



**Lifeist Wellness Inc.**  
**Condensed Consolidated Interim Financial Statements**  
**(Unaudited)**

For the three and six months ended May 31, 2024 and May 31, 2023

(In Canadian dollars)

**LIFEIST WELLNESS INC. MANAGEMENT'S COMMENTS ON UNAUDITED INTERIM  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if any auditor has not performed a review of the Interim Condensed Consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited Interim Condensed 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 the Chartered Professional Accountants of Canada (CPA Canada) for a review of Interim Condensed Consolidated financial statements by an entity's auditor.



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**LIFEIST WELLNESS INC.**

## Condensed Consolidated Interim Statements of Financial Position

As at May 31, 2024 and November 30, 2023

(Unaudited - Expressed in Canadian dollars)

	Notes	May 31, 2024	November 30, 2023
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents		\$ 2,064,287	\$ 1,454,145
Trade and other receivables	6	1,885,978	2,331,840
Inventories	7	2,256,330	4,511,162
Prepaid expenses and other assets	12	417,122	484,005
<b>Total current assets</b>		<b>6,623,717</b>	<b>8,781,152</b>
<i>Non-current assets</i>			
Deferred tax assets		134,431	132,992
Portfolio investments	8,20(a)	35,625	35,776
Property and equipment	9	886,268	2,500,375
Intangible assets	10	1,503,436	1,503,600
Goodwill	11	417,091	417,091
Other assets	12	28,149	28,149
<b>Total non-current assets</b>		<b>3,005,000</b>	<b>4,617,983</b>
<b>Total assets</b>		<b>\$ 9,628,717</b>	<b>\$ 13,399,135</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities	13	\$ 8,794,884	\$ 8,453,252
Short-term portion of lease liabilities	15	297,867	397,359
Deferred revenue	14	130,590	221,411
<b>Total current liabilities</b>		<b>9,223,341</b>	<b>9,072,022</b>
<i>Non-current liabilities</i>			
Long-term portion of lease liabilities	15	796,839	868,657
<b>Total non-current liabilities</b>		<b>796,839</b>	<b>868,657</b>
<b>Total liabilities</b>		<b>10,020,180</b>	<b>9,940,679</b>
<i>Shareholders' equity</i>			
Share capital	16	160,386,740	159,994,357
Contributed reserve		51,836,143	47,558,980
Options reserve		2,227,886	2,311,295
Warrants reserve		637,555	4,785,301
Other reserve		(4,106,586)	(4,106,586)
Accumulated deficit		(210,478,182)	(206,192,203)
Accumulated other comprehensive (loss)		(895,019)	(892,688)
<b>Total shareholders' equity</b>		<b>(391,463)</b>	<b>3,458,456</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 9,628,717</b>	<b>\$ 13,399,135</b>

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

Going Concern - Note 1.

Subsequent events - Note 24.

Approved on behalf of the Board on July 30th, 2024 by:

"Meni Morim"

Director

"John C. Sinclair"

Director

# LIFEIST WELLNESS INC.



## Condensed Consolidated Interim Statements of Operations

For the three and six months ended May 31, 2024 and May 31, 2023

(Unaudited - Expressed in Canadian dollars)

	Notes	Three months ended		Six months ended	
		May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Gross revenue		\$ 4,680,420	7,673,105	\$ 11,511,950	\$ 15,073,210
Excise taxes		(777,350)	-	(777,352)	-
Net revenue	5,17	3,903,070	7,673,105	10,734,598	15,073,210
Cost of goods sold	7	2,003,189	3,992,321	5,245,112	7,823,971
Gross profit before inventory adjustment		1,899,881	3,680,784	5,489,486	7,249,239
Inventory write-down (write-up)		(90,940)	(33,053)	70,697	33,673
Gross profit		1,990,821	3,713,837	5,418,789	7,215,566
Salaries and other compensation costs	22	1,106,562	1,561,965	2,402,081	3,250,141
Office and general expenses		735,707	807,817	1,403,545	1,832,771
Technological development		-	7,633	-	18,745
Professional fees		121,645	321,639	352,854	561,462
Selling and marketing expense		954,081	1,188,387	1,993,504	2,738,026
Depreciation and amortization	9	(21,828)	29,834	89,336	66,674
Share-based compensation	16 (d)(e)	87,947	468,314	258,391	550,738
Total expenses		2,984,114	4,385,589	6,499,711	9,018,557
Restructuring and other costs		240,000	30,000	331,000	83,333
Loss before following:		(1,233,293)	(701,752)	(1,411,922)	(1,886,324)
Other (income) expense	18	88,165	(436,416)	69,828	(392,964)
Foreign exchange (gain) loss		26,429	(20,883)	7,743	(14,581)
Loss before income tax		(1,347,887)	(244,453)	(1,489,493)	(1,478,779)
Income tax (expense)	19	(33,909)	(93,231)	(13,849)	(97,602)
Net loss from continuing operations		(1,381,796)	(337,684)	(1,503,342)	(1,576,381)
Net loss from discontinued operations	4	(452,410)	(1,852,201)	(2,782,637)	(3,917,205)
Net loss		\$ (1,834,206)	(2,189,885)	\$ (4,285,979)	(5,493,586)
Net loss per share (basic and diluted) from continuing operations		\$ (0.047)	\$ (0.015)	\$ (0.053)	\$ (0.070)
Net loss per share (basic and diluted) from discontinued operations		\$ (0.015)	\$ (0.082)	\$ (0.098)	\$ (0.175)
Weighted average number of outstanding common shares (basic and diluted)		29,200,553	22,497,381	28,302,752	22,383,302

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

**LIFEIST WELLNESS INC.****Condensed Consolidated Interim Statements of Comprehensive Loss**

For the three and six months ended May 31, 2024 and May 31, 2023

(Unaudited - Expressed in Canadian dollars)

	Three months ended		Six months ended	
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Net loss	\$ (1,834,206)	(2,189,885)	\$ (4,285,979)	(5,493,586)
<b>Other comprehensive loss:</b>				
<i>Items that are or may be reclassified to profit or loss</i>				
Cumulative translation adjustment	(33,722)	50,271	27,420	(103,970)
<i>Items that will not be reclassified to profit or loss</i>				
Changes in the fair value of equity investments designated at FVOCI	-	108,137	(29,751)	158,137
	(33,722)	158,408	(2,331)	54,167
<b>Total comprehensive loss</b>	<b>\$ (1,867,928)</b>	<b>(2,031,477)</b>	<b>\$ (4,288,310)</b>	<b>(5,439,419)</b>

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

# LIFEIST WELLNESS INC.



## Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the six months ended May 31, 2024 and May 31, 2023

(Unaudited - Expressed in Canadian dollars)

