

Delivra Health Brands and its Leading Brands Dream Water (R) and LivRelief(TM) Report Financial Results for First Quarter of Fiscal 2025

Vancouver, British Columbia--(Newsfile Corp. - November 25, 2024) - Delivra Health Brands Inc. (TSXV: DHB) (OTCQB: DHBUF) ("**Delivra Health**" or the "**Company**"), a consumer packaged goods company in the health and wellness sector, is pleased to announce its financial and operating results for the three months ended September 30, 2024. The Delivra Health portfolio features innovative brands Dream Water® and LivRelief™, which deliver relief from common health issues such as sleeplessness, chronic pain and anxiety.

Management Commentary

Gord Davey, President and Chief Executive Officer of Delivra Health, commented: "We are committed to delivering increased value to Delivra Health shareholders by strategically reinvesting in our brands, Dream Water®, LivRelief™ and LivRelief™ Infused, while ensuring we maintain a positive adjusted earnings before interest, taxes, depreciation and amortization ("**Adjusted EBITDA**") position for fiscal 2025. This balanced approach enables us to support our growth initiatives and keep pace with our strategic goals for fiscal 2025. The Company's latest marketing campaigns, 'Shush Your Mind' for Dream Water® and 'Quiets Chronic Pain' for LivRelief™, demonstrate our dedication to expanding brand visibility and accessibility across all distribution channels."

Financial Highlights for the Three months Ended September 30, 2024

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

In the first quarter of fiscal 2025, Delivra Health invested significantly in marketing initiatives to expand brand awareness and recognition while maintaining a positive Adjusted EBITDA⁽¹⁾ for fiscal 2025. The Company reported \$16 of Adjusted EBITDA⁽¹⁾ in the first quarter of fiscal 2025 compared to \$683 in the same period last year. This reduction in Adjusted EBITDA⁽¹⁾ was primarily driven by lower sales this period compared to same period last fiscal year as a result of the timing of purchase order activity; however, sales growth plans for fiscal 2025 remain on track in terms of year-over-year growth. The Company plans to continue investing in marketing campaigns to support such plans.

- **Net revenue:** For the three months ended September 30, 2024, net revenue was \$3,163 compared to \$3,671 in the same period in the prior year. The \$508 or 14% reduction in net revenue was primarily due to a reduction in sales of Dream Water®, which was largely influenced by the unfavorable timing of quarter over quarter purchase order activity.
- **Gross profit and gross profit margin:** For the three months ended September 30, 2024, the Company reported gross profit of \$1,598 and a 51% gross profit margin compared to \$1,922 and a 52% gross profit margin in same period last year. The reduction in gross profit is the result of a reduction in sales volume. The reduction in gross profit margin is attributed to higher sales fees related to Company's online sales due to increased investment in advertising and marketing initiatives.
- **Expenses including selling, general and administrative expenses and excluding non-cash items:** For the three months ended September 30, 2024, the Company reported expenses of \$1,607 compared to \$1,317 in the same period last year, representing a 20% increase. The increase is primarily driven by higher investments in sales and marketing campaigns and outreach to support branding and distribution initiatives.

- **Adjusted EBITDA⁽¹⁾:** For the three months ended September 30, 2024, the Company reported a positive Adjusted EBITDA of \$16 compared to \$683 in the same period last year, representing a \$667 year-over-year reduction in Adjusted EBITDA. The reduction in Adjusted EBITDA is driven by a reduction in sales volume, which in turn, resulted in a reduction in gross profit in addition to greater marketing investment.

Summary of Key Financial Results

(\$000's, except share and per share amounts)	For the three months ended September 30	
	2024	2023
Net revenue	\$3,163	\$3,671
Cost of sales	1,540	1,671
Inventory write-down	25	78
Gross profit	1,598	1,922
Gross profit margin	51%	52%
Expenses excluding non-cash expenses	1,607	1,317
Depreciation and amortization and share-based compensation	397	335
Profit (loss) from operations before other (expense) income	(406)	270
Other (expense) income	(72)	(44)
Net profit (loss)	(478)	226
Net profit (loss) per share - basic and diluted	(0.002)	0.001
Net cash provided from operating activities	(354)	187

Expenses excluding non-cash items

(\$000's, except share and per share amounts)	For the three months ended September 30	
	2024	2023
General and administration	\$945	\$914
Sales and marketing	662	403
Total	1,607	1,317

Adjusted EBITDA (non-IFRS measure)⁽¹⁾

(\$000's, except share and per share amounts)	For the three months ended September 30	
	2024	2023
Profit (loss) from operations	\$(406)	\$270
Inventory write-down	25	78
Depreciation and amortization	326	334

Share-based compensation	71	1
Adjusted EBITDA⁽¹⁾	16	683

About Delivra Health Brands Inc.

