consolidated financial statements, during the year ended June 30, 2026, the Company recognized revenue from operations of $8,629,000. Certain sales recognized during the period were subject to bill-and-hold arrangements. A bill-and-hold arrangement is where the customer has been billed for products that are ready for delivery but will not be physically delivered until a later date. In addition, certain sales may include variable consideration, including cash discounts, allowances, returns, rebates, chargebacks and distribution fees paid to customers.

The principal considerations for our determination that the recognition of revenue, particularly in relation to the bill-and-hold arrangement, is a key audit matter are the significant judgments involved in determining whether the criteria for recognizing revenue under bill-and-hold arrangements had been satisfied, the estimation of variable consideration included in the transaction price, and the significant value of revenue to the consolidated financial statements as a whole. Management exercises significant judgement in determining whether all the criteria for recognizing bill-and-hold revenue have been met and in estimating the amount of variable consideration to which the Company expects to be entitled, including consideration of whether such amounts are constrained. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of the recognition of revenue.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others:

- Tested sales transactions, on a sample basis, to supporting documents to assess that revenues have been recognized at appropriate prices and in the correct accounting period.
- Tested, on a sample basis, variable consideration recorded in respect of sales, including discounts, rebates, returns and other allowances, to supporting documentation.
- Recalculated expected sales fees and evaluated the year-end provision for completeness.
- Evaluated the Company's assessment of the bill-and-hold arrangement against the recognition criteria under IFRS 15 Revenue from Contracts with Customers, including evaluating the underlying contractual terms and other supporting documentation relevant to determining whether control of the products had transferred to the customer.
- Obtained external confirmations from customers for selected bill-and-hold sales, including confirmation of the arrangement and relevant terms.

Inventory

As described in Note 4 to the consolidated financial statements, the carrying amount of the Company's inventory was $2,089,000 as at June 30, 2026. As more fully described in Note 2 to the consolidated financial statements, inventory is valued at the lower of cost and net realizable value on a weighted average basis. Management exercises significant judgment in determining the net realizable value of inventory, including the assessment of the provision required for slow-moving, obsolete or otherwise impaired inventory.

The principal considerations for our determination that inventory is a key audit matter are due to the estimation uncertainty underlying the valuation of inventory and the significant value of inventory to the consolidated financial statements as a whole. Inventory is held at multiple locations and management applies a provision at year-end on a location-by-location basis and thereby exercises significant judgement when arriving at an appropriate valuation at year-end. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of the valuation of inventory.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others:

- Conducted inventory counts and obtained inventory confirmations from third party warehouses.
- Tested, on a sample basis, the accuracy of cost and net realizable value of inventory by verifying supporting documents.
- Evaluated the inventory provision, including assessing the methodology and significant assumptions applied by management, and testing the underlying data used in determining the provision.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carmen Newnham.



Chartered Professional Accountants

Vancouver, Canada

October 28, 2026

Delivra Health Brands Inc.

Consolidated statements of financial position

As at June 30, 2026 and 2025

(Expressed in thousands of Canadian dollars)

	Note	**June 30 2026**	June 30 2025
		$	$
Assets			
Current assets			
Cash		**2,853**	3,302
Accounts receivable	3	**1,865**	3,340
Inventories	4	**2,089**	2,759
Prepaid expenses and deposits		**121**	177
		6,928	9,578
Property, plant and equipment	5	**-**	27
Total assets		**6,928**	9,605
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6,11	**2,293**	3,253
Loans payable	7	**354**	308
		2,647	3,561
Loans payable	7	**2,057**	1,805
Total liabilities		**4,704**	5,366
Equity			
Share capital	9	**148,630**	148,630
Other reserves	10	**26,236**	26,107
Accumulated other comprehensive loss		**(36)**	(146)
Accumulated deficit		**(172,606)**	(170,352)
Total equity		**2,224**	4,239
Total liabilities and equity		**6,928**	9,605

Nature of operations (note 1)

"Jason Bednar"

Jason Bednar, Director

"Gord Davey"

Gord Davey, Director

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

Delivra Health Brands Inc.

