

ORION NUTRACEUTICALS INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AUGUST 31, 2024 AND 2023

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

Notice to Readers

Under National Instrument 51-102, Part 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Orion Neutraceuticals Inc. for the three months ended August 31, 2024 and 2023 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These condensed interim consolidated financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these condensed interim consolidated financial statements.

Orion Nutraceuticals Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

AS AT,	Note	August 31, 2024	May 31, 2024 (Audited)
ASSETS			
Current assets			
Cash		\$ 111,823	\$ 193,462
TOTAL ASSETS		\$ 111,823	\$ 193,462
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current liabilities			
Accounts payable		\$ 488,726	\$ 509,857
Accrued liabilities	5	591,812	578,162
Loans payable	5, 6	44,905	82,238
TOTAL LIABILITIES		1,125,443	1,170,257
SHAREHOLDERS' DEFICIT			
Share capital	7	8,513,978	8,513,978
Share-based payment reserve	7	1,336,860	1,336,860
Deficit		(10,863,536)	(10,826,711)
Attributable to shareholders		(1,012,698)	(975,873)
Non-controlling interest	2	(922)	(922)
TOTAL SHAREHOLDERS' DEFICIT		(1,013,620)	(976,795)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		\$ 111,823	\$ 193,462

Nature of Operations and Going Concern (Note 1)

Promissory Notes (Note 3)

Marketable Securities (Note 4)

Approved and authorized by the Board on October 4, 2024

“Amanda Boudreau”

Director

“Guy Bourgeois”

Director

See accompanying notes to the condensed interim consolidated financial statements

Orion Nutraceuticals Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

	Note	For the period ended,	
		August 31, 2024	August 31, 2023
EXPENSES			
Management fees	5	\$ 2,100	\$ 22,500
Office administration		-	35
Professional fees		31,055	18,931
Regulatory and transfer agent fees		3,670	3,885
Loss and comprehensive loss for the period		\$ (36,825)	\$ (279,691)
Basic and diluted loss per share		\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding		29,307,965	29,307,965

See accompanying notes to the condensed interim consolidated financial statements

Orion Nutraceuticals Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

	Share capital						
	Note	Number of shares	Amount	Share-based payment reserve	Deficit	Non-controlling interest	Total
Balance at May 31, 2023		29,307,965	\$ 8,513,978	\$ 1,336,860	\$ (10,764,889)	\$ (922)	\$ (914,973)
Net and comprehensive loss		-	-	-	(45,351)	-	(45,351)
Balance at August 31, 2023		29,307,965	\$ 8,513,978	\$ 1,336,860	\$ (10,810,240)	\$ (922)	\$ (960,324)
Balance at May 31, 2024		29,307,965	\$ 8,513,978	\$ 1,336,860	\$ (10,826,711)	\$ (922)	\$ (976,795)
Net and comprehensive loss		-	-	-	(36,825)	-	(36,825)
Balance at August 31, 2024		29,307,965	\$ 8,513,978	\$ 1,336,860	\$ (10,863,536)	\$ (922)	\$ (1,013,620)

See accompanying notes to the condensed interim consolidated financial statements

Orion Nutraceuticals Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

For the period ended:	August 31, 2024	August 31, 2023
OPERATING ACTIVITIES		
Loss for the period	\$ (36,825)	\$ (45,351)
Net change in non-cash working capital accounts:		
Accounts payable and accrued liabilities	(7,481)	25,233
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(44,306)	(20,118)
FINANCING ACTIVITIES		
Loans received (repaid)	(37,333)	19,662
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(37,333)	19,662
Change in cash for the period	(81,639)	(456)
Cash, beginning	193,462	3,992
CASH, ENDING	\$ 111,823	\$ 3,536

See accompanying notes to the condensed interim consolidated financial statements

Orion Nutraceuticals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

For the period ended August 31, 2024 and 2023

1. NATURE OF OPERATIONS AND GOING CONCERN

Orion Nutraceuticals Inc. (the “Company” or “Orion”) was incorporated under the Business Corporations Act of British Columbia on November 7, 2017. On October 17, 2018, the shares of the Company commenced trading on the Canadian Securities Exchange (“CSE”) under the trading symbol ORI. The Company’s head office and principal place of business is located at Suite 1890 – 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9. The Company was in the business of pursuing acquisitions of, or investments in, subsidiaries in global markets to grow cannabis and extract cannabis oil that will be used as an ingredient in proprietary health and beauty products and distributed in bulk to other manufacturers. During the year ended May 31, 2021, the Company changed its business model to focus on re-purposing a United States Food and Drug Administration approved drug to target asthma and chronic obstructive pulmonary disease (COPD) (Note 3).

