Delivra Health Brands Inc.

Condensed Consolidated Interim Financial Statements
(Unaudited)

For the three and nine months ended March 31, 2024 and 2023

(in Canadian dollars)

Delivra Health Brands Inc.

Table of contents

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.

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

Delivra Health Brands Inc.

Condensed consolidated interim statements of financial position

As at March 31, 2024 and June 30, 2023

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

	Note	**March 31 2024**	June 30 2023
		$	$
Assets			
Current assets			
Cash		**3,397**	2,721
Accounts receivable	3	**2,376**	2,589
Short term investments	4	**-**	11
Lease receivable		**41**	155
Inventories	5	**1,641**	2,260
Prepaid expenses and deposits		**238**	182
		7,693	7,918
Property, plant and equipment	6	**122**	179
Intangible assets	7	**1,498**	2,466
Total assets		**9,313**	10,563
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8	**3,742**	5,217
Loans and lease liabilities	9	**283**	253
		4,025	5,470
Loans and lease liabilities	9	**1,730**	1,704
Total liabilities		**5,755**	7,174
Equity			
Share capital	11	**148,630**	148,226
Other reserves	12	**25,804**	25,386
Accumulated other comprehensive loss		**(136)**	(185)
Accumulated deficit		**(170,740)**	(170,038)
Total equity		**3,558**	3,389
Total liabilities and equity		**9,313**	10,563

Going concern (note 2(c))

"Jason Bednar"
Jason Bednar, Director

"Gord Davey"
Gord Davey, Director

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

Delivra Health Brands Inc.

Condensed consolidated interim statements of loss and comprehensive loss

For the three and nine months ended March 31, 2024 and 2023

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

		Three months ended March 31		Nine months ended March 31	
	Note	**2024**	2023	**2024**	2023
		$	$	**$**	$
Revenue		**3,071**	2,361	**8,792**	6,538
Excise taxes		**-**	(8)	**-**	(64)
Net revenue	14	**3,071**	2,353	**8,792**	6,474
Inventory expensed to cost of sales		**1,432**	1,083	**3,974**	3,207
Inventory write-down	5	**99**	309	**252**	441
Gross profit		**1,540**	961	**4,566**	2,826
Expenses					
General and administration	10	**992**	964	**2,839**	2,816
Sales and marketing		**401**	283	**1,134**	442
Depreciation and amortization		**326**	332	**984**	996
Share-based compensation	12	**-**	10	**3**	127
		1,719	1,589	**4,960**	4,381
Loss from operations		**(179)**	(628)	**(394)**	(1,555)
Other (expense) income					
Interest and finance costs		**(103)**	(42)	**(268)**	51
Gain (loss) on assets disposal		**-**	-	**-**	602
Gain from debt/accounts payable settlement and other refunds		**-**	(2)	**24**	765
Unrealized loss/gain on short term investment		**-**	(6)	**-**	(13)
Foreign exchange (loss)		**-**	(7)	**(64)**	(28)
		(103)	(57)	**(308)**	1,377
Net gain (loss)		**(282)**	(685)	**(702)**	(178)
Other comprehensive loss					
Foreign currency translation		**71**	(64)	**49**	42
Comprehensive gain (loss)		**(211)**	(749)	**(653)**	(136)
Net gain (loss) per share – basic		**(0.001)**	(0.003)	**(0.003)**	(0.001)
Weighted average number of outstanding common shares (basic)		**312,617,854**	252,617,854	**276,705,445**	252,617,854
Net profit (loss) per share - diluted		**(0.001)**	(0.002)	**(0.002)**	(0.001)
Weighted average number of outstanding common shares (diluted)		**420,368,681**	306,287,292	**353,644,923**	306,287,292

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

Delivra Health Brands Inc.

