



EGF THERAMED HEALTH CORP.

Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2023 and 2022 (Q2)

(Expressed in Canadian dollars)

NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), EGF Theramed Health Corp. (the “Company”) hereby informs all readers that the accompanying unaudited condensed interim consolidated financial statements of the Company have not been reviewed by its auditor and have prepared by and are the responsibility of management and Board of Directors for all financial statement information and reporting.

The attached unaudited condensed consolidated financial statements for the six months ended December 31, 2023 (Q2) have not been reviewed by the Company’s auditor and should be read in conjunction with the Company’s audited consolidated financial statements and management discussion and analysis (MD&A) on Form 51-102F1 for the year ended June 30, 2023, as filed on SEDAR.

MANAGEMENT'S RESPONSIBILITY FOR INTERIM FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements (“Consolidated Financial Statements”) of the Company are the responsibility of the management and Board of Directors of the Company. The Consolidated Financial Statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the financial statement notes. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are compliant with IAS 34 - *Interim Financial Reporting* as issued by the International Accounting Standards Board.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced. The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Connor Yuen
Chief Executive Officer

Vancouver, BC
February 23, 2024

EGF Theramed Health Corp.
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EGF THERAMED HEALTH CORP.

Interim Consolidated Statements of Financial Position

As at

(Expressed in Canadian dollars)

		December 31, 2023 \$ (unaudited)	June 30, 2023 \$ (audited)
	Note		
Assets			
Cash		53,549	11,503
Accounts receivable	4	175,906	169,807
Inventories		3,105	—
Marketable securities		217	217
Prepaid expenses	5	5,215	9,165
Total current assets		237,992	190,692
Deposits	6, 16	3,000	3,000
Total assets		240,992	193,692
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	8, 15	1,331,829	1,332,413
Obligation under former lease	12	434,817	417,402
Loans payable	11	989,031	919,656
Preferred shares	9, 16	3,000	3,000
Total liabilities		2,758,677	2,672,471
Shareholders' deficiency			
Share capital	10, 16	50,577,986	50,481,611
Contributed surplus	10	4,131,854	4,156,229
Equity portion of convertible debt		25,892	25,892
Non-controlling interest	10	(1,344,588)	(1,335,881)
Deficit		(55,908,829)	(55,806,630)
Total shareholders' deficiency		(2,517,685)	(2,478,779)
Total liabilities and shareholders' deficiency		240,992	193,692

Going Concern (Note 2b)

Approved and authorized for issue by the Board of Directors on February 23, 2024:

"Connor Yuen"

Connor Yuen, Director and CEO

"Usama Chaudhry"

Usama Chaudhry, Director and CFO

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

EGF THERAMED HEALTH CORP.

Interim Consolidated Statements of Loss and Comprehensive Loss

For the Three and Six Months Ended December 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

	Note	For the three months ended		For the six months ended	
		December 31, 2023 \$	December 31, 2022 \$	December 31, 2023 \$	December 31, 2022 \$
Operating expenses					
Bank and other charges		149	278	422	563
Interest and accretion	11, 12	13,645	6,326	26,627	12,404
Investor communications		—	—	—	197,280
Listing fees		1,975	2,900	4,087	4,734
Management fees	15	28,072	26,572	56,143	64,643
Office and miscellaneous		2,375	2,250	4,625	4,513
Professional fees		5,427	71,681	5,994	71,681
Rent		15,000	15,000	30,000	30,000
Transfer agent and filing fees		3,355	3,468	3,845	9,023
Operating loss before other items		(69,998)	(128,475)	(131,743)	(394,841)
Other items					
Gain (loss) on foreign exchange	12, 13	9,736	4,837	837	(22,554)
Other Income	5, 17	20,000	—	20,000	—
Total other Items		29,736	4,837	20,837	(22,554)
Net loss and comprehensive loss		(40,262)	(123,638)	(110,906)	(417,395)
Total comprehensive loss is attributed to:					
Shareholders of EGF Theramed Health Corp.		(40,532)	(123,522)	(102,199)	(402,758)
Non-controlling interest	10	270	(116)	(8,707)	(14,637)
Loss per share attributable to shareholders of the Company (basic and diluted)		(0.00)	(0.01)	(0.01)	(0.04)
Weighted average number of common shares (basic and diluted)		11,391,161	10,491,161	11,034,096	9,494,785

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

EGF THERAMED HEALTH CORP.