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning they will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. During the period ended August 31, 2024, the Company generated a net loss of \$36,825 (August 31, 2023 –\$45,351) and at August 31, 2024, the Company had excess current liabilities over current assets of \$1,013,620 (May 31, 2024 - \$976,795). The Company’s ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements, continued cooperation of creditors and related parties, and ultimately upon generating profits from operations. These material uncertainties may cast significant doubt upon the entity’s ability to continue as a going concern.

The Company depends almost exclusively on equity financing. Such equity financings include the issuance of additional equity shares. There can be no assurance that equity financings will be available to meet the continuing operating costs or, if the equity is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company’s liabilities and future cash commitments. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected, thus giving rise to doubt about the Company’s ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments could be material.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION

Statement of compliance with International Financial Reporting Standards

These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies described in Note 2 of the Company’s annual audited financial statements as at and for the year ended May 31, 2024. Accordingly, these condensed consolidated interim financial statements for the period ended August 31, 2024 should be read together with the annual audited consolidated financial statements as at and for the year ended May 31, 2024.

These condensed interim consolidated financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and in accordance with the International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”).

These condensed interim consolidated financial statements have been prepared on the accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars, which unless otherwise noted, is the Company and its subsidiary’s functional currency.

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issuance by the Board of Directors on October 4, 2024.

Orion Nutraceuticals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

For the period ended August 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

Basis of Consolidation

The Company's condensed interim consolidated financial statements include the accounts of the Company and its subsidiary MedicOasis Inc. ("MedicOasis") in which the Company has a 99% ownership. A subsidiary is an entity controlled by the Company, where control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the Company's subsidiary is included in these condensed interim consolidated financial statements. All intercompany balances and transactions, income and expenses have been eliminated upon consolidation.

During the year ended May 31, 2020, MedicOasis incurred losses. MedicOasis has been inactive since June 1, 2020. The non-controlling interest of 1% in MedicOasis was held by other minority shareholders.

	\$
Non-controlling interest, May 31, 2021	(922)
Non-controlling interest in loss of MedicOasis during May 31, 2022, 2023, 2024 and August 31, 2024	-
Total non-controlling interest, May 31, 2022, 2023, 2024 and August 31, 2024	(922)

Significant Judgements and Estimates

The preparation of financial statements in conformity with IFRS requires management to make 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 income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgement in the process of applying the accounting policies.

On an on-going basis, management evaluates its estimates and assumptions in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include stock-based awards and payments, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets.

Significant judgments

In preparing these condensed interim consolidated financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty are the same as those that applied to the Company's audited consolidated financial statements for the year ended May 31, 2024, with exception to the new accounting policies adopted by the Company discussed below.

The preparation of condensed interim consolidated financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The preparation of financial statements in conformity with IFRS requires management to make 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 income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgement in the process of applying the accounting policies.

Orion Nutraceuticals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

For the period ended August 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION AND BASIS OF PREPARATION (CONTINUED)

New or revised accounting standards

Other 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.

3. PROMISSORY NOTES

On August 25, 2020, the Company extended to 2740162 Ontario Inc. (d/b/a "August Therapeutics"), a private corporation, a series of secured notes, bearing interest at 1% per annum compounded monthly in connection with a non-binding letter of intent. The notes were recorded at fair value using a discount rate of 20% at initial recognition and subsequently.

During the years ended May 31, 2021 and 2022, the Company extended to Ketiko Bio Corp. ("Ketiko") notes bearing interest of 1% per annum calculated monthly. The notes matured and were due and payable on October 28, 2021. The notes were recorded at fair value using a discount rate of 20% at initial recognition and subsequently.

At May 31, 2022, \$2,278,745 (US\$1,801,664) of the notes had reached maturity and had not been repaid. During the year-ended May 31, 2022, the Company deemed the notes to be uncollectable, and impaired the notes to \$Nil.

On December 19, 2022, the Company entered into a debt settlement agreement (the "Debt Settlement Agreement") with August Therapeutics and Ketiko (the "Debtors") relating to the promissory notes the Company extended to the Debtors in prior years. During the year ended May 31, 2024, the Debtors entered into an Asset Purchase Agreement with Therma Bright Inc. ("Therma") where the Debtors sold certain assets in exchange for 55,000,000 shares of Therma (the "Consideration Shares"). On October 23, 2023, pursuant to the Debt Settlement Agreement, the Debtors transferred 25,000,000 shares of Therma with a fair value of \$875,000 to fully satisfy the outstanding debt with the Company and recorded a recovery of promissory notes of \$875,000 (Note 4).

4. MARKETABLE SECURITIES

At August 31, 2024 and May 31, 2024, the Company did not hold any marketable securities.

