HARRYS MANUFACTURING INC.

Condensed Interim Consolidated Financial Statements

April 30, 2023

Expressed in Canadian dollars

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 condensed interim consolidated financial statements.

HARRYS MANUFACTURING INC.
Condensed Interim Consolidated Statements of Financial Position
Expressed in Canadian dollars

	April 30, 2023 $	July 31, 2022 $
	(unaudited)	
ASSETS		
Current assets		
Cash	40,045	9,240
Restricted cash (Note 4)	5,000	200,000
Amounts receivable	25,303	8,261
Prepaid expenses (Note 5)	74,980	67,386
Inventory	263	–
Total current assets	145,591	284,887
Non-current assets		
Property and equipment (Note 6)	2,972	4,240
Total assets	148,563	289,127
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	246,619	239,428
Wages payable (Note 8)	53,016	53,016
Convertible debenture (Note 0)	–	104,208
Total liabilities	299,635	396,652
SHAREHOLDERS' DEFICIT		
Share capital (Note 8)	21,804,559	21,420,202
Reserves	4,007,658	3,926,613
Deficit	(25,963,289)	(25,454,340)
Total shareholders' deficit	(151,072)	(107,525)
Total liabilities and shareholders' deficit	148,563	289,127

Nature of operations and going concern (Note 1)
Commitment (Note 11)

Approved and authorized for issue by the Board of Directors on June 28, 2023:

/s/ "Ken Storey"   */s/ "Henry Chow"*

Ken Storey, Director   Henry Chow, Director

HARRYS MANUFACTURING INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Expressed in Canadian dollars

(Unaudited)

	Three months ended April 30, 2023	Three months ended April 30, 2022	Nine months ended April 30, 2023	Nine months ended April 30, 2022
	$	$	$	$
Revenue	955	–	4,775	–
Cost of Sales	1,091	–	2,803	–
Gross profit	(136)	–	1,972	–
Expenses				
Consulting fees	–	–	–	16,750
Amortization and depreciation	422	424	1,268	21,097
Management fees	38,945	67,500	207,445	202,500
Office and administrative	16,554	73,069	64,580	232,864
Product marketing	–	–	–	720
Professional fees	52,999	4,549	96,228	33,049
Share-based payments	93,917	–	101,129	164,230
Shareholder communications	–	–	5,505	2,654
Transfer agent and filing fees	3,461	7,875	25,291	28,268
Total expenses	206,298	153,417	501,446	702,132
Net income before other income (expense)	(206,434)	(153,417)	(499,474)	(702,132)
Other income (expense)			–	
			(31,250)	
Termination of lease liability		–	20,000	(58,843)
Loss on conversion of convertible debt	–	–	3,995	–
Recovery of expenses (Note 5)	20,000	–	(2,220)	–
Interest income	1,004	–		–
Interest expense	(176)	(11,783)		(73,085)
Net loss and comprehensive loss	(185,606)	(165,200)	(508,949)	(834,060)
Loss per share, basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average common shares outstanding	94,721,192	88,606,607	93,387,808	87,311,984

HARRYS MANUFACTURING INC.
Condensed Interim Consolidated Statements of Changes in Equity
Expressed in Canadian dollars
(Unaudited)

	Share Capital				
	Number of shares	Amount	Reserves	Deficit	Total Shareholders' Deficit
		$	$	$	$
Balance, as at July 31, 2022	90,770,007	21,420,202	3,926,613	(25,454,340)	(107,525)
Units issued on settlement of debt	3,866,119	292,275	–	–	292,275
Shares issued upon the exercise of warrants	500,000	50,000	–	–	50,000
Share-based payments	–	–	93,917	–	93,917
Warrant modification	–	–	7,212	–	7,212
Shares issued upon the exercise of options	200,000	42,082	(20,084)	–	21,998
Net loss for the period	–	–	–	(508,949)	(508,949)
Balance, as at April 30, 2023	95,336,126	21,804,559	4,007,658	(25,963,289)	(151,072)