	Attributable to Shareholders of the Company										
	Share Capital		Warrants Reserve		Options Reserve		Contributed Reserve	Other Reserve	Accumulated OCI	Accumulated Deficit	Total Shareholders' Equity
	#	\$	#	\$	#	\$	\$	\$	\$	\$	\$
<b>Balance at November 30, 2023</b>	27,884,818	159,994,357	4,225,748	4,785,301	536,118	2,311,295	47,558,980	(4,106,586)	(892,688)	(206,192,203)	3,458,456
Net loss	-	-	-	-	-	-	-	-	-	(1,503,342)	(1,503,342)
Discontinued operations -Net Retained earnings	-	-	-	-	-	-	-	-	-	(2,782,637)	(2,782,637)
Other comprehensive loss	-	-	-	-	-	-	-	-	(2,331)	-	(2,331)
	27,884,818	159,994,357	4,225,748	4,785,301	536,118	2,311,295	47,558,980	(4,106,586)	(895,019)	(210,478,182)	(829,854)
<b>Transactions directly recorded in equity:</b>											
Shares issued - Non-Cash (Note 16)	724,560	140,607	210,000	39,393	-	-	-	-	-	-	180,000
Forfeiture of options and warrants	-	-	(3,289,000)	(4,187,139)	(89,268)	(90,024)	4,277,163	-	-	-	-
Share-based compensation (Note 16)	1,445,002	251,776	-	-	-	6,615	-	-	-	-	258,391
<b>Balance at May 31, 2024</b>	30,054,380	160,386,740	1,146,748	637,555	446,850	2,227,886	51,836,143	(4,106,586)	(895,019)	(210,478,182)	(391,463)

	Attributable to Shareholders of the Company										
	Share Capital		Warrants Reserve		Options Reserve		Contributed Surplus	Other Reserves	Accumulated OCI	Accumulated Deficit	Total Shareholders' Equity
	# - Note 16 (a)	\$	# -Note 16 (a)	\$	# - Note 16 (a)	\$	\$	\$	\$	\$	\$
<b>Balance at November 30, 2022</b>	21,852,076	156,347,824	4,418,179	24,398,720	902,623	5,835,017	23,928,800	(3,769,219.00)	(1,310,096)	(192,066,533)	13,364,513
Net loss	-	-	-	-	-	-	-	-	-	(5,493,586)	(5,493,586)
Other comprehensive loss	-	-	-	-	-	-	-	-	54,167	8,364	45,803
	21,852,076	156,347,824	4,418,179	24,398,720	902,623	5,835,017	23,928,800	(3,769,219)	(1,255,929)	(197,568,483)	7,916,730
<b>Transactions directly recorded in equity:</b>											
Canmart Labs purchase	410,429	539,000	-	-	-	-	-	-	-	-	539,000
Shares issued - Cash	231,409	130,451	231,409	129,884	-	-	-	-	-	-	260,335
Shares issued - Convertible Debenture	76,923	100,000	-	-	-	-	-	-	-	-	100,000
Share issuance costs	-	(67,499)	-	-	-	-	-	-	-	-	(67,499)
Forfeiture of options and warrants	-	-	-	-	(200,947)	(2,441,485)	2,441,485	-	-	-	-
Share-based compensation	464,536	238,850	392,125	207,596	-	104,292	-	-	-	-	550,738
<b>Balance at May 31, 2023</b>	23,035,372	157,288,625	5,041,713	24,736,200	701,676	3,497,824	26,370,285	(3,769,219)	(1,255,929)	(197,568,483)	9,299,303

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

**LIFEIST WELLNESS INC.****Condensed Consolidated Interim Statements of Cash Flow**

For the three and six months ended May 31, 2024 and May 31, 2023

(Unaudited - Expressed in Canadian dollars)

	Notes	Six months ended	
		May 31, 2024	May 31, 2023
<b>Cash flows from operating activities:</b>			
Net loss for the period from continuing operations		\$ (1,503,342)	\$ (1,576,381)
Adjustments for:			
Depreciation	9	184,787	583,118
Gain on discontinued operations	4	(2,161,482)	-
Realized (gain) loss on equity instruments		-	30,754
Share-based compensation	16 (e)	258,391	550,738
Unrealized (gain) on equity instruments		-	4,180
Other non-cash (income) expense		530,016	(395,700)
Deferred tax (recovery) expense	19	(1,439)	(15,442)
Foreign exchange (gain) loss		7,743	(16,096)
Cash used in operations before changes in non-cash working capital		(2,685,326)	(834,829)
Cash used in discontinued operations	4	1,755,065	(3,485,087)
Changes in non-cash working capital	21 (a)	1,722,316	2,774,064
Net cash used in operating activities		792,055	(1,545,852)
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment	9	(2,769)	(770,821)
Proceeds from disposal of equity investments		29,902	211,680
Net cash provided by (used in) investing activities		27,133	(559,141)
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of share capital		-	414,980
Proceeds from issuance of warrants		-	337,480
Share issuance costs		-	(67,499)
Lease liability principal and interest payment	15	(201,304)	(145,530)
Net cash provided by (used in) financing activities		(201,304)	539,431
Net increase (decrease) in cash and cash equivalents		617,884	(1,565,562)
Effect of movement in exchange rates on cash held in foreign currencies		(7,742)	16,092
Cash and cash equivalents, beginning of the year		1,454,145	3,801,688
Cash and cash equivalents, end of the period		\$ 2,064,287	\$ 2,252,218

*See Note 21 for additional cash flow information.**The accompanying notes are an integral part of the condensed consolidated interim financial statements.*

## 1. General information

Lifeist Wellness Inc. (“Lifeist” or the “Company”) is a publicly traded company incorporated under the British Columbia Business Corporations Act and is a reporting issuer in British Columbia, Saskatchewan, Manitoba, Ontario, Alberta, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador. Lifeist’s common shares are listed on the TSXV under the symbol “LFST”, on the OTCQB® Venture Market under the symbol “LFSWF” (formerly “NXTTF”) and traded as open stock on the Frankfurt Stock Exchange under the symbol “M5BQ”. The Company’s registered office is 2300 - 550 Burrard Street, Vancouver, British Columbia, Canada.

Lifeist is a portfolio of wellness companies leveraging advancements in science and technology to enable consumers to find their individual path to wellness.

Lifeist’s portfolio of brands includes:

- CannMart Inc. (“CannMart”), a distributor of licensed and in-house branded adult-use cannabis and cannabis derived products in Canada;
- CannMart Labs Inc., (“Labs”), licensed facility for BHO (butane hash oil) extraction within Canada;
- CannMart Marketplace Inc. through a U.S. subsidiary operates an online marketplace for hemp-derived CBD and accessories in the U.S.;
- Australian Vapes (AustralianVaporizers.com.au), online supplier of hardware, including vaporizers, and related accessories in Australia; and
- Mikra, Cellular Sciences Inc., a biosciences and consumer wellness subsidiary.
- Zest Brand, a unique liquid Diamond vape formulations.

The condensed consolidated interim financial statements were approved and authorized by the Board of Directors of the Company on July 30, 2024.

### Going Concern

The condensed consolidated interim financial statements were prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.



The Company has incurred significant net losses and negative cash flows from operating activities in recent years and has an accumulated deficit. Whether and when the Company can attain profitability and positive cash flows is uncertain. Additional sources of funding will be required to carry on operations and/or to realize on investment or divesture opportunities. The Company's future operations are dependent upon its ability to secure additional funds and to become cash flow positive.

