HILL INCORPORATED

(PREVIOUSLY HILL STREET BEVERAGE COMPANY INC.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month periods ended September 30, 2023 and 2022

The following management's discussion and analysis ("**MD&A**") provides a review of the activities, results of operations and financial condition of Hill Incorporated Inc., previously Hill Street Beverage Company Inc., (the "**Company**", **"we"** or "**Hill**") for the three-month periods ended September 30, 2023 and 2022. These comments should be read in conjunction with the audited consolidated financial statements for the years ended June 30, 2023 and 2022 and accompanying notes included therein, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). This MD&A has been prepared as of November 28, 2023. Additional information relating to Hill is available on SEDAR.

All amounts are stated in Canadian dollars unless otherwise identified.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the Company website at www.hillincorporated.com, or at the Company's profile on http://www.sedarplus.ca./

FORWARD-LOOKING STATEMENTS

Except for the historical information contained herein, the discussion in this MD&A contains certain forward-looking statements that involve risks and uncertainties, such as statements of Hill's plans, objectives, strategies, expectations and intentions. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "anticipate", "seek", "plan", "believe" or "continue" or the negatives of these terms or variations of them or similar terminology. Although Hill believes that the expectations and assumptions reflected in these forward-looking statements are reasonable, undue reliance should not be placed on these forward-looking statements. These forward-looking statements are not guarantees and reflect Hill's views as of November 27, 2023 with respect to future events. Future events are subject to certain risks, uncertainties, and assumptions, which may cause actual performance and financial results to differ materially from such forward-looking statements. Any forward-looking statements, including statements regarding expected revenues, volumes, operating efficiencies, or costs may be based on, among other things, the following material factors and assumptions: sales volumes will increase over time; no material changes in basic consumer preferences; manufacturing and packaging efficiencies will improve over time; the cost of input materials for manufacturing will increase over time; competitive activity from competitors will continue; foreign currency exchange rates will change; there will likely be material changes to the regulatory environment in which Hill operates, particularly regarding cannabis-related products, and there will be no material supply, cost or quality control issues with vendors. Readers are urged to consider the foregoing factors and assumptions when reading the forward-looking statements and for more information regarding the risks, uncertainties and assumptions that could cause Hill's actual financial results to differ from the forward-looking statements, to also refer to the remainder of the discussion in this MD&A, Hill's various other public filings as and when released by Hill. The forward-looking statements included in this MD&A are made only as of November 27, 2023 and, except as required by applicable securities laws, Hill does not undertake to publicly update such forward-looking statements to reflect new information, future events or otherwise.

BUSINESS HIGHLIGHTS FOR THE PERIOD ENDED SEPTEMBER 30, 2023

- ***21% Increase in DehydraTECH Licensing Revenues vs. Same Quarter Year Ago***

- ***Added Major New DehydraTECH Licensing Deal with Leading Multi-State Operator MariMed Inc., the Result of Significant Product R&D and Manufacturing Development Efforts in the Quarter***

- ***5% Growth in Vin(Zero) Alcohol-Free Wine Depletions (Case Sales from Distributor to Canadian Retailers) for the Fiscal Year to Date vs. Same Period Year Ago***

- ***Secured Major New Vin(Zero) Retail Distribution, Adding the Largest Grocery Retailer in Western Canada - Save-On-Foods - to Our Base of Vin(Zero) Customers***

- ***Narrowed Net Loss for the Period by Almost Half, Improving a Full 49% vs. Same Quarter Year Ago***

21% Increase in DehydraTECH Licensing Revenues vs. Same Quarter Year Ago

Our DehydraTECH licensing revenues (in USD) increased 21% in the quarter vs. year ago, as our strong ecosystem of licensees continued to drive sales in their existing state footprints and licensee 1906 expanded their DehydraTECH-powered 'Drops' products to New York.