	Share Capital				
	Number of shares	Amount	Reserves	Deficit	Total Shareholders' Equity
		$	$	$	$
Balance, as at July 31, 2021	84,846,690	20,918,810	3,619,818	(24,198,313)	340,315
Units issued for cash for $0.12 per unit	3,759,917	451,190	–	–	451,190
Share issuance costs	–	(34,020)	7,147	–	(26,873)
Share-based payments	–	–	164,230	–	164,230
Issuance of convertible debt	–	–	3,300	–	3,300
Net loss for the period	–	–	–	(834,060)	(834,060)
Balance, as at April 30, 2022	88,606,607	21,335,980	3,794,495	(25,032,373)	98,102

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

HARRYS MANUFACTURING INC.
Condensed Interim Consolidated Statements of Cash Flows
Expressed in Canadian dollars
(Unaudited)

	Nine months ended April 30, 2023	Nine months ended April 30, 2022
	$	$
Operating activities		
Net loss for the period	(508,949)	(834,060)
Adjustment for non-cash items:		
Accretion and interest	–	42,970
Amortization	1,268	21,096
Recovery of expenses	(20,000)	–
Interest expense on lease liability	–	30,115
Share-based payments	101,129	164,230
Termination of lease liability	–	58,843
Loss on conversion of convertible debt	31,250	–
Changes in non-cash operating working capital items:		
Amounts receivable	(17,042)	(980)
Inventory	(263)	–
Interest Income	(3,995)	–
Prepaid expenses	12,406	16,383
Accounts payable and accrued liabilities	164,008	60,884
Net cash used in operating activities	(240,188)	(440,519)
Investing activities		
Redemption of deposit	198,995	–
Net cash provided by investing activities	198,995	–
Financing activities		
Repayment of loans payable	–	(200,000)
Proceeds from exercise of options	21,998	–
Proceeds from exercise of warrants	50,000	–
Proceeds from convertible debenture	–	100,000
Proceeds received from share issuances	–	451,190
Share issuance costs	–	(26,873)
Lease repayments	–	(35,250)
Net cash provided by financing activities	71,998	289,067
Change in cash	30,805	(151,452)
Cash, beginning of period	9,240	363,796
Cash, end of period	40,045	212,344

1. **Nature of Operations**

Harrys Manufacturing Inc. (the "Company") was incorporated under the laws of the Province of British Columbia on July 31, 2007, formerly under the name of Westridge Resources Inc. ("Westridge"). The Company's common shares are listed for trading on the Canadian Securities Exchange (the "CSE") under the symbol "HARY".

On January 22, 2018, and as amended on March 30, 2018, the Company entered into a definitive agreement with Harrys International Manufacturing Inc. ("HIMI") (the "Share Exchange Agreement"). Pursuant to the Share Exchange Agreement, the Company acquired all of the issued and outstanding common shares of HIMI in exchange for common shares of the Company (the "Acquisition"). HIMI's principal business was the sale and distribution of tobacco products exclusively to purchasers located outside of Canada and the United States. The Acquisition closed on October 4, 2018 and the Company changed its name from Westridge Resources Inc. to Harrys Manufacturing Inc. The Company has transitioned its efforts to focus on tobacco sales in Canada.

The registered and records office of the Company is located at Suite 1605–1166 Alberni St, Vancouver, BC, V6E 3Z3.

2. **Basis of Preparation**

Going Concern

These condensed interim consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its asset and discharge its liabilities in the normal course of business. To date the Company has incurred losses and further losses are expected in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds from there and/or raise equity capital or borrowings sufficient to meet its current and future obligations. Management intends to finance operating costs over the next twelve months from working capital, cash flow from operations and, if necessary, from loans from directors and companies controlled by directors and/or exercise of outstanding options and warrants and private placement of common shares. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. If the Company is unable to achieve profitability or raise additional capital, management expects that the Company may need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. These condensed interim consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

3. Significant Accounting Policies

Statement of Compliance and Principles of Consolidation

These condensed interim consolidated financial statements 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 consolidated financial statements, including IAS 34, Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB. The Company uses the same accounting policies and methods of computation as in the annual financial statements.

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, HIMI. All intercompany transactions and balances have been eliminated on consolidation.

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

The significant accounting policies that have been applied in the preparation of these condensed interim consolidated financial statements are summarized below.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company's functional currency. The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates by a material amount. Matters that require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to: assumptions used in estimating share-based payments; the recoverability of deferred tax assets; the going concern assumption; the useful lives of long-lived assets; inputs used to determine the present value of right-of-use asset, and the recoverability of long-lived assets.