## **2. Summary of significant accounting policies**

### *(a) Basis of presentation*

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, and should be read in conjunction with the Company’s audited consolidated financial statements as at for the fiscal year ended November 30, 2023 (“last annual financial statements”), which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

### *(b) Basis of measurement*

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company’s functional currency and are prepared on a historical cost basis, except for certain financial instruments which are measured either through fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”).

### *(c) Basis of consolidation*

These condensed consolidated interim financial statements incorporate the financial statements of the Company, including its subsidiaries. The accounts of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in full on consolidation. The table below lists the Company’s subsidiaries, associates, and the ownership interests in each:

# LIFEIST WELLNESS INC.



Notes to the Condensed Consolidated Interim Financial Statements  
For the three and six months ended May 31, 2024 and May 31, 2023  
(Expressed in Canadian dollars, unless otherwise noted)

Entity	% Ownership	Jurisdiction	Functional currency	Accounting method
Australian Vaporizers Pty Ltd.	100%	Australia	Australian dollar	Consolidation
CannMart Inc.	100%	Canada	Canadian dollar	Consolidation
CannMart Marketplace Inc.	100%	Canada	Canadian dollar	Consolidation
CannMartMD Inc. (formerly NamastedMD Inc.)	100%	Canada	Canadian dollar	Consolidation
Mikra Cellular Sciences Inc.	100%	Canada	U.S. dollar	Consolidation
1000501971 Ontario Inc.	100%	Canada	Canadian dollar	Consolidation
Lifeist Worldwide Inc. (formerly Namaste Technologies Holdings Inc.)	100%	Canada	U.S. dollar	Consolidation

### *(d) Use of management estimates, judgments, and measurement uncertainty*

The preparation of these condensed consolidated interim financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the condensed consolidated interim financial statements. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues, and expenses.

The critical judgments and significant estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are outlined in Note 2 of the last annual financial statements. There have been no significant changes in the Company's judgments and estimates applied during the three months ended May 31, 2024.

### **3. Recently issued but not yet effective standards**

The Company has performed an assessment of new and revised standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be material.

### **4. Discontinued operations**

During the six-month period ended May 31, 2024, the Company discontinued the operations of its subsidiaries CannMart Labs Inc., ("CannMart Labs") and Lifeist Bahamas Inc. ("Lifeist Labs"), to align the Company's overall operations to its strategic plan and objectives.

CannMart Labs is currently undergoing restructuring proceedings, as such, its assets and liabilities are considered held for sale. Lifeist Bahamas was dissolved during the period and, accordingly, its assets have been written off and liabilities have been reversed resulting in a net gain of \$2,161,482 which has been included in the results of the discontinued operations.

**LIFEIST WELLNESS INC.**

Notes to the Condensed Consolidated Interim Financial Statements  
 For the three and six months ended May 31, 2024 and May 31, 2023  
 (Expressed in Canadian dollars, unless otherwise noted)

The following summarizes the assets and liabilities of CannMart Labs and Lifeist Bahamas included in the Company's assets and liabilities:

	May 31, 2024		November 30, 2023	
	CannMart Labs	Lifeist Bahamas	CannMart Labs	Lifeist Bahamas
Cash	9,778	-	204,827	-
Accounts receivable	659,254	-	10,400	-
Prepaid and deposit	30,910	-	44,550	-
Fixed assets (i)	200,000	-	1,649,400	-
Inventory (ii)	300,000	-	2,588,741	-
Account payable and accrued liabilities	(5,878,566)	-	(4,504,034)	(2,161,482)
Net Assets	(4,678,624)	-	(6,116)	(2,161,482)

Revenues, expenses and gains or losses relating to the discontinuation of CannMart Labs and Lifeist Bahamas have been eliminated from the profit and loss of the continuing operations and are shown as a single line item in the Condensed Consolidated Interim Statements of Operations. As a result, the Company's prior period results have been restated to present the two entities as discontinued operations.

**LIFEIST WELLNESS INC.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and six months ended May 31, 2024 and May 31, 2023  
(Expressed in Canadian dollars, unless otherwise noted)

Net loss from discontinued operations is summarized as follows:

	Three months ended		Six months ended	
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Net revenue	(460,237)	(1,441,058)	(2,370,142)	(2,932,143)
Cost of goods sold	41,303	300,606	342,418	570,393
Gross profit before inventory adjustment	(501,540)	(1,741,664)	(2,712,560)	(3,502,536)
Inventory write-down	50,146	3,881	(16,883)	(6,009)
Gross profit (loss)	(551,686)	(1,745,545)	(2,695,677)	(3,496,527)
Salaries and other compensation costs	9,179	137,409	14,966	182,398
Office and general	109,099	121,923	228,409	257,225
Impairment loss on assets (i)	980,243	-	980,243	-
Write-down of inventory (ii)	914,785	-	914,785	-
Professional fees	31,713	-	31,713	3,210
Selling and marketing expense	6,071	(70,606)	48,866	-
Depreciation and amortization	6,337	19,533	12,788	38,647
<b>Loss before the following:</b>	<b>(2,609,113)</b>	<b>(1,953,804)</b>	<b>(4,927,447)</b>	<b>(3,978,007)</b>
Other (income) expense	4,779	(101,617)	16,892	(59,287)
Foreign exchange loss (gain)	-	14	(220)	(1,515)
Net loss from discontinued operations	(2,613,892)	(1,852,201)	(4,944,119)	(3,917,205)
Gain on dissolution of Lifeist Bahamas Inc.	2,161,482	-	2,161,482	-
<b>Net loss from discontinued operations</b>	<b>(452,410)</b>	<b>(1,852,201)</b>	<b>(2,782,637)</b>	<b>(3,917,205)</b>

- (i) CannMart Labs' fixed assets have been impaired to their estimated fair value less costs of disposal.
- (ii) CannMart Labs' inventory has been written down to its net realizable value.

## 5. Operating segments

### *Segmented information*

In addition to the Corporate segment, the operating segments of the Company are known as CannMart, CannMart Marketplace, and 1000501971 Ontario Inc (Zest) (together referred to as "CannMart"), CannMart MD, Australian Vaporizers, and Mikra, Cellular Sciences. In determining the operating segments, management considered the product mix as well as the geographical segments that the business units sell under. Disclosure by segment pertaining to income statement transactions are for the three months ended May 31, 2024 and May 31, 2023, while asset and liability balances are as at May 31, 2024 and November 30, 2023, as follows:

**LIFEIST WELLNESS INC.**

Notes to the Condensed Consolidated Interim Financial Statements  
For the three and six months ended May 31, 2024 and May 31, 2023  
(Expressed in Canadian dollars, unless otherwise noted)