Interim Consolidated Statements of Changes in Shareholders' Deficiency

For the Three and Six Months Ended December 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars, except the number of shares)

	Note	Number of Outstanding Shares	Share Capital \$	Equity Portion of Convertible Debts \$	Contributed Surplus \$	Deficit \$	Non- Controlling Interest \$	Total Shareholders' Deficiency \$
Balance, June 30, 2022		2,157,828	50,207,303	25,892	3,930,537	(55,183,628)	(1,315,408)	(2,335,304)
Common shares issued for private placement	10	8,333,333	274,308	—	225,692	—	—	500,000
Net comprehensive loss for the period		—	—	—	—	(402,758)	(14,637)	(417,395)
Balance, December 31, 2022		10,491,161	50,481,611	25,892	4,156,229	(55,586,386)	(1,330,045)	(2,252,699)
Balance, June 30, 2023		10,491,161	50,481,611	25,892	4,156,229	(55,806,630)	(1,335,881)	(2,478,779)
Common shares issued for exercise of warrants	10	900,000	96,375	—	(24,375)	—	—	72,000
Net comprehensive loss for the period		—	—	—	—	(102,199)	(8,707)	(110,906)
Balance, December 31, 2023		11,391,161	50,577,986	25,892	4,131,854	(55,908,829)	(1,344,588)	(2,517,685)

On July 7, 2022, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidated common share for every 20 pre-consolidated shares (Note 10). All share figures and references have been retrospectively adjusted.

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

EGF THERAMED HEALTH CORP.

Interim Consolidated Statements of Cash Flows

For the Six Months Ended December 31,

(Unaudited - Expressed in Canadian dollars)

	2023	2022
	\$	\$
Cash Flows from Operating Activities		
Comprehensive loss for the period	(110,906)	(417,395)
<u>Adjustments for non-cash items:</u>		
Loss (gain) on foreign exchange	(837)	19,391
Interest and accretion	26,627	12,403
<u>Changes in non-cash working capital items:</u>		
Accounts receivable	(6,099)	(7,853)
Inventories	(3,105)	—
Prepaid expenses	3,950	835
Accounts payable and accrued liabilities	(584)	(102,158)
Net cash used in operating activities	(90,954)	(494,777)
Cash Flows from Financing Activities		
Proceeds from issuance of common shares, net of share issuance costs	—	500,000
Proceeds from exercise of warrants	72,000	—
Proceeds from loans payable, net of repayments	61,000	(2,500)
Net cash provided by financing activities	133,000	497,500
Net increase in cash	42,046	2,723
Cash, beginning of period	11,503	15,015
Cash, end of period	53,549	17,738

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

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

EGF Theramed Health Corp. (the “Company” or “EGF Theramed”) was incorporated on November 9, 2011 under the laws of British Columbia, Canada. The Company’s head office and mailing address is Suite 1600 – 609 Granville Street, Vancouver, BC V7Y 1C3.

EGF Theramed continues to develop products, technologies, and diagnostic tools focused on personalized medical care including research with natural health and wellness products. The products will serve with the overall goal of improving health and elevating the human condition.

The Company’s shares are listed on Canadian Securities Exchange (“CSE”) under the symbol “TMED” and the OTC Markets Group Inc.’s marketplace under (“OTCQB: EVAHF”).

These interim consolidated financial statements (hereinafter the “consolidated financial statements”) of the Company for the six months ended December 31, 2023 have been prepared by management and reviewed and authorized for publication by the Board of Directors on February 23, 2024. The interim consolidated financial statements are made available to shareholders and other stakeholders through the System for Electronic Document Analysis and Retrieval (“SEDAR”).

2. BASIS OF PRESENTATION

a. Statement of compliance

These interim consolidated financial statements for the six months ended December 31, 2023 (Q2) have been prepared in accordance with IAS 34 – Interim Financial Reporting and the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Issues Committee (“IFRIC”). These policies have been consistently applied to all years presented, otherwise stated. The Company’s significant accounting policies are described in the Note 3. Significant accounting estimates, judgments and assumptions have been used or exercised by management in the preparation of these consolidated financial statements.

b. Going concern basis of presentation

These interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate for the foreseeable future and have the ability to realize its assets and discharge its liabilities in the normal course of business. However, certain adverse conditions and events cast significant doubt upon the validity of this assumption, which may require management to reassess the financial viability of the Company as a going concern.