4. Restricted Cash

The Company's restricted cash consists of a Guaranteed Investment Certificate ("GIC") in the amount of $5,000 (July 31, 2022 - $200,000) that is pledged as security for a non-revolving letter of credit.

During the nine months ended April 30, 2023, the Company recognized interest income of $3,995 (April 30, 2022 - $nil) on the GIC.

Expressed in Canadian dollars

5. Prepaids and Deposits

	April 30, 2023 $	July 31, 2022 $
Inventory deposit	24,980	14,980
Provincial Tobacco Tax deposit	50,000	50,000
Prepaid expenses	–	2,406
	74,980	67,386

During the nine months ended April 30, 2023, a settlement agreement was signed to recoup a previous deposit and note receivable to a third party, which was impaired during the year ended July 31, 2022. During the period ended April 30, 2023, the Company recovered $20,000 (2022 – $Nil) of previously expensed amounts.

6. Property and Equipment

	Furniture and Fixtures $
Cost:	
Balance, July 31, 2022 and April 30, 2023	8,452
Accumulated depreciation:	
Balance, July 31, 2022	4,212
Depreciation	1,268
Balance, April 30, 2023	5,480
Carrying amounts:	
Balance, July 31, 2022	4,240
Balance, April 30, 2023 (unaudited)	2,972

7. Accounts Payable and Accrued Liabilities

	April 30, 2023 $	July 31, 2022 $
Accounts payable	224,544	187,800
Provincial Tobacco Tax	275	-
Accrued liabilities	21,800	51,628
	246,619	239,428

8. Related Party Transactions and Balances

Related party transactions

The Company incurred key management compensation as follows:

	Nine months ended April 30, 2023 $	Nine months ended April 30, 2022 $
Management fees accrued or paid to the President and CEO, CFO and directors	207,445	202,500
Share-based payments	87,190	125,512
Total fees paid to related parties	294,635	328,012

8. Related Party Transactions and Balances (continued)

As at April 30, 2023, $5,685 (July 31, 2022 - $0) was owed to the CFO of the Company and a company owned by the CFO of the Company, which is included in accounts payable and accrued liabilities.

As at April 30, 2023, $nil (July 31, 2022 - $63,945) was owed to a company owned by the former CFO of the Company, which is included in accounts payable and accrued liabilities.

As at April 30, 2023, $1,736 (July 31, 2022 - $4,725) was owed to a Director of the Company and a company owned by a Director of the Company, which is included in accounts payable.

As at April 30, 2023, $300 (July 31, 2022 - $3,000) was owed to a Director of the Company, which is included in accounts payable and accrued liabilities.

As at April 30, 2023, $76,763 (July 31, 2022 - $37,065) was owed to the President of the Company and a company owned by the President of the Company, which is included in accounts payable and accrued liabilities.

As at April 30, 2023, $53,016 (July 31, 2022 - $53,016) in wages payable is outstanding in relation to transactions with related parties, which are non-interest bearing, unsecured and due on demand.

9. Convertible Debenture

On March 3, 2022, the Company issued an unsecured convertible debenture with a principal amount of $100,000. The note bears interest at a rate of 12% per annum and is repayable on September 5, 2022. The principal amount of the note is convertible into common shares of the Company at a convertible rate of $0.08 per share prior to maturity. Any interest will be paid in cash and is not eligible for conversion.

The present value of the convertible debenture at issuance was $96,700, using a discount rate of 20%, which is the estimated interest rate the Company would pay on a similar debt instrument without a conversion option, with the residual value of $3,300 being allocated to the equity component. The discount of $3,300 will be recognized over the term of the loan using the effective interest rate method. During the nine months ended April 30, 2022, the Company recorded accretion interest of $945, which is included in interest expense, and recorded accrued interest of $1,906. As at April 30, 2022, the carrying value of the convertible debenture was $99,551.

On October 31, 2022, The Company converted the debenture into 1,250,000 common shares at a price of $0.08 and recorded a loss of $31,250.

10. Share Capital and Reserves

(a) Authorized

Unlimited number of common shares without nominal or par value.

(b) Share transactions

During the nine months ended April 30, 2023:

On April 20, 2023, the Company issued 100,000 shares upon the exercise of options at $0.11 per share for proceeds of $11,000.

