

Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)

CENTR BRANDS CORP.

For the three months ended August 31, 2024 and 2023
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102 "Continuous Disclosure Obligations", if an auditor has not performed a review of the interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

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 standards established by CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity's auditor.

CENTR BRANDS CORP.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Expressed in Canadian dollars, unless otherwise stated)

	August 31, 2024	May 31, 2024
Assets		
Current assets:		
Cash	\$ 132,485	\$ 49,371
Accounts and other receivable	4,133	2,459
Prepaid expenses and other assets	15,279	14,959
	<u>\$ 151,897</u>	<u>\$ 66,789</u>
Liabilities and Shareholders' Deficit		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 1,025,215	\$ 1,063,778
Due to related parties (note 10)	330,697	239,698
Convertible debenture (note 4)	100,000	-
	<u>1,455,912</u>	<u>1,303,476</u>
Loan payable (note 5)	40,000	40,000
Warrants liability (note 6)	-	-
	<u>1,495,912</u>	<u>1,343,476</u>
Shareholders' deficit:		
Share capital (note 7)	34,294,779	34,294,779
Reserves (note 8)	2,044,314	2,044,314
Deficit	(37,683,108)	(37,615,780)
	<u>(1,344,015)</u>	<u>(1,276,687)</u>
	<u>\$ 151,897</u>	<u>\$ 66,789</u>

Nature of operations and going concern (note 1)
Commitment and contingencies (note 15)

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

Approved on behalf of the Board:

"Robert W. C. Becher" Director

"Anton J. Drescher" Director

CENTR BRANDS CORP.

Condensed Interim Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)
(Unaudited – Expressed in Canadian dollars, unless otherwise stated)

For the three months ended August 31, 2024 and 2023

	2024	2023
Continuing operations		
Expenses:		
General and administrative (note 9)	\$ 146,745	\$ 291,544
Share-based compensation	-	124,120
Loss from continuing operations before other income (expenses)	(146,745)	(415,664)
Other income (expenses):		
Gain on revaluation of warrants liability (note 6)	-	1,687,022
Other income (expenses)	(3,256)	36,256
Income (loss) from continuing operations	(150,001)	1,307,614
Discontinued operations		
Income (loss) from discontinued operations (note 14)	82,673	(1,205,054)
Net income (loss) and comprehensive income (loss)	\$ (67,328)	\$ 102,560
Income (loss) per share from continuing operations:		
Basic	\$ (0.00)	\$ 0.01
Diluted	(0.00)	0.01
Income (loss) per share:		
Basic	\$ (0.00)	\$ 0.00
Diluted	(0.00)	0.00

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

CENTR BRANDS CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit
(Unaudited - Expressed in Canadian dollars, unless otherwise stated)

For the three months ended August 31, 2024 and 2023

	Notes	Share capital Common shares		Reserves			Deficit	Total
		Shares	Amount	DSUs/PSUs	RSUs/Options	Total		
Balance, May 31, 2024		115,797,341	\$ 34,294,779	\$ 1,309,266	\$ 735,048	\$ 2,044,314	\$(37,615,780)	\$ (1,276,687)
Share-based compensation		-	-	-	-	-	-	-
Loss from continuing operations for the period		-	-	-	-	-	(150,001)	(150,001)
Income from discontinued operations for the period		-	-	-	-	-	82,673	82,673
Balance, August 31, 2024		115,797,341	\$ 34,294,779	\$ 1,309,266	\$ 735,048	\$ 2,044,314	\$(37,683,108)	\$ (1,344,015)

	Notes	Share capital Common shares		Reserves			Deficit	Total
		Shares	Amount	DSUs/PSUs	RSUs/Options	Total		
Balance, May 31, 2023		115,673,367	\$ 34,393,680	\$ 1,512,908	\$ 735,048	\$ 2,247,956	\$(35,274,444)	\$ 1,367,192
Share-based compensation		55,574	16,461	121,444	-	121,444	-	137,905
Income from continuing operations for the period		-	-	-	-	-	1,307,614	1,307,614
Loss from discontinued operations for the period		-	-	-	-	-	(1,205,054)	(1,205,054)
Balance, August 31, 2023		115,728,941	\$ 34,410,141	\$ 1,634,352	\$ 735,048	\$ 2,369,400	\$(35,171,884)	\$ 1,607,657

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

CENTR BRANDS CORP.