Consolidated statements of loss and comprehensive loss

For the years ended June 30, 2026 and 2025

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

	Note	**2026**	2025
		$	$
Revenue	12	**8,629**	13,370
Cost of sales		**5,237**	6,656
Inventory (recovery) write-down	4	**57**	(64)
Gross profit		**3,335**	6,778
Expenses			
General and administration	8,11	**3,941**	4,115
Sales and marketing		**1,296**	1,956
Depreciation and amortization	5	**27**	1,268
Share-based compensation	10,11	**129**	280
		5,393	7,619
Loss from operations		**(2,058)**	(841)
Other (expense) income			
Interest and finance costs		**(163)**	(118)
Gain (loss) from extinguishment/forgiveness of accounts payable		**102**	(110)
Foreign exchange loss		**(135)**	(121)
		(196)	(349)
Net loss		**(2,254)**	(1,190)
Other comprehensive gain (loss) – Items that may be reclassified to profit and loss:			
Foreign currency translation		**110**	(45)
Comprehensive loss		**(2,144)**	(1,235)
Net loss per share – basic and diluted		**(0.07)**	(0.04)
Weighted average number of outstanding common shares – basic and diluted		**31,261,781**	31,261,781

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

Delivra Health Brands Inc.

Consolidated statements of changes in equity

For the years ended June 30, 2026 and 2025

(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, July 1, 2024		31,261,781	148,630	25,827	(101)	(169,162)	5,194
Share-based compensation	10	-	-	280	-	-	280
Foreign currency translation		-	-	-	(45)	-	(45)
Net profit (loss)		-	-	-	-	(1,190)	(1,190)
Balance, June 30, 2025		31,261,781	148,630	26,107	(146)	(170,352)	4,239
Share-based compensation	10	**-**	**-**	**129**	**-**	**-**	**129**
Foreign currency translation		**-**	**-**	**-**	**110**	**-**	**110**
Net profit (loss)		**-**	**-**	**-**	**-**	**(2,254)**	**(2,254)**
Balance, June 30, 2026		**31,261,781**	**148,630**	**26,236**	**(36)**	**(172,606)**	**2,224**

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

Delivra Health Brands Inc.

Consolidated statements of cash flows

For the years ended June 30, 2026 and 2025

(Expressed in thousands of Canadian dollars)

		2026	2025
		$	$
Operating activities			
Net profit (loss)		**(2,254)**	(1,190)
Adjustments to reconcile non-cash items			
Depreciation and amortization	5	**27**	1,268
Inventory (recovery) write-down	4	**57**	(64)
Share-based compensation	10	**129**	280
Interest and accretion on loans	7	**311**	122
Gain (loss) from extinguishment/forgiveness of accounts payable		**(102)**	110
Changes in working capital			
Accounts receivable		**1,302**	(354)
Inventories		**579**	(1,196)
Prepaid expenses and deposits		**56**	(46)
Accounts payable and accrued liabilities		**(742)**	316
Net cash provided (used) in operating activities		**(637)**	(754)
Financing activities			
Repayment of loans	7	**(13)**	(36)
Net cash provided by (used in) financing activities		**(13)**	(36)
Effect of foreign exchange on cash		**201**	(108)
Change in cash during the year		**(449)**	(898)
Cash, beginning of the year		**3,302**	4,200
Cash, end of the year		**2,853**	3,302

Supplemental information with respect to cash flows:

1) During the year ended June 30, 2026, interest paid was $5 (2025 - $6).

2) During the year ended June 30, 2026, there was no income tax paid (2025 - $nil).

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

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 under the symbol "DHB" and on the OTCQB® Venture Market operated by OTC Market Group under the symbol "DHBUF".

These consolidated financial statements as at and for the years ended June 30, 2026 and 2025 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. Material accounting policies

a) *Basis of presentation*

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

These consolidated financial statements were approved and authorized for issue by the board of directors (the "Board") of the Company on October 28, 2026.

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, political conflict, trade restrictions and tariffs 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.

This fiscal year, the Company has experienced a downturn in demand for its products as a result of ongoing economic geopolitical and market uncertainties. The Company continues to monitor these conditions and their impact on customer demand, revenues and liquidity. Although management expects to continue to manage the impact of these conditions, there can be no assurance that the downturn will not continue or worsen, or that it will not have a further material adverse effect on the Company's operations, financial position and results of operations.

c) *Basis of accounting – going concern*

These consolidated 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 and maintain profitable operations, 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.