Condensed consolidated interim statements of changes in equity

For the nine months ended March 31, 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, 2022		252,617,854	148,226	25,234	(233)	(169,854)	3,373
Share-based compensation	12	-	-	126	-	-	126
Foreign currency translation		-	-	-	42	-	42
Net loss		-	-	-	-	(178)	(178)
Balance, March 31, 2023		**252,617,854**	**148,226**	**25,360**	**(191)**	**(170,032)**	**3,363**
Balance, June 30, 2023		252,617,854	148,226	25,386	(185)	(170,038)	**3,389**
Share-based compensation	12	-	-	3	-	-	**3**
Private placement (Notes 11(b) and 12 (b))		60,000,000	404	415	-	-	**819**
Foreign currency translation		-	-	-	49	-	**49**
Net loss		-	-	-	-	(702)	**(702)**
Balance, March 31, 2024		**312,617,854**	**148,630**	**25,804**	**(136)**	**(170,740)**	**3,558**

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

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

		For the nine months ended March 31	
	Note	**2024**	**2023**
			$
Operating activities			
Net gain (loss)		**(702)**	(178)
Adjustments to reconcile non-cash items			-
Depreciation and amortization	6,7	**984**	996
Inventory write-down	5	**252**	441
Unrealized loss on fair valuation of investment	4	**-**	13
Share-based compensation	12	**3**	127
Loss (gain) on disposal of assets	6	**41**	(603)
Interest and accretion on loans and borrowings	9	**215**	(44)
Gain on loan forgiveness/Accounts settlement		**24**	(765)
Changes in working capital			
Accounts and lease receivable		**273**	195
Inventories		**358**	(850)
Prepaid expenses and deposits		**(56)**	(37)
Accounts payable and accrued liabilities		**(1,440)**	(276)
Net cash used in operating activities		**(48)**	(981)
Investing activities			
Proceeds from sale of assets held for sale	6	**-**	2,954
Purchase of intangibles			(6)
Proceeds from Cann Group shares	4	**11**	-
Net cash provided by investing activities		**11**	2,948
Financing activities			
Net proceeds from private placement (Notes 11(b), 12 (b))		**819**	-
Repayment of loans and borrowings	9	**(169)**	(178)
Net cash used in financing activities		**650**	(178)
Effect of foreign exchange on cash		**63**	42
Change in cash during the period		**676**	1,831
Cash, beginning of the year		**2,721**	1,084
Cash, end of the period		**3,397**	2,915

Supplemental information:

1) During the nine months ended March 31, 2024, interest paid was $11 (2023: $16)
2) During the nine months ended Mach 31, 2024, interest received on lease receivable was $10 (2023: $25)

The accompanying notes are an integral part of these condensed consolidated interim 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 (the "TSXV") under the symbol "DHB" and on the OTCQX® Best Market operated by OTC Market Group under the symbol "DHBUF". The Company was formerly known as Harvest One Cannabis Inc. and was listed on the TSXV under the symbol "HVT" and on the OTCQX® Best Market operated by OTC Market Group under the symbol "HRVOF". The name change was approved by the TSXV in September 2022.

These unaudited condensed consolidated interim financial statements as at and for the three and nine months ended March 31, 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. Significant accounting policies

a) *Basis of presentation and statement of compliance*

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

Several amendments apply for the first time in 2023 and 2024, but do not have an impact on the Interim Financial Statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on May 15, 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, the COVID-19 global pandemic and political conflict in other regions and heightened inflation. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

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

c) *Basis of accounting – going concern*

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

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

The Company had a consolidated net loss of $282 and $702 for the three and nine months ended March 31, 2024 and negative operating cash flows of $48 for the nine months ended March 31, 2024 and an accumulated deficit of $170,740 as at March 31, 2024. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. If for any reason the Company is unable to continue as a going concern, then this could have an impact on the Company's ability to realize assets at their recognized values, in particular intangible assets, and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements. Management acknowledges that in the absence of securing additional capital there is uncertainty over the Company's ability to meet its funding requirements as they fall due.

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

2. Significant accounting policies (continued)

d) *Basis of measurement*

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

e) *Basis of consolidation*

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

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

3. Accounts receivable

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

	March 31 2024	June 30 2023
	$	$
Trade receivables	**2,131**	2,384
Taxes recoverable from governments	**245**	205
	2,376	2,589

The Company provides credit to its customers in the normal course of business and has mitigated this risk by managing and monitoring the underlying business relationships. At the reporting date, there was $19 trade receivable write-down (March 2023 - $nil). At reporting date, the Company assessed the collectability of the balance and concluded that none of the receivables were uncollectible.

4. Short term investments

The Company's short-term investments account is composed of the Cann Group shares received relating to the sale of the Company's wholly owned subsidiaries the Satipharm Entities, the shares are valued at the closing share price at the end of the reporting period. The outstanding shares valued at the closing share price at the end of the reporting period were sold on October 3, 2023.