Subsequent to the quarter end, 1906 also launched an exciting new direct-to-consumer (DTC) initiative across a majority of US states, offering hemp-derived Delta-9 THC micro-dose versions of their popular 'Drops' products, which are also produced using DehydraTECH. This DTC launch expanded access of 1906 Drops varieties to a much broader footprint of consumers, adding DTC distribution across approximately 36 states to the current dispensary availability of the higher dose, marijuana-derived delta-9 THC 1906 Drops in Colorado, Illinois, Massachusetts, Michigan, Missouri, New Jersey, New York, Oklahoma, and Pennsylvania. More information on 1906's products can be found at https://1906.shop/.

Added Major New DehydraTECH Licensing Deal with Leading Multi-State Operator MariMed Inc., the Result of Significant Product R&D and Manufacturing Development Efforts in the Quarter

The quarter was also a period of intensive R&D, product and commercial manufacturing development, culminating in the November 16, 2023 announcement that leading multi-state operator MariMed will use the patented DehydraTECH biodelivery technology to power the next generation of cannabis edibles sold under several of its award-winning brands.

Over the next few months, MariMed will roll out the improved DehydraTECH products, including '***Vibations™***' all-natural, full-spectrum cannabis drink mix and '***K Fusion™***' chewable tablets, in Massachusetts, Maryland, Illinois, and Delaware.

This new addition to our DehydraTECH licensee ecosystem represents continued expansion by Hill on the key factors driving the growth agenda of our DehydraTECH licensing business:

1) **new licensees** – increasing our base of active licensees and brands;
2) **new states** – new state launches expanding the geographic coverage for active licensees or brands;
3) **new product form factors** – innovation to expand the number of DehydraTECH-powered consumer product forms and types in market to fill consumer needs and occasions; and
4) **deeper penetration of products across operations** – driving deeper penetration of the breadth of product forms and brands across current and new states.

The following chart shows the significant advances we have made year-over-year in the DehydraTECH licensing business, beginning from the December 2020 rights acquisition through December 2023 (expected).

	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23
Total Active Customers In-Mkt	1	4	7	9
Total States Active	4	6	11	13
Total Product Forms Active	3	6	7	13
Product Penetration Depth*	7	11	21	34

* Product forms x brands x states available

5% Growth in Vin(Zero) Alcohol-Free Wine Depletions (Case Sales from Distributor to Canadian Retailers) for the Fiscal Year to Date vs. Same Period Year Ago

As outlined in earlier communications, we transformed our Vin(Zero) alcohol-free wine business model at the end of FY 2022, with major adjustments across all the key areas of production planning, shipping and logistics, warehousing, sales and retail distribution. These changes have led to several key positive financial impacts:

- shortened our order-to-cash cycle;
- reduced the level of working capital that we hold in finished goods inventory;
- reduced warehousing and transportation costs with streamlined distribution;

- Reduced the need for more expensive temperature-controlled containers for our products as our forecasting, operations planning, and inventory logistics models create a more efficient shipping cycle.

As also previously communicated, this new streamlined commercial model creates a new and different cadence to the business. More dramatic periodic swings in both our inventory order patterns and our recognized revenues are planned based on more efficient supply chain logistics, and the business results must be looked at differently across longer time frames. We now place inventory procurement orders less frequently, but more rapidly convert those orders to revenues on the P&L and cash on the balance sheet.

As we expected, there were no major shipment arrivals nor their resulting recognized revenues in this quarter, reflecting the continued new cadence of the business. Last year in the same quarter we did receive a replenishment shipment of one of our SKUs that was reflected in Q1 revenues, so our recognized revenues this year are down 95% in the quarter. However, we have already received shipment of a large order that will be reflected in revenues for the FY2024 Q2 period ending December 31, 2023.