For the year ended June 30, 2026, the Company had a consolidated net loss of $2,254 and negative operating cash flows of $637. As at June 30, 2026, the Company had an accumulated deficit of $172,606. Net profit and operating cashflow conditions are unfavorable on a year-over-year basis, and the ability of the Company to continue as a going concern is dependent upon generating profit through its operations and/or obtaining additional financing through the issuance of debt or equity. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company or that profitable operations are not achieved. These events and conditions indicate that a material uncertainty exists 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

2. Material accounting policies (continued)

could have an impact on the Company's ability to realize assets at their recognized values, and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

d) *Basis of measurement*

These consolidated 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. These consolidated financial statements have been prepared using the accrual method except for cash flow information.

e) Basis of consolidation

These consolidated 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. The table below lists the Company's remaining subsidiaries as at June 30, 2026 and the ownership interests in each:

Subsidiary	Jurisdiction and functional currency	% 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

f) *Foreign currency translation*

The presentation and functional currency of the Company is the Canadian dollar. The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

Foreign currency transactions are translated into the individual entity's functional currency at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to the functional currency of the individual entity at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized through the consolidated statement of loss and comprehensive loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations are translated in Canadian dollars at year-end exchange rates while income and expenses, and cash flows are translated into Canadian dollars using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in other comprehensive loss and accumulated in equity.

2. Material accounting policies (continued)

g) *Inventories*

Inventories of raw materials and work-in-progress, finished goods and packing materials are valued at the lower of cost and net realizable value and weighted average is the costing method employed.

Cost includes purchase costs, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Write-downs to net realizable value and subsequent reversals of such write-downs are recognized in the consolidated statement of loss and comprehensive loss in the period in which they occur.

h) *Finite-life intangible assets*

Intangible assets with a finite life are recorded at cost less accumulated amortization. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization is provided on a straight-line basis over their estimated useful lives:

Technology and formulations	3 years
Website and other	5 years
Brand names	6 years
Customer relationships	7 years

The estimated useful life and amortization method are reviewed during each financial year and adjusted if appropriate, with the effect of any changes in estimate being accounted for on a prospective basis.

i) *Impairment of long-lived assets*

Long-lived assets, including property, plant and equipment and intangible assets are evaluated to determine whether there is any indication that these assets are impaired at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset may exceed its recoverable amount. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets (the CGU). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in the consolidated statement of loss and comprehensive loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded had no impairment loss been recognized previously.

g) *Share capital*

The Company's common shares are classified as equity instruments. Incremental costs directly related to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. For equity offerings of units consisting of a common share and warrant, when both instruments are classified as equity, the Company bifurcates the proceeds between the common share and the warrant using the relative fair value method.

k) *Revenue recognition*

Revenue is recognized at the transaction price, which is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, with an element of variable consideration for sales allowances to account for the potential return of goods. Net revenue as presented in the

2. Material accounting policies (continued)

consolidated statements of loss and comprehensive loss, represents revenue from the sale of goods less applicable taxes, expected price discounts, and allowances for customer returns.

The Company's contracts with customers for the sales of infused cannabis, liquid sleep shots and sleep powder packets consist of one performance obligation. The Company has concluded that revenue from the sale of these products should be recognized at the point in time when the Company satisfies its performance obligation upon delivery to the customer.

The Company recognizes revenue under a bill-and-hold arrangement in very specific circumstances. Under bill-and-hold arrangements, whereby the Company bills a customer for product to be delivered at a later date, control of the inventory transfers to the customer upon issuance of the invoice, at which time title and risk of loss have passed to the customer and the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from the product, even though the product remains in the Company's physical possession. Revenue is recognized when all specific requirements for transfer of control under a bill-and-hold arrangement have been met.

l) *Profit (Loss) per share*

Basic profit (loss) per share is calculated by dividing net profit (loss) by the weighted average number of outstanding common shares during the year. Diluted profit (loss) per share is calculated similarly but includes potential dilution from the exercise of warrants and stock options, except when the effect would be anti-dilutive. The Company's potential dilutive instruments, including stock options, warrants, and convertible securities, are not included in the calculation of diluted earnings per share when their effect is anti-dilutive.

m) *Income taxes*

Income tax expense is comprised of current and deferred tax. Current and deferred income tax are recognized in the consolidated statements of loss and comprehensive loss except to the extent that they relate to a business combination or items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income. Current income taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustments to taxes payable in respect of previous years.

Deferred tax assets and liabilities are recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the asset can be utilized.