Three months ended	Lifeist Vapes (i)	Australian Vaporizers	CannMart	CannMart MD	Mikra Cellular Sciences	Corporate & Other	Total
<b>Q2 2024:</b>							
Revenue	\$	\$	\$	\$	\$	\$	\$
Net segment revenue	-	1,350,240	2,388,113	-	164,717	-	3,903,070
External revenue	-	1,350,240	2,388,113	-	164,717	-	3,903,070
Gross profit	-	476,330	1,407,183	-	107,308	-	1,990,821
Salaries and other compensation costs	-	95,767	658,187	-	58,401	294,207	1,106,562
Office and general	-	60,342	278,846	-	26,510	370,009	735,707
Professional fees	-	28,247	18,599	-	8,683	66,116	121,645
Selling and marketing expense	-	153,301	695,873	-	103,644	1,263	954,081
Depreciation and amortization	-	(45,617)	13,987	-	360	9,442	(21,828)
Share-based compensation	-	-	-	-	-	87,947	87,947
Other (income) expense	-	31,071	5,279	-	26,986	24,829	88,165
Foreign exchange loss (gain)	-	43,818	122	-	(599)	(16,912)	26,429
Income tax (expense) recovery	-	(33,909)	-	-	-	-	(33,909)
Net (loss)	-	75,492	(263,710)	-	(116,677)	(1,076,901)	(1,381,796)
Total assets	-	2,405,170	5,549,690	34,596	560,935	1,078,326	9,628,717
Total liabilities	-	882,237	7,711,380	-	99,316	1,327,247	10,020,180

Three months ended	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Mikra Cellular Sciences	Corporate & Other	Total
<b>Q2 2023:</b>							
Revenue	\$	\$	\$	\$	\$	\$	\$
Net segment revenue	-	1,737,369	5,574,687	-	361,049	-	7,673,105
External revenue	-	1,737,369	5,574,687	-	361,049	-	7,673,105
Gross profit	-	564,097	2,912,045	-	237,695	-	3,713,837
Salaries and other compensation costs	-	159,342	782,817	-	126,620	493,186	1,561,965
Office and general	-	96,166	352,368	-	83,022	276,261	807,817
Technological Development	-	-	7,633	-	-	-	7,633
Professional fees	-	2,548	2,200	-	15,168	301,723	321,639
Selling and marketing expense	-	171,968	723,461	-	292,958	-	1,188,387
Depreciation and amortization	-	4,151	11,034	-	270	14,379	29,834
Share-based compensation	-	-	-	-	-	468,314	468,314
Other (income) expense	-	(255,757)	712	-	2,521	(183,892)	(436,416)
Foreign exchange loss (gain)	-	(13,331)	1,258	-	(9,974)	1,164	(20,883)
Income tax (expense) recovery	-	(106,555)	-	-	-	13,324	(93,231)
Net income (loss)	-	292,455	1,000,564	-	(272,889)	(1,357,814)	(337,684)
Total assets	(186,686)	2,556,492	9,346,887	34,595	650,494	997,353	13,399,135
Total liabilities	1,974,796	505,232	5,634,871	-	154,624	1,671,156	9,940,679

Disclosure by segment pertaining to income statement transactions are for the six months ended May 31, 2024 and May 31, 2023, while asset and liability balances are as at May 31, 2024 and November 30, 2023 were as follows:

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Six months ended	Lifeist Vapes (i)	Australian Vaporizers	CannMart	CannMart MD	Mikra Cellular Sciences	Corporate & Other	Total
<b>Q2 2024:</b>							
Revenue	\$	\$	\$	\$	\$	\$	\$
Net segment revenue	-	2,575,104	7,797,636	-	361,858	-	10,734,598
External revenue	-	2,575,104	7,797,636	-	361,858	-	10,734,598
Gross profit	-	897,992	4,288,268	-	232,529	-	5,418,789
Salaries and other compensation costs	-	238,446	1,444,195	-	120,873	598,567	2,402,081
Office and general	-	141,024	602,343	-	56,375	603,803	1,403,545
Professional fees	-	44,705	20,732	-	18,147	269,270	352,854
Selling and marketing expense	-	352,205	1,435,680	-	202,693	2,926	1,993,504
Depreciation and amortization	-	44,360	28,057	-	541	16,378	89,336
Share-based compensation	-	-	-	-	-	258,391	258,391
Other (income) expense	-	33,557	12,256	-	26,987	(2,972)	69,828
Foreign exchange loss (gain)	-	14,534	330	-	3,374	(10,495)	7,743
Income tax (expense) recovery	-	(13,849)	-	-	-	-	(13,849)
Net (loss)	-	15,312	744,675	-	(196,461)	(2,066,868)	(1,503,342)
Total assets	-	2,405,170	5,549,690	34,596	560,935	1,078,326	9,628,717
Total liabilities	-	882,237	7,711,380	-	99,316	1,327,247	10,020,180

Six months ended	Lifeist Vapes	Australian Vaporizers	CannMart	CannMart MD	Mikra Cellular Sciences	Corporate & Other	Total
<b>Q2 2023:</b>							
Revenue	\$	\$	\$	\$	\$	\$	\$
Net segment revenue	-	3,436,329	10,724,898	-	911,983	-	15,073,210
External revenue	-	3,436,329	10,724,898	-	911,983	-	15,073,210
Gross profit	-	1,170,057	5,606,657	-	438,852	-	7,215,566
Salaries and other compensation costs	-	361,053	1,525,091	-	311,704	1,052,293	3,250,141
Office and general	-	204,901	753,133	-	225,043	649,694	1,832,771
Technological Development	-	-	18,745	-	-	-	18,745
Professional fees	-	9,299	3,963	-	17,165	531,035	561,462
Selling and marketing expense	-	426,542	1,387,866	-	923,618	-	2,738,026
Depreciation and amortization	-	8,390	27,734	-	541	30,010	66,675
Share-based compensation	-	-	-	-	-	550,738	550,738
Other (income) expense	-	(256,055)	46,909	-	2,161	(185,979)	(392,964)
Foreign exchange loss (gain)	-	(27,066)	1,100	-	(19,545)	30,930	(14,581)
Income tax (expense) recovery	-	(117,551)	-	-	-	19,949	(97,602)
Net income (loss)	-	325,444	1,767,117	-	(1,021,835)	(2,647,107)	(1,576,381)
Total assets	(186,686)	2,556,492	9,346,887	34,595	650,494	997,353	13,399,135
Total liabilities	1,974,796	505,232	5,634,871	-	154,624	1,671,156	9,940,679

Included in net revenue arising from the CannMart operating segment for the three months ended May 31, 2024 are net revenues of \$1,706,169 (Q2 2023: \$4,211,311) which arose from sales to the Company's major wholesale customers. Included in net revenue arising from the CannMart operating segment for the six months ended May 31, 2024 are net revenue of \$6,536,048 (six months ended May 31, 2023: \$7,923,920) which arose from sales to the Compnay's major wholesale customers.

Furthermore, \$99,064 of corporate costs, mainly consisting of head office expenditures, have been allocated from the corporate & other segment to the other operating segments (Q2 2023:

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\$110,893), and for six months ended May 31, 2023 were \$204,691 (six months ended May 31, 2023: \$230,931).