Condensed Interim Consolidated Statement of Cash Flows
(Unaudited – Expressed in Canadian dollars, unless otherwise stated)

Three months ended August 31, 2024 and 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Income (loss) for the period	\$ (150,001)	\$ 1,307,614
Adjustments for non-cash items:		
Share-based compensation	-	124,120
Revaluation of warrants	-	(1,687,022)
Changes in non-cash working capital:		
Accounts receivable	(1,674)	(2,720)
Prepaid expense	(320)	(2,391)
Accounts payable and accrued liabilities	(50,698)	28,436
Due to related parties	90,999	(2,345)
Net cash used in operating activities from continuing operations	(111,694)	(234,308)
Net cash provided by (used in)		
operating activities from discontinued operations	94,808	(1,386,812)
Investing activities:		
Net cash used in investing activities from discontinued operations	-	(2,157)
Financing activities:		
Proceeds from issuance of convertible debenture	100,000	-
Net cash provided by financing activities from continuing operations	100,000	-
Net cash used in financing activities from discontinued operations	-	(37,433)
Decrease in cash from continuing operations	(111,694)	(234,308)
Increase (decrease) in cash from discontinued operations	194,808	(1,426,402)
Cash, beginning of period	49,371	3,307,795
Cash, end of period	\$ 132,485	\$ 1,647,085

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

CENTR BRANDS CORP.

Condensed Interim Consolidated Notes to Financial Statements
(Unaudited – Expressed in Canadian dollars, unless otherwise stated)

Three months ended August 31, 2024 and 2023

1. Nature of the business and going concern:

CENTR Brands Corp. (the “Company” or “CENTR”) was incorporated under the laws of the Business Corporations Act (British Columbia). The Company’s shares are traded on the Canadian Securities Exchange (the “Exchange”) under the symbol “CNTR”.

The Company’s corporate office is located at 507-837 West Hastings Street, Vancouver, British Columbia, V6C 3N6. The Company is involved in the development and marketing of non-alcoholic, functional beverages. The Company produces CENTR Enhanced, a refreshing, ZERO calorie, nootropic and adaptogen, sparkling functional beverage incorporating a variety of science-backed ingredients. Utilizing the Company’s intellectual property, the Company is currently exploring strategic alternatives to facilitate the future growth of CENTR Enhanced.

On December 18, 2023, the Company announced that it has ceased funding its United States operations (see note 14).

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. A different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at August 31, 2024, the Company had a negative working capital of \$1,304,015 and a negative working capital of \$1,236,687 as at May 31, 2024. During the three-month period ended August 31, 2024, the Company had net losses of \$67,328 compared to a net income of \$102,560 during the three-month period ended August 31, 2023. The Company’s continuation as a going concern is dependent upon the Company’s ability to facilitate the future growth of CENTR Enhanced and raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with current cash on hand and proceeds from equity and debt alternatives in the capital market. During fiscal 2023, the Company was able to raise funds through the private placement market, however, there is no assurance that additional financing will be available on terms acceptable to the Company, or at all. These matters represent uncertainties that cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities that would be necessary should the Company be unable to continue operations. Such adjustments could be material.

2. Basis of presentation:

(a) Statement of compliance:

These condensed interim consolidated financial statements for the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended May 31, 2024, which have been prepared in accordance with IFRS as issued by the IASB.

CENTR BRANDS CORP.

Condensed Interim Consolidated Notes to Financial Statements
(Unaudited – Expressed in Canadian dollars, unless otherwise stated)

Three months ended August 31, 2024 and 2023

2. Basis of presentation (continued):

(a) Statement of compliance (continued):

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 2, 2024.

(b) Basis of measurement:

These condensed interim consolidated financial statements have been prepared on a historic cost basis except for financial instruments classified as fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been presented and prepared using the accrued basis of accounting, except for cash flow information.

(c) Basis of consolidation:

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, CENTR Brands USA LLC, CENTR Enhanced USA LLC and CENTR Enhanced Beverage Corp. The Company accounts for its controlled subsidiaries using consolidation method of accounting from the date that control commences and deconsolidates from the date control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has all of the following:

- (i) power over the investee;
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect the amount of the investor's returns.