As we adapt to the new cadence of shipments and revenues, a key measure of the underlying business in this new model is our case depletions, which are the sales figures from our distributor to retailers. Case depletions have increased 5% for the fiscal year to date, recovering well from the price increase we implemented last summer that eliminated one of our key merchandising programs at a major retailer. The increase in depletions shows the continued core growth of the business, demonstrating two important sales trends for this business:

1. New IWSR data shows no/low-alcohol consumption will increase by a third in 10 markets including Canada by 2026, spearheaded by the growth of no-alcohol products[1]; and

2. Vin(Zero) is the #1-selling brand of alcohol-free wine in the two largest grocery retailers in Canada.

Secured Major New Vin(Zero) Retail Distribution, Adding the Largest Grocery Retailer in Western Canada - Save-On-Foods - to Our Base of Vin(Zero) Customers

In addition to our core organic results in FY 2024 to date, we also secured a major new account in Q1, adding Save-On-Foods to our customer base. Save-On-Foods is Western Canada's largest grocery retailer[2], with a dynamic history dating back to 1915. Their Wholesale Division also services ***Choice Markets***, ***Quality Foods***, ***Georgia Main***, ***AG Foods***, ***Buy-Low Foods*** & ***Calgary Co-Op***. In total, this placement provides new consumer access to Vin(Zero) through approximately 165 Save-On-Foods stores across ***British Columbia, Alberta, Saskatchewan, Manitoba and the Yukon Territory***. We are excited about this new additional new business and its impact in future quarters, on top of our strong existing base of customers.

[1] https://www.theiwsr.com/no-and-low-alcohol-category-value-surpasses-11bn-in-2022/

[2] Source: Save-On-Foods

Narrowed Net Loss for the Period by Almost Half, Improving a Full 49% vs. Same Quarter Year Ago

On a consolidated basis, net revenue declined 36% for the quarter vs. year ago, due as noted to the differing timing of alcohol-free wine shipments and revenue timing patterns between the two years. Despite this decline, gross profit for the quarter declined only 8% vs. year ago, clearly demonstrating the positive impact of the more profitable DehydraTECH licensing business on gross profit. These revenue results, combined with the significant cost reduction measures we have taken have resulted in the net loss for the period improving a full 50% vs. year ago, decreasing from $645,871 to $327,938.

DESCRIPTION OF BUSINESS

Hill Incorporated is a progressive bioscience implementation company that is dedicated to building pathways to better and healthier living by leveraging our deep CPG expertise to commercialize leading-edge technologies to craft superior cannabis solutions and non-alcoholic beverage products globally. The Company has fundamentally transformed its legacy business model to embrace a more profitable and more scalable global growth agenda.

The Company currently operates two lines of business:

1. Hill Street Beverages

This business unit represents the Company's legacy alcohol-free consumer beverage marketing and distribution business. It includes Vin(Zero) alcohol-free wine in Canada, and on a smaller scale, in the United States. Vin(Zero) uses only the finest craft ingredients and a proprietary process to remove alcohol from high-quality wines, delivering all the flavour, savour & splendour that you expect from fine wines, without the alcohol. Vin(Zero) has a simple mission of bringing consumers better quality experiences that taste better and are better for you. The products are sold in retail chain stores through Canadian distributors, exported outside of Canada through foreign distributors and offered direct to consumers online at www.hillstreetbeverages.com.

2. Hill Avenue Cannabis

Our Hill Avenue Cannabis business unit is pioneering the space where craft consumer products meet bioscience by combining our deep CPG commercialization expertise with our rights to use Lexaria Bioscience Corp's ground-breaking DehydraTECH patent portfolio for product development, licensing and B2B and B2C sales of cannabis ingredients or products on a global scale. DehydraTECH is a revolutionary, patented biodelivery technology that is scientifically proven to consistently and rapidly deliver precise doses of bioactive substances like cannabinoids into the bloodstream, for unparalleled bioavailability and onset time. For additional detail about Hill Avenue Cannabis or DehydraTECH technology, visit www.dehydratech-thc.com.

