



Delivra Health Brands Inc.

Condensed Consolidated Interim Financial Statements (Unaudited)

For the three months ended September 30, 2024 and 2023
(in Canadian dollars)

Delivra Health Brands Inc.

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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, 2024 and June 30, 2024

(Unaudited – Expressed in thousands of Canadian dollars)

	Note	September 30 2024	June 30 2024
		\$	\$
Assets			
Current assets			
Cash		3,736	4,200
Accounts receivable	3	3,433	2,948
Inventories	4	1,430	1,478
Prepaid expenses and deposits		258	131
		8,857	8,757
Property, plant and equipment	5	84	103
Intangible assets	6	885	1,192
Total assets		9,826	10,052
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	3,014	2,831
Loans	8	242	242
		3,256	3,073
Loans	8	1,850	1,785
Total liabilities		5,106	4,858
Equity			
Share capital	10	148,630	148,630
Other reserves	11	25,898	25,827
Accumulated other comprehensive loss		(168)	(101)
Accumulated deficit		(169,640)	(169,162)
Total equity		4,720	5,194
Total liabilities and equity		9,826	10,052

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, 2024 and 2023

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

	Note	For the three months ended September 30	
		2024	2023
		\$	\$
Revenue		3,163	3,671
Net revenue	13	3,163	3,671
Inventory expensed to cost of sales		1,540	1,671
Inventory write-down		25	78
Gross (loss) profit		1,598	1,922
Expenses			
General and administration	9	945	914
Sales and marketing		662	403
Depreciation and amortization	5,6	326	334
Share-based compensation	11	71	1
		2,004	1,652
Profit (loss) from operations		(406)	270
Other (expense) income			
Interest and finance costs		(67)	(55)
Gain from contingency debt settlement		-	13
Foreign exchange gain		(5)	(2)
		(72)	(44)
Net profit (loss)		(478)	226
Other comprehensive loss			
Foreign currency translation		(67)	49
Comprehensive profit (loss)		(545)	275
Net profit (loss) per share – basic and diluted		(0.002)	0.001
Weighted average number of outstanding common shares		300,617,854	252,617,854

Delivra Health Brands Inc.

Condensed consolidated interim statements of changes in equity

For the three months ended September 30, 2024 and 2023

(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, 2023		252,617,854	148,226	25,386	(185)	(170,038)	3,389
Share-based compensation	11	-	-	1	-	-	1
Foreign currency translation		-	-	-	49	-	49
Net loss		-	-	-	-	226	226
Balance, September 30, 2023		252,617,854	148,226	25,387	(136)	(169,812)	3,665
Balance, June 30, 2024		312,617,854	148,630	25,827	(101)	(169,162)	5,194
Share-based compensation	11			71			71
Foreign currency translation					(67)		67
Net profit (loss)						(478)	(478)
Balance, September 30, 2024		312,617,854	148,630	25,898	(168)	(169,640)	4,720

Delivra Health Brands Inc.

Condensed consolidated interim statements of cash flows

For the three months ended September 30, 2024 and 2023

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

	Note	For the three months ended	
		September 30	
		2024	2023
		\$	\$
Operating activities			
Net profit (loss)		(478)	226
Adjustments to reconcile non-cash items			
Depreciation and amortization	5,6	326	334
Inventory write-down	4	25	78
Share-based compensation	11	71	1
Loss on disposal of assets	3,6	-	41
Gain on loan forgiveness/accounts settlement		-	13
Interest and accretion on loans and borrowings	8	81	71
Changes in working capital			
Accounts and lease receivable		(428)	(935)
Inventories		28	330
Prepaid expenses and deposits		(127)	26
Accounts payable and accrued liabilities		148	2
Net cash provided by operating activities		(354)	187
Investing activities			
Net cash provided by investing activities		-	-
Financing activities			
Repayment of loans and borrowings	8	(16)	(56)
Net cash used in financing activities		(16)	(56)
Effect of foreign exchange on cash		(94)	62
Change in cash during the period		(464)	193
Cash, beginning of the year		4,200	2,721
Cash, end of the period		3,736	2,914

Supplemental information:

- 1) During the three months ended September 30, 2024, the interest paid was \$2 (2023: \$4)
- 2) During the three months ended September 30, 2024, there was no income tax paid (2023: \$nil)

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2024 and 2023

(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 under the symbol “DHB” and on the OTCQX® Best Market operated by OTC Market Group under the symbol “DHBUF”.

These unaudited condensed consolidated interim financial statements as at and for the three months ended September 30, 2024 and 2023 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 condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved and authorized for issue by the board of directors (“Board”) of the Company on November 25, 2024.

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 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 and maintain profitable operations and raise additional capital through debt or equity financings. 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 loss of \$478 and generated a negative operating cash flows of \$354 for the three months ended September 30, 2024 and an accumulated deficit of \$169,640 as at September 30, 2024. 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 matters result in 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.