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between companies.

(d) Use of estimates and judgement:

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses that are not readily apparent from other sources, during the reporting period. These estimates and associated assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and in any future periods affected.

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Three months ended August 31, 2024 and 2023

2. Basis of presentation (continued):

(d) Use of estimates and judgement (continued):

Significant judgment, estimates and assumptions that have the most significant effect on the amounts recognized in the Company's condensed interim consolidated financial statements are as follows:

(i) Inventories:

In determining the lower of cost and net realizable value of inventories, the Company estimates the likelihood that inventory carrying values will be affected by expected selling prices or demand for products which could make inventory on hand recoverable at less than the recorded value. The Company performs periodic reviews to assess the impact of the change in the expected sales volume and the expected selling prices on the net realizable value of inventories. Where it is determined that such changes have occurred and will have a negative impact on the value of inventory on hand, an appropriate excess and obsolete inventory provision is made.

(ii) Share-based payments, warrants and warrant liability:

To calculate the fair value of stock options, restricted share units and warrants, the Company uses the Black-Scholes option pricing model. This inherently requires management to make various estimates and assumptions, primarily in relation to the expected volatility, stock option life and forfeiture rates. Changes in these estimates could cause a significant change in the share-based compensation expense, share-based payment reserve and warrant liability in a given period.

(iii) Lease liabilities:

Determination of the incremental borrowing rate used to measure lease liabilities is based on comparison to similar interest-bearing debt instruments of a group of comparative companies.

(iv) Determination of functional currency:

Based on the primary indicators in IAS21 – The Effects of Change in Foreign Exchange Rates – the Canadian dollar has been determined as the presentation currency of the Company and all subsidiaries, as the Canadian dollar was the currency in which the activities were carried out. Effects of changes in foreign exchange rates are recorded as foreign exchange gain (loss) on the consolidated statements of net loss and comprehensive loss.

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2. Basis of presentation (continued):

(v) Income taxes:

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

(e) Functional and presentation currency:

Except as otherwise noted, these consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the reporting dates. Non-monetary assets and liabilities are translated at rates prevailing at the date of acquisition. Expenses are translated at the average rate of exchange in effect during the month the transaction occurred. The resulting foreign currency gains or losses are recognized in these consolidated statements of net income (loss) and comprehensive income (loss).

Effective June 1, 2024, (the "Effective Date"), the Company changed its functional presentation currency from the United States dollar to the Canadian dollar. The functional currency of the Company was reassessed as the Company discontinued its United States operations. The Canadian dollar was determined to be the functional currency of the primary economic environment in which the Company operates, as the majority of the operational activities will be denominated in or influenced by the Canadian dollar.

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Three months ended August 31, 2024 and 2023

3. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities are as follows:

	August 31, 2024	May 31, 2024
Accounts payable	\$ 856,922	\$ 864,338
Accrued other expenses	168,293	199,440
	<u>\$ 1,025,215</u>	<u>\$ 1,063,778</u>

4. Convertible debenture:

On July 11, 2024, the Company issued unsecured convertible debentures (the “Debentures”) in a non-brokered private placement in the principal amount of \$100,000, for aggregate gross proceeds of \$100,000. The Debentures will bear interest from July 11, 2024 (the “Closing Date”) at a rate of 10.0% per annum, calculated and payable annually, and will mature on July 11, 2025, being the date that is 12 months from the date of issuance (the “Maturity Date”).

The principal amount of the Debentures, together with any accrued and unpaid interest, may be converted in whole or in part, at any time before the Maturity Date, into equity securities of the Company, at the election of the holder, in whole or in part, at a conversion price equal to the greater of: (A) \$0.05 if the Market Price (as such term is defined in the policies of the Canadian Securities Exchange (the “CSE”)) is less than \$0.05; (B) the Market Price (as such term is defined in the policies of the CSE); and (C) the offering price of the Company’s first equity financing following the date of issuance of the Debentures; subject to the approval of the CSE.

The subscription was made by an insider of the Company.