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

4. Short term investments (continued)

The continuity of the Company's short-term investments is as follows:

Balance, June 30, 2022	26
Unrealized loss on changes in fair value	(15)
Balance, June 30, 2023	11
Shares sold	**(11)**
Balance, March 31, 2024	**-**

5. Inventories

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

	March 31 2024	June 30 2023
	$	$
Infused licensed products		
Raw materials and work-in-progress	**-**	35
Finished goods	**-**	162
	-	197
Liquid sleep shots and sleep powder packets		
Raw materials and work-in-progress	**-**	3
Finished goods	**741**	715
	741	718
Pain relief creams		
Raw materials and work-in-progress	**702**	841
Finished goods	**439**	653
	1,141	1,494
Packaging and supplies	**221**	238
Inventory allowance	**(462)**	(387)
	1,641	2,260

a) *Infused licensed products*

Infused licensed products pertains to infused 2.0 products produced and held by the Company's former licensed manufacturer/distributor.

b) *Allowance and write-downs*

During the three and nine months ended March 31, 2024, the inventory write-down was $99 and $252 (2023: $309 and $441). 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 March 31, 2024, the Company recognized an inventory valuation allowance of $462.

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

6. Property, plant and equipment

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

	Plant and equipment	Office equipment	Construction in progress	Right-of-use assets	Total
	$	$	$	$	$
Cost					
July 1, 2022	480	352	11	154	997
Disposals and write-downs	-	-	(11)	-	(11)
June 30, 2023	480	352	-	154	986
Accumulated depreciation					
July 1, 2022	229	344	-	154	727
Depreciation	72	8	-	-	80
June 30, 2023	301	352	-	154	807
Net book value June 30, 2023	179	-	-	-	179
Cost					
July 1, 2023	480	352	-	154	986
March 31, 2024	480	352	-	154	986
Accumulated depreciation					
July 1, 2023	301	352	-	154	807
Depreciation	57	-	-	-	57
March 31, 2024	358	352	-	-	864
Net book value March 31, 2024	**122**	**-**	**-**	**-**	**122**

As of June 30, 2022, the Company had the Lucky Lake Facility under construction in progress, which mainly related to the construction of a 68,000 square foot indoor flowering facility in Saskatchewan. The Company suspended active development of the facility since the beginning of the Company's strategic review of alternatives in February 2020 (the "Strategic Review") and classified it as assets held for sale in the amount of $2,341. In December 2022, the Company sold and transferred the title of the facility to a third party in Saskatchewan for total aggregate consideration of $3,000. As of the year ended June 30, 2023, the Company recorded a gain of on the disposal of the facility of $613 after the direct legal fees of $16 and other professional fees of $30 respectively. Total net proceeds from the sale were $2,954.

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

7. Intangible assets

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

	Brand names	Technology & formulations	Customer relationships	Website &other	Total
Cost	$	$	$	$	$
July 1, 2022	6,043	2,154	1,540	135	9,872
Additions	-	-	-	41	41
Disposals and write-downs	-	-	-	-	(398)
June 30, 2023	6,043	2,154	1,540	177	9,914
Accumulated amortization					
July 1, 2022	3,021	2,154	916	106	6,197
Amortization	1,007	-	220	23	1,250
June 30, 2023	4,029	2,154	1,136	129	7,447
Net book value June 30, 2023	2,015	-	404	47	2,466
Cost					
July 1, 2023	6,043	2,154	1,540	177	9,914
Disposal	-	-	-	(41)	(41)
March 31, 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	756	-	164	7	927
March 31, 2024	4,785	2,154	1,300	136	8,375
Net book value March 31, 2024	**1,258**	**-**	**240**	**-**	**1,498**

8. Accounts payable and accrued liabilities

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

	March 31 2024	June 30 2023
	$	$
Trade payables	1,236	2,192
Accrued liabilities	1,521	2,149
Payroll liabilities	182	155
Other payables	803	721
	3,742	5,217

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

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

9. Loans and lease liabilities

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

	Notes	**March 31 2024**	June 30 2023
		$	$
Secured and unsecured loans	(a)	1,972	1,802
Lease liabilities	(b)	41	155
Total loans and lease liabilities		2,013	1,957
Current portion		(283)	(253)
Non-current portion		1,730	1,704

a) *Secured and unsecured loans*

As at March 31, 2024, the Company has four remaining unsecured interest-free loans from the Atlantic Canada Opportunities Agency ("ACOA") (2023 – four remaining unsecured loans).

