Delivra Health Brands Inc.

Condensed Consolidated Interim Financial Statements
(Unaudited)

For the three and nine months ended March 31, 2025 and 2024

(in Canadian dollars)

Delivra Health Brands Inc.

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Notice to reader

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

Delivra Health Brands Inc.

Condensed consolidated interim statements of financial position

As at March 31, 2025 and June 30, 2024

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

	Note	**March 31 2025**	June 30 2024
		$	$
Assets			
Current assets			
Cash		**3,491**	4,200
Accounts receivable	3	**2,779**	2,948
Inventories	4	**1,785**	1,478
Prepaid expenses and deposits		**237**	131
		8,292	8,757
Property, plant and equipment	5	**46**	103
Intangible assets	6	**271**	1,192
Total assets		**8,609**	10,052
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	**2,173**	2,831
Loans	8	**242**	242
		2,415	3,073
Loans	8	**1,984**	1,785
Total liabilities		**4,399**	4,858
Equity			
Share capital	10	**148,630**	148,630
Other reserves	11	**26,041**	25,827
Accumulated other comprehensive gain (loss)		**410**	(101)
Accumulated deficit		**(170,871)**	(169,162)
Total equity		**4,210**	5,194
Total liabilities and equity		**8,609**	10,052

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, 2025 and 2024

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

		Three months ended March 31		Nine months ended March 31	
	Note	**2025**	2024	**2025**	2024
		$	$	**$**	$
Revenue		**3,095**	3,071	**9,012**	8,792
Net revenue	13	**3,095**	3,071	**9,012**	8,792
Inventory expensed to cost of sales		**1,534**	1,432	**4,478**	3,974
Inventory write-down	4	**9**	99	**90**	252
Gross profit		**1,552**	1,540	**4,444**	4,566
Expenses					
General and administration	9	**1,027**	992	**2,938**	2,839
Sales and marketing		**410**	401	**1,647**	1,134
Depreciation and amortization	5,6	**326**	326	**978**	984
Share-based compensation	11	**71**	-	**214**	3
		1,834	1,719	**5,777**	4,960
Loss from operations		**(282)**	(179)	**(1,333)**	(394)
Other (expense) income					
Interest and finance costs		**(64)**	(103)	**(229)**	(268)
Gain from debt/accounts payable settlement and other refunds		**-**	-	**(58)**	24
Foreign exchange (loss)		**(76)**	-	**(89)**	(64)
		(140)	(103)	**(376)**	(308)
Net gain (loss)		**(422)**	(282)	**(1,709)**	(702)
Other comprehensive loss					
Foreign currency translation		**248**	71	**511**	49
Comprehensive gain (loss)		**(174)**	(211)	**(1,198)**	(653)
Net gain (loss) per share – basic and diluted		**(0.01)**	(0.01)	**(0.06)**	(0.03)
Weighted average number of outstanding common shares (basic)		**31,261,781**	31,261,785	**31,261,781**	25,261,785

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, 2025 and 2024

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

	Note	Number of shares	Share capital	Other reserves	Accumulated other comprehensive gain (loss)	Accumulated deficit	Total
		#	$	$	$	$	
Balance, June 30, 2023		25,261,785	148,226	25,386	(185)	(170,038)	3,389
Share-based compensation	11	-	-	3	-	-	3
Private placement (Notes 11(b) and 12 (b))	11(i)	6,000,000	404	415			819
Foreign currency translation		-	-	-	49	-	49
Net loss		-	-	-	-	(702)	(702)
Balance, March 31, 2024		**31,261,785**	**148,630**	**25,804**	**(136)**	**(170,740)**	**3,558**
Balance, June 30, 2024		31,261,785	148,630	25,827	(101)	(169,162)	**5,194**
Share-based compensation	11	-	-	214	-	-	**214**
Private placement (Notes 11(b) and 12 (b))		-	-	-	-	-	**-**
Foreign currency translation		-	-	-	511	-	**511**
Rounding of fractional shares after share consolidation		(4)	-	-	-	-	**-**
Net loss		-	-	-	-	(1,709)	**(1,709)**
Balance, March 31, 2025		**31,261,781**	**148,630**	**26,041**	**410**	**(170,871)**	**4,210**

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

Delivra Health Brands Inc.