5. Loan payable:

	August 31, 2024	May 31, 2024
Canada Emergency Business Account	\$ 40,000	\$ 40,000
	<u>\$ 40,000</u>	<u>\$ 40,000</u>

In April 2020, the Company applied for Canada Emergency Business Account and received a loan of \$40,000 which was interest free until January 19, 2024. The Company extended the loan to December 31, 2026 at an annual interest rate of 5%.

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6. Warrants liability:

	Number of warrants	Weighted average exercise price (CAD)	Weighted average life
Outstanding, May 31, 2024	28,837,701	\$ 0.81	1.38
Expired	(2,054,168)	1.75	
Outstanding, August 31, 2024	26,783,533	\$ 0.74	1.50

Foreign currency denominated warrants (not including compensation warrants) are considered a derivative as they are not indexed solely to the Company's own stock. The warrants liability was determined using the Black-Scholes option pricing model. As at August 31, 2024, the warrants liability was valued with a fair value of \$Nil (May 31, 2024 – \$Nil).

On August 2, 2024, the Company extended the expiry date of an aggregate of 10,116,8767 common share purchase warrants in the capital of the Company (the "Warrants") as follows:

- (i) The expiry date of 1,086,684 Warrants issued on August 6, 2021, and originally set to expire on August 6, 2024, was extended to August 6, 2025;
- (ii) The expiry date of 794,668 Warrants issued on September 10, 2021, and originally set to expire on September 10, 2024, was extended to September 10, 2025;
- (iii) The expiry date of 7,007,144 Warrants issued on April 13, 2022, and originally set to expire on April 13, 2025, was extended to April 13, 2026;
- (iv) The expiry date of 1,228,371 Warrants issued on May 6, 2022, and originally set to expire on May 6, 2025, was extended to May 6, 2026.

7. Share capital:

(a) Authorized:

The authorized share capital of the Company consists of unlimited number of common shares without par value.

(b) Issued and outstanding:

	Number of shares	Total Amount
May 31, 2024	115,797,341	\$ 34,294,779
Common shares issuances:		
Share-based compensation	-	-
August 31, 2024	115,797,341	\$ 34,294,779

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(Unaudited – Expressed in Canadian dollars, unless otherwise stated)

Three months ended August 31, 2024 and 2023

7. Share capital (continued):

(b) Issued and outstanding (continued):

On August 31, 2024, there were 116,233,800 common shares issued (May 31, 2024 – 116,233,800) and 115,797,341 common shares outstanding (May 31, 2024 – 115,797,341).

8. Reserves:

Reserves are comprised of share-based compensation and share purchase warrants:

(a) Share-based compensation – options:

The Company operates an equity-settled, stock options-based payment compensation plan, under which the Company pays equity instruments of the Company as consideration in exchange for employee and similar services. The plan is open to employees, directors, officers and consultants of the Company and its affiliates.

The fair value of the grant of the options is recognized in the consolidated statements of net income (loss) and comprehensive income (loss) as an expense. The total amount to be expensed is determined by the fair value of the options granted. The total expense is recognized over the vesting period which is the period over which all of the service vesting conditions are satisfied. The vesting period is determined at the discretion of the Board and has ranged from immediate vesting to three years. The maximum number of common shares reserved for issuance, in the aggregate, under the Company's option plan (and under any other share compensation arrangements of the Company) is 10% of the aggregate number of common shares which are outstanding from time to time.

As at August 31, 2024, there were no outstanding options.

(b) Share-based compensation – restricted share units ("RSUs"):

The Company operates an equity-settled, RSUs share-based payment compensation plan, under which the Company pays equity instruments of the Company as consideration in exchange for employee and similar services. The plan is open to employees, directors, officers and consultants of the Company and its affiliates.

The fair value of the grant of the RSUs is recognized in the consolidated statements of net income (loss) and comprehensive income (loss) as an expense. The total amount to be expensed is determined by the fair value of the RSUs granted. The total expense is recognized over the vesting period which is the period over which all of the service vesting conditions are satisfied. The maximum number of common shares reserved for issuance, in the aggregate, under the Company's RSU plan (and under any other share compensation arrangements of the Company) is 10% of the aggregate number of common shares which are issued and outstanding from time to time. As at August 31, 2024, this represented 11,579,734 common shares.

