Delivra Health Brands Inc.

Management's Discussion and Analysis

For the three months ended September 30, 2024

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes thereto of Delivra Health Brands Inc. ("Delivra Health" or "us" or "we" or "our" or the "Company") for the three months ended September 30, 2024 (the "**Interim Financial Statements**"), and the audited annual consolidated financial statements for the year ended June 30, 2024, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in thousands of Canadian dollars, except for share and per share amounts, unless otherwise stated. This MD&A has been prepared as of November 25, 2024 and includes certain statements that may be deemed "forward-looking statements". Additional information relating to the Company is available under the Company's profile at www.sedarplus.ca.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements and forward-looking information (collectively, "**Forward-Looking Statements**") and the Company cautions investors about important factors that could cause the Company's actual results to differ materially from those expressed, implied or projected in any Forward-Looking Statements included in this MD&A. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "may", "could", "believes", "estimates", "intends", "plans", "forecast", "projection" and "outlook") are not historical facts and may be Forward-Looking Statements that involve projections, estimates, assumptions, known and unknown risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such Forward-Looking Statements or otherwise be materially inaccurate. No assurance can be given that these expectations or assumptions will prove to be correct and such Forward-Looking Statements included in this MD&A should not be unduly relied upon. These Forward-Looking Statements speak only to management's beliefs and expectations as of the date of this MD&A and will be updated only as required by applicable securities laws. Accordingly, any such statements are qualified in their entirety by reference to the information discussed throughout this MD&A.

Certain of the Forward-Looking Statements contained within this MD&A are based on third-party information from publicly available government sources, market research and industry analysis. While the Company is not aware of any misstatement regarding any industry or government data presented herein, we have not independently verified any such third-party information.

The Company's Forward-Looking Statements are expressly qualified in their entirety by this cautionary statement. In particular, but without limiting the foregoing, disclosure in this MD&A under the heading "Business Overview", as well as statements regarding the Company's objectives, plans, goals, future operating results, and economic performance may make reference to or involve Forward-Looking Statements. See the discussion under the heading "Risks and Uncertainties" in this MD&A for further details.

The Company cautions that the list and description of the Forward-Looking Statements, risks, assumptions and uncertainties set out above is not exhaustive.

OUR GLOBAL FOOTPRINT

BUSINESS OVERVIEW

Delivra Health is a leading global health and wellness company that is also uniquely positioned in the infused cannabis space. Delivra Health has positioned itself to provide products that help with pain, sleep, anxiety, and performance through its acquired brands LivRelief™ and Dream Water®. The Company has significant national penetration in the regulated infused cannabis markets and global penetration in the over-the-counter ("**OTC**") markets. The Company is based in British Columbia, Canada and its common shares (the "**Common Shares**") are listed on the TSX Venture Exchange ("**TSXV**") under the symbol "DHB" and on the OTCQX® Best Market operated by OTC Market Group under the symbol "DHBUF".

Delivra Health operates a portfolio of brands under its Consumer Division consisting of Dream Products Inc. and its associated subsidiaries (collectively, "**Dream Water®**"), and Delivra Corp. (LivRelief™) and its associated subsidiaries (collectively, "**Delivra**"). A strategic component of Delivra Health's business model is to acquire established health and wellness OTC brands such as Dream Water® and LivRelief™, expand distribution, innovate with intellectual properties, and provide products that are infused with cannabis in regulated markets, capturing more consumers in both the OTC market as well as the infused cannabis market. Delivra Health leverages its established distribution network to further grow its business and uses its product development capabilities to create expanded infused versions of the established OTC brands. Dream Water® and LivRelief™ can be found in major retailers and distributors such as Shoppers Drug Mart, Walmart, Loblaws, Sobeys, Rexall, 7-Eleven, Circle K, Amazon, Casey's, KeHE, Publix, Hudson News and Wegmans amongst others. Delivra Health cannabis-infused licensed products under the LivRelief™ brand can be found in the regulated Canadian market at provincial dispensaries in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick including availability at Spectrum Therapeutics as a medical channel.