As a Company in the early development stage, management does not anticipate generating operating revenues for several years, other than incidental revenue. At December 31, 2023, the Company had not yet achieved profitable operations, had recurring losses from continuing operations, and a cumulative deficit of \$55,908,829 since inception and had working capital deficit of \$2,520,685. The Company expects to incur further losses in the development of its business in subsequent periods.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2023 and 2022

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

b. Going concern basis of presentation (continued)

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

These interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

c. Principles of consolidation

The interim consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed or has right to variable returns from its involvements with the investee; and
- has the ability to use its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to the three elements of control listed above.

The Company consolidates the financial statements of the following entities:

Subsidiary	Jurisdiction	Functional currency	Effective ownership
Hemp Extraction Technology Corp. ("HETC")	Ontario, Canada	Canadian dollar	100%
Western Agri Supply Solutions Inc. ("WASS")	British Columbia, Canada	Canadian dollar	50%
Medical Green Natural List Corp. ("MGNL")	British Columbia, Canada	Canadian dollar	100%
Seedadelic Health Services Corp. ("Seedadelic")	Ontario, Canada	Canadian dollar	100%

In addition to subsidiaries outlined above, there are several inactive numbered companies which were incorporated that are wholly-owned entities the Company with respect to the 2017 Plan of Arrangement (Note 16).

All inter-company balances, transactions and unrealized profits are eliminated on consolidation to the extent of the Company's interest in the entity.

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Notes to the Interim Consolidated Financial Statements

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(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

c. Principles of consolidation (continued)

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. The carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in a separate reserve within equity attributed to the owners of the Company.

d. Basis of measurement

These interim consolidated financial statements have been prepared using the historical cost convention except for some financial instruments that have been measured at fair value. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company is the Canadian dollar. The presentation currency of these consolidated financial statements is the Canadian dollar.

e. Functional and presentation currency

All monetary references expressed in these notes are references to Canadian dollar amounts (“\$”).

Functional currency is the currency of the primary economic environment in which the reporting entity operates and is normally the currency in which the entity substantially generates and expends cash. Each entity in the group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions

Foreign currency transactions are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at the reporting date. All differences are recorded in the consolidated statements of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Translation

Assets and liabilities of foreign operations whose functional currency is different from the Canadian Dollar are translated into Canadian dollars at year-end exchange rates and their revenue and expenses are translated at the average exchange rate for the period. The resulting exchange differences are recognized in other comprehensive loss.

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(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

f. Significant accounting judgments and estimates

The preparation of these interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Judgments:

(i) Ability to continue as a going concern

Management assesses the Company's ability to continue as a going concern at each reporting date, using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates of future cash flows and other future events (as discussed in Note 2b). Subsequent changes could materially impact the validity of such an assessment.

(ii) Control over WASS

Management assessed whether or not the Company has control over WASS based on whether the Company has the practical ability to direct the relevant activities of WASS unilaterally. In making their judgement, the directors considered the Company's absolute size of holding in WASS and the ability to use its power to affect WASS.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

f. Significant accounting judgments and estimates (continued)

Estimates:

(i) Share-based compensation

The Company uses the Black-Scholes Option Pricing Model to fair value options in order to calculate share-based compensation expense. The Black-Scholes Option Pricing Model involves six key inputs to determine the fair value of an option: risk-free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility. Certain of the inputs are estimates that involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based compensation expense.

(ii) Impairment of long-lived assets

The carrying value and the recoverability of intangible assets, which are included in the consolidated statements of financial position are evaluated at each reporting date to determine whether there are any indications of impairment. An annual impairment test is also required to be performed for intangible assets that are not subject to depreciation.

The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's intangible assets.

External sources of information considered are changes in the Company's economic, legal and regulatory environment which it does not control but affects the recoverability of its intangible assets.

Internal sources of information the Company considers include the manner in which intangible assets are being used or are expected to be used and indications of economic performance of the assets.