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Three months ended August 31, 2024 and 2023

8. Reserves (continued):

(b) Share-based compensation – restricted share units (“RSUs”) (continued):

	Number of RSUs
Outstanding, May 31, 2024	35,000
Granted	-
Outstanding, August 31, 2024	35,000

RSUs have an expiry date of 5-years from the date of issuance. As at August 31, 2024, the weighted average remaining life of the RSUs outstanding is 0.8 years (May 31, 2024 – 1.0 year).

(c) Share-based compensation - deferred share units (“DSUs”):

The Company operates an equity-settled, DSUs share-based payment compensation plan, under which the Company pays equity instruments of the Company as consideration in exchange for employee and similar services. The plan is open to employees, directors, officers and consultants of the Company and its affiliates.

The fair value of the grant of the DSUs is recognized in the consolidated statements of net income (loss) and comprehensive income (loss) as an expense. The total amount to be expensed is determined by the fair value of the DSUs granted. The total expense is recognized immediately on the date of issuance. The maximum number of common shares reserved for issuance, in the aggregate, under the Company’s DSU plan (and under any other share compensation arrangements of the Company) is 10% of the aggregate number of common shares which are issued and outstanding from time to time.

	Number of DSUs
Outstanding, May 31, 2024	2,352,319
Granted	-
Outstanding, August 31, 2024	2,352,319

(d) Share-based compensation - performance share units (“PSUs”):

The Company operates an equity-settled, PSUs share-based payment compensation plan, under which the Company pays equity instruments of the Company as consideration in exchange for employee and similar services. The plan is open to employees, directors, officers and consultants of the Company and its affiliates.

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8. Reserves (continued):

(d) Share-based compensation - performance share units ("PSUs") (continued):

The fair value of the grant of the PSUs is recognized in the consolidated statements of net income (loss) and comprehensive income (loss) as an expense. The total amount to be expensed is determined by the fair value of the PSUs granted. The total expense is recognized immediately on the date of issuance. The maximum number of common shares reserved for issuance, in the aggregate, under the Company's PSU plan (and under any other share compensation arrangements of the Company) is 10% of the aggregate number of common shares which are issued and outstanding from time to time.

As at August 31, 2024, there we no outstanding PSUs.

9. General & administrative:

	Three months ended August 31, 2024	Three months ended August 31, 2023
Salaries and payroll	\$ 102,614	\$ 103,398
Other SG&A expenses	25,451	51,930
Professional	18,680	136,216
	\$ 146,745	\$ 291,544

10. Related party transactions and balances:

(a) Compensation of key management personnel:

The Company transacts with key individuals from management who have authority and responsibility to plan, direct, and control the activities of the Company. Key management personnel are defined as the executive officers of the Company and the directors, including the Chief Executive Officer, Chief Financial Officer, two former Chief Executive Officers, and former President and Chief Financial Officer.

	Three months ended August 31, 2024	Three months ended August 31, 2023
Salaries and benefits	\$ 60,000	\$ 118,253
Share-based payments	-	121,444
Consulting fees	-	55,748
Director fees paid/due to directors of the Company	30,736	30,408
	\$ 90,736	\$ 325,853

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10. Related party transactions and balances (continued):

(a) Compensation of key management personnel (continued):

Consulting fees were paid to a consulting corporation controlled by a former Chief Executive Officer and director of the Company, in lieu of severance, as part of the settlement agreement entered into in October 2022. In December 2023, an agreement was reached to terminate the remaining obligations under the settlement agreement.

(b) Transactions with controlling shareholders:

The Company incurred the following transactions with companies having a former director, director, and officer in common:

	Three months ended August 31, 2024	Three months ended August 31, 2023
Other fees paid to a company controlled by a director and officer of the Company	\$ 2,700	\$ -
Lease payments paid to a company controlled by a former director of the Company	-	35,623
	\$ 2,700	\$ 35,623

As at August 31, 2024, \$330,697 (May 31, 2024 - \$239,698) was included in due to related parties for director fees and other overhead costs in the ordinary course of business. These amounts bear no interest and are due on demand.