DehydraTECH technology was first developed in 2014 by Lexaria Bioscience Corp., a global innovator in drug delivery platforms. Today, the DehydraTECH intellectual property portfolio consists of 28 granted patents and approximately 50 patents pending worldwide. Hill Avenue Cannabis acquired the exclusive global rights to use and commercialize the DehydraTECH technology to power THC-infused cannabis products in late 2020.

Hill Avenue Cannabis is the DehydraTECH technology licensing, product development and commercialization partner to progressive cannabis brands worldwide who are committed to bringing exceptional, best-in-class cannabis products to market. Hill Avenue Cannabis also provides DehydraTECH-enabled business-to-business (B2B) solutions for both cannabis extractors and ingredient suppliers and consumer packaged goods (CPG) manufacturers whose products are infused with cannabis and or hemp extracts.

Findings from extensive scientific studies on the DehydraTECH technology performed by its creator Lexaria include:

- **Increased bioavailability up to 5-10x** – to equate to blood absorption by inhalational delivery
- **Increased brain permeation up to 19x** – as demonstrated in animal studies
- **Avoids first-pass liver metabolism** - mitigating unwanted side effects
- **Reduced time of onset** – effects are felt within 15-20 minutes vs. 60-120 minutes
- **Masks unwanted tastes** – eliminating the need for sugar-filled edibles

The evolution of Hill Avenue Cannabis has fundamentally changed the Company business model in several significant ways – geographically, operationally, and financially.

- **Geographical Impact**

When Hill Avenue Cannabis acquired the global rights to the DehydraTECH technology for use with THC products, it also acquired pre-existing DehydraTECH licensing agreements with certain US brands and LPs. Thus, Hill Avenue immediately entered licensing into the U.S. cannabis market, generating revenues from licensing partners already operating across four U.S. states.

Since the DehydraTECH rights were acquired in December 2020, the Company has expanded its licensing to an operating footprint in the U.S. that now covers thirteen states with a total population of 150MM[3] and an addressable market of approximately $25.6B USD in estimated 2023 cannabis sales[4]. That footprint covers states generating over two-thirds of the addressable market of $31.8B USD in projected total U.S. cannabis sales for 2023[5].

Operational Impact

The DehydraTECH licensing business is a B2B business model that utilizes the Company's prior CPG product development and commercialization knowledge to accelerate its agenda of becoming a premium cannabis biodelivery technology and ingredient solutions provider to companies looking to market premium, progressive cannabis edibles.

By combining Hill's strengths with those of DehydraTECH creator Lexaria's and Hill's downstream DehydraTECH licensees, the Company has created an ecosystem with robust capabilities in bioscience, food science, new product format and recipe development, as well as commercial manufacturing and operations for a range of consumer product form factors.

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[3] US Census Bureau, https://www.census.gov/quickfacts/fact/table/US/PST045221
[4] MJBiz Factbook 2023
[5] MJBiz Factbook 2023

- **Financial Impact**

  The overall financial efficiency of the DehydraTECH technology licensing business is superior to the legacy beverage business, bringing significantly higher margins than the beverage business.

