REVIV3 PROCARE CO

FORM 10-Q
(Quarterly Report)

Filed 01/04/24 for the Period Ending 11/30/23

Address	901 S. FREMONT AVE.
	UNIT 158
	ALHAMBRA, CA, 91803
Telephone	888-638-8883
CIK	0001718500
Symbol	RVIV
SIC Code	2844 - Perfumes, Cosmetics and Other Toilet Preparations
Industry	Personal Products
Sector	Consumer Non-Cyclicals
Fiscal Year	05/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended November 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____________ to _____________

Commission File Number: 000-56351

Reviv3 Procare Company

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**47-4125218**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
901 Fremont Avenue, Unit 158, Alhambra, CA	**91803**
(Address of Principal Executive Offices)	(Zip Code)

(888) 638-8883
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
None	N/A	N/A

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of January 4, 2024, there were 117,076,949 shares of the registrant's common stock, $0.0001 par value, outstanding.

REVIV3 PROCARE COMPANY AND SUBSIDIARY

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, in particular Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements represent our expectations, beliefs, intentions or strategies concerning future events, including, but not limited to, any statements regarding our assumptions about financial performance; the continuation of historical trends; the sufficiency of our cash balances for future liquidity and capital resource needs; the expected impact of changes in accounting policies on our results of operations, financial condition or cash flows; anticipated problems and our plans for future operations; and the economy in general or the future of the beauty and hair care industry and the hearing protection and ear bud business, all of which are subject to various risks and uncertainties.

There are a number of factors that could cause our actual results to differ from those indicated in the forward-looking statements, many of which are outside of our control. They include: the impact of unstable market and general economic conditions on our business, financial condition and stock price, including inflationary cost pressures, decreased discretionary consumer spending, supply chain disruptions and constraints, labor shortages, ongoing economic disruption, including the effects of the Ukraine-Russia conflict, the effects of the Israel-Hamas conflict, and other downturns in the business cycle or the economy; our financial performance and liquidity, including our ability to successfully generate sufficient revenue to support our operations; our ability to repay our outstanding loans, if any; risks related to our operations and international markets, such as fluctuations in currency exchange rates, different regulatory environments, trade barriers and sanctions, exchange controls, and social and political instability; changes in the regulatory environment in which we operate, including environmental, health and safety regulations, including those related to climate change; our ability to protect and defend our intellectual property; continuity and security of information technology infrastructure and the potential impact of cybersecurity breaches or disruptions to our management information systems; competition; our ability to retain our management and employees and the potential impact of ongoing labor shortages; demands on management resources; availability and cost of the raw materials we use to manufacture our products, including the impacts of inflationary cost pressures and ongoing supply chain disruptions and constraints, which have been, and may continue to be, exacerbated by the Russia-Ukraine conflict; the Israel-Hamas conflict; additional tax expenses or exposures; product liability claims; the potential outcome of any legal or regulatory proceedings; integrating acquisitions and achieving the expected savings and synergies, including our recent acquisition of hearing protection and ear bud businesses; global or regional catastrophic events, including the effects of natural disasters, which may be worsened by the impact of climate change; demand for and market acceptance of our products, as well as our ability to successfully anticipate consumer trends; business divestitures; labor relations; the potential impact of environmental, social and governance matters; implementation of environmental remediation matters, and the risk the reverse stock split won't increase the price of our common stock and otherwise have its intended effect.

When used in this Quarterly Report on Form 10-Q and other reports, statements, and information we have filed with the Securities and Exchange Commission (the "SEC"), in our press releases, presentations to securities analysts or investors, in oral statements made by or with the approval of an executive officer, the words or phrases "believes," "may," "can," "will," "expect," "should," "could," "would," "continue," "anticipate," "intend," "likely," "estimate," "project," "plan," "design," "potential," "focus" or similar expressions and variations thereof are intended to identify such forward-looking statements. However, any statements contained in this Quarterly Report on Form 10-Q that are not statements of historical fact may be deemed to be forward-looking statements. Furthermore, such forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. We caution that these statements by their nature involve risks and uncertainties, certain of which are beyond our control, and actual results may differ materially depending on a variety of important factors. These forward-looking statements are not guarantees of our future performance and involve risks, uncertainties, estimates and assumptions that are difficult to predict.