*Geographical information*

The Company markets its products and services globally. Net revenue is attributed to the following regions based on the location of customers:

	Three months ended		Six months ended	
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
North America	\$ 2,552,830	\$ 5,935,736	\$ 8,159,494	\$ 11,636,881
Australia	1,350,240	1,737,369	2,575,104	3,436,329
	\$ 3,903,070	\$ 7,673,105	\$ 10,734,598	\$ 15,073,210

**6. Trade and other receivables**

Trade and other receivables as at May 31, 2024 and November 30, 2023 were as follows:

	May 31, 2024	November 30, 2023
Trade receivables	\$ 1,044,593	\$ 2,114,687
Sales tax receivable	426,696	75,420
Other receivables	89,382	97,691
Income tax receivable	325,307	44,042
	\$ 1,885,978	\$ 2,331,840

Information about the Company's exposure to market and credit risk is included in (Note 20 b(i) and b(v)). The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. 99% of the Company's trade receivables are less than 60 days old as of May 31, 2024 (November 30, 2023: 92%).

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**7. Inventories**

Inventories as at May 31, 2024 and November 30, 2023 were as follows:

		May 31, 2024	November 30, 2023
Hardware	\$	466,201	\$ 557,593
Cannabis		1,015,271	2,885,194
Nutraceuticals		273,200	349,624
Packaging		501,658	718,751
<b>Total inventories</b>	<b>\$</b>	<b>2,256,330</b>	<b>\$ 4,511,162</b>

The cost of inventories recognized as an expense and included in cost of goods sold for the three and six months ended May 31, 2024, was \$2,890,589 and \$4,549,679 (Q2 2023: \$3,617,505 and \$7,092,498) respectively.

**8. Portfolio investments**

Portfolio investments at May 31, 2024 and November 30, 2023 were as follows:

	Notes	May 31, 2024	November 30, 2023
Equity investments – at FVOCI	(a)	\$ 32,839	\$ 32,990
Equity investment – at FVTPL	(a)	2,786	2,786
		<b>\$ 35,625</b>	<b>\$ 35,776</b>

(a) Equity investments designated at FVOCI comprise of investments in equity shares of listed and non-listed companies. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature. Equity investment designated at FVTPL comprise of an investment in equity shares of a listed company.

(b) During the period, 8,243 of Lovelab shares were disposed of for cash proceeds of \$29,902.

Details of equity investments as at May 31, 2024 and November 30, 2023 were as follows:

	Number of shares acquired	Cost	Fair Value	Unrealized (gain)/loss
<b>May 31, 2024:</b>				
<i>Equity Instruments - FVOCI</i>				
Atlas Global Brands Inc.	168,022	\$ 200,000	\$ 25,204	\$ 174,796
Kief Cannabis Company Ltd.	46,729	250,000	857	249,143
YPB Group Ltd.	3,800,000	130,000	6,778	123,222
<i>Equity Instrument - FVTPL</i>				
PeakBirch Commerce Inc.	92,879	100,000	2,786	97,214
		<b>680,000</b>	<b>35,625</b>	<b>644,375</b>



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	Number of shares acquired	Cost	Fair Value	Unrealized (gain)/loss
<b>November 30, 2023</b>				
<i>Equity Instruments - FVOCI</i>				
		\$	\$	\$
Atlas Global Brands Inc.	168,022	200,000	25,204	174,796
Kief Cannabis Company Ltd.	46,729	250,000	857	249,143
Lovelabs.com Inc.	8,243	32,220	151	32,069
YPB Group Ltd.	3,800,000	130,000	6,778	123,222
<i>Equity Instrument - FVTPL</i>				
PeakBirch Commerce Inc.	92,879	100,000	2,786	97,214
		712,220	35,776	676,444

	Equity investments - FVOCI	Equity investments - FVTPL	Total
<b>Balance as at November 30, 2022</b>	71,607	4,643	76,250
Additions	13,955	151,971	165,926
Unrealized gain (loss)	132,218	(1,858)	130,360
Realized gain (loss)	25,754	(30,754)	(5,000)
Disposition	(210,544)	(121,216)	(331,760)
<b>Balance at November 30, 2023</b>	\$ 32,990	\$ 2,786	\$ 35,776
Unrealized (loss)	(151)	-	(151)
<b>Balance at May 31, 2024</b>	\$ 32,839	\$ 2,786	\$ 35,625

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**9. Property and equipment**

	Right of use Assets	Leasehold improvements	Computer equipment	Furniture & equipment	Total
<b>Cost:</b>	\$	\$	\$	\$	\$
Balance at November 30, 2022	402,018	4,169,964	671,226	1,588,530	6,831,738
Additions	1,301,687	151,011	19,301	145,813	1,617,812
Impairment	-	(676,179)	-	(222,844)	(899,023)
Translation adjustment	-	-	-	(1,818)	(1,818)
Balance at November 30, 2023	1,703,705	3,644,796	690,527	1,509,681	7,548,709
Additions	-	-	-	2,769	2,769
Impairment	(253,868)	(621,425)	(11,005)	(93,944)	(980,242)
Discontinued operations	-	-	(38,706)	(186,150)	(224,856)
Translation/reclass adjustment	3,305	-	-	(24,057)	(20,752)
Balance at May 31, 2024	1,453,142	3,023,371	640,816	1,208,299	6,325,628
<b>Accumulated depreciation:</b>	\$	\$	\$	\$	\$
Balance at November 30, 2022	339,245	1,953,661	607,584	835,090	3,735,580
Depreciation	268,254	694,663	58,431	292,408	1,313,756
Translation adjustment	-	-	-	(1,002)	(1,002)
Balance at November 30, 2023	607,499	2,648,324	666,015	1,126,496	5,048,334
Depreciation	107,734	18,229	12,882	45,942	184,787
Discontinued operations-depreciation	57,942	321,888	(38,081)	(109,036)	232,713
Translation/reclass adjustment	-	-	-	(26,474)	(26,474)
Balance at May 31, 2024	773,175	2,988,441	640,816	1,036,928	5,439,360
<b>Net book value:</b>	\$	\$	\$	\$	\$
Balance at November 30, 2023	1,096,206	996,472	24,512	383,185	2,500,375
Balance at May 31, 2024	679,967	34,930	-	171,371	886,268

Depreciation included in cost of goods sold for the three and six months ended May 31, 2024, was \$47,726 and \$95,451 (Q2 2023: \$36,942 and \$93,681) respectively.

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**10. Intangible assets**

	Licenses	Customer lists	Brand names	Computer software & domains	Total
<b>Cost:</b>	\$	\$	\$	\$	\$
Balance at November 30, 2022	1,108,592	3,054,133	331,313	2,426,166	6,920,204
Additions	-	-	886,672	-	886,672
Impairment	(441,064)	-	(359,913)	-	(800,977)
Translation adjustment	-	-	-	(4,205)	(4,205)
Balance at November 30, 2023	667,528	3,054,133	858,072	2,421,961	7,001,694
Balance at May 31, 2024	667,528	3,054,133	858,072	2,421,961	7,001,694
<b>Accumulated amortization:</b>	\$	\$	\$	\$	\$
Balance at November 30, 2022	22,000	3,054,133	-	2,426,166	5,502,299
Translation adjustment	-	-	-	(4,205)	(4,205)
Balance at November 30, 2023	22,000	3,054,133	-	2,421,961	5,498,094
Translation adjustment	164	-	-	-	164
Balance at May 31, 2024	22,164	3,054,133	-	2,421,961	5,498,258
<b>Carrying value:</b>	\$	\$	\$	\$	\$
Balance at November 30, 2023	645,528	-	858,072	-	1,503,600
Balance at May 31, 2024	645,364	-	858,072	-	1,503,436

*(a) Finite life intangible assets*

Customer lists and computer software and domains are considered finite life intangible assets and are amortized over their useful lives. Amortization expense on finite life intangible assets in the six months period ended May 31, 2024 recognized in the consolidated statement of operations in the amount of \$Nil (Q2 2023: \$Nil).