FIRST QUARTER FY 2024 RESULTS OF OPERATIONS

For the Three-Month Period Ended	Sept. 30, 2023	Sept. 30, 2022	Sep. 30, 2021
	$	$	$
Gross Revenue	226,057	380,502	660,483
Chargebacks & listing fees	-	(26,852)	(55,744)
Net Revenue	226,057	353,650	604,739
Cost of sales	(5,027)	(113,097)	(270,317)
Gross profit	221,030	240,553	334,422
Expenses			
Accretion expense	-	3,100	2,480
Bad debt expense	-	118,151	-
Bank charges and interest	(1,016)	3,229	2,603
Consulting fees	20,240	22,163	13,021
Depreciation	67,043	80,498	89,042
Donations, dues & licenses	-	-	1,357
Filing and transfer agent fees	7,484	6,028	1,972
Insurance	61,055	59,390	39,722
Interest on promissory note	62,236	54,229	46,869
Management fees	21,073	36,236	37,167
Marketing	(11,795)	19,976	50,312
Office and miscellaneous	33,131	70,145	40,207
Professional fees	6,570	60,403	115,704
Stock-based compensation	29,918	36,732	56,083
Travel and meal allowance	4,502	10,097	14,934
Wages and salaries	246,933	250,917	271,896
Selling and delivery	5,695	75,123	102,095
	553,069	906,417	885,464
Loss before other income (expenses)	(332,039)	(665,864)	(551,042)
Other income (expenses)			
Foreign exchange gain	5,073	18,296	1,242
Gain on settlement of liability	-	-	213
Loss on fair value of consideration	-	-	(35,416)
Write-off of inventory	-	-	(18,057)
Other (expenses) income	(972)	1,697	3,500
	4,101	19,993	(48,518)
Net loss and comprehensive loss	(327,938)	(645,871)	(599,560)

FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2023 AND 2022

CONSOLIDATED NET REVENUES

For the Three-Month Period Ended		September 30, 2023	September 30, 2022
Non-alcoholic beverage sales	$	9,226	187,581
DehydraTECH licensing income		202,285	174,835
Other income		14,546	18,086
Chargebacks and listing fees		-	(26,852)
	$	226,057	353,650

For the three-month period ended September 30, 2023, consolidated net revenues decreased by 36% from $353,650 to $226,057 compared to the three-month period ended September 30, 2022. The decrease in net revenue over the same period last year was driven primarily by differing timing of production orders and revenue shifts associated with the transformed, more efficient alcohol-free business model, as previously communicated. Sales revenues to our distributor are now spread further apart with less frequent, but significant volume per order, as we optimize the timing and efficiency of our supply chain.

Chargebacks are fees charged by retailers and distributors for marketing programs and discounts, as well as other fees or penalties. Chargebacks for the three-month period ended September 30, 2023 were $nil, compared to $26,852 for the prior year quarter. These figures fluctuate based both on the number of retailer programs that are going on during the time period and revenue generated from sales to our distributor, which in this quarter was nil.

DehydraTECH Licensing Revenue

	Sept. 30, 2023	June 30, 2023	Mar 31, 2023	Dec 31, 2022	Sept. 30, 2022	June 30, 2022	Mar 31, 2022	Dec 31, 2021
Adjusted Licensing Revenue*	202,285	250,095	416,972	322,699	174,835	138,111	76,723	58,859

**Licensing Revenue has been adjusted to reflect licensing revenues, net of actual bad debts recognized in subsequent periods that would relate to the previous year's income.*

For the three-month period ended September 30, 2023, DehydraTECH licensing revenues ("**DehydraTECH Revenues**"), increased 16% to $202,285 compared to $174,835 for the three-month period ended September 30, 2022. The increase in DehydraTECH revenues vs. year ago was due to increased sales and activity among Hill's licensees and sublicensees, including new product launches and expansion into additional US states. Licensing revenue vs. prior periods was down, as the focus for the past two quarters has been the R&D and commercial development for the recently announced large MariMed addition and several legacy DehydraTECH customers work through their launch inventory.

COST OF SALES

Consolidated cost of sales were $5,027 or 2% of gross revenue for the three-month period ended September 30, 2023, compared to $113,097 or 30% of gross revenue, for the three-month period ended September 30, 2022. The decrease in cost of sales is a result of lower non-alcoholic beverage sales this quarter vs. year ago driven by the new business model, combined with the impact of a significantly higher ratio in the consolidated cost of sales of our high-margin DehydraTECH licensing revenue for the period.

OPERATING EXPENSES

Ordinary operating expenses include selling, delivery and marketing expenses, employee expenses, interest, insurance, professional fees, and other general and administrative expenses. For the three-month period ended September 30, 2023, operating expenses were 39% lower at $553,069, compared to $906,417 for the three-month period ended September 30, 2022. This decrease is mainly due to significant reductions in professional fees, expenses related to the Lucknow facility lease (which terminated in early 2023) and selling and delivery expenses relating to revenue generated from sales to our distributor, which in this quarter was $nil.