At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Deferred income tax assets and liabilities are presented as non-current.

n) *Share-based compensation*

The Company may grant stock options of the Company to allow directors, officers, employees and consultants to acquire common shares of the Company. Stock options granted to directors, officers and employees are

2. Material accounting policies (continued)

measured at their fair values determined on the date of grant using the Black-Scholes option pricing model and recognized as an expense over the vesting periods of the options. Options granted to non-employees are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of the goods or services received cannot be measured. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. Consideration paid by on the exercise of stock options is recorded as share capital and the related share-based compensation is transferred from other reserves to share capital.

o) *Financial instruments*

Classification of financial instruments

The Company classifies its financial assets and liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

	Classification
Cash	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

Financial assets

All financial assets (including assets designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company classifies its financial assets as financial assets at fair value through profit or loss or amortized cost. A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Accounts receivable are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition accounts receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or amortized cost. Financial liabilities at fair value are stated at fair value with changes being recognized in the consolidated statement of loss and comprehensive loss. Financial liabilities at amortized cost are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method.

Transaction costs

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2. Material accounting policies (continued)

Impairment of financial assets

Financial assets, other than those classified at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period or whenever circumstances dictate. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: The carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

q) *Critical accounting estimates and judgments*

The preparation of these consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Inventory

Inventory is valued at the lower of cost and net realizable value. Determining net realizable value requires the Company to make assumptions about estimated selling prices in the ordinary course of business and the estimated variable costs to sell. Determining cost requires the Company to make estimates surrounding capacity and to allocate both direct and indirect costs on a systematic basis.

Impairment of long-lived assets

The assessment of any impairment on property, plant and equipment and intangible assets is dependent upon estimates of recoverable amounts. As the recoverable amount is the higher of fair value less costs of disposal and value in use, management must consider factors such as economic and market conditions, estimated future cash flows, discount rates and asset specific risks.

Revenue variable consideration

The transaction price for product sales is typically adjusted for variable consideration, which may be in the form of cash discounts, allowances, returns, rebates, chargebacks and distribution fees paid to customers. Provisions for variable consideration are established to reflect the Company's best estimates of the amount of consideration to which it is entitled based on the terms of the contract. The amount of variable consideration included in the transaction price may be constrained, and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period.

2. Material accounting policies (continued)

Revenue with bill-and-hold arrangement

The Company applies significant judgment in determining whether the specific requirements for transfer of control under a bill-and-hold arrangement have been met. In making this determination, management considers the underlying contractual terms and the specific facts and circumstances of each arrangement, including whether the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from the product despite the product remaining in the Company's physical possession.

Loans with variable repayment terms

The Company has variable repayable loans, and management has exercised significant judgment in estimating the potential repayable contributions and the timing of loan repayments. These estimates are based on historical performance and anticipated future forecasts. However, there is no guarantee that results will be consistent from year to year or that the Company will meet certain projections, which could result in variability in the amount and timing of instalment payments.

Share-based compensation

In calculating share-based compensation expense, the Company includes key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's share price, and the risk-free interest rate.

Income taxes

Deferred tax assets, including those arising from tax loss carry-forwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depends on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

r) Changes in accounting policies:

The Company has not adopted any other new standards in fiscal 2026. The Company is evaluating the impact of standards and interpretations that have been issued, but are not yet effective, up to the date of issuance of the consolidated financial statements. The adoption of these standards and interpretations are not expected to have a material impact on the consolidated financial statements.

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its 'operating profit or loss. Key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss; (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Company is currently assessing the effects of IFRS 18 on the financial statements.

3. Accounts receivable

	June 30 2026	June 30 2025
	$	$
Trade receivables	**1,574**	3,134
Taxes recoverable from governments	**291**	206
	1,865	3,340

3. Accounts receivable (continued)

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. During the year ended June 30, 2026, there was $nil trade receivables write-down (2025 - $nil). At the reporting date, the Company assessed the collectability of the balance and concluded that none of the receivables were uncollectible.

4. Inventories

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

	June 30 2026	June 30 2025
	$	$
Infused licensed products		
Raw materials and work-in-progress	**67**	-
Finished goods	**41**	-
	108	-
Liquid sleep shots and sleep powder packets		
Finished goods	**1,119**	1,787
	1,119	1,787
Pain relief creams		
Raw materials and work-in-progress	**274**	271
Finished goods	**608**	737
	882	1,008
Packaging and supplies	**205**	159
Inventory allowance	**(225)**	(195)
	2,089	2,759

As at June 30, 2026, the Company holds inventory for infused licensed products as per the terms of its licensing agreement.

a) *Infused licensed products*

Infused licensed products on hand as at June 30, 2026 pertains to infused cannabis 2.0 products produced and held by the Company's licensee. The Company holds inventory due to changes in the terms of the licensing agreement.

b) *Allowance and write-downs*

During the year ended June 30, 2026, the Company's inventory write-down was $57 (2025 - $(64)), inventory recovery). Due to estimation uncertainties and forecasting, including slow moving and expiry dates, the Company applied $27 (2025 – $172) of the inventory written down to its respective inventories and the remaining amount is carried as an inventory valuation allowance of $225 (2025 – $195).

c) *Inventory recognized as cost of goods sold*

During the year ended June 30, 2026, the Company's inventory recognized as cost of goods sold was $3,861 (2025 - $5,375).