Condensed consolidated interim statements of cash flows

For the nine months ended March 31, 2025 and 2024

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

		For the nine months ended March 31	
	Note	**2025**	**2024**
			$
Operating activities			
Net gain (loss)		**(1,709)**	(702)
Adjustments to reconcile non-cash items			
Depreciation and amortization	5,6	**978**	984
Inventory write-down	4	**90**	252
Share-based compensation	11	**214**	3
Loss (gain) on disposal of assets	6	**-**	41
Interest and accretion on loans and borrowings	8	**231**	215
Gain (loss) on loan forgiveness/Accounts settlement		**(58)**	24
Changes in working capital			
Accounts and lease receivable		**28**	273
Inventories		**(420)**	358
Prepaid expenses and deposits		**(106)**	(56)
Accounts payable and accrued liabilities		**(509)**	(1,440)
Net cash used in operating activities		**(1,317)**	(48)
Investing activities			
Proceeds from short-term investments		**-**	11
Net cash provided by investing activities		**-**	11
Financing activities			
Net proceeds from private placement (Notes 11(b), 12 (b))		**-**	819
Repayment of loans and borrowings	8	**(32)**	(169)
Net cash used in financing activities		**(32)**	650
Effect of foreign exchange on cash		**640**	63
Change in cash during the period		**(709)**	676
Cash, beginning of the year		**4,200**	2,721
Cash, end of the period		**3,491**	3,397

Supplemental information:

1) During the nine months ended March 31, 2025, interest paid was $7 (2024: $11)
2) During the nine months ended Mach 31, 2025, there was no income tax paid (2024: $0)

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

These unaudited condensed consolidated interim financial statements as at and for the three and nine months ended March 31, 2025 and 2024 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").

On January 27, 2025, the Company's Board of Directors approved the consolidation of the Company's issued and outstanding Common Shares at a consolidation ratio of ten (10) pre-consolidation Common Shares for every post-consolidation Common Share (the "Share Consolidation"). The Share Consolidation was implemented with effect from February 21, 2025 to enhance the marketability of the Common Shares and provide flexibility for future corporate initiatives. In accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the change has been applied retrospectively and as a result, all disclosures of Common Shares, per Common Share data and data related to stock options, warrants in the accompanying consolidated financial statements and related notes reflect this Share Consolidation for all periods presented.

2. Material accounting policies

a) *Basis of presentation and statement of compliance*

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on May 21, 2025.

b) *Estimation Uncertainty*

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

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 and/or raise additional capital through debt or equity financings. While the Company has been successful in raising capital in the past, there is no assurance it will be successful in closing further financing transactions in the future

The Company had a consolidated net loss of $422 and $1,709 for the three and nine months ended March 31, 2025 and negative operating cash flows of $1,317 for the nine months ended March 31, 2025 and an accumulated deficit of $170,871 as at March 31, 2025. The ability of the Company to continue as a going concern is dependent upon generating profit through its operations and/or obtaining additional financing through the issuance of debt or equity. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company or that profitable operations are not achieved. These matters result in material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. If for any reason the Company is unable to continue as a going concern, then this could have an impact on the Company's ability to realize assets at their recognized values, in particular intangible assets, and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

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

2. Material 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 2025	June 30 2024
	$	$
Trade receivables	**2,484**	2,693
Taxes recoverable from governments	**295**	255
	2,779	2,948

The Company provides credit to its customers in the normal course of business and has mitigated this risk by managing and monitoring the underlying business relationships. At the reporting date, there was $nil trade receivable write-down (March 2024 - $nil). At reporting date, the Company assessed the collectability of the balance and concluded that none of the receivables were uncollectible.

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

4. Inventories

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

	March 31 2025	June 30 2024
	$	$
Liquid sleep shots and sleep powder packets		
Finished goods	**1,071**	638
	1,071	638
Pain relief creams		
Raw materials and work-in-progress	**482**	570
Finished goods	**398**	448
	880	1,018
Packaging and supplies	**211**	253
Inventory allowance	**(377)**	(431)
	1,785	1,478

a) *Allowance and write-downs*

During the three and nine months ended March 31, 2025, the inventory write-down was $9 and $90 (2024: $99 and $252). 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, 2025, the Company recognized an inventory valuation allowance of $377.