Our Brands

Dream Water®

Dream Water® is a consumer goods brand that provides non-habit-forming sleep solution in convenient formats to suit various consumer needs. Developed as an alternative to traditional antihistamine-based over-the-counter and prescription sleep solution, Dream Water® products are designed for ease of use and feature the Dream Water®'s proprietary SleepStat™ blend, a combination of melatonin, gamma-aminobutyric acid (GABA), and 5-hydroxytryptophan (5-HTP), ingredients widely recognized for promoting effective sleep and relaxation.

The product range includes 74ml (2.5oz) liquid sleep shots, gummies, and powder. The liquid sleep shots are available in three formulations: Original, Immunity (with Vitamin D and Zinc), and Beauty (with Biotin). Dream Water® Sleep Gummies are offered in 60-count jars and 6-count travel pouches, while the sleep powders come in 10, 30 and 60-count packages.

Dream Water® Original Sleep Shots are certified by the National Sanitation Foundation (NSF), an independent organization that ensures products meet rigorous health, safety, and quality standards. This certification allows the brand to sell its products to professional athletes and sports teams that undergo drug testing, confirming that the ingredients and manufacturing processes meet the highest industry standards.

Delivra

Delivra is a specialty biotechnology company that has a proprietary transdermal delivery system platform that can shuttle pharmaceutical and natural molecules through the skin in a targeted manner. Delivra manufactures and sells a growing line of topical creams with the proprietary transdermal delivery system platform under the LivRelief™ brand for conditions such as joint and muscle pain, nerve pain, varicose veins, and wound healing creams. In parallel with its consumer products business, Delivra also has a mandate to license its patent-pending, proprietary transdermal delivery technology platform to pharmaceutical companies globally for the repurposing of pharmaceutical molecules transdermally to treat a broad range of conditions, along with licensing its OTC products globally.

In March 2020, LivRelief™ Infused launched cannabidol ("**CBD**") and tetrahydrocannabinol ("**THC**")-infused topical formulations through licensing agreements under the new Cannabis 2.0 regulations. LivRelief™ Infused topical products were one of the first topicals to enter the Canadian market under the new Cannabis 2.0 legislation and have already firmly established themselves as key products in the category. The topical creams are available in: (1) a CBD formulation containing 250mg of CBD; (2) a balanced 1:1 formulation containing 125mg of CBD and 125mg of THC; and (3) an Extra Strength 750mg CBD formulation.

During the three months period ended December 31, 2023, the Company's licensee added the following three new products to its portfolio of licensed infused products:

- Transdermal 1:1 Cream- 250mg CBD: 250mg THC;
- Transdermal CBD Cream with Cooling - 500mg CBD; and
- Extra Strength Transdermal CBD Cream: 1200mg CBD.

Global Distribution

KEY FINANCIAL RESULTS

Select Financial Information	2024 $	2023 $	For the three months ended September 30 2022 $
Net revenue	3,163	3,671	1,729
Gross profit	1,598	1,922	879
Expenses	2,004	1,652	1,413
Profit (loss) from operations	(406)	270	(534)
Net profit (loss) attributable to common shareholders	(478)	226	(381)
Net profit (loss) per share – basic and diluted	**(0.002)**	0.001	(0.002)
Weighted average number of Common Shares - basic	**300,617,854**	252,617,854	252,617,854
Adjusted EBITDA[(1)]	**16**	683	(154)
Total assets	**9,826**	10,815	11,227
Total non-current liabilities	**1,850**	1,617	1,410

(1) Defined as loss from operations before interest, taxes, depreciation and amortization and adjusted for share-based compensation, common shares issued for services, asset impairment and write-downs, discontinued operations and other non-cash items, and is a non-IFRS measure discussed in the "Adjusted EBITDA" section.

Select Statements of Financial Position Information	September 30 2024 $	June 30 2024 $
Cash	**3,736**	4,200
Current assets	**8,857**	8,757
Non-current assets	**969**	1,295
Current liabilities	**3,256**	3,073
Non-current liabilities	**1,850**	1,785
Equity	**4,720**	5,194

SIGNIFICANT AND RECENT DEVELOPMENTS

The following significant developments relating to the Company took place during the three months ended September 30, 2024 and to the date of this MD&A:

Hygrovest Limited (ASX: HGV) ("**Hygrovest**") announced on October 11, 2024 that it has sold its beneficial ownership of 49,734,000 Common Shares of Delivra Health through a private transaction. Each share was sold at $0.02 for an aggregate sales price of $995. As a result of the foregoing, Hygrovest ceases to beneficially own or have direction or control over any Common Shares of Delivra Health.