5. Property, plant and equipment and Intangible assets

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

	Plant and Equipment	Total
	$	$
Cost		
July 1, 2024	480	480
June 30, 2025	480	480
Accumulated depreciation		
July 1, 2024	377	377
Amortization	76	76
June 30, 2025	453	453
Net book value June 30, 2025	27	27
Cost		
July 1, 2025	480	480
June 30, 2026	480	480
Accumulated depreciation		
July 1, 2025	453	453
Amortization	27	27
June 30, 2026	480	480
Net book value		
June 30, 2026	-	-

5. Property, plant and equipment and Intangible assets (continued)

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

	Brand names	Technology & formulations	Customer relationships	Website &other	Total
Cost	$	$	$	$	$
July 1, 2024	6,043	2,154	1,540	136	9,873
Disposals	-	-	-	-	-
June 30, 2025	6,043	2,154	1,540	136	9,873
Accumulated amortization					
July 1, 2024	5,036	2,154	1,355	136	8,681
Amortization	1,007	-	185	-	1,192
June 30, 2025	6,043	2,154	1,540	136	9,873
Net book value June 30, 2025	-	-	-	-	-
Cost					
July 1, 2025	-	-	-	-	-
June 30, 2026	-	-	-	-	-
Accumulated amortization					
July 1, 2025	-	-	-	-	-
Amortization	-	-	-	-	-
June 30, 2026	-	-	-	-	-
Net book value June 30, 2026	**-**	**-**	**-**	**-**	**-**

6. Accounts payable and accrued liabilities

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

	June 30 2026	June 30 2025
	$	$
Trade payables	**1,056**	1,338
Accrued liabilities	**894**	1,562
Other payables	**343**	353
	2,293	3,253

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

7. Loans payable

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

	Notes	**June 30 2026**	June 30 2025
		$	$
Unsecured loans	(a)	**2,411**	2,113
Total loans liabilities		**2,411**	2,113
Current portion		**(354)**	(308)
Non-current portion		**2,057**	1,805

a) *Unsecured loans*

As at June 30, 2026, the Company has two unsecured loans from the Atlantic Canada Opportunities Agency ("ACOA") (2025 – three unsecured loans).

The summary of the unsecured loans continuity schedule as at June 30, 2026 and 2025 is as follows:

7. Loans payable (continued)

	Effective Interest Rate(ii)	Maturity	Face Value	Balance, July 1, 2024	Accretion	Repayments	Balance June 30, 2025
			$	$	$	$	**$**
Loans assumed on acquisition							
ACOA 201210	16%	(i)	2,860	1,506	452	**-**	**1,958**
ACOA 203110	16%	2024	197	25	(11)	(14)	**-**
ACOA 206924	16%	2026	117	25	5	(22)	**8**
ACOA 207593	16%	(i)	484	471	(324)	-	**147**
Balance, June 30, 2025			3,658	2,027	122	(36)	**2,113**

	Effective Interest Rate(ii)	Maturity	Face Value	Balance, July 1, 2025	Accretion	Repayments	Balance June 30, 2026
			$	$	$	$	**$**
Loans assumed on acquisition							
ACOA 201210	16%	(i)	2,860	1,958	286	**-**	**2,244**
ACOA 206924	16%	2026	117	8	5	(13)	**-**
ACOA 207593	16%	(i)	484	147	20	-	**167**
Balance, June 30, 2026			3,461	2,113	311	(13)	**2,411**

(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, 2027.

(ii) The effective interest 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.