(iii) Income taxes

The Company operates in the United States and Canada and is subject to multiple tax jurisdictions, and consequently, income is subject to various rates and rules of taxation. As a result, the Company's effective tax rate may vary significantly from the Canadian statutory tax rate depending upon the profitability of operations in a different jurisdiction. The Company calculates deferred income taxes based upon temporary differences between the assets and liabilities that are reported in its consolidated financial statements and their tax bases as determined under applicable tax legislation. The future realization of deferred tax assets can be affected by many factors, including current and future economic conditions, net realizable sale prices, and can either

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

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(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

f. Significant accounting judgments and estimates (continued)

Estimates: (continued)

(iii) Income taxes (continued)

be increased or decreased where, in the view of management, such change is warranted. In determining whether a deferred tax asset is probable, management reviews the timing of expected reversals of taxable temporary differences, the estimates of future taxable income and prudent and feasible tax planning that could be implemented.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are in effect for the years ended June 30, 2023 and 2022 and have been applied consistently to all periods presented, except otherwise noted.

a. Cash

Cash is comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less.

b. Share-based payments

The fair value of any options granted is measured at grant date, using the Black-Scholes Option Pricing Model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of options expect to vest.

c. Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

EGF Theramed Health Corp.

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(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive loss (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table summarizes the measurement categories under IFRS 9 for each class of the Company’s financial assets and financial liabilities:

Financial assets	IFRS 9 CLASSIFICATION
Cash	FVTPL
Accounts receivable	Amortized cost
Marketable securities	FVTPL
Accounts payable	Amortized cost
Loans payable	Amortized cost

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive loss.

Financial assets through other comprehensive income (“FVTOCI”)

Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial instruments (continued)

Measurement (continued)

Equity instruments designated as FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other OCI. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument, instead, it is transferred to retained earnings.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of loss and comprehensive loss.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

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Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial instruments (continued)

Impairment of non-financial assets

At the end of each reporting period, the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

e. Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and options are recognized as a deduction from equity, net of any tax effects.

Preferred shares are classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company's shareholders. Preferred shares are classified as liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued. Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and options are recognized as deduction from equity, net of any tax effects.

f. Share units

When the Company issues units that are comprised of a combination of shares and warrants, the fair value of the warrants determined using a Black Scholes Option Pricing Model, is allocated to the warrants and the residual is allocated to the share capital.

g. Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The increase in the obligation due to the passage of time is recognized as finance expense. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

i. Intangible assets

The Company owns intangible assets consisting of an e-commerce platform. Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss as incurred. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite lives are tested for impairment annually.

j. Convertible debentures

Convertible debentures issued with variable conversion features are recorded at amortized cost and accounted for as a hybrid financial instrument with separate debt and derivative liability components. The derivative liability is recorded at fair value and deducted from the face value of the debt to arrive at the liability component which will be accreted to face value over the life of the debenture. The derivative liability is remeasured at fair value at each period subsequent to initial recognition.

Convertible debentures issued with fixed-for-fixed equity conversion features are initially discounted at the market rate without conversion feature and the residual value is allocated to an equity reserve. Subsequently the debt component is recorded at amortized cost.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in the consolidated statement of loss and comprehensive loss in the period in which the expenditure is incurred.

Subsequent to initial recognition, internally-generated intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

At December 31, 2023 and June 30, 2023, the Company had not recognized any internally-generated intangible assets and had recorded all amounts incurred as research costs.

l. Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2023 and 2022

*(Unaudited - Expressed in Canadian dollars)***3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

l. Leases (continued)

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration and sales and marketing expense in the consolidated statement of loss and comprehensive loss. Short term leases are defined as leases with a lease term of 12 months or less.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset.

m. Issued but not effective accounting standards

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. ACCOUNTS RECEIVABLE

	December 31, 2023	June 30, 2023
	\$	\$
HST /GST recoverable	175,906	169,807
Total	175,906	169,807

5. PREPAID EXPENSES

	December 31, 2023	June 30, 2023
	\$	\$
Business services	4,915	8,865
Retainer legal fees	300	300
Total	5,215	9,165

During the year ended June 30, 2023, the Company wrote off a \$20,000 deposit given to Kiara Holdings Corp., which was not considered collectable (Note 17). During the six months ended December 31, 2023, Kiara returned the \$20,000 and was recorded as other income in the Company's interim consolidated statements of loss and comprehensive loss.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2023 and 2022

*(Unaudited - Expressed in Canadian dollars)***6. DEPOSITS**

	December 31, 2023	June 30, 2023
	\$	\$
Plans of arrangement (Note 16)	3,000	3,000
Total	3,000	3,000