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.

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2024 and 2023

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

2. Material accounting policies (continued)

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	June 30
	2024	2024
	\$	\$
Trade receivables	3,172	2,693
Taxes recoverable from governments	261	255
	3,433	2,948

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 \$nil trade receivable write-down (September 2023 - \$19). At the reporting date, the Company assessed the collectability of the balance and concluded that none of the receivables were uncollectible.

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2024 and 2023

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

4. Inventories

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

	September 30 2024	June 30 2024
	\$	\$
Liquid sleep shots and sleep powder packets		
Finished goods	656	638
	656	638
Pain relief creams		
Raw materials and work-in-progress	523	570
Finished goods	408	448
	931	1,018
Packaging and supplies	249	253
Inventory allowance	(406)	(431)
	1,430	1,478

a) *Allowance and write-downs*

During the three months ended September 30, 2024, the inventory write-down was \$25 (2023: \$78). 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, 2024, the Company recognized an inventory valuation allowance of \$406.

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2024 and 2023

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

5. Property, plant and equipment

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

	Plant and equipment	Office equipment	Right-of- use assets	Total
	\$	\$	\$	\$
Cost				
July 1, 2023	480	352	154	986
June 30, 2024	480	352	154	986
Accumulated depreciation				
July 1, 2023	301	352	154	807
Depreciation	76	-	-	76
June 30, 2024	377	352	154	883
Net book value June 30, 2024	103	-	-	103
Cost				
July 1, 2024	480	-	-	480
September 30, 2024	480	-	-	480
Accumulated depreciation				
July 1, 2024	377	-	-	377
Depreciation	19	-	-	19
September 30, 2024	396	-	-	396
Net book value September 30, 2024	84	-	-	84

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2024 and 2023

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

6. Intangible assets

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

	Brand names	Technology & formulations	Customer relationships	Website & other	Total
Cost	\$	\$	\$	\$	\$
July 1, 2023	6,043	2,154	1,540	177	9,914
Disposals	-	-	-	(41)	(41)
June 30, 2024	6,043	2,154	1,540	136	9,873
Accumulated amortization					
July 1, 2023	4,029	2,154	1,136	129	7,448
Amortization	1,007	-	219	7	1,233
June 30, 2024	5,036	2,154	1,355	136	8,681
Net book value June 30, 2024	1,007	-	185	-	1,192
Cost					
July 1, 2024	6,043	-	1,540	-	7,583
September 30, 2024	6,043	-	1,540	-	7,583
Accumulated amortization					
July 1, 2024	5,036	-	1,355	-	6,391
Amortization	252	-	55	-	307
September 30, 2024	5,288	-	1,410	-	6,698
Net book value September 30, 2024	755	-	130	-	885

7. Accounts payable and accrued liabilities

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

	September 30 2024	June 30 2024
	\$	\$
Trade payables	1,250	710
Accrued liabilities	1,173	1,521
Other payables	591	600
	3,014	2,831

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, 2024 and 2023

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

8. Loans

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

	Notes	September 30 2024 \$	June 30 2024 \$
Secured and unsecured loans	(a)	2,092	2,027
Total loans and lease liabilities		2,092	2,027
Current portion		(242)	(242)
Non-current portion		1,850	1,785

a) Secured and unsecured loans

As at September 30, 2024, the Company has four remaining unsecured loans from the Atlantic Canada Opportunities Agency ("ACOA") (2024 – four remaining unsecured loans).

	Discount Rate(ii)	Maturity	Face Value	Balance, July 1, 2024	Accretion	Repayments	Total
			\$	\$	\$	\$	\$
Loans assumed on acquisition							
ACOA 201210	16%	(i)	2,860	1,506	60	-	1,566
ACOA 203110	16%	2024	197	25	1	(10)	16
ACOA 206924	16%	2026	117	25	1	(6)	20
ACOA 207593	16%	(i)	484	471	19	-	490
Balance, September 30, 2024			3,658	2,027	81	(16)	2,092

(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, 2025.

(ii) The discount 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.

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2024 and 2023

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

9. General and administration expenses

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

	September 30	September 30
	2024	2023
	\$	\$
Insurance	48	44
Investor relations	20	26
Office and general	77	144
Professional and consulting services	116	113
Regulatory	6	7
Rent (Short term lease)	7	3
Salaries, bonus and benefits	624	551
Travel	47	26
	945	914

10. 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*

On December 12, 2023, the Company closed a non-brokered private placement and issued a total of 60,000,000 units (the "December Units") at a price of \$0.015 per December Unit for aggregate gross proceeds of \$900,000 (the "December Offering"). Each December Unit was comprised of one common share of the Company ("Common Share") and one Common Share purchase warrant (each, a "December Warrant"). Each December Warrant will entitle the holder thereof to acquire one Common Share in the capital of the Company (each, a "December Warrant Share") at a price of \$0.05 per December Warrant Share for 36 months following the completion of the December Offering. In connection with the issuance of the December Offering, the Company recognized \$81 of cash-based share issuance costs against the Company's share capital

At September 30, 2024, 312,617,854 common shares (June 30, 2024 – 312,617,854) were issued and fully paid.