11. Capital management:

The Company's objective is to maintain a capital structure that supports its long-term growth strategy, maintains creditor and customer confidence, and maximizes shareholder value. However, the Company discloses that current capital has been exhausted. As such, the Company is considering strategic alternatives to optimize the capital structure, including the potential of assuming debt. There were no changes in the Company's approach to capital management during the three-month period ended August 31, 2024. The capital structure of the Company consists of its shareholders' equity.

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11. Capital management (continued):

The Company's primary uses of capital are to finance operations, increase non-cash working capital and capital expenditures. The Company's objectives when managing capital are to ensure the Company will continue to have enough liquidity to expand. The Company, as part of its annual budgeting process, evaluates its estimated annual cash requirements to fund planned expansion activities and working capital requirements of existing operations. Based on this cash budget and taking into account its anticipated cash flows from operations and its holdings of cash, the Company is of the view that it does not have sufficient capital or the ability to draw the required funds from existing shareholder commitments. As a result, the Company must explore strategic alternatives, including assuming debt.

12. Financial instruments and fair value measurement:

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements.

The Company's financial instruments approximate their carrying values due to the short-term nature of these instruments

August 31, 2024	Classification	Fair value level	Fair value
Financial liabilities measured at fair value:			
Warrants liability	FVTPL	2	-

May 31, 2024	Classification	Fair value level	Fair value
Financial liabilities measured at fair value:			
Warrants liability	FVTPL	2	-

13. Risk management:

In the normal course of business, the Company is exposed to risks related to financial instruments that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

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13. Risk management (continued):

(a) Credit risk:

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The carrying value of the Company's cash and accounts receivable, totaling \$136,618, represents the Company's maximum exposure to credit risk. The Company does not believe it has significant credit risk associated with its cash as such funds are on deposit with highly rated financial institutions and thus credit risk arises principally from the Company's receivables from customers. The Company's exposure to credit risk on accounts receivable is influenced mainly by the individual characteristics of each debtor. The Company has a number of customers with small accounts receivable balances and is therefore able to monitor credit risk on an individual account basis.

(b) Liquidity risk:

Liquidity risk is the risk that the Company may encounter difficulty in raising funds to meet its financial commitments or can only do so at excessive cost. The Company cannot ensure there is sufficient liquidity to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash and its ability to raise funds from its existing shareholders or external shareholders. As indicated in Note 11, the Company is exploring strategic alternatives to its current capital structure to ensure it can operate effectively and meet its financial obligations when they come due.

(c) Currency risk:

Currency risk is the risk to the Company's earnings that arises from fluctuations in foreign exchange rates and the degree of volatility of those rates. The Company is exposed to currency risk by incurring certain expenditures in United States dollars.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have financial instruments that result in material exposure.

14. Discontinued operations:

On December 18, 2023, the Company announced it had ceased funding its United States operations which included its United States subsidiaries, CENTR Brands USA LLC and CENTR Enhanced USA LLC. After reviewing the overall performance of the Company's United States operations, in particular its cash position and its forecasted revenue and expenses, it was decided to consolidate the Company's ongoing operations into Canada and review the various alternatives available in an effort to ensure the long-term success of the Company.

CENTR BRANDS CORP.

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Three months ended August 31, 2024 and 2023

14. Discontinued operations (continued):

The results for the United States operations for the three-month period ended August 31, 2024 and 2023 were as follows:

	2024	2023
Sales	\$ -	\$ 331,855
Cost of sales (recovery)	(2,720)	290,721
Gross profit	2,720	41,134
Expenses:		
General and administrative	(71,298)	773,591
Marketing	-	457,816
Share-based compensation	-	13,785
Other expenses (income)	(8,655)	996
Income (loss) from discontinued operations	\$ 82,673	\$ (1,205,054)
Basic and diluted income (loss) per share from discontinued operations	\$ 0.00	\$ (0.01)

15. Commitment and contingencies:

The Company may be subject to claims that arise in the ordinary course of business. Management assesses the likelihood of adverse outcomes in these matters, as well as potential ranges of losses, to determine appropriate accounting treatment and disclosure. The Company accrues liabilities for legal claims when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

As of August 31, 2024, the Company's subsidiary is involved in a claim made by a former employee. The Company is currently in the process of investigating the claim and cannot reasonably estimate the potential losses at this time.