OUTLOOK

Management anticipates sales volumes, net revenues, and adjusted EBITDA[1] to improve throughout the next fiscal year based on the Company's year over year growth and due to a full year of new innovative products such as the introduction of sleep gummies solution in Canada and new partnerships.

Consumer

Dream Water® continues to be forward-thinking with respect to internationally compliant formulas and line extensions in both the sleep-solutions and CBD markets, including lines of products with multiple delivery formats for both categories. Formulation of CBD-infused Dream Water® continues to advance and will enter the market when regulations allow in the US. The Company continues to build out a pipeline of innovation that addresses consumers' growing demand for effective sleep solutions, in both OTC and cannabinoid-infused formats. The Company recently introduced the sleep gummies solution in Canada and is in the

[1] This is a on-IFRS measure as discussed in the "Adjusted EBITDA" section.

process of launching its Immunity Support Sleep Shots based on the innovation tested earlier in the US and based on consumer insights and trends in Canada and the Company will continue its expansions in fiscal 2025 and beyond.

2.0 Licensed infused products (LivRelief™ Infused)

Delivra Health's initial 2.0 LivRelief™ Infused product offering includes a selection of pain relief topical creams. The licensed infused topical creams utilize Delivra's transdermal technology designed to penetrate the skin, enabling effective, fast absorption, and controlled release of active ingredients directly to the target area. The topical creams are currently available in six formats – a CBD-only formulation containing 250mg of CBD, a 1:1 format formulation with 125mg of THC and 125mg of CBD, and a CBD-only formulation containing 750mg of CBD.

During the three months period ended December 31, 2023, the Company added the following three new products to its portfolio of licensed infused products:

- Transdermal 1:1 Cream- 250mg CBD: 250mg THC;
- Transdermal CBD Cream with Cooling - 500mg CBD; and
- Extra Strength Transdermal CBD Cream: 1200mg CBD.

Additionally, the Company plans on selling its LivRelief™ Infused topical creams in the US marketplace when regulations permit.

FINANCIAL REVIEW

The table below outlines gross profit and gross margin for the three months ended September 30, 2024 and 2023, respectively:

	For the three months ended September 30	
	2024	**2023**
	$	**$**
Net revenue	**3,163**	3,671
Cost of sales	**1,540**	1,671
Inventory write-down	**25**	78
Gross profit	**1,598**	1,922
Gross margin	**51%**	52%

Net revenue

Net revenue is comprised of sales of: 1) the Dream Water® brand sales in both the US and Canada; 2) the Delivra LivRelief™ brand sales in the US and Canada; 3) the LivRelief™ cannabis-infused topical creams in Canada.

For the three months ended September 30, 2024, net revenue was $3,163, compared to $3,671 in the same period in the prior year. The $508 decrease in net revenue was primarily due to the decrease in the sales of Dream Water® in the US by $439 as a result of the timing of sales orders from the Company's largest customer and the decrease by $69 sales in Canada is mainly driven by the timing of lower orders from certain retailers.

Cost of sales

For the three months ended September 30, 2024, cost of sales was $1,540, compared to $1,671 in the same period in the prior year. The $131 decrease in cost of sales were primarily due to the overall decrease in sales volumes. During the three months ended September 30, 2024, the inventory write-down was $25 (September 30, 2023 - $78). The inventory write-downs relate to certain slow moving and aging product lines.

Gross margin

Gross margin for the three months ended September 30, 2024 was 51%, compared to 52% in the same period in the prior year. The decrease is attributable to overall lower sales volumes and increased third-party expenses related to the Company's ecommerce business and such expenses have been increasing as a result of an ecommerce industry trend.

Expenses

	For the three months ended September 30	
	2024	2023
	$	$
General and administration	**945**	914
Sales and marketing	**662**	403
Depreciation and amortization	**326**	334
Share-based compensation	**71**	1
	2,004	1,652

Total expenses increased by $352 for the three months ended September 30, 2024 compared to the same period in the prior year. The increase is primarily due to higher sales and marketing and general and administration expenses as described below.

General and administration

General and administration expenses increased by $31 for the three months ended September 30, 2024 compared to the same period last year due to higher salaries, bonuses, and benefits expense as a result of a higher headcount and higher travel expenses related to increased sales activity in the current period offset by lower office and general as a result of timing of corporate activities.