7. INVESTMENTS IN PHARMADELIC AND GREEN PARROT

As at December 31, 2023, the Company holds a 33.06% interest (June 30, 2023 - 33.06%) in Pharmadelic Labs Inc. which is inactive as at December 31, 2023 and June 30, 2023. These investments were fully impaired during the year ended June 30, 2021.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2023	June 30, 2023
	\$	\$
Amount owing to third parties	1,246,829	1,263,768
Due to related parties (Note 15)	85,000	68,645
	1,331,829	1,332,413

9. REDEEMABLE PREFERRED SHARES

(a) Authorized: unlimited Class A – preferred shares

(b) Issued

	December 31, 2023		June 30, 2023	
	Shares	Amount, \$	Shares	Amount, \$
Class A preferred shares				
Balance, beginning and end of period	1,168,540	3,000	1,168,540	3,000

The Class A – preferred shares, with an average redemption price of \$0.00000575 each for a total value of \$4,000, are non-voting, non-participating and are mandatorily redeemable by the Company in accordance with the Plans of Arrangement.

The preferred shares will be redeemed once the spin-out (divesting) transactions are completed under the 2017 Plans of Arrangement (Note 16).

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

10. SHARE CAPITAL

- (a) Authorized: unlimited common shares, without par value; and unlimited preferred shares, without par value.
- (b) Issued and outstanding: 11,391,161 common shares issued and outstanding as of December 31, 2023 (June 30, 2023: 10,491,161)

On July 7, 2022, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidated common share for every 20 pre-consolidated shares. All share figures and references have been retrospectively adjusted.

During the six months ended December 31, 2023, the following transaction occurred:

On September 11, 2023, the Company issued 900,000 common shares for gross proceeds of \$72,000 on the exercise of share purchase warrants at \$0.08 per share.

During the year ended June 30, 2023, the following transaction occurred:

On July 22, 2022, the Company closed a non-brokered private placement for 8,333,333 units at a price of \$0.06 per unit for gross proceeds of \$500,000. Each unit comprises one common share and one common share purchase warrant. Each full warrant will be exercisable into a common share for a period of 24 months at an exercise price of \$0.08.

- (c) Share purchase warrants

As of December 31, 2023, the following warrants were outstanding and exercisable:

Warrants Outstanding and Exercisable	Exercise Price, \$	Expiry Date
7,433,333	0.08	July 22, 2024

On July 22, 2022, 8,333,333 warrants valued at \$225,692 using Black-Scholes Option Pricing Model were issued in connection with the private placement.

On September 11, 2023, the Company issued 900,000 common shares for gross proceeds of \$72,000 on the exercise of share purchase warrants at \$0.08 per share.

The fair value of the warrants issued were estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	July 22, 2022
Estimated risk-free rate	3.07%
Expected volatility	167.67%
Estimated annual dividend yield	0.00%
Expected life of warrants	2.0 years
Stock price at issue date	\$0.13
Forfeiture rate	0.00%

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2023 and 2022

*(Unaudited - Expressed in Canadian dollars)***10. SHARE CAPITAL (continued)**

(c) Share purchase warrants (continued)

A summary of the Company's issued and outstanding warrants as at December 31, 2023 and during the period is presented below:

	Warrants Outstanding	Weighted Average Exercise Price, \$
Balance, June 30, 2022	64,158	61.98
Issued	8,333,333	0.08
Expired	(64,158)	4.00
Balance, June 30, 2023	8,333,333	0.08
Exercised	(900,000)	0.08
Balance, December 31, 2023	7,433,333	0.08

The weighted average life of warrants outstanding is 0.50 year as at December 31, 2023.

(d) Stock options

There were no stock options granted and outstanding during the six months ended December 31, 2023 and the year ended June 30, 2023.

(e) Non-controlling interest

The Company has a 50% interest in WASS. The Company controls the operations of WASS as it makes all the strategic decisions of WASS. WASS was specialized in industrial hemp biomass supply and its principal place of business was Las Vegas, Nevada. WASS is currently inactive.

	December 31, 2023 \$	June 30, 2023 \$
Non controlling interest – opening balance	(1,335,881)	(1,315,408)
Allocation of net loss for the period	(8,707)	(20,473)
Non controlling interest – closing balance	(1,344,588)	(1,335,881)

EGF Theramed Health Corp.