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

5. Property, plant and equipment

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

	Plant and equipment	Office equipment	Right-of-use assets	Total
	$	$	$	$
Cost				
July 1, 2023	480	352	154	986
June 30, 2024	480	352	154	986
Accumulated depreciation				
July 1, 2023	301	352	154	807
Depreciation	76	-	-	76
June 30, 2024	377	352	154	883
Net book value June 30, 2024	103	-	-	103
Cost				
July 1, 2024	480	-	-	480
March 31, 2025	480	-	-	480
Accumulated depreciation				
July 1, 2024	377	-	-	377
Depreciation	57	-	-	57
March 31, 2025	434	-	-	434
Net book value				
March 31, 2025	**46**	**-**	**-**	**46**

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

6. Intangible assets

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

	Brand names	Technology & formulations	Customer relationships	Website &other	Total
Cost	$	$	$	$	$
July 1, 2023	6,043	2,154	1,540	177	9,914
Disposals	-	-	-	(41)	(41)
June 30, 2024	6,043	2,154	1,540	136	9,873
Accumulated amortization					
July 1, 2023	4,029	2,154	1,136	129	7,448
Amortization	1,007	-	219	7	1,233
June 30, 2024	5,036	2,154	1,355	136	8,681
Net book value June 30, 2024	1,007	-	185	-	1,192
Cost					
July 1, 2024	6,043	-	1,540	-	7,583
March 31, 2024	6,043	-	1,540	-	7,583
Accumulated amortization					
July 1, 2024	5,036	-	1,355	-	6,391
Amortization	756	-	165	-	921
March 31, 2025	5,792	-	1,520	-	7,312
Net book value					
March 31, 2025	**251**	**-**	**20**	**-**	**271**

7. Accounts payable and accrued liabilities

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

	March 31 2025	June 30 2024
	$	$
Trade payables	1,091	710
Accrued liabilities	530	1,521
Other payables	552	600
	2,173	2,831

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

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

8. Loans and lease liabilities

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

	Notes	**March 31 2025**	June 30 2024
		$	$
Secured and unsecured loans	(a)	2,226	2,027
Total loans and lease liabilities		2,226	2,027
Current portion		(242)	(242)
Non-current portion		1,984	1,785

a) *Secured and unsecured loans*

As at March 31, 2025, the Company has three remaining unsecured interest-free loans from the Atlantic Canada Opportunities Agency ("ACOA") (2024 – four remaining unsecured loans).

	Effective Interest Rate(ii)	Maturity	Face Value	Balance, July 1, 2024	Accretion	Repayments	**Total**
			$	$	$	$	**$**
Loans assumed on acquisition							
ACOA 201210	16%	(i)	2,860	1,506	180	-	**1,686**
ACOA 203110	16%	2024	197	25	(11)	(14)	**-**
ACOA 206924	16%	2026	117	25	4	(18)	**11**
ACOA 207593	16%	(i)	484	471	58	-	**529**
Balance, March 31, 2025			3,658	2,027	231	(32)	**2,226**

(i) The annual instalments are calculated as 5% to 10% of forecasted revenues from pipeline products for the calendar year immediately preceding the due date of the respective payment, with an estimated commencement date of August 31, 2025.

(ii) The discount 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. 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	
	2025	2024	**2025**	2024
	$	$	**$**	$
Insurance	**55**	19	**146**	116
Investor relations	**31**	50	**89**	105
Office and general	**77**	100	**239**	335
Professional and consulting services	**174**	151	**451**	395
Regulatory	**15**	3	**40**	40
Rent	**5**	6	**18**	16
Salaries, bonus and benefits	**624**	632	**1,821**	1,738
Travel	**46**	31	**134**	94
	1,027	992	**2,938**	2,839

10. Share capital

a) *Authorized*

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

b) *Issued capital*

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

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

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

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

At March 31, 2025, 31,261,781 common shares (June 30, 2024 – 31,261,785) were issued and fully paid.

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

11. Other reserves

	Share-based awards (a)	Warrants (b)	Other	Total
	$	$	$	$
Balance, June 30, 2023	12,014	12,557	815	25,386
Warrants issued	-	415	-	415
Share-based compensation	26	-	-	26
Balance, June 30, 2024	12,040	12,972	815	25,827
Warrants issued	-	-	-	-
Share-based compensation	214	-	-	**214**
Balance, March 31, 2025	**12,254**	**12,972**	**815**	**26,041**

a) *Share-based awards*

(i) Stock options

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

The continuity of the Company's shares reserved for issue under stock options is as follows:

	Number outstanding	Weighted average exercise price
	#	$
Outstanding at June 30, 2023	1,627,274	1.7
Granted	1,400,000	0.50
Expired	(139,750)	8.3
Forfeited	(132,500)	3.4
Outstanding at June 30, 2024	2,755,023	0.70
Forfeited	(60,000)	0.50
Outstanding at March 31, 2025	**2,695,023**	**0.67**

During the nine months ended March 31, 2025 and 2024, there were no new stock options granted.