OPERATING EXPENSES - NON-CASH

For the three-month period ended September 30, 2023, the Company incurred non-cash expenses totaling $159,197 which includes expenses related to the vesting of restricted share units, depreciation, and accrued interest. For the three-month period ended September 30, 2022, the Company incurred non-cash expenses of $294,519. The decrease is mainly due to recognition of bad debt expense in the prior year quarter.

OTHER INCOME (EXPENSES)

For the three-month period ended September 30, 2023, the Company recognized other income totaling $4,101. This includes a foreign exchange gain of $5,073, offset by other expenses of $972. For the three-month period ended September 30, 2022, the Company recognized other income totaling $19,993. This includes a foreign exchange gain of $18,296 and other income of $1,697.

NET EARNINGS

The Company improved its net earnings by 49%, recording a net loss of $327,938 for the three-month period ended September 30, 2023, compared to a loss of $645,871 for the three-month period ended September 30, 2022. The improvement in net earnings was driven largely by a 39% decrease in operating expenses due to a reduction of bad debts, office and miscellaneous, professional fees and selling and delivery.

The basic and diluted loss per share for the three-month period ended September 30, 2023 was $0.10 per share, compared to $0.22 for the three-month period ended September 30, 2022, a 55% improvement.

SELECTED QUARTERLY INFORMATION

The following table summarizes certain financial information of the Company for the quarters indicated below:

	Sept. 30, 2023	June 30, 2023	Mar 31, 2023	Dec 31, 2022	Sept. 30, 2022	June 30, 2022	Mar 31, 2022	Dec 31, 2021
Gross Revenue	$226,057	$608,095	$468,297	$1,826,912	$380,502	$1,434,354	$988,549	$576,622
Net Revenue	$226.,057	$484,028	$468,297	$1,577,833	$353,650	$1,217,904	$880,943	$508,737
Cost of sales	$5,027	$169,487	$14,877	$738,156	$113,097	$746,451	$406,183	$252,280
Gross Profit	$221,030	$314,541	$453,420	$839,677	$240,553	$471,453	$474,760	$256,457
Net Loss	$327,938	$983,019	$263,295	$215,017	$645,871	$845,206	$433,693	$699,476
Total Assets	$4,042,167	$4,495,982	$5,180,124	$5,806,265	$5,434,740	$6,157,841	$6,504,174	$6,551,448
Total Liabilities	$2,706,016	$2,861,811	$2,720,838	$3,126,245	$3,287,575	$3,401,537	$3,225,247	$3,241,881
Shareholder Equity	$1,336,151	$1,634,171	$2,459,286	$2,680,020	$2,147,165	$2,756,304	$3,278,927	$3,309,567

LIQUIDITY AND CAPITAL RESOURCES

FINANCIAL POSITION

The Company’s principal capital needs are for operating expenses related to inventory, general and administrative, and marketing expenses for its two main lines of business. The Company’s alcohol-free beverage business requires significant periodic investments in finished goods production orders that are not necessary in the DehydraTECH licensing business. As discussed, we have dramatically reduced the order-to-cash cycle and the level of working capital on this business.

Additional investments are being made to support the Company’s DehydraTECH licensing business to monetize the DehydraTECH intellectual property rights and, if and when the Company considers appropriate, invest in product R&D and concept development on cannabis-infused edible products utilizing our patented DehydraTECH technology as the backbone.

WORKING CAPITAL

As of September 30, 2023, the Company had a positive working capital of $1,073,745 compared to a positive working capital of $1,225,533 at June 30, 2023.