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 For the Three and Six Months Ended December 31, 2023 and 2022
 (Unaudited - Expressed in Canadian dollars)

10. SHARE CAPITAL (continued)

(e) Non-controlling interest (continued)

Summarised financial information of WASS:

	December 31, 2023 \$	June 30, 2023 \$
Assets	—	—
Liabilities	2,689,176	2,671,761
Equity	(2,689,176)	(2,671,761)
Revenue	—	—
Other income	—	—
Expenses	17,415	40,946
Cash flow from operating activities	—	—
Cash flow from investing activities	—	—
Cash flow from financing activities	—	—

(f) Reserves – equity portion and contributed surplus

Contributed surplus records the fair value of the common share purchase warrants (Note 10c) and items recognized as stock-based compensation expense (Note 10d). At the time the warrants or options are exercised, the corresponding amount will be transferred to share capital. The equity portion of convertible debt reserve includes the discount amount of the convertible debentures with fixed-for-fixed conversion feature.

11. DEBT

A summary of the Company's unsecured demand loans as at December 31, 2023 is presented below:

	Loans payable
Balance, June 30, 2022	\$ 840,381
Additions	75,000
Interest	6,775
Repayments	(2,500)
Balance, June 30, 2023	919,656
Additions	61,000
Interest	8,375
Balance, December 31, 2023	\$ 989,031

During the six months ended December 31, 2023, the Company received a loan of \$5,000 from a shareholder. The loan is unsecured, bears interest at 10% per annum and is payable within one year. The Company also received loans of \$6,000 bearing interest at 15% per annum and payable within 24 months and \$50,000 bearing interest at 5% per annum and payable within one year from third parties.

EGF Theramed Health Corp.

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For the Three and Six Months Ended December 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

12. OBLIGATION UNDER FORMER LEASE

The following is a continuity schedule of lease liabilities for the six months ended December 31, 2023 and the year ended June 30, 2023:

Balance, June 30, 2022	\$	376,456
Interest accrued		30,836
Loss on foreign exchange		10,110
Balance, June 30, 2023		417,402
Interest accrued		18,252
Loss on foreign exchange		(837)
Balance, December 31, 2023	\$	434,817

As the Company was in default under the lease agreement at June 30, 2021, the entire balance owing is classified as a current liability. On October 12, 2021, the Company reached settlement on the lease agreement pursuant to the legal claim at \$349,416 (US\$281,925).

The amount owing under the Settlement agreement has been adjusted to reflect the exchange rate at December 31, 2023 together with accrued interest of \$18,252 at average rate of 9.5% per annum, based on the legal interest rate per the State of Nevada.

13. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, liquidity risk, interest rate risk, and currency risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a. Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the commercialization of the licensed proprietary health monitoring/therapeutic systems and the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any external capital requirements imposed by a regulator. There have been no changes in the Company's management of capital.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2023 and 2022

*(Unaudited - Expressed in Canadian dollars)***13. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)**

b. Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. The Company's credit risk was primarily attributable to bank balances and GST/HST receivable. The Company limits its credit exposure on cash held in bank accounts by holding its key bank accounts with reputable financial institutions. GST/HST receivable is due from Canadian Government and management believes that the credit risk to be minimal.

c. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

As at December 31, 2023, the Company had a cash balance of \$53,549 and accounts payable and accrued liabilities of \$1,331,829. All of the Company's financial liabilities are treated with maturities of less than one year and are subject to normal trade terms. Management is considering different alternatives to secure adequate debt, loan extensions, or equity financing to meet the Company's short term and long-term cash requirement. The Company has a working capital deficit of \$2,520,685.

d. Interest rate risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

e. Foreign exchange risk

The Company's functional and reporting currency is the Canadian dollar with significant business and purchases are transacted in United States dollars (USD). As a result, the Company is exposed to USD foreign currency risk that is not hedged against. As a result, the Company may incur material and uncontrolled losses on USD foreign exchange.

The Company is exposed to currency risk through the following monetary assets and liabilities denominated in foreign currencies:

	December 31, 2023		June 30, 2023	
Cash	US\$	-	US\$	3,000
Accounts payable	US\$	359,650	US\$	359,650
Lease liability	US\$	328,759	US\$	307,310

Based on the above net exposures and assuming that all other variables remain constant, a 10% change in the value of the foreign currencies against the Canadian dollar would result in an increase or decrease of \$91,000 (June 30, 2023: \$88,000) in income/loss from operations.