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2024 and 2023

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

11. Other reserves

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

	Share-based awards (a) \$	Warrants (b) \$	Other \$	Total \$
Balance, June 30, 2023	12,014	12,557	815	25,386
Warrants issued	-	415	-	415
Share-based compensation	26	-	-	26
Balance, June 30, 2024	12,040	12,972	815	25,827
Warrants issued	-	-	-	-
Share-based compensation	71	-	-	71
Balance, September 30, 2024	12,111	12,972	815	25,898

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 21,507,948 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 31,261,785 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, 2023	16,272,738	0.17
Granted	14,000,000	0.05
Expired	(1,397,500)	0.83
Forfeited	(1,325,000)	0.34
Outstanding at June 30, 2024	27,550,238	0.07
Outstanding at September 30, 2024	27,550,238	0.07

During the three months ended September 30, 2024 and 2023, there were no new stock options granted.

The number of options outstanding and exercisable at September 30, 2024 is as follows:

Expiry date	Number of stock options outstanding #	Exercise price \$	Number of stock options exercisable #
July 14, 2025	3,261,667	0.09	3,261,667
December 7, 2025	1,500,000	0.08	1,500,000
April 8, 2026	4,488,571	0.12	4,488,571
October 31, 2027	4,300,000	0.05	4,300,000
May 27, 2029	14,000,000	0.05	-
	27,550,238		13,550,238

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2024 and 2023

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

11. 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, 2023	37,396,700	37,396,700		0.19
issued	60,000,000	60,000,000		0.05
Expired	(37,396,700)	(37,396,700)		0.19
Outstanding at June 30, 2024	60,000,000	60,000,000		0.05
Outstanding at September 30, 2024	60,000,000	60,000,000		0.05

(i) Private placement December Warrants

Pursuant to the December Offering, the Company issued an aggregate of 60,000,000 December Warrants. Each December Warrant will entitle the holder thereof to acquire one December Warrant Share at a price of \$0.05 per December Warrant Share for 36 months following the completion of the December Offering

The fair value of December Warrants was estimated using the relative fair value method and the following assumptions:

Stock price at time of measurement	\$0.015
Risk free interest rate	4.04
Expected life of warrants (years)	3.00
Expected annualized volatility	197.48%
Expected dividend yield	Nil

The Company's outstanding warrants as of September 30, 2024 is as follows:

	Issued	Outstanding	Exercise price	Expiry date
	#	#	\$	
Private Placement	60,000,000	60,000,000	0.05	Dec 12, 2026
	60,000,000	60,000,000		

Delivra Health Brands Inc.

Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2024 and 2023

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

12. Related parties

The summary of the Company's related party transactions during the three months ended September 30, 2024 and 2023 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 2024	September 30 2023
	\$	\$
Salaries and benefits	167	167
Directors' fees	60	60
Share-based compensation	43	2
Total	270	229

b) Payments to related parties

As at September 30, 2024, there was \$325 directors' fees and management bonuses (June 30, 2024 – \$325) included in accounts payable and accrued liabilities.

13. Revenue and other geographical information

The Company generates net revenue from two geographical locations:

	September 30 2024	September 30 2023
Net revenue	\$	\$
Canada	652	721
US	2,511	2,950
Total	3,163	3,671

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.

14. Major customers

During the three months ended September 30, 2024, the Company reported net revenue from one major customer over 10% of its total net revenue. The customer represented approximately \$1,845 (September 30, 2023 - \$2,164) 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 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, 2024 and 2023

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

15. 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, 2024, the Company is exposed to foreign currency risk through its bank accounts denominated in United States Dollars (“USD”). A 10% appreciation (depreciation) of USD against the CAD, with all other variables held constant, would result in an increase or decrease for the three months ended September 30, 2024 of \$66 (September 2023 - \$124) and \$498 (September 2023 - \$298) in the Company’s profit (loss) and comprehensive profit (loss), respectively.

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, 2024, 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, 2024, the Company’s aging of receivables was approximately as follows:

	September 30 2024	June 30 2024
	\$	\$
0 – 60 days	1,093	3,227
Over 60 days	2,079	9,151
	3,172	12,378

Credit concentration

As at September 30, 2024, the Company’s major customer balance of accounts receivable was approximately \$2,626 (June 30, 2024 - \$2,132).

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, 2024, 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 \$8,857 and current liabilities

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Notes to the condensed consolidated interim financial statements

For the three months ended September 30, 2024 and 2023

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

15. Financial instruments and risk (Continued)

of \$3,256. 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, 2024, 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.