	For the three months ended 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	**7**	**3**
Salaries, bonus and benefits	**624**	**551**
Travel	**47**	**26**
	945	**914**

Sales and marketing

Sales and marketing expenses increased by $259 for the three months ended September 30, 2024 compared to the same period last year. The increase was planned and is primarily due to the Company's focus on investing in its marketing and e-commerce programs to expand its distribution reach and awareness of the both brands. For instance, the Company released in November 2024 two major marketing campaigns, 'Shush Your Mind' for Dream Water® and 'Quiets Chronic Pain' for LivRelief™.

Depreciation and amortization

Depreciation and amortization decreased by $8 for the three months ended September 30, 2024 compared to the same period last year. Depreciation and amortization did not materially change given that the Company did not have capital additions to its tangible and intangible assets, as a result of its asset light model.

Share-based compensation

Share-based compensation increased by $70 for the three months ended September 30, 2024 compared to the same period in the prior year. The increase is mainly attributable to the 14,000,000 options granted during the year ended June 30, 2024 (vesting 1/3 annually from date of grant), resulting in a higher overall share-based compensation expense during the three months ended September 30, 2024.

Other (expense) income

Other income increased by $28 for the three months ended September 30, 2024 compared to the same period last year. The decrease is primarily attributable to changes in interest expense (accretion expense) of Atlantic Canada Opportunities Agency ("**ACOA**") loan and gain from contingency debt settlement offset by interest income.

	For the three months ended September 30	
	2024 $	2023 $
Interest and finance costs	(67)	(55)
Gain from contingency debt settlement	-	13
Foreign exchange loss/(gain)	(5)	(2)
	(72)	(44)

Interest and finance costs

Interest and finance costs increased by $12 for the three months ended September 30, 2024 compared to the same period last year, mainly from an increase of interest expense (accretion expense) on the ACOA loan.

Gain from contingency debt settlement

During the three months ended September 30, 2024, a $nil of debt settlement was realized compared to $13 in the same period last year.

Adjusted EBITDA (non-IFRS measure)

Adjusted EBITDA[2] is a metric used by management which is the loss from operations, as reported, before interest, taxes, depreciation and amortization and adjusted for share-based compensation, Common Shares issued for services, the fair value effects of accounting for biological assets and inventories, asset impairment and write-downs, discontinued operations and other non-cash items.

	For the three months ended September 30	
	2024 $	2023 $
Gain (loss) from operations	(406)	270
Inventory write-down	25	78
	(381)	348
Depreciation and amortization	326	334
Share-based compensation	71	1
	397	335
Adjusted EBITDA	16	683

For the three months ended September 30, 2024, adjusted EBITDA[3] was $16, compared to 683 in the same period last year. The $667 decrease in adjusted EBITDA[4] was primarily due to lower sales volume and planned increases in sales and marketing expenses.

LIQUIDITY AND CAPITAL RESOURCES

Management of the Company is consistently working to monitor and manage the Company's capital resources to assess if it has access to adequate liquidity to fund its operations. The Company's working capital requirements change frequently given the nature of the business, therefore, our primary liquidity requirement is for working capital and essential general corporate needs. Management's objectives with respect to liquidity and capital structure are to generate sufficient cash to fund the Company's existing operations and growth strategy.

[2] This is a on-IFRS measure as discussed in the "Adjusted EBITDA" section.
[3] This is a on-IFRS measure as discussed in the "Adjusted EBITDA" section.
[4] This is a on-IFRS measure as discussed in the "Adjusted EBITDA" section.

	For the three months ended September 30	
	2024 $	2023 $
Cash provided by (used in) operating activities	**(354)**	187
Cash provided by (used in) financing activities	**(16)**	(56)
Effect of foreign exchange on cash	**(94)**	62
Change in cash during the period	**(464)**	193

Cash used in operating activities was $(354) for the three months ended September 30, 2024 compared to cash generated of $187 for the same period in the prior year. The $541 net decrease of cash used in operating activities is due to the decrease in adjusted EBITDA[5] compared to prior year offset by lower working capital changes in three months ended September 30, 2024 compared to same period last year. Despite the change in cash used in operating activities this period compared to same period last year, the Company is not expecting a working capital deficiency in the remaining periods of this fiscal year.