The Company reviews the carrying value of its intangible assets at each reporting period for indicators of impairment. During the six months ended May 31, 2024 management noted there were no indicators of impairment at the asset specific level, as a result no impairment loss was recognized.

*(b) Indefinite life intangible assets*

Licenses and brand names are considered to have indefinite lives. Brand names are considered part of the Australian Vaporizers CGU and tested annually for impairment. Licenses and Zest Brand are considered part of the CannMart CGU and tested annually for impairment.

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## 11. Goodwill

The Company's goodwill as at May 31, 2024 is \$417,091 (November 30, 2023: \$417,091).

Goodwill relates to Australian Vaporizer cash generating unit ("CGU") and is tested for impairment annually at its designated date. The next designated date for the annual impairment test for Australian Vaporizers is August 31, 2024.

## 12. Prepaid expenses and other assets

Prepaid expenses and other assets listed in the current assets section of the consolidated statement of financial position as at May 31, 2024 and November 30, 2023 were as follows:

	Notes	May 31, 2024	November 30, 2023
Prepaid expenses	(i)	\$ 354,129	\$ 421,012
Deposits	(i)	62,993	62,993
		\$ 417,122	\$ 484,005

Other assets included in the non-current assets section of the condensed consolidated interim statement of financial position as at May 31, 2024 and November 30, 2023 were as follows:

	May 31, 2024	November 30, 2023
Non-current deposits	\$ 28,149	\$ 28,149
	\$ 28,149	\$ 28,149

- (i) Prepaid expenses and deposits mainly consist of payments made for directors' and officers' liability insurance, inventory purchases, software subscriptions, legal fees, and directors fees.

## 13. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as at May 31, 2024 and November 30, 2023 were as follows:

	May 31, 2024	November 30, 2023
Accounts payable	\$ 2,721,995	\$ 2,628,592
Accrued liabilities	6,072,889	5,824,660
	\$ 8,794,884	\$ 8,453,252

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**14. Deferred Revenue**

Deferred revenue as at May 31, 2024 and November 30, 2023 was as follows:

	Hardware	Cannabis Nutraceuticals	Total	
Balance at November 30, 2022	\$ 187,700	\$ 29,832	\$ 25,982	\$ 243,514
Additions	1,410,098	1,490,144	41,368	2,941,610
Revenue recognized during the year	(1,410,213)	(1,519,976)	(33,524)	(2,963,713)
Balance at November 30, 2023	187,585	-	33,826	221,411
Additions	472,258	-	64,885	537,143
Revenue recognized during the period	(543,438)	-	(84,526)	(627,964)
Balance at May 31, 2024	\$ 116,405	\$ -	\$ 14,185	\$ 130,590

**15. Lease liabilities**

The following is the continuity of lease liabilities as at May 31, 2024:

Balance at November 30, 2023	\$ 1,266,016
Total lease payments (principal and interest)	(201,303)
Interest expense on lease liabilities	29,993
Balance at May 31, 2024	\$ 1,094,706
Short-term portion of lease liabilities	\$ 297,867
Long-term portion of lease liabilities	796,839
Total lease liabilities	\$ 1,094,706

**16. Share capital***(a) Authorized share capital*

On May 21, 2024, TSX Venture Exchange approved the consolidation of Lifeist Wellness Inc. issued and outstanding common shares on the basis of one (1) post-consolidation common shares for every twenty (20) pre-consolidation common shares. All share and value per share amounts in the financial statements have been updated to reflect the consolidation.

The Company is authorized to issue an unlimited number of common shares with no par value. As at May 31, 2024 the Company had 30,054,380 (November 30, 2023: 27,884,817) common shares issued and outstanding.

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*(b) Issuance of shares*

For the six months ended May 31, 2024, the Company recognized share-based compensation expense related to vested stock options of \$6,615 and related to restricted shares of \$251,776.

In addition, the Company issued 724,560 common shares and 210,000 warrants, with a value of \$140,607 and \$39,393 respectively in exchange for consultancy services with a value of \$180,000. The residual method was used to allocate the value of the services between the common shares and warrants. In this method, the warrants were valued using the Black-Scholes pricing model and the residual was allocated to the common shares.

*(c) Share purchase warrants*

The following is a summary of the changes in the Company's share purchase warrants for the six months ended May 31, 2024 and May 31, 2023:

	May 31, 2024		May 31, 2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period (i)	4,225,748	\$ 17.40	4,418,179	\$ 15.40
Private placement issuance (ii)	210,000	1.00	623,534	0.60
Forfeited	(3,289,000)	-	-	-
Outstanding, end of period	1,146,748	\$ 16.60	5,041,713	\$ 16.60

For the six months ended May 31, 2024, 210,000 warrants were issued for services to allow the holders to acquire common shares at a value of \$0.05 per unit, which will expire on May 8, 2029. In addition, 3,289,000 units of warrants expired that were issued in 2019.

The assumptions used for the calculation of the fair value of the warrants were as follows:

Risk free rate	1.64%
Expected life	5 years
Expected volatility	454%
Expected dividend per share	Nil

At the time of the grant, volatility was estimated using a rate of volatility expected over the life of warrants. The expected life in years represents the time that the warrants granted are

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expected to be outstanding. The risk-free rate is based on zero coupon Canada government bonds with a remaining term equal to the expected life of the warrants.

*(d) Stock options*

The Company has established a stock option plan (the “Plan”) for officers and employees. Under the Plan, the exercise price of each option is determined by the Board. The aggregate number of common shares issuable pursuant to options granted under the Plan is limited to 10% of the Company's issued common shares. The shareholders approve the plan, and the Board approves the execution of granting of options and their vesting and cancellation provisions.

The following is a summary of the movement in the Plan for the six months ended May 31, 2024 and May 31, 2023.

	May 31, 2024		May 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	536,117	\$ 3.00	902,623	\$ 10.20
Forfeited	(89,268)	5.80	(200,947)	9.80
Outstanding, end of period	446,850	2.40	701,676	17.00
Vested and exercisable, end of period	394,593	\$ 5.20	611,020	\$ 7.40

For the six months ended May 31, 2024, the Company recognized share-based compensation expense related to vested stock options of \$6,615 (Q2 2023: \$104,292).

The following table summarizes information regarding stock options outstanding by exercise price for the period ended May 31, 2024:

Exercise price ranges	Number of options outstanding	Weighted average remaining contractual life in years	Weighted average exercise price
\$0.01 – \$0.25	220,621	0.40	\$ 1.20
\$0.26 – \$0.50	198,161	0.34	5.84
\$0.50 – \$1.00	28,068	1.16	1.35
Total options outstanding	446,850	0.47	3.26

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*e) RSUs and DSUs*

The Company has established a restricted share unit and a deferred share unit award plan (the “RSU/DSU Plan”) for officers and employees. Under the RSU/ DSU Plan, calculation of the value of restricted share units (the “RSUs”) and deferred share units (the “DSUs”) awarded is based on the closing price of common shares of the Company on the trading day immediately preceding the date of the award. The shareholders approved the RSU/DSU Plan, and the Board approved the execution of granting of RSUs and DSUs, their vesting and cancellation provisions.