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

14. FAIR VALUE

The fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements on a recurring basis within the fair value hierarchy. The Company does not have any non-recurring fair value measurements. Measurement is categorized and determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2023 and June 30, 2023:

	December 31, 2023		June 30, 2023	
	Level 1	Level 3	Level 1	Level 3
Financial assets at fair value through profit or loss				
Cash	\$ 53,549	—	\$ 11,503	—
Marketable securities	\$ —	217	\$ —	217

Transfers to/from Levels 1, 2 and 3 are recognized at the end of the reporting period in which a change in valuation technique or methodology occurs. The estimated fair value of the marketable securities transferred from Level 1 to Level 3 during the year ended June 30, 2023 due to no observable market activity. The fair values of financial instruments measured at amortized cost approximate their carrying amounts.

15. RELATED PARTY TRANSACTIONS

Compensation on key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

	Three months ended		Six months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Management fees to CEO	3,000	15,500	6,000	17,500
Management fees to CFO	8,571	8,571	17,143	17,143
Management fees to Director	1,500	—	3,000	—
Total	13,071	24,071	26,143	34,643

EGF Theramed Health Corp.

Notes to the Interim Consolidated Financial Statements

For the Three and Six Months Ended December 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

15. RELATED PARTY TRANSACTIONS (continued)

The Company has \$3,000 balance due to the current CEO of the Company as at December 31, 2023 (June 30, 2023: \$5,645). During the six months ended December 31, 2023, the Company accrued \$Nil in management fees payable to Jatinder Dhaliwal, former CEO and director of the Company, and the total amount owing as at December 31, 2023 was \$72,900 which is included in the amount owing to third parties.

The Company has balance due to the CFO of the Company as at December 31, 2023 for the amount of \$81,000 (June 30, 2023: \$63,000).

The Company has balance due to the director of the Company as at December 31, 2023 for the amount of \$1,000 (June 30, 2023: \$Nil).

16. PLANS OF ARRANGEMENT

2017 Plan of Arrangement

In March 2017, the Company filed and received court approval for its 2017 Plan of Arrangement (“2017-POA”) for the planned spinout of Eviana Health Corporation (“Eviana”), formerly C&C Cosmeceuticals Corp., and four newly formed subsidiary corporations Ecovatec Health Solutions Inc. (formerly 1109863 B.C. Ltd.), 1109858 B.C. Ltd., 1109870 B.C. Ltd., EGF Health Holdings Corp. (formerly, Automated Techno Medical Corp., formerly 1109871 B.C. Ltd.) to facilitate other contemplated spin-out transactions.

On July 26, 2019, the Company completed the spin out (divesting) of EGF Health Holdings Corp. by the distribution of 7,790,265 Class Redeemable preferred shares to its shareholders (Note 9). As of December 31, 2023, the Company has \$3,000 (June 30, 2023: \$3,000) in remaining deposits related to contemplated spin outs under the 2017-POA.

17. PROPOSED TRANSACTION

On February 8, 2023, the Company entered into Letter of Intent (“LOI”) to acquire 100% ownership of KIARO HOLDINGS CORP’s Nanaimo Dispensary (78 Wharf St, Nanaimo, BC V9R 5G6) (“Kiaro”).

This LOI set forth certain understandings and binding obligations between EGF Theramed and Kiaro and Kiaro shareholders owning 100% of its issued and outstanding interest in Nanaimo Dispensary (the “Vendors”) with respect to a proposed transaction (the “Proposed Transaction”) in which EGF will purchase all the issued and outstanding capital stock of Kiaro from the Vendors for up to \$100,000 in cash. The Company and Kiaro have a common director namely Usama Chaudhry and former director Jatinder Dhaliwal. During the year ended June 30, 2023, the Company advanced \$20,000 as deposit in relation to this proposed transaction. As at June 30, 2023, the Company wrote off the deposit as was considered uncollectable. During the six months ended December 31, 2023, Kiaro returned the \$20,000 and was recorded as other income in the Company’s interim consolidated statements of loss and comprehensive loss.

The transaction has not closed at the issuance date of the interim consolidated financial statements.