For the three months ended September 30, 2024 investing activities were $nil and $nil for the same period in the prior year.

Cash used in financing activities was $16 for the three months ended September 30, 2024 compared to $56 for the same period last year. The $40 reduction mainly came from the ACOA loan repayment.

The nature of the Company's current business and the source of revenue from operations is the production and sale of Dream Water™'s sleep aid products and Delivra's pain relief consumer packaged goods. However, the Company's ability to continue in the normal course of operations is dependent on actions by management achieving and maintaining profitable operations and raising additional capital when required. Management believes it will be able to raise capital as required in the long-term, but recognizes the risks attached thereto including without limitation, risks due to changing market conditions. Historically, the capital requirements of the Company have been met by offering securities of the Company and completing debt financings. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in the dilution to the value of such interests. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable to the Company. If adequate financing is not available when required, the Company may be required to delay, scale back, or eliminate various projects and programs, and may be unable to continue in operation. If the Company is unable to achieve and maintain profitable operations or raise additional funds it may require, it could have a material adverse effect on the Company's financial condition and future profitability.

The Company incurred a consolidated net loss of $406 and net profit of $271 for the three months ended September 30, 2024 and September 30, 2023, respectively. The Company had a negative operating cash flow 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. 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 goodwill and other intangible assets, and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated statements.

As of the date of this MD&A, the Company is not aware of any trends and does not anticipate any fluctuations in its capital resources. The Company has not arranged any sources of financing that is not otherwise discussed in this MD&A. The Company has not committed to any material expenditures that are required to maintain its capacity and planned growth, and to fund its development activities.

SUMMARY OF QUARTERLY RESULTS

Net revenue for the first quarter of fiscal 2025 decreased by $423 compared to the fourth quarter of fiscal 2024 due to the lower sales of Dream Water® in the first quarter of fiscal 2025. Gross profit for the first quarter of fiscal 2025 decreased by $235 compared to the fourth quarter of fiscal 2024 primarily due to the lower sales volume. Net loss for the first quarter of fiscal 2025 decreased by $2,059 compared to the fourth quarter of fiscal 2024 primarily due to higher expenses incurred in the first quarter of fiscal 2025 compared to the fourth of quarter of fiscal 2024 in addition to Gain from extinguishment/forgiveness of debt provisions recorded in the fourth of quarter of fiscal 2024.

[5] This is a on-IFRS measure as discussed in the "Adjusted EBITDA" section.

Quarter ended	Net revenue $	Gross profit $	Net profit (loss) from operations $	Net profit (loss) $	Basic gain (loss) per share $	Diluted gain (loss) per share $
September 30, 2024	**3,163**	**1,598**	**(406)**	**(478)**	**(0.002)**	**(0.001)**
June 30, 2024	3,586	1,833	(318)	1,581	0.005	0.004
March 31,2024	3,071	1,540	(179)	(282)	(0.001)	(0.001)
December 31,2023	2,050	1,104	(486)	(649)	(0.002)	(0.001)
September 30, 2023	3,671	1,922	271	226	0.001	0.001
June 30, 2023	3,317	7	190	(8)	(0.00)	(0.00)
March 31,2023	2,353	961	(628)	(685)	(0.003)	(0.002)
December 31, 2022	2,392	987	(391)	890	0.004	0.003

SHARE CAPITAL

The Company has an unlimited number of Common Shares authorized and the following securities outstanding:

	September 30 2024	As at the date of this MD&A
Common Shares	312,617,854	312,617,854
Stock options	27,550,238	27,450,238
Bought Deal Compensation Options	60,000,000	60,000,000

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The following expenses were paid to the directors and key management personnel of the Company:

	For the three months ended September 30 2024 $	2023 $
Salaries and benefits	**167**	157
Directors' fees	**60**	60
Share-based compensation	**43**	2
Total	**270**	229

a) *Payments to related parties*

As at September 30, 2024, included in accounts payable and accrued liabilities, there was $225 of management bonuses and $100 in directors' fees as follows: $25 to Andrew Bayfield, $25 to Jason Bednar, and $50 to Frank Holler (June 30, 2024 – management bonuses of $225 and directors fees of $100 as follows: $25 to Andrew Bayfield, $25 to Jason Bednar, and $50 to Frank Holler).