	Effective Interest Rate(ii)	Maturity	Face Value	Balance, July 1, 2023	Accretion	Repayments	**Total**
			$	$	$	$	**$**
Loans assumed on acquisition							
ACOA 201210	16%	(i)	2,860	1,297	156	-	1,453
ACOA 202454	16%	2023	85	-	-	-	-
ACOA 203110	16%	2024	197	59	6	(30)	35
ACOA 206091	16%	2023	76	-	-	-	-
ACOA 206924	16%	2026	117	39	5	(15)	29
ACOA 207593	16%	(i)	484	407	48	-	455
Balance, March 31, 2024			3,819	1,802	215	(45)	1,972

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

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

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

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

9. Loans and lease liabilities (continued)

b) *Lease liabilities*

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

Balance, June 30, 2022	288
Interest expense on lease liabilities	32
Lease payments	(165)
Balance, June 30, 2023	155
Interest expense on lease liabilities	10
Lease payments	(124)
Balance, March 31, 2024	41
Current portion	(41)
Non-current portion	-

For three and nine months ended March 31, 2024, the Company recorded $6 and $16 rent expense relating to short term leases.

10. General and administration expenses

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

	Three months ended March 31		Nine months ended March 31	
	2024	2023	**2024**	2023
	$	$	**$**	$
Insurance	**19**	26	**116**	112
Investor relations	**50**	43	**105**	80
Office and general	**100**	87	**335**	309
Professional and consulting services	**151**	134	**395**	527
Regulatory	**3**	5	**40**	27
Rent	**6**	47	**16**	42
Salaries, bonus and benefits	**632**	594	**1,738**	1,665
Travel	**31**	28	**94**	56
	992	964	**2,839**	2,818

11. 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 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 is 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 (each, a "December Warrant Share") at a price of $0.05 per December Warrant Share for 36 months following the completion of the 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 March 31, 2024, 312,617,854 common shares (June 30, 2023 – 252,617,854) were issued and fully paid.

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

11. Share capital and earning per share (continued)

	Three months ended March 31 **2024**	2023	Nine months ended March 31 **2024**	2023
Net income (loss)	**$(282)**	$(685)	**$(702)**	$(178)
Weighted average number of shares outstanding:				
Basic	**312,617,854**	252,617,854	**276,705,445**	252,617,854
Diluted	**420,368,681**	306,287,292	**353,644,923**	306,287,292
Earnings per share:				
Basic	**$(0.001)**	$(0.003)	**$(0.003)**	$(0.001)
Diluted	**$(0.001)**	$(0.002)	**$(0.002)**	$(0.001)

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

12. Other reserves

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

	Share-based awards (a)	Warrants (b)	Other	Total
	$	$	$	$
Balance, June 30, 2022	11,862	12,557	815	25,234
Warrants issued	-	-	-	-
Share-based compensation	152	-	-	152
Balance, June 30, 2023	12,014	12,557	815	25,386
Warrants issued		415		415
Share-based compensation	3	-	-	**3**
Balance, March 31, 2024	**12,017**	**12,972**	**815**	**25,804**

a) *Share-based awards*

(i) Stock options

The Company has established a share purchase option plan ("Plan") whereby the Company's Board of Directors may from time to time grant stock options to employees and non-employees. Options granted under the Plan will not have a term to exceed 5 years from the date of grant. On March 20, 2024, the Company adopted a new 10% fixed stock option plan that replaces the Company's previous 10% fixed stock option plan. The maximum number of shares that may be reserved for issuance under the Plan is 31,261,785 compared to the replaced Plan of 21,507,948. Vesting is determined by the Board of Directors.

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

	Number outstanding	Weighted average exercise price
	#	$
Outstanding at June 30, 2022	15,203,141	0.24
Granted	4,900,000	0.05
Expired	(877,625)	0.76
Forfeited	(2,952,778)	0.16
Outstanding at June 30, 2023	**16,272,738**	**0.17**
Forfeited	(2,322,500)	0.50
Outstanding at March 31, 2024	**13,950,238**	**0.11**

During the nine months ended March 31, 2024 and 2023, there were no new stock options granted.