We do not assume the obligation to update any forward-looking statement, except as required by applicable law. You should carefully evaluate such statements in light of factors described in this Quarterly Report. In this Quarterly Report on Form 10-Q, Reviv3 Procare Company ("Reviv3 Procare," the "Company," "we," "us," and "our") has identified material factors that could cause actual results to differ from expected or historic results. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete list of all potential risks or uncertainties.

REVIV3 PROCARE COMPANY AND SUBSIDIARY
INDEX TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2023

PART 1 – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Financial Statements:

REVIV3 PROCARE COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	November 30, 2023 (Unaudited)	May 31, 2023
ASSETS		
CURRENT ASSETS:		
Cash	$ 5,962,431	$ 4,832,682
Accounts receivable, net	953,315	417,016
Inventory, net	2,352,215	1,311,864
Prepaid expenses and other current assets	1,068,767	801,360
Total Current Assets	10,336,728	7,362,922
OTHER ASSETS:		
Property and equipment, net	211,036	157,463
Intangible assets, net	343,924	382,674
Right of use asset	69,911	101,845
Other assets	12,195	12,195
Goodwill	2,152,215	2,152,215
Total Other Assets	2,789,281	2,806,392
TOTAL ASSETS	$ 13,126,009	$ 10,169,314
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 1,922,159	$ 908,606
Customer deposits	100,889	183,688
Equipment payable, current	550	2,200
Contract liabilities, current	1,050,420	827,106
Notes payable, current	3,270	172,588
Due to related party	132,860	158,072
Lease liability, current	71,374	65,824
Income tax liability	661,295	230,913
Other current liabilities	534,067	305,664
Total Current Liabilities	4,476,884	2,854,661
LONG TERM LIABILITIES:		
Notes payable, long term	144,661	—
Lease liability, long term	—	36,752
Contract liabilities, long term	557,763	605,942
Total Long Term Liabilities	702,424	642,694
Total Liabilities	5,179,308	3,497,355
Commitments and contingencies (see Note 11)	—	—
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.0001 par value; 300,000,000 shares authorized; 250,000,000 shares issued and outstanding as of November 30, 2023 and May 31, 2023, respectively	25,000	25,000
Common stock, $0.0001 par value: 450,000,000 shares authorized; 117,076,949 shares issued, and outstanding as of November 30, 2023 and May 31, 2023	11,708	11,708
Additional paid-in capital	10,204,458	10,102,243
Accumulated deficit	(2,294,465)	(3,466,992)
Total Stockholders' Equity	7,946,701	6,671,959
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 13,126,009	$ 10,169,314

See accompanying condensed notes to these unaudited consolidated financial statements.

REVIV3 PROCARE COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended November 30,		For the Six Months Ended November 30,	
	2023	2022	2023	2022
Sales, net	$ 8,421,677	$ 6,731,999	$ 14,527,946	$ 10,969,357
Cost of sales	2,163,738	1,692,965	3,622,441	2,647,669
Gross profit	6,257,939	5,039,034	10,905,505	8,321,688
OPERATING EXPENSES:				
Marketing and selling expenses	3,672,780	3,098,898	6,879,621	5,076,874
Compensation and related taxes	204,646	509,339	484,635	790,027
Professional and consulting expenses	491,328	213,205	918,103	679,655
General and administrative	625,273	232,597	1,185,477	590,736
Total Operating Expenses	4,994,027	4,054,039	9,467,836	7,137,292
INCOME FROM OPERATIONS	1,263,912	984,995	1,437,669	1,184,396
OTHER INCOME (EXPENSE):				
Gain on settlement	79,182	—	79,182	50,500
Other income	3,189	—	13,024	—
Interest income	37,825	4,704	76,318	6,541
Interest expense and other finance charges	(1,640)	(1,755)	(3,284)	(3,213)
Other Income (Expense), Net	118,556	2,949	165,240	53,828
INCOME BEFORE PROVISION FOR INCOME TAXES	1,382,468	987,944	1,602,909	1,238,224
Provision for income taxes	364,393	261,044	430,382	335,797
NET INCOME	$ 1,018,075	$ 726,900	$ 1,172,527	$ 902,427
NET INCOME PER COMMON SHARE:				
Basic	$ 0.01	$ 0.01	$ 0.01	$ 0.01
Diluted	$ 0.00	$ 0.00	$ 0.00	$ 0.00
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	117,076,949	115,226,893	117,076,949	108,779,476
Diluted	372,451,949	368,993,486	372,451,949	341,429,203

See accompanying condensed notes to these unaudited consolidated financial statements.