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As of the date of this MD&A, the Company does not have any contractual obligations beyond the accounts payable and accrued liabilities reported in the financial statements of the Company. Furthermore, the Company does not have any material contingent

considerations that will have a material adverse effect on the operations of the Company.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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 Company's board of directors (the "**Board**").

The Board 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.

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 of September 30, 2024, the maximum credit risk for the Company was approximately $7,169 (2024 – $7,148).

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 due to the nature of products sold and given that the Company does not have any credit facilities or loans in place to fund its operations.

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 (June 30, 2024 - $8,757) and current liabilities of $3,256 (June 30, 2024 - $3,073). The Company has addressed its liquidity through debt or equity financing obtained through the sale of securities and the sale of non-core assets. 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. Further, the Company's ability to fund operations, to execute its growth strategy and to meet scheduled financial commitments depends on the Company's future operating performance and cash flows as well as capital raising, all of which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond the Company's control. See also "Liquidity and Capital Resources" in this MD&A.

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 three months 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.

NON-IFRS MEASURES

This MD&A includes certain measures which have not been prepared in accordance with IFRS such as Adjusted EBITDA. These non-IFRS measures are not recognized under IFRS and, accordingly, users are cautioned that these measures should not be construed as alternatives to net income determined in accordance with IFRS. The non-IFRS measures presented may not be comparable to similar measures presented by other issuers.

Adjusted EBITDA is a non-IFRS measure used by management that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management defines adjusted EBITDA as the loss from operations, as reported, before interest, taxes, depreciation and amortization and adjusted for share-based compensation, Common Shares issued for services, the fair value effects of accounting for biological assets and inventories, asset impairment and write-downs, discontinued operations and other non-cash items.

There are no comparable IFRS financial measures presented in the Interim Financial Statements. Reconciliations of the non-IFRS financial measure is presented in this MD&A. The Company provides the non-IFRS financial measure as supplemental information and in addition to the financial measures that are calculated and presented in accordance with IFRS. The supplemental non-IFRS financial measure is presented because management believes such measures provide information which is useful to shareholders and investors in understanding its performance and which may assist in the evaluation of the Company's business relative to that of its peers. Management believes the non-IFRS measure is a useful financial metric to assess the Company's operating performance on a cash basis before the impact of non-cash items, and on an adjusted basis as described above. However, such non-IFRS measure should not be considered superior to, as a substitute for or as an alternative to, and should only be considered in conjunction with, the most comparable IFRS financial measures.

RISKS AND UNCERTAINTIES

This section discusses factors relating to the business of Delivra Health that should be considered by both existing and prospective investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and should be read in conjunction with annual MD&A for the year ended June 30, 2024, and Delivra Health may face additional risks and uncertainties not discussed in this section, or not currently known to the Company, or that the Company deems to be immaterial. All risks to Delivra Health's business have the potential to influence its operations in a materially adverse manner.

Inflation Risk

General inflationary pressures may increase, the Company's operating costs and influence consumer behavior towards purchasing essentials goods, which could have a material adverse effect on the Company's financial condition, results of operations and the capital expenditures required to advance the Company's business plans. There can be no assurance that any governmental action will be taken to control inflationary or deflationary cycles, that any governmental action taken will be effective or whether any governmental action may contribute to economic uncertainty. Governmental action to address inflation or deflation may also affect currency values. Accordingly, inflation and any governmental response thereto may have a material adverse effect on the Company's business, results of operations, cash flow, financial condition and the price of the Common Shares.

Additional Financing

There is no guarantee that the Company will be able to execute on its planned strategy. The continued development of the Company requires additional financing and failure to raise such capital could result in the delay or indefinite postponement of current business strategy or the Company ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Company's ability to pursue its business objectives.

New well-capitalized entrants may develop large-scale operations

Currently, the cannabis industry generally is comprised of individuals and small to medium-sized entities, however, the risk exists that large conglomerates and companies who also recognize the potential for financial success through investment in this industry could make strategic acquisitions. These potential competitors may have longer operating histories, significantly greater financial, technological, engineering, manufacturing, marketing and distribution resources, and be larger and better capitalized. Larger competitors could establish price setting and cost controls which would effectively "price out" many of the individuals and small to medium-sized entities who currently make up the bulk of the participants in the varied businesses operating within and in support of the medical and adult-use cannabis industry. While the approach of most laws and regulations seemingly deters this type of takeover, this industry remains nascent and as indicated above this trend is being observed, so what the landscape will be in the future remains largely unknown.