Maturity analysis - contractual undiscounted cash flow	**June 30 2026**	June 30 2025
	$	$
Less than 1 year	**-**	10
1 year	**226**	226
2 years	**226**	226
3 years	**302**	302
4 years	**304**	304
5 years and beyond	**2,286**	2,286
	3,344	3,354

8. General and administration expenses

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

	June 30 2026	June 30 2025
	$	$
Insurance	**167**	194
Investor relations	**222**	132
Office and general	**315**	324
Professional and consulting services	**892**	734
Regulatory	**20**	45
Rent	**20**	23
Salaries, bonus and benefits (Note 12)	**2,177**	2,505
Travel	**128**	158
	3,941	4,115

9. Share capital

a) *Authorized*

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

b) *Issued capital*

On December 12, 2023, the Company closed a non-brokered private placement and issued a total of 6,000,000 units (the "December Units") at a price of $0.15 per December Unit for aggregate gross proceeds of $900,000 (the "December 2023 Offering"). Each December Unit is comprised of one common share of the Company and one common share purchase warrant (each, a "December Warrant"). Each December Warrant will entitle the holder thereof to acquire one common share (each, a "December Warrant Share") at a price of $0.50 per December Warrant Share for 36 months following the completion of the Offering. In connection with the issuance of the December 2023 Offering, the Company recognized $81 of cash-based share issuance costs against the Company's share capital.

On February 21, 2025, the Company completed a share consolidation (the "Share Consolidation") in which one (1) new common share was issued for each ten (10) outstanding common shares. Prior to this Share Consolidation, a total of 312,617,854 common shares were outstanding, which have since consolidated into 31,261,781 common shares. Except where otherwise indicated, all historical share numbers and per share amounts have been adjusted on a retroactive basis to reflect this Share Consolidation.

As a result of the Share Consolidation and effective February 21, 2025, the exchange basis of the December Warrants and the number of December Warrant Shares obtainable upon exercise of the December Warrants was decreased by a multiple of ten (10), such that a holder of the December Warrants will be required to exercise ten (10) December Warrants to acquire one (1) December Warrant Share at the adjusted price of $0.50 per December Warrant Share.

All information in these consolidated financial statements is presented on a post-Share Consolidation basis. As a result of the Share Consolidation, the number, exchange basis or exercise price of all stock options and warrants have been adjusted, to reflect the ten-for-one Share Consolidation.

At June 30, 2026, 31,261,781 common shares (June 30, 2025 – 31,261,781) were issued and fully paid.

10. Other reserves

	Share-based awards (a)	Warrants (b)	Other	Total
	$	$	$	$
Balance, June 30, 2024	12,040	12,972	815	25,827
Share-based compensation	280	-	-	280
Balance, June 30, 2025	12,320	12,972	815	26,107
Share-based compensation	129	-	-	129
Balance, June 30, 2026	**12,449**	**12,972**	**815**	**26,236**

a) *Share-based awards*

(i) Stock options

On March 20, 2020, the Company adopted a fixed share option plan ("Predecessor Plan") under which the maximum number of common shares that were issuable pursuant to the exercise of stock options was fixed at 2,150,795 common shares, representing 10% of the issued and outstanding common shares as of the date of the implementation of the Predecessor Plan. On March 20, 2024, the Company adopted a new 10% fixed stock option plan (the "New Plan") that replaced the Predecessor Plan. Under the New Plan a maximum of 3,126,178 common shares are reserved for issuance, representing 10% of the issued and outstanding common shares as of the date of the implementation of the New Plan.

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

	Number outstanding	Weighted average exercise price
	#	$
Outstanding at June 30, 2024	2,755,024	0.67
Forfeited	(88,857)	0.53
Outstanding at June 30, 2025	2,666,167	0.67
Granted	1,355,000	0.16
Forfeited	(165,000)	0.50
Expired	(921,167)	1.00
Outstanding at June 30, 2026	**2,935,000**	**0.34**

During the year ended June 30, 2026, the Company granted a total of 1,355,000 stock options (year ended June 30, 2025 – nil).

440,000 stock options were granted on April 22, 2026. These options have an exercise price of $0.14 per common share, expire on April 21, 2031, and vest one-third annually over three years from the date of grant.

815,000 stock options were granted on March 19, 2026. These options have an exercise price of $0.16 per common share, expire on March 18, 2031, and vest one-third annually over three years from the date of grant.

100,000 stock options were granted on August 7, 2025. These options have an exercise price of $0.30 per common share, vested immediately, and expire on August 6, 2028.

10. Other reserves (continued)

During the year ended June 30, 2026, the Company recorded $129 (2025 - $280) in share-based compensation relating to options vesting. The weighted average fair value of the options granted during the year ended June 30, 2026 was $0.16 (2025 - $nil).