REVIV3 PROCARE COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2023 AND 2022
(UNAUDITED)

For the six months ended November 30, 2023

	Preferred Stock		Common Stock Issued		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance, May 31, 2023	250,000,000	$ 25,000	117,076,949	$ 11,708	$ 10,102,243	$ (3,466,992)	$ 6,671,959
Stock options expense	—	—	—	—	102,215	—	102,215
Net income for the six months ended November 30, 2023	—	—	—	—	—	1,172,527	1,172,527
Balance, November 30, 2023	250,000,000	$ 25,000	117,076,949	$ 11,708	$ 10,204,458	$ (2,294,465)	$ 7,946,701

For the three months ended November 30, 2023

	Preferred Stock		Common Stock Issued		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance, August 31, 2023	250,000,000	$ 25,000	117,076,949	$ 11,708	$ 10,153,350	$ (3,312,540)	$ 6,877,518
Stock options expense	—	—	—	—	51,108	—	51,108
Net income for the three months ended November 30, 2023	—	—	—	—	—	1,018,075	1,018,075
Balance, November 30, 2023	250,000,000	$ 25,000	117,076,949	$ 11,708	$ 10,204,458	$ (2,294,465)	$ 7,946,701

For the six months ended November 30, 2022

	Preferred Stock		Common Stock Issued		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance, May 31, 2022	—	$ —	41,945,881	$ 4,195	$ 5,472,084	$ (5,291,567)	$ 184,712
Shares issued for acquisition of business	250,000,000	25,000	73,183,893	7,318	3,975,162	—	4,007,480
Stock options expense	—	—	—	—	124,145	—	124,145
Shares to be issued for cash	—	—	1,426,391	143	327,907	—	328,050
Net income for the six months ended November 30, 2022	—	—	—	—	—	902,427	902,427
Balance, November 30, 2022	250,000,000	$ 25,000	116,556,165	$ 11,656	$ 9,899,298	$ (4,389,140)	$ 5,546,814

For the three months ended November 30, 2022

	Preferred Stock		Common Stock Issued		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance, August 31, 2022	250,000,000	$ 25,000	115,129,774	$ 11,513	$ 9,544,529	$ (5,116,040)	$ 4,465,002

Stock options expense	—	—	—	—	26,862	—	26,862
Shares to be issued for cash	—	—	1,426,391	143	327,907	—	328,050
Net income for the three months ended November 30, 2022	—	—	—	—	—	726,900	726,900
Balance, November 30, 2022	250,000,000	$ 25,000	116,556,165	$ 11,656	$ 9,899,298	$ (4,389,140)	$ 5,546,814

See accompanying condensed notes to these unaudited consolidated financial statements.

REVIV3 PROCARE COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Six Months Ended November 30, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,172,527	$ 902,427
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	56,022	43,015
Bad debts	64,327	105,975
Deposit used in rent		8,385
Stock based compensation	102,215	124,145
Gain on settlement	(79,182)	(50,500)
Amortization of prepaid expense	—	3,159
Change in operating assets and liabilities:		
Accounts receivable	(600,626)	(563,594)
Inventory	(1,040,351)	(447,830)
Prepaid expenses and other current assets	(267,407)	(243,010)
Deposits	—	(12,195)
Accounts payable and accrued expenses	1,092,735	651,365
Other current liabilities	576,718	1,327,096
Contract liabilities	175,135	347,757
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,252,113	2,196,195
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired on business acquisition	—	1,066,414
Purchase of property and equipment	(70,845)	(54,400)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(70,845)	1,012,014
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash raised for common stock to be issued	—	328,050
Repayment of equipment financing	(1,650)	(1,750)
Repayment of note payable	(24,657)	(1,462)
Advances (payments) from a related party	(25,212)	111,392
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(51,519)	436,230
NET INCREASE IN CASH	1,129,749	3,644,439
CASH - Beginning of period	4,832,682	373,731
CASH - End of period	$ 5,962,431	$ 4,018,170
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 3,284	$ 250
Income taxes	$ —	$ —
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Stock issued for asset purchase agreement	$ —	$ 4,007,480
Tangible assets (excluding cash) acquired in business combination	$ —	$ 1,740,729
Intangible assets acquired in business combination	$ —	$ 456,945
Goodwill acquired in business combination	$ —	$ 2,152,215
Liabilities assumed in business combination	$ —	$ 1,408,823