For the three months ended May 31, 2024, the Company recognized share-based compensation expense related to vested RSUs of \$391,460 (Q2 2023: \$54,320).

**17. Disaggregation of revenue**

In the following table, net revenue is presented for the three months ended May 31, 2024 and May 31, 2023, and disaggregated by major products, service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Company’s reportable operating segments.

Three months ended	Notes	Australian Vaporizers	CannMart	Mikra	Total
<b>May 31, 2024</b>					
<u>Major goods/service lines</u>					
Hardware	(i)	\$ 1,350,240	\$ -	\$ -	\$ 1,350,240
Cannabis, net of excise taxes	(i)	-	2,388,113	-	2,388,113
Nutraceuticals	(i)	-	-	164,717	164,717
		\$ 1,350,240	\$ 2,388,113	\$ 164,717	\$ 3,903,070



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Three months ended	Notes	Australian Vaporizers	CannMart	Mikra	Total
<b>May 31, 2023</b>					
<u>Major goods/service lines</u>					
Hardware	(i)	\$ 1,737,369	\$ -	\$ -	\$ 1,737,369
Cannabis, net of excise taxes	(i)	-	5,574,687	-	5,574,687
Nutraceuticals	(i)	-	-	361,049	361,049
		\$ 1,737,369	\$ 5,574,687	\$ 361,049	\$ 7,673,105

*Timing of revenue recognition:*

(i) Goods transferred at a point in time

In the following table, net revenue is presented for the six months ended May 31, 2024 and May 31, 2023, and the disaggregated by major products, service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable operating segments.

Six months ended	Notes	Australian Vaporizers	CannMart	Mikra	Total
<b>May 31, 2024</b>					
<u>Major goods/service lines</u>					
Hardware	(i)	\$ 2,575,104	\$ -	\$ -	\$ 2,575,104
Cannabis, net of excise taxes	(i)	-	7,797,636	-	7,797,636
Nutraceuticals	(i)	-	-	361,858	361,858
		\$ 2,575,104	\$ 7,797,636	\$ 361,858	\$ 10,734,598

Six months ended	Notes	Australian Vaporizers	CannMart	Mikra	Total
<b>May 31, 2023</b>					
<u>Major goods/service lines</u>					
Hardware	(i)	\$ 3,436,329	\$ -	\$ -	\$ 3,436,329
Cannabis, net of excise taxes	(i)	-	10,724,898	-	10,724,898
Nutraceuticals	(i)	-	-	911,983	911,983
		\$ 3,436,329	\$ 10,724,898	\$ 911,983	\$ 15,073,210

*Timing of revenue recognition:*

(i) Goods transferred at a point in time

**18. Other expense (income)**

Other expense (income) for the three and six months ended May 31, 2024 and May 31, 2023

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was as follows:

	Three months ended		Six months ended	
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Unrealized loss on equity investments at FVTPL	-	8,823	\$ -	\$ 4,180
Interest expense	35,929	2,691	46,508	6,157
Miscellaneous expense (income)	52,236	(326,713)	53,071	(282,084)
Gain on disposal of investment	-	(121,217)	(29,751)	(121,217)
	88,165	(436,416)	\$ 69,828	\$ (392,964)

**19. Income taxes**

The Company's income tax expense for the three and six months ended May 31, 2024 and May 31, 2023 comprises the following:

	Three months ended		Six months ended	
	May 31, 2024	May 31, 2023	May 31, 2024	May 31, 2023
Current income tax expense (recovery)	\$ 37,496	\$ 106,637	15,288	\$ 113,044
Deferred income tax expense (recovery)	\$ (3,587)	\$ (13,406)	(1,439)	\$ (15,442)
	\$ 33,909	\$ 93,231	\$ 13,849	\$ 97,602

The following table reflects the changes in deferred income tax as at May 31, 2024 and November 30, 2023:

	May 31, 2024	November 30, 2023
Balance at beginning of the period	\$ 132,992	\$ 18,156
Deferred income tax (expense) recovery	1,439	114,836
Balance at end of the period	\$ 134,431	\$ 132,992

**20. Financial instruments and associated risks***(a) Fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 includes inputs that are observable other than quoted prices included in Level 1; and

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- Level 3 includes inputs that are not based on observable market data.

The following is a summary of financial assets and liabilities measured at fair value as at May 31, 2024 is based on various level of inputs:

	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Equity investments	\$ 34,768	\$ -	\$ 857	\$ 35,625

Following is the summary of other financial instruments, not measured at fair value, as at May 31, 2024 and November 30, 2023, for which fair value is disclosed:

	Financial assets at amortized cost		Financial liabilities at amortized cost		Total
<b>2024</b>					
<i>Financial assets:</i>					
Cash and cash equivalents	\$	2,064,287	\$	-	\$ 2,064,287
Trade and other receivables		1,885,978		-	1,885,978
Other assets		28,149		-	28,149
Deposits		62,993		-	62,993
Balance at May 31, 2024		4,041,407		-	4,041,407
<i>Financial liabilities:</i>					
Accounts payable and accrued liabilities		-		8,794,884	8,794,884
Leases		-		1,094,706	1,094,706
Balance at May 31, 2024	\$	-	\$	9,889,590	\$ 9,889,590

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	Financial assets at amortized cost		Financial liabilities at amortized cost		Total
<b>2023</b>					
<i>Financial assets:</i>					
Cash and cash equivalents	\$	1,454,145	\$	-	1,454,145
Trade and other receivables		2,331,840		-	2,331,840
Other assets		28,149		-	28,149
Deposits		62,993		-	62,993
Balance at November 30, 2023		3,877,127		-	3,877,127
<i>Financial liabilities:</i>					
Accounts payable and accrued liabilities		-		8,453,252	8,453,252
Leases		-		1,266,016	1,266,016
Balance at November 30, 2023	\$	-	\$	9,719,268	9,719,268

The carrying values of all the Company's financial instruments approximate their fair values as at May 31, 2024 due to their short-term nature.

*(b) Risk management*

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

*(i) Market risk*

Market risk is the risk that future changes in market conditions such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

*(ii) Currency risk*

The Company is party to financial instruments or enters into transactions that are denominated in currencies other than its functional currency. Consequently, the Company is exposed to translation risk in which other foreign currencies change in a manner that has an adverse effect on the value of the Company's assets or liabilities denominated in its operational currency. This risk is mitigated by timely payment of creditors and monitoring of foreign exchange fluctuations by management. The Company does not hedge against movements in foreign currency exchange rates.