In determining the amount of share-based compensation, the Company used the Black-Scholes option pricing model to establish the fair value of stock options granted. The following assumptions were applied for the stock options granted above:

440,000 options granted during the year ended June 30, 2026	
Stock price at time of measurement	**$0.14**
Risk-free interest rate	**3.10%**
Expected life of options (years)	**5.00**
Forfeiture rate	**12.5%**
Expected annualized volatility	**170.47%**
Expected dividend yield	**Nil**

815,000 stock options granted during the year ended June 30, 2026:	
Stock price at time of measurement	**$0.14**
Risk-free interest rate	**3.05%**
Expected life of options (years)	**5.00**
Forfeiture rate	**12.5%**
Expected annualized volatility	**170.44%**
Expected dividend yield	**Nil**

100,000 stocks options granted during the year ended June 30, 2026	
Stock price at time of measurement	**$0.21**
Risk-free interest rate	**2.69%**
Expected life of options (years)	**3.00**
Forfeiture rate	**12.5%**
Expected annualized volatility	**200.65%**
Expected dividend yield	**Nil**

The number of options outstanding and exercisable under the New Plan as at June 30, 2026 is as follows:

Expiry date	Number outstanding	Exercise price	Number exercisable
	#	$	#
October 31, 2027	375,000	0.50	375,000
August 6, 2028	100,000	0.30	100,000
May 27, 2029	1,205,000	0.50	803,329
March 18, 2031	815,000	0.16	-
April 21, 2031	440,000	0.14	-
	2,935,000		**1,278,329**

10. Other reserves (continued)

b) *Warrants*

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

	Total # outstanding	Weighted average exercise price	
		#	$
Outstanding at June 30, 2024	6,000,000	6,000,000	0.50
Outstanding at June 30, 2025	6,000,000	6,000,000	0.50
Outstanding at June 30, 2026	**6,000,000**	**6,000,000**	**0.50**

The number of outstanding warrants of the Company at June 30, 2026 is as follows:

	Issued	Outstanding	Exercise price	Expiry date
	#	#	$	
Private Placement	6,000,000	6,000,000	0.50	12-Dec-26
	6,000,000	**6,000,000**		

11. Related parties

The summary of the Company's related party transactions during the years ended June 30, 2026 and 2025 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. Compensation provided to KMP is as follows:

b) *Payments to related parties*

	June 30 2026	June 30 2025
	$	$
Salaries, bonus and benefits	**688**	746
Directors' fees	**240**	240
Share-based compensation	**74**	178
Total	**1,002**	1,164

As at June 30, 2026, there was $190 directors' fees (June 30, 2025 – $244 directors fees and management bonuses) included in accounts payable and accrued liabilities.

12. Revenue and other geographical information

a) The Company generates net revenue from two geographical locations:

	June 30 2026	June 30 2025
Net revenue	**$**	$
Canada	**1,800**	2,684
US	**6,829**	10,686
Total	**8,629**	13,370

The Company attributes revenue to the geographical area based on the country where the sale occurred in accordance with the revenue recognition policies of the Company,

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

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

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

b) Net revenue comprised the following sales: (1) Dream Water® brand sales in both US and Canada; (2) Delivra LivRelief™ brand sales in Canada; and (3) LivRelief™ Infused topical cream licensing sales in Canada.

The following table sets forth the disaggregation of the Company's net revenue from customer listing agreements of the Company's brands:

	June 30 2026	June 30 2025
Net revenue	**$**	$
Dream Water® US and Canada	**7,801**	11,690
LivRelief™	**800**	1,343
LivRelief™ Infused	**28**	337
Total	**8,629**	13,370

13. Segment information

The principal activities of the Company are to provide innovative lifestyle and health and wellness products to consumers and patients in regulated markets around the world through its subsidiaries: Dream Water and Delivra. As at June 30, 2026 the Company operates in a single reportable segment.

14. Major customers

During the year ended June 30, 2026, the Company reported net revenues from two major customer over 10% of its total net revenue: $3,668 and $956 (2025 – one major customer: $7,363) of total net revenue of the Company.

15. 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.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies.

15. Financial instruments and risk (continued)

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.

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 June 30, 2026, the Company is exposed to foreign currency risk from financial instruments denominated in currencies other than the respective entities' functional currencies. A 10% appreciation (depreciation) of USD against the CAD, with all other variables held constant, would result in an increase or decrease of $5 (2025 - $2) in the Company's profit and comprehensive profit 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 trade 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 June 30, 2026, the Company is exposed to credit risk in the amount of the carrying amount of the Company's cash and trade accounts receivable. As of June 30, 2026, the maximum credit risk for the Company was approximately $4,427 (2025 – $6,642).