On April 12, 2023, the Company issued 100,000 shares upon the exercise of options at $0.11 per share for proceeds of $11,000.

On February 22, 2023, the Company issued 1,805,869 shares at a price of $0.0443 per share for settlement of $80,000 of accounts payable.

On September 19, 2022, the Company issued 500,000 shares upon the exercise of warrants at $0.10 per share for proceeds of $50,000.

Expressed in Canadian dollars

10. Share Capital and Reserves (continued)

On September 16, 2022, the Company issued 810,250 units at a price of $0.10 per unit for the settlement of $81,025 of accounts payable (Note 7). Each unit consisted of one common share and one full share purchase warrant, which is exercisable into one additional common share at an exercise price of $0.12 per share until September 16, 2023. No value was attributed to the warrants as a component of the units.

On September 5, 2022, the Company issued 1,250,000 common shares with a fair value of $131,250 upon the conversion of $100,000 of principal of a convertible debenture; the Company recorded a loss of $31,250 (Note 0).

During the nine months ended April 30, 2022:

On November 2, 2021, the Company completed a non-brokered private placement of 3,759,917 units at $0.12 per unit for proceeds of $451,190. Each unit consisted of one common share and one share purchase warrant, which is exercisable into one additional common share at an exercise price of $0.20 per share on or before November 2, 2023. No value was attributed to the warrants as a component of the units. In connection with the issuance, the Company paid a cash finder's fee of $26,873, and issued 112,668 compensation warrants with a fair value of $7,147, which were allocated to share capital as share issuance costs.

(d) Share purchase warrants

The changes in warrants during the nine months ended April 30, 2023 and the year ended July 31, 2022 are as follows:

	April 30, 2023		July 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of the period	10,108,317	0.18	4,072,332	0.19
Issued	810,250	0.12	6,035,985	0.17
Exercised	(500,000)	0.10	–	–
Warrants outstanding, end of the period	10,418,567	0.18	10,108,317	0.18

A summary of the Company's outstanding warrants as at April 30, 2023 is as follows:

Number of warrants	Exercise price	Expiry date
3,528,332	$ 0.20	May 13, 2023
* 44,000	$ 0.20	May 13, 2023
810,250	$ 0.12	September 16, 2023
3,759,917	$ 0.20	November 2, 2023
* 112,668	$ 0.20	November 2, 2023
1,663,400	$ 0.10	July 11, 2024
500,000	$ 0.15	November 19, 2025
10,418,567		

** Finder warrants*

Expressed in Canadian dollars

10. Share Capital and Reserves (continued)

(e) Stock options

The Company has a stock option plan under which it is authorized to grant options to the Company's officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's shares, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years with vesting determined by the board of directors.

A summary of stock option transactions during the nine months ended April 30, 2023 and the year ended July 31, 2022 are as follows:

	April 30, 2023		July 31, 2022	
	Number of Options	Weighted average exercise price $	Number of Options	Weighted average exercise price $
Outstanding and exercisable, beginning of the period	5,690,000	0.15	4,380,000	0.17
Granted	3,000,000	0.05	1,750,000	0.11
Cancelled/Expired	(1,850,000)	0.15	(440,000)	0.23
Exercised	(200,000)	0.11	–	–
Outstanding and exercisable, end of the period	6,640,000	0.10	5,690,000	0.15

The following stock options were outstanding and exercisable as at April 30, 2023:

Number of options	Exercise price	Expiry date
340,000	0.125	July 5, 2024
250,000	0.25	December 18, 2024
500,000	0.16	January 16, 2025
500,000	0.16	December 2, 2025
1,000,000	0.16	February 26, 2026
1,050,000	0.11	January 14, 2027
3,000,000	0.045	February 22, 2026
6,640,000	$ 0.10	

On February 22, 2023, the Company issued 3,000,000 options at $0.045 per share. Share-based payments recognized and expensed during the nine months ended April 30, 2023 for this was $93,917.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted or vested during the nine months ended April 30, 2023 and the year ended July 31, 2022 assuming no expected dividends or forfeitures:

	April 30, 2023	July 31, 2022
Risk-free interest rate	4.25%	1.44%
Expected life of options	5 years	4.14 years
Annualized volatility	136.4%	150%

10. Share Capital and Reserves (continued)

(f) Reserves

Reserves relates to stock options, agents' unit options, and compensatory warrants that have been issued by the Company. The Company uses the Black-Scholes valuation model to value stock options and compensatory warrants.