Helping people take control of their health with alternative wellness solutions is what energizes the Delivra Health team! The Delivra Health portfolio features innovative brands like Dream Water® and LivRelief™, which deliver relief from common everyday issues like chronic pain, anxiety, and sleeplessness. Delivra Health products have allowed millions of customers to reclaim their mobility, energy, and in turn, quality of life. The websites of the Company's two subsidiaries are [Dream Water®](#) and [LivRelief™](#). For more information, please visit www.delivrahealthbrands.com.

Non-IFRS Measures, Reconciliation and Discussion

This press release contains references to "Adjusted EBITDA" which is a non-International Financial Reporting Standards ("IFRS") financial measure. Adjusted EBITDA is a measure of the Company's loss from operations before interest, taxes, depreciation, and amortization and adjusted for share-based compensation, common shares issued for services, fair value effects of accounting for biological assets and inventories, asset impairment and write-downs, and other non-cash items, and is a non-IFRS measure.

This measure can be used to analyze and compare profitability among companies and industries, as it eliminates the effects of financing and capital expenditures. It is often used in valuation ratios and can be compared to enterprise value and revenue. This measure does not have any standardized meaning according to IFRS and, therefore, may not be comparable to similar measures presented by other companies.

There are no comparable IFRS financial measures presented in Delivra Health's financial statements. Reconciliations of the supplemental non-IFRS measure are presented in the Company's management discussion and analysis for the three months ended September 30, 2024 (the "**Q1 2025 MD&A**"). This non-IFRS financial measure is presented because management has evaluated the financial results both including and excluding the adjusted items and believes that the non-IFRS financial measure presented provides additional perspective and insights when analyzing the core operating performance of the business. The Company believes that the supplemental measure provides information which is useful to shareholders and investors in understanding the Company's performance and may assist in the evaluation of the Company's business relative to that of its peers.

The non-IFRS financial measure should not be considered superior to, as a substitute for, or as an alternative to, and should be considered in conjunction with the IFRS financial measures presented in the Company's financial statements. For more information, please see "Adjusted EBITDA (non-IFRS measure)" and "Non-IFRS Measures" in the Q1 2025 MD&A, which is available under the Company's SEDAR+ profile on www.sedarplus.ca.

Notes:

1. This is a non-IFRS reporting measure. For a reconciliation of this measure to the nearest IFRS measure, see "Adjusted EBITDA (non-IFRS measure)" and "Non-IFRS Measures" in the Q1 2025 MD&A.

Cautionary Note Regarding Forward-Looking Statements

This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates, and projections as at the date of this news release. Any statement that involves

discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements include, among other things, statements with respect to the Company's products offering relief from chronic pain, anxiety, and sleeplessness, impacts of the Company's latest marketing campaigns, expectations regarding increases in the Company's revenues and profitability, the Company's growth objectives, growth in new markets, and new distribution channels.

These forward-looking statements are based on reasonable assumptions and estimates of management of the Company at the time such statements were made. Actual future results may differ materially as forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance, or achievements of the Company to materially differ from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors, among other things, include: fluctuations in general macroeconomic conditions; fluctuations in securities markets; expectations regarding the size of the cannabis markets where the Company operates; changing consumer habits; the ability of the Company to successfully achieve its business objectives; plans for expansion; political and social uncertainties; inability to obtain adequate insurance to cover risks and hazards; employee relations and the presence of laws and regulations that may impose restrictions on cultivation, production, distribution, and sale of cannabis and cannabis-related products in the markets where the Company operates. Although the forward-looking statements contained in this news release are based upon what management of the Company believes, or believed at the time, to be reasonable assumptions, the Company cannot assure shareholders that actual results will be consistent with such forward-looking statements, as there may be other factors that cause results not to be as anticipated, estimated or intended. Readers should not place undue reliance on the forward-looking statements and information contained in this news release. The Company assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.

Additional information regarding this and other risks and uncertainties relating to the Company's business are contained under the heading "Risk Factors" in the Company's annual information form dated March 2, 2021, and under the heading "Risks and Uncertainties" in the Q1 2025 MD&A filed under the Company's profile on SEDAR+ at www.sedarplus.ca.

Neither TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accept responsibility for the adequacy or accuracy of this release.

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