See accompanying condensed notes to these unaudited consolidated financial statements.

REVIV3 PROCARE COMPANY AND SUBSIDIARY
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2023

Note 1 – Organization

Reviv3 Procare Company (the “Company”) was incorporated in the State of Delaware on May 21, 2015, as a reorganization of Reviv3 Procare, LLC which was organized on July 31, 2013. The Company has moved its corporate headquarters to 901 Fremont Avenue, Unit 158, Alhambra, California 91803. In March 2022, the Company incorporated a subsidiary “Reviv3 Acquisition Corporation” and in June 2022, completed the asset acquisition of the Axil & Associated Brand Corp. business (“AXIL”). The Company is now engaged in the manufacturing, marketing, sale and distribution of high-tech hearing and audio innovations that provide cutting edge solutions for consumers, with varied applications across many industries; as well as professional quality hair and skin care products. These product lines are both sold throughout the United States, Canada, Europe and Asia.

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying unaudited consolidated financial statements have been prepared by us pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). In the opinion of the management, all adjustments necessary to present fairly our financial position, results of operations, and cash flows as of November 30, 2023, and 2022, and for the periods then ended, have been made. Those adjustments consist of normal and recurring adjustments. Certain information and note disclosures normally included in our annual consolidated financial statements prepared in accordance with generally accepted accounting principles have been omitted. The unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s annual report on Form 10-K for the year ended May 31, 2023. The results of operations for the three and six months ended November 30, 2023 are not necessarily indicative of the results to be expected for the fiscal year ending 2024. The unaudited consolidated financial statements include the Company and its wholly owned subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Liquidity and Capital Resources

We are currently engaged in our product sales and development. Although we earned net income and have cash provided by operations for the six months ended November 30, 2023, we had an accumulated deficit of $2,294,465 as of November 30, 2023 and have incurred operating losses and cash used in operations in the past. We currently expect to earn net income and positive cash flows from operations during the current fiscal year ending May 31, 2024. We believe our current cash balances, coupled with anticipated cash flow from operating activities, will be sufficient to meet our working capital requirements for at least one year from the date of issuance of the accompanying unaudited consolidated financial statements. We intend to continue to control our cash expenses as a percentage of expected revenue on an annual basis and thus may use our cash balances in the short-term to invest in revenue growth. As a result of the acquisition of AXIL’s business, we have generated and expect we will continue to generate sufficient cash for our operational needs, including any required debt payments, for at least one year from the date of issuance of the accompanying unaudited consolidated financial statements. Management is focused on growing the Company’s existing products, introducing new products, as well as expanding its customer base, to increase its revenues. The Company cannot give assurance that it can increase its cash balances or limit its cash consumption and thus, maintain sufficient cash balances for its planned operations or future acquisitions. Future business demands, including those resulting from the purchase of AXIL’s assets in June 2022, may lead to cash utilization at levels greater than recently experienced. The Company cannot provide any assurance that it will be able to raise additional capital or obtain necessary financing on acceptable terms, or at all. Subject to the foregoing, management believes that the Company has sufficient capital and liquidity to fund its operations for at least one year from the date of issuance of the accompanying unaudited consolidated financial statements.