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	Cash and cash equivalents	Accounts receivable	Accounts payable	Net Exposure
<b>2024</b>				
United States dollars	\$ 226,520	\$ 20,797	\$ (91,328)	\$ 155,989
Euros	-	9,107	-	9,107
Pound Sterling	-	-	(12,368)	(12,368)
Balance at May 31, 2024	\$ 226,520	\$ 29,904	\$ (103,696)	\$ 152,728
<b>2023</b>				
United States dollars	\$ 286,263	\$ 220,177	\$ (103,936)	\$ 402,504
Euros	-	-	(3,214)	(3,214)
Pound Sterling	-	-	(23,899)	(23,899)
Balance at November 30, 2023	\$ 286,263	\$ 220,177	\$ (131,049)	\$ 375,391

A 5% change in the foreign currencies against functional currencies, assuming that all other variables are constant, would either increase or decrease the net loss by \$7,636 (November 30, 2023: \$18,770) as a result of the revaluation on foreign currency denominated financial assets and liabilities.

*(iii) Interest rate risk*

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk refers to the risk of loss due to adverse movements in interest rates. Interest rate risk consists of a) the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities. The Company has minimal interest rate risk.

*(iv) Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk. The Company's exposure to other price risks relates to fair value of its equity investments and derivatives.

If the fair value of financial assets at FVTPL were to increase or decrease by 5%, net loss would have increased or decreased by \$139 (November 30 2023: \$139).

If the fair value of financial assets at FVOCI were to increase or decrease by 5%, OCI would have changed by \$1,642 (November 30, 2023: \$1,649).

*(v) Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents, trade and other receivables, loans receivable, deposits and other assets.

The Company is moderately exposed to credit risk from its cash and cash equivalents, trade receivables and deposits. The carrying amount of these financial assets represents the maximum credit exposure.

*Cash and cash equivalents and deposits*

Cash and cash equivalents and deposits are held with reputable financial institutions and business partners which are closely monitored by management.

*Trade and other receivables*

Trade receivables generated from online sales are held in reputable merchant accounts and are received within a short period of time. Credit risk is generally limited for trade receivables from government bodies, which have low default risk.

Credit risk for non-government wholesale customers is assessed on a case-by-case basis. When estimating Expected Credit Loss ("ECL") the Company analyzes both quantitative and qualitative data. Typically, ECL increases with the age of the receivable. A receivable is considered in default when the debtor is unlikely to pay its credit obligations in full and the Company has limited recourse.

As of May 31, 2024, the Company recognized a \$Nil (Q2 2023: \$Nil) provision for expected credit losses. This amount includes provisions for other receivables.

*(vi) Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have the sufficient liquidity to meet its liabilities when they are due, without incurring unacceptable losses or risking damage to the Company's reputation.

**21. Additional disclosures for statement of cashflow***(a) Changes in non-cash working capital*

Changes in non-cash working capital for the six months ended May 31, 2024 and May 31, 2023

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 For the three and six months ended May 31, 2024 and May 31, 2023  
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were as follows:

	Six months ended			
	May 31, 2024		May 31, 2023	
Decrease in trade and other receivables	\$	(498,269)	\$	2,226,462
Decrease/(increase) in inventories		1,872,898		(1,175,135)
Decrease/(increase) in prepaid expenses and other assets		66,883		(366,001)
(Decrease) in accounts payable and accrued liabilities		371,625		2,190,340
(Decrease) in deferred revenue		(90,821)		(101,602)
	\$	1,722,316	\$	2,774,064

*(b) Additional information*

Additional information for the six months ended May 31, 2024 and May 31, 2023 were as follows:

	Six months ended			
	May 31, 2024		May 31, 2023	
Interest received		5,294		9,569
	\$	5,294	\$	9,569

**22. Related party balances and transactions**

Related parties include key management personnel and the entities controlled or directed by key management personnel. Key management personnel include Board of Directors and key executives of the Company together with certain individuals responsible for outsourced services who in the opinion of the Company have satisfied relevant criteria to be considered key management personnel under applicable accounting standards based on the information available as of the date of issuance of these condensed consolidated interim financial statements.

Related party transactions for three and six months ended May 31, 2024 and May 31, 2023 are as follows:

	Three months ended				Six months ended	
	May 31, 2024		May 31, 2023		May 31, 2023	
<b>Related Party Transactions</b>						
Key management personnel compensation	\$	131,333	143,750	\$	292,353	390,000
Directors fees		60,750	75,000		121,500	152,682
Share-based compensation		36,750	42,682		73,500	47,083

- (i) The key management personnel compensation includes salaries and bonuses, benefits and incentives.

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(ii) The key management personnel compensation includes the following stock options:

Grant date	Number of options	Exercise price	Fair Value	Vesting period	Expiry date
December 7, 2019	200,000	\$ 0.33	\$ 0.19	Immediate	December 7, 2024
July 2, 2020	1,332,487	0.34	0.21	3 years	July 1, 2024
July 2, 2020	304,569	0.34	0.21	3 years	July 1, 2024
July 2, 2020	2,900,000	0.35	0.21	3 years	July 1, 2024
August 17, 2020	125,000	0.34	0.21	3 years	August 24, 2024
May 6, 2021	190,000	0.25	0.16	3 years	May 5, 2025
June 14, 2021	230,000	0.25	0.15	3 years	June 13, 2025
December 24, 2021	229,220	0.08	0.04	3 years	December 23, 2025
September 15, 2022	666,667	0.10	0.04	Immediate	September 15, 2024
September 15, 2022	333,333	0.10	0.04	1 year	September 15, 2024

(iii) The key management personnel and directors' compensation includes restricted share units (RSUs) and deferred share units (DSUs) (Note 16(e)).

## 23. Comparative Figures

Certain amount reported in the prior year financial statements have been reclassified to conform with the current year presentation. The reclassifications had no impact on previously reported comprehensive loss or accumulated deficit.

## 24. Subsequent Events

On June 4, 2024, the Company signed a share purchase agreement with Flora Growth Corp for the sale of all issued and outstanding shares of Australian Vaporizer PYT Ltd for 550,000 common shares of Flora Growth Corp.

In addition, CannMart Inc. along with Lifeist Wellness Inc. signed a services agreement dated June 25, 2024, with Simply Solventless Concentrates Ltd. (SSC) where:

1. SSC will provide support services to CannMart Inc. and will be responsible for all operating expenses of CannMart Inc.
2. In exchange, Lifeist will pay to SSC a monthly services fee which is the lesser of: (i) 90% of CannMart's net revenue; and (ii) CannMart's net revenue less \$100,000.

Simultaneously with the execution of the services agreement, the Company signed a share purchase agreement with SSC for the sale of all issued and outstanding shares of CannMart Inc. subject to the underlisted terms:



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1. \$500,000 payable upon the closing date
2. \$1,500,000 plus applicable interest in a VTB loan, subject to adjustments as set forth in the share purchase agreement.
3. \$500,000 satisfied by the issuance of units, comprised of one common shares and one-half purchase warrant to purchase one common shares of SSC.
4. SSC shall pay Lifeist 100% of the net revenue generated by the sale of 50% of approximately \$1,000,000 of inventory.
5. An earnout bonus of 20% of revenue above \$3,000,000 per quarter over the first 12 months.

The completion of this sale is subject, among other things, to shareholders approval, the satisfaction of all regulatory requirements and the approval of the TSXV.