On September 16, 2022, the Company amended the exercise price of 2,163,400 warrants from $0.12 per share to $0.10 per share. All other terms of the warrants remained unchanged. The warrants were valued immediately before and after the modification using the Black-Scholes option pricing model. The increase in value of $7,212 was recognized as a share-based payment expense.

11. Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Company's compliance with risk management policies and procedures. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company also has minimal risk relating to smaller amounts of refundable sales taxes.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and similar source.

As at April 30, 2023, the Company's current liabilities consisted of accounts payable and accrued liabilities of $246,619 (July 31, 2022 – $239,428) and wages payable of $53,016 (July 31, 2022 – $53,016), and convertible debenture of $nil (July 31, 2022 – $104,208). The Company's cash was $40,045 (July 31, 2022 - $9,240) as at April 30, 2023 and wasn't sufficient to fulfil these liabilities.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements, and loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant funding.

11. Financial Risk Management (continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

(i) Foreign currency exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's risk to foreign exchange is limited since it holds only Canadian dollars.

(ii) 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 carry significant financial instruments that are exposed to interest rate risk. In addition, the Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. Accordingly, the Company is not subjected to interest rate risk.

(iii) Commodity price risk

The Company does not hold any financial instruments that have direct exposure to commodity or other price risks.

12. Capital Disclosures

The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and provide returns for shareholder. The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results. The Company considers cash, shareholder loans and shareholders' equity to be capital. The Company does not have any externally imposed requirements on its capital.

There have been no changes in the Company's approach to capital management from the previous periods.

13. Commitments

(a) On April 21, 2020, the Company entered into a distribution agreement with a distributor for an initial term of 10 years. Pursuant to the agreement, the Company appointed the party as the agent to distribute, market sell and supply tobacco products manufactured ~~by~~ for the Company for sale in Canada and granted the agent a non-exclusive, non-transferable, royalty-free license to use any all trademarks and trade names owned by the Company.

Expressed in Canadian dollars

13. Commitments (continued)

(b) On November 19, 2020, the Company entered into a manufacturing agreement with an initial term of five years that will automatically renew on a yearly basis subject to earlier termination. Pursuant to the agreement, the Company issued to the exclusive manufacturer 500,000 share purchase warrants exercisable for five years at $0.15 per share. On February 23, 2021, the Company advanced $200,000 to the manufacturer providing services in exchange for a promissory note. The note is unsecured, non-interest bearing and due upon termination of the manufacturing agreement. The note may be repaid through agreed upon installment payments. The sole purpose of the advance is to pay an additional security deposit to the Canada Revenue Agency for the purchase of federal excise tax stamps, to enable the manufacturer to manufacture tobacco cigarettes. During the year ended July 31, 2021, as future sales volumes were not readily determinable, the Company impaired the carrying value of the loan to $Nil.

(c) On May 17, 2021, the Company entered a second non-exclusive manufacturing agreement to produce products for certain Canadian markets pursuant to the agreement.

14. Office and Administrative

Office and administrative expenses are comprised as follows:

	Three months ended April 30, 2023	**Three months ended April 30, 2022**	**Nine months ended April 30, 2023**	**Nine months ended April 30, 2022**
Administrative	2,000	6,000	9,692	18,000
Insurance	3,685	5,441	14,328	28,817
Interest and bank charges	2,825	2,687	4,296	10,000
Miscellaneous expenses	810	–	810	35,164
Office expenses	(63)	424	973	3,696
Product packaging	–	37,252	–	79,972
Rent	–	16,156	22,800	41,656
Travel	7,201	2,460	8,503	8,635
Utilities	96	2,649	3,178	6,924
	16,554	73,069	64,580	232,864

15. Reclassification

Amounts previously recorded as product marketing have been reclassified to office and administrative. As well, amounts previously recorded as Revenue and COGS has been reclassified to Federal Excise Tax (FET) payable. These reclassifications have been made to ensure that the financial statements for the prior year are presented in a manner consistent with the current year financial statements. The reclassifications had no impact on the reported net income for the prior year.