The number of shares reserved for issue under stock options outstanding and exercisable at March 31, 2025 is as follows:

Expiry date	Number outstanding	Exercise price	Number exercisable
	#	$	#
July 14, 2025	326,166	0.85	326,166
December 7, 2025	150,000	0.75	150,000
April 8, 2026	448,857	1.20	448,857
October 31, 2027	420,000	0.50	420,000
May 27, 2029	1,350,000	0.50	-
	2,695,023		**1,345,023**

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

11. Other reserves (continued)

b) *Warrants*

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

	Total # outstanding	Weighted average exercise price	
		#	$
Outstanding at June 30, 2023	3,739,670	3,739,670	1.94
issued	6,000,000	6,000,000	0.50
Expired	(3,739,670)	(3,739,670)	1.94
Outstanding at June 30, 2024	6,000,000	6,000,000	0.50
Outstanding at March 31, 2025	**6,000,000**	**6,000,000**	**0.50**

(i) Private placement December Warrants

Pursuant to the December 2023 Offering, the Company issued an aggregate of 60,000,000 December Warrants (Shares reserved for issue under warrants is 6,000,000 post Share Consolidation). Each December Warrant will entitle the holder thereof to acquire one December Warrant Share at a price of $0.50 per December Warrant Share for 36 months following the completion of the December 2023 Offering.

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

Stock price at time of measurement	$0.15
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 shares reserved for issue under warrants as of March 31, 2025 is as follows:

	Issued	Outstanding	Exercise price	Expiry date
	#	#	$	
Private Placement	6,000,000	6,000,000	0.50	Dec 12, 2026
	6,000,000	**6,000,000**		

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

12. Related parties

The summary of the Company's related party transactions During the three and nine months ended March 31, 2025 and 2024 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**	
	2025	2024	**2025**	2024
	$	$	**$**	$
Salaries and benefits	**174**	167	**508**	541
Directors' fees	**60**	60	**180**	180
Share-based compensation	**43**	-	**129**	3
Total	**277**	227	**817**	724

b) *Payments to related parties*

As at March 31, 2025, there was $160 directors' fees (June 30, 2024 – $325) included in accounts payable and accrued liabilities.

13. Revenue and other geographical information

The Company generates net revenue from two geographical locations:

	Three months ended March 31		**Nine months ended March 31**	
Net revenue	**2025**	2024	**2025**	2024
	$	$	**$**	$
Canada	**535**	939	**1,871**	2,769
US	**2,560**	2,132	**7,141**	6,023
Total	**3,095**	3,071	**9,012**	8,792

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

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

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

14. Major customers

During the three and nine months ended March 31, 2025, the Company reported net revenue from two major customers respectively, over 10% of its total net revenue. The customers represented during the three months ended March 31, 2025, approximately $1,576 and $358 (Three months ended March 31, 2024 - $1,419 and $379). The customers represented during the nine months ended March 31, 2025 approximately $4,401 and $874 (Nine months ended March 31, 2024 – $3,808, $925 and $1,151) of total net revenue of the Company.

15. Financial instruments and risk

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

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

15. 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, 2025, 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 and nine months ended March 31, 2025 of $214 and $222, respectively (Three and nine months ended March 31, 2024 - $171 and $172) and $632 and $630, respectively (Three and nine months ended March 31,2024 - $274 and $273) 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 March 31, 2025, 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, 2025, the Company's aging of receivables was approximately as follows:

	March 31 2025	June 30 2024
	$	$
0 – 60 days	**1,537**	1,919
Over 60 days	**947**	212
	2,484	2,131

Credit concentration

As at March 31, 2025, the Company had two major customers whose balances were greater than 10% of total trade receivables and each customer accounting approximately for $1,399 and $362 (June 30, 2024 - $2,132).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at March 31, 2025, the Company is not exposed to any significant interest rate risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities have maturities of 30 days or less or are due on demand and are subject to normal trade terms. The Company has current assets of $8,292 and current liabilities of $2,415. The Company addresses its liquidity through the sale of securities. While the Company has been successful in securing financing in the past, there is no assurance that it will be able to do so in the future.

15. Financial instruments and risk (Continued)

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, 2025, 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.