Balances for the Period Ended	Sept. 30, 2023	June 30, 2023
Cash and cash equivalents	$713,690	$1,195,415
Accounts receivable	$296,632	$515,955
Total Cash + Accounts receivable	$1,010,322	$1,711,370

CONTRACTUAL OBLIGATIONS

A summary of the Company's contractual obligations for future periods is as follows:

Contractual Obligations	Payments due in:				Total
	1 year	2-3 years	4-5 years	Over 5 years	
Accounts payable and accrued liabilities	$126,889	-	-	-	$126,889
CEBA loan	$60,000	-	-	-	$60,000
Note payable	$78,739	$284,339	$409,209	$1,746,840	$2,519,127
Total	$265,628	$284,339	$409,209	$1,746,840	$2,706,016

SHARE CAPITAL

The Company is authorized to issue an unlimited number of Common Shares of which 3,244,403 Common Shares are issued and outstanding as of the date hereof.

No Common Shares, stock options or RSU's were issued during the three-month period ended September 30, 2023.

CAPITAL RESOURCES

As of September 30, 2023, the Company did not have commitments for capital expenditures.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

TRANSACTIONS WITH RELATED PARTIES

The Company considers its executive officers and directors to be key management personnel. The Company incurred the following amounts to related parties during the respective periods for key management personnel compensation.

During the three-month period ended September 30,	**2023**	**2022**
Total salaries, benefits and management fees	$188,442	$158,375
Stock-based compensation	$29,918	$45,599
Management and director compensation	$218,360	$203,974

Included in accounts payable and accrued liabilities as at September 30, 2023 is $40,270 (June 30, 2023: $76,236) payable to directors and officers of the Company for officer wages, including vacation payable. The amount is non-interest bearing and unsecured.

OUTLOOK

Both the Company's alcohol-free beverage and DehydraTECH licensing businesses have global growth potential in on-trend consumer categories. We made significant advances in fiscal year 2023 in transforming our alcohol-free beverage operating model for Vin(Zero). The changes have fundamentally shifted the cadence of Hill's revenues across quarters, but we expect it to drive more efficient financial metrics that are critical for the Company's business. We will leverage the streamlined distribution process and capitalize on marketing initiatives and global distribution opportunities with the intention of continually increasing revenues while maintaining or improving current margins.

We have also expanded our US commercial operations on a state-by-state basis for DehydraTECH licensing and have developed a broad portfolio of consumer form factors with an expanded ecosystem of partners. We will work with this DehydraTECH ecosystem and partners to not only grow within the territories where the Company currently operates, but to also leverage the intellectual capital and network the Company has built to both grow with current licensees and engage new ones as appropriate to build out our geographic and consumer product form factors roadmap.

Heading into calendar year 2024, the Company is ready to continue to scale these playbooks into new territories and new consumer products as it pursues its growth agenda.

OUTSTANDING SHARE DATA

As of November 28, 2023, the Company has the following securities issued and outstanding:

Security Designation	**Number issued and outstanding**
Common Shares	3,244,403
Warrants to purchase Common Shares	800,646
Incentive Stock Options	186,579
Restricted Share Units	159,624
Fully Diluted	**4,391,252**

CRITICAL ACCOUNTING ESTIMATES

The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the provision for income taxes.

Calculation of the net book value of machinery and equipment requires management to make estimates of the useful economic life of the assets, residual value at the end of the asset's useful economic life, method of depreciation and whether impairment in value has occurred. Residual values of the assets, estimated useful lives and depreciation methodology are reviewed annually with prospective application of any changes, if deemed appropriate. Changes to estimates could be caused by a variety of factors, including changes to the physical life of the assets. A change in any of the estimates would result in a change in the amount of depreciation and, as a result, a charge to net income recorded in the period in which the change occurs, with a similar change in the carrying value of the asset on the balance sheet.

GOING CONCERN

As at September 30, 2023, the Company had not yet achieved profitable operations, had a net loss of $327,938 (September 30, 2022: $645,871), accumulated deficit of $24,658,711 (June 30, 2023: $24,330,773), and expects to incur further losses in the foreseeable future, all of which indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.