The number of options outstanding and exercisable at March 31, 2024 is as follows:

Expiry date	Number of stock options outstanding	Exercise price	Number of stock options exercisable
	#	$	#
April 22, 2024	400,000	0.85	400,000
July 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
	13,950,238		**13,950,238**

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

12. Other reserves (continued)

b) *Warrants*

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

	Compensation Warrants(i)	Bought Deal Warrants	Private Placement	Total number outstanding	Weighted average exercise price
				#	$
Outstanding at June 30, 2022	300,000	37,096,700	-	37,396,700	0.19
Outstanding at June 30, 2023	300,000	37,096,700	-	37,396,700	0.19
Issued(i)	-	-	60,000,000	60,000,000	0.05
Expired	(300,000)	(37,096,700)		(37,396,700)	0.19
Outstanding at March 31, 2024	**-**	**-**	**60,000,000**	**60,000,000**	**0.05**

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

(i) Private placement December Warrants

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 is comprised of one common share of the Company ("Common Share") and one Common Share purchase warrant (each, a "December Warrant"). Each Warrant will entitle the holder thereof to acquire one Common Share (each, a "December Warrant Share") at a price of $0.05 per December Warrant Share for 36 months following the completion of the Offering. In connection with the issuance of the private placement units, the Company recognized $81 of cash-based share issuance costs against the Company's share capital.

The fair value of private placement warrants was estimated using the relative fair value method and the following assumptions:

Risk fee 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 March 31, 2024 is as follows:

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

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

13. Related parties

The summary of the Company's related party transactions During the three and nine months ended March 31, 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:

	Three months ended March 31		**Nine months ended March 31**	
	2024	2023	**2024**	2023
	$	$	**$**	$
Salaries and benefits	**167**	180	**541**	502
Directors' fees	**60**	60	**180**	180
Share-based compensation	**-**	8	**3**	79
Total	**227**	248	**724**	761

b) *Payments to related parties*

As at March 31, 2024, there was $80 directors' fees (June 30, 2023 – $280) included in accounts payable and accrued liabilities.

14. Revenue and other geographical information

The Company generates net revenue from two geographical locations:

	Three months ended March 31		**Nine months ended March 31**	
Net revenue	**2024**	2023	**2024**	2023
	$	$	**$**	$
Canada	**939**	642	**2,769**	2,451
US	**2,132**	1,711	**6,023**	4,023
Total	**3,071**	2,353	**8,792**	6,474

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, gummies and sleep powder packets

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

15. Major customers

During the three and nine months ended March 31, 2024, the Company reported net revenue from two major customers and three major customers respectively, over 10% of its total net revenue. The customers represented during the three months ended March 31, 2024, approximately $1,419 and $379 (Three months ended March 31, 2023 - $1,073 and $270). The customers represented during the nine months ended March 31, 2024 approximately $3,808, $925 and $1,151 (Nine months ended March 31, 2023 – $2,140, $664 and $1,033) of total net revenue of the Company.

16. Financial instruments and risk

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

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

16. Financial instruments and risk (Continued)

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.

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 March 31, 2024, the Company is exposed to foreign currency risk through its bank accounts denominated in United States Dollars ("USD") and Australian Dollars ("AUD"). A 10% appreciation (depreciation) of USD or AUD against the CAD, with all other variables held constant, would result in an immaterial change in the Company's loss and comprehensive loss for the year.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade accounts receivable. The Company's cash and accounts receivable are exposed to credit risk. The risk for cash is mitigated by holding these instruments with highly rated financial institutions. The Company provides credit to its customers in the normal course of business and has mitigated this risk by managing and monitoring the underlying business relationships. As at March 31, 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 March 31, 2024, the Company's aging of receivables was approximately as follows:

	March 31 2024	June 30 2023
	$	$
0 – 60 days	**1,919**	2,209
Over 60 days	**212**	175
	2,131	2,384

Credit concentration

As at March 31, 2024, the Company had three major customers whose balances were greater than 10% of total trade receivables and each customer accounting approximately for $1,003, $655 and $252 (June 30, 2023 - $1,927).

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 March 31, 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 $7,674 and current liabilities of $4,024. 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 financing in the past, there is no assurance that it will be able to do so in the future.

.

16. Financial instruments and risk (Continued)

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 and nine months period ended March 31, 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.