As at June 30, 2026, the Company's aging of receivables was approximately as follows:

	June 30 2026	June 30 2025
	$	$
0 – 60 days	**825**	1,820
Over 60 days	**749**	1,314
	1,574	3,134

Credit concentration

As at June 30, 2026, the Company's most significant customer's balance of accounts receivable was $1,340 (2025 - $2,586).

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. The Company's loans bear interest at fixed rates and as such 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 $6,928 (2025: $9,578) and current liabilities of $2,647 (2025: $3,561). The Company addresses its liquidity through the sale of securities. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future.

15. Financial instruments and risk (continued)

Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. As at June 30, 2026, the Company does not have a significant exposure to price risk as the Company does not possess financial instruments that are susceptible to a high degree of variability in the movements of equity or market prices.

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 year ended June 30, 2026, there were no transfers of amounts between fair value levels.

The Company's other financial instruments, including cash, accounts receivable, 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 loans payable approximate fair value as they bear a market rate of interest.

16. Capital management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of the components of shareholders' equity.

The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year ended June 30, 2026.

17. Income taxes

The provision for income taxes reported differs from the amounts computed by applying statutory Canadian federal and provincial tax rates to the loss before tax due to the following:

	June 30 2026	June 30 2025
	$	$
Income (loss) before income taxes	**(2,254)**	(1,190)
Statutory tax rates	**27%**	27%
Recovery of income taxes computed at statutory rates	**(608)**	(321)
Non-deductible expenses and permanent items	**(121)**	79
Differing effective tax rates in foreign jurisdictions	**233**	(141)
Adjustment to prior year tax estimates	**266**	174
Change in unrecognized deferred tax assets	**303**	212
Impact of foreign exchange and other	**(73)**	(3)
Total income tax (expense) recovery	**-**	-

The approximate tax effect of each item that gives rise to the Company's recognized deferred tax assets and liabilities as at June 30, 2026 and June 30, 2025 are as follows:

	June 30 2026	June 30 2025
	$	**$**
Deferred tax assets		
Non-capital losses	**126**	171
Total deferred tax assets	**126**	171
Deferred tax liabilities		
Loans payable	**(126)**	(171)
Total deferred tax liabilities	**(126)**	(171)
Net deferred tax liabilities	**-**	-

17. Income taxes (continued)

The company has the following deductible temporary differences, losses and tax credits for which no deferred tax assets have been recognized:

	June 30 2026	Expiry dates	June 30 2025
	$	$	$
Non-capital losses	**113,216**	2027-2046	111,162
Property, plant and equipment	**1,135**	no expiry	1,095
Intangible Assets	**5,795**	no expiry	6,239
Financing fees	**33**	2047 - 2048	49
Other	**17,994**	no expiry	17,995
Total	**138,173**		136,540

The Company's total deferred tax assets, liabilities including unrecognized amounts.

	June 30 2025	Recovered through (charged to) earnings	**June 30 2026**
	$	$	**$**
Deferred tax assets			
Non-capital losses	30,044	340	**30,384**
Finance costs	13	(4)	**9**
Intangible assets	1,398	(89)	**1,309**
Property, plant and equipment	293	11	**304**
Other	2,609	-	**2,609**
Total deferred tax assets	34,357	258	**34,615**
Deferred tax liabilities			
Loans payable	(171)	45	**(126)**
Total deferred tax liabilities	(171)	45	**(126)**
Net deferred tax assets (liabilities)	34,186	303	**34,489**
Deferred tax assets not recognized	(34,186)	(303)	**(34,489)**
Deferred tax liabilities	-	-	**-**

At June 30, 2026, the Company has non-capital loss carry forwards in Canada aggregating $109,092 (June 30, 2025: $110,002) which expire over the period between 2027 and 2046, available to offset future taxable income in Canada. The Company has capital loss carry forward in Canada of $17,624 (June 30, 2025: $17,624) which are only available to offset future capital gains for Canadian tax purposes and may be carried forward indefinitely.

At June 30, 2026, the Company has non-capital loss carry forwards in United States of America aggregating $4,592 (June 30, 2025: $1,795) which do not expire and are available to offset future taxable income in the United States of America.

The Company has accumulated non-capital losses from various jurisdictions for the year ended June 30, 2026 for income tax purposes, which may be deducted in the calculation of taxable income in future years. The Canadian non-capital losses will be expiring between 2027 and 2046:

17. Income taxes (continued)

	June 30 2026	June 30 2025
	$	$
Canada	**109,092**	110,002
USA	**4,592**	1,795
Total	**113,684**	111,797