The Company's proposed business plan is subject to all business risks associated with new business enterprises, including the absence of any significant operating history upon which to evaluate an investment. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the formation of a new business, the development of new strategy and the competitive environment in which the Company operates. It is possible that the Company will incur losses in the future. There is no guarantee that the Company will be profitable.

Results of Future Clinical Research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC) and future research and clinical trials may discredit the medical benefits, viability, safety, efficacy, and social acceptance of cannabis or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of the Company's securities should not place undue reliance on such articles and reports. Future research studies may reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions relating to cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, the Company faces the inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. As a manufacturer and distributor of adult-use and medical cannabis products, or in its role as a service provider to, an entity that is a manufacturer, distributor and/or retailer of adult-use or medical cannabis products, the Company may be subject to various product liability claims, including, among other things, that the cannabis product caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations, financial condition or prospects of the Company. There can be no assurances that the Company will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products or otherwise have a material adverse effect on the business, results of operations, financial condition or prospects of the Company.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. Such recalls cause unexpected expenses of the recall and any legal proceedings that might arise in connection with the recall. This can cause loss of a significant amount of sales. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's products were subject to recall, the reputations of that product and the Company could be harmed. Additionally, product recalls can lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Consumer Behaviour and Digital Shift

Digital and e-commerce platforms have created additional competition and cost to what previously existed in a traditional retail context. Retail outlets must now incur expenses in connection with growing both their digital and brick-and-mortar presences. These costs are being driven down to suppliers with increased listing fees, sales fees and margin requirements from retailers. Consumers now regularly default to digital platforms for more assortment and better pricing. This continued pressure from digital retailers is causing store closures, especially from the small independent operator and this impacts some of the Company's distribution points.

Environmental, Social and Governance Legislation (ESG) Legislation and Climate-Related Disclosures

Environmental legislation has evolved in a manner that has resulted in stricter standards and enforcement, larger fines and liability for non-compliance and increased capital expenditures and operating costs. The environmental issues affecting the Company's operations include extended producer responsibility on plastics and packaging, electricity consumption, fossil fuel use in the transport of goods, air pollution laws and regulations, regulations relating to climate change, hazardous waste regulation, and restrictions against greenhouse gas emissions. The discharge of pollutants into the air, soil or water may give rise to liabilities to

governments and third parties and may require the Company to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production, or a material increase in the costs of production activities that could adversely affect the Company's financial condition, results of operations or prospects. Changes in legislation, including carbon taxes and the implementation of other greenhouse gas reduction initiatives and regulations related to transitioning to a low carbon and more climate resilient future, could result in additional costs which could have a negative impact on the Company's financial performance if the Company is not able to identify offsetting cost reductions and efficiencies.

Supply chain legislation has also evolved in the jurisdictions in which the Company does business, which mandates disclosure of the steps taken by certain companies to prevent and reduce the risk that forced labour or child labour is used by them or in their supply chains. While the Company is not currently obliged to submit any reports under any supply chain legislation in the jurisdictions in which it conducts business, supply chain legislation is evolving, and the Company may be required to report if such legislative requirements change. Regardless of its obligation to report, however, the Company must implement effective supply chain management and oversight to ensure that the Company's suppliers are complying with the ethical standards and code of conduct set out by the Company, as failing to do so may result in legal and financial liability for the Company and operational difficulties resulting from the Company's inability to safeguard the sustainability of its business activities and interests of stakeholders. Aside from ensuring its compliance with evolving legislative obligations, the Company must also manage a number of other social and governance-related matters in order to safeguard the sustainability of its operations and the interests of its stakeholders. Such matters include ensuring product quality and safety, ethical testing and selling practices, and accurate and complete product labelling. The Company's failure to implement appropriate oversight practices to ensure the foregoing, particularly as the Company's operations continue to grow, may also result in legal and financial liability for the Company, lasting impacts on the Company's stakeholders, and subsequent long-term impact on the Company's operations. Please also see "Product Liability" and "Product Recalls" in this "Risks and Uncertainties" section for further information.