The continuity of the Company's marketable securities is as follows:

	May 31, 2023	Additions	Disposals	Fair value change	May 31 and August 31, 2024
Investment in public entities:	\$	\$	\$	\$	\$
Therma - Shares	-	875,000	(254,500)	(620,500)	-
Total	-	875,000	(254,500)	(620,500)	-

During the year ended May 31, 2024, the Company received 25,000,000 common shares of Therma with a fair value of \$875,000 pursuant to the Debt Settlement Agreement (Note 3). During the year ended May 31, 2024, the Company sold all its common shares of Therma for proceeds of \$254,500 and realized a loss of \$620,500.

5. RELATED PARTY TRANSACTIONS AND BALANCES

The Company defines key management as directors and officers of the Company.

Orion Nutraceuticals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

For the period ended August 31, 2024 and 2023

6. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

The following are the transactions with related parties during the periods ended August 31, 2024, and 2023, respectively:

	2024	2023
Management fees paid or accrued to the former CEO and related companies	\$ -	\$ 22,500
Management fees paid or accrued to the CEO	2,100	-
Total	\$ 76,500	\$ 22,500

At August 31, 2024, the Company owes \$401,250 (May 31, 2024 - \$401,250) directly or to companies controlled by key management personnel, which is included in accrued liabilities. At August 31, 2024, the Company owes \$44,905 (May 31, 2024 - \$44,905) directly to key management personnel, which is included in loans payable (Note 6). These amounts are unsecured, non-interest bearing and due on demand.

7. LOANS PAYABLE

	Loans \$	Related Party Loans \$	Total \$
Balance, May 31, 2023	37,333	53,000	90,333
Additions, net of repayments	-	(8,095)	(8,095)
Balance, May 31, 2024	37,333	44,905	82,238
Repayments	(37,333)	-	(37,333)
Balance, August 31, 2024	37,333	44,905	44,905

During the year ended May 31, 2024, the Company received loans of \$19,662 from and repaid \$27,757 to a former related party (Note 5). During the period ended August 31, 2024, the Company repaid loans of \$37,333.

The Company has loan balances of \$44,905 owing as of May 31, 2024 (May 31, 2024 - \$82,238), of which \$44,905 (May 31, 2024 - \$44,905) is payable to key management personnel (Note 5). The loans are unsecured, non-interest bearing and due on demand.

8. SHARE CAPITAL AND RESERVES

Authorized: Unlimited common shares without par value.

Issued and Outstanding:

For the period ended August 31, 2024:

No capital activity during the period ended August 31, 2024.

For the year ended August 31, 2023:

No capital activity during the year ended August 31, 2023.

Share Purchase Warrants

The Company has no outstanding warrants as at August 31, 2024.

Orion Nutraceuticals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

For the period ended August 31, 2024 and 2023

7. SHARE CAPITAL AND RESERVES (CONTINUED)

Options

The Company grants stock options to employees, Directors, officers, and consultants of the Company as compensation for services pursuant to its Stock Option Plan (the “Plan”). Options have a maximum expiry period of up to five years from the grant date and are subject to minimum vesting requirements, as determined by the Board of Directors. The number of options that may be issued under the Plan may not exceed 20% of the number of issued and outstanding common shares of the Company at the time of granting of options.

The following table summarizes options activity:

	Number of options	Weighted average price \$
Balance at May 31, 2023	26,000	6.25
Expired/cancelled	(26,000)	6.25
Balance at May 31, 2024 and August 31, 2024	-	-

The Company has no stock options outstanding as at August 31, 2024.

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. CAPITAL MANAGEMENT

The Company’s objective when managing capital is to safeguard the Company’s ability to continue as a going concern in order to carry out its business plan and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company consists of common shares. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

There were no changes in the Company’s approach to capital management during the period. There are no externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair values

The fair values of cash, loans payable and accounts payable approximate their carrying values due to the short-term to maturities of these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Orion Nutraceuticals Inc.

Notes to the Condensed Interim Consolidated Financial Statements

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

For the period ended August 31, 2024 and 2023

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Company's cash is measured using level 1 inputs. The Company's investment portfolio is measured using the most reliable measure of fair value and range from level 1 to level 3 inputs. During the period ended August 31, 2024 and year ended May 31, 2024, there were no transfers between levels.

(b) 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 is not exposed to interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash on hand to meet its financial obligations. Liquidity risk is assessed as high.

(d) 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 in its cash. The risk on cash is managed through the use of a global services provider specializing in payment solutions and foreign exchange management. Although the financial services provider is not a financial institution, the Company has assessed its credit risk exposure to the financial services provider as moderate, based on the provider's historical performance and market standing.

(e) Foreign exchange rate risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company does not hedge its exposure to fluctuations in foreign exchange rates. At August 31, 2024, the Company has minimal impact from foreign exchange risk as it does not hold any assets in foreign currencies.