Global Economic Conditions

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult, and in general, negatively impacts overall share prices and market conditions. Global equity markets have experienced significant volatility and weakness as a result of COVID-19. Such volatility and weakness in the global economy and equity markets more specifically may adversely affect the Company's ability to raise necessary capital.

In addition to the above, the Company is also subject to the following risks and uncertainties that can significantly affect its financial condition and future operations. The following risk factors are described in greater detail under the heading "Risks and Uncertainties" in the Company's Annual Information Form dated March 2, 2021, for the year ended June 30, 2020, available under the Company's profile at www.sedarplus.ca, and such risk factors are hereby incorporated by reference into this document and should be reviewed in detail by all readers:

- industry competition;
- additional financing;
- access to capital;
- history of net losses;
- credit, liquidity, interest, currency and commodity price risk;
- the Company's actual financial position and results of operations may differ materially from the expectations of the Company's management;
- requirement to generate cash flow for financial obligations;
- profitability of the Company;
- ongoing costs and obligations;
- general business risk and liability;
- new well-capitalized entrants may develop large-scale operations;
- share price volatility;
- reliance on key inputs;
- reliance on facilities;
- results of future clinical research;
- holding company status;
- limited operating history;
- unfavourable publicity on consumer perception;

- product liability;
- product recalls;
- third -party transportation;
- management of growth;
- acquisition strategy risks;
- reliance on management;
- conflicts of interest;
- principal security holder;
- dividends;
- limited market for securities;
- litigation;
- perceived reputational risk for third parties;
- intellectual property;
- political and economic instability;
- ability to establish and maintain bank accounts;
- global economy risk;
- research and development;
- shelf life of inventory;
- maintenance of effective quality control system;
- scheduled maintenance, unplanned repairs, equipment outages and logistical disruptions;
- logistical disruptions;
- client risks including customer concentration risk;
- no minimum orders;
- distribution risks;
- lack of long-term client commitment risk;
- risk as a result of international expansions;
- operations in foreign jurisdictions;
- reliance upon international advisors and consultants;
- significant sales of Common Shares;
- analyst coverage;
- tax risks;
- tax issues;
- reliance on partner licences;
- general regulatory risks;
- packaging and labelling;
- advertising;
- restrictions on marketing;
- breaches of security;
- foreign jurisdiction risks;
- competition;
- product liability;

- product recalls;
- operating risk and insurance coverage;
- results of future clinical research;
- dependence on suppliers, manufacturers and contractors;
- co-investment risk;
- difficulty to forecast and reliability of data;
- competition from synthetic production and technological advances; and
- fraudulent or illegal activity by employees, contractors and consultants.

PROPOSED TRANSACTIONS

None as of the date of this MD&A.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reporting amounts of assets and liabilities at the date of the consolidated financial statements and reporting amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

A detailed summary of all of the Company's material accounting policies is included in Note 2 to the Interim Financial Statements.

Areas that often require significant management estimates and judgement include biological assets and inventory, the estimated useful lives and depreciation of property, plant and equipment, the estimated useful lives and amortization of intangible assets, goodwill, share-based compensation, warrants, accruals, provisions and the determination of the functional currency. The following is an outline of the estimates that the Company considers as critical in the preparation of its consolidated financial statements:

- 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.
- The assessment of any impairment on property, plant and equipment, right-of-use asset 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.
- Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives and when the asset is available for use, which are determined through the exercise of judgment. The assessment of the useful lives and when the asset is available for use is dependent upon estimates that take into account factors such as economic and market conditions, frequency of use, anticipated changes in laws and technological improvements.
- 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.
- 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.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company has not adopted any new standards for the period beginning July 1, 2024. 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 Interim Financial Statements. The adoption of these standards and interpretations are not expected to have a material impact on the Company's financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Information provided in this MD&A, including the Interim Financial Statements, is the responsibility of management. In the preparation of the Interim Financial Statements, estimates are sometimes necessary to make a determination of future value or certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements. Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

MANAGEMENT'S REPORT ON DISCLOSURE CONTROLS AND PROCEDURES

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the Company's filings under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Management of the Company has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the years presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the years presented. There have been no significant changes in the Company's disclosure controls and procedures, and management has not identified any material weaknesses in its disclosure controls and procedures during the three months ended September 30, 2024.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any system of controls and procedures over financial reporting and disclosure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.