REVIV3 PROCARE COMPANY AND SUBSIDIARY
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2023

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

Use of estimates

The preparation of the unaudited consolidated financial statements in conformity with accounting principles generally accepted in the United States ("U.S.") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the related disclosures at the date of the financial statements and during the reporting period. Actual results could materially differ from these estimates. Significant estimates made by management include, but are not limited to, the allowance for doubtful accounts, inventory valuations and classifications, the useful life of property and equipment, the valuation of deferred tax assets, the value of stock-based compensation, contract liability, allowance on sales returns, valuation of lease liabilities and related right of use assets, fair value of securities issued for business combinations, fair value of assets acquired and liabilities assumed in business combinations and the fair value of non-cash Common Stock issuances.

Cash and cash equivalents

The Company considers all highly liquid debt instruments and other short-term investments with maturities of three months or less, when purchased, to be cash equivalents. The Company maintains cash and cash equivalent balances at one financial institution that is insured by the Federal Deposit Insurance Corporation. (See Note 14)

Accounts receivable and allowance for doubtful accounts

Accounts receivables comprise of receivables from customers and receivables from merchant processors. The Company has a policy of providing an allowance for doubtful accounts based on its best estimate of the amount of probable credit losses in its existing accounts receivable. The Company periodically reviews its accounts receivable to determine whether an allowance is necessary based on an analysis of past due accounts and other factors that may indicate that the realization of an account may be in doubt. Account balances deemed to be uncollectible are charged to bad debt expense and included in the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Prepaid expenses and other current assets

Prepaid expenses and other current assets consist primarily of cash prepayments to vendors for inventory and prepayments for trade shows and marketing events which will be utilized within a year, prepayments on credit cards and the right to recover assets (for the cost of goods sold) associated with the right of returns for products sold.

Inventory

The Company values inventory, consisting of finished goods and raw materials, at the lower of cost and net realizable value. Cost is determined using an average cost method. The Company reduces inventory for the diminution of value, resulting from product obsolescence, damage or other issues affecting marketability, equal to the difference between the cost of the inventory and its net realizable value. The Company evaluates its current level of inventory considering historical sales and other factors and, based on this evaluation, classifies inventory markdowns in the statement of operations as a component of cost of goods sold. These markdowns are estimates, which could vary significantly from actual requirements if future economic conditions, customer demand or competition differ from expectations. The Company continuously evaluates the levels of inventory held and any inventory held above the expected level of sales in the next twelve months, is classified as non-current inventory.

REVIV3 PROCARE COMPANY AND SUBSIDIARY
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2023

Note 2 – Basis of Presentation and Summary of Critical Accounting Policies (continued)

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation are removed, and any resulting gains or losses are included in the statement of operations.

Product warranty

The Company provides a one-year, two-year or three-year limited warranty on its hearing enhancement and hearing protection products. The Company records the costs of repairs and replacements, as they are incurred, to the cost of sales.

Revenue recognition

The Company follows Accounting Standards Codification (“ASC”) 606, Revenue From Contracts With Customers. This revenue recognition standard (new guidance) has a five step process: a) Determine whether a contract exists; b) Identify the performance obligations; c) Determine the transaction price; d) Allocate the transaction price; and e) Recognize revenue when (or as) performance obligations are satisfied.

The Company sells a variety of electronic hearing and enhancement products and hair and skin care products. The Company recognizes revenue for the agreed upon sales price when a purchase order is received from the customer and subsequently the product is shipped to the customer, which satisfies the performance obligation. Consideration paid to the customer to promote and sell the Company’s products is typically recorded as a reduction in revenues.

The five steps for the revenue recognition are as follows:

Identify the contract with a customer. The Company generally considers completion of a sales order (which requires customer acceptance of the Company’s click-through terms and conditions for website sales and authorization of payment through credit card or another form of payment for sales made over the phone) or purchase orders from non-consumer customers as a customer contract provided that collection is considered probable. For payments that are not made upfront by credit card, the Company assesses customer creditworthiness based on credit checks, payment history, and/or other circumstances. For payments involving third party financier payors, the Company validates customer eligibility and reimbursement amounts prior to shipping the product.

Identify the performance obligations in the contract. Product performance obligations include shipment of products and related accessories, and service performance obligations include extended warranty coverage.

However, as the historical redemption rate under our warranty policy has been low, the option is not accounted for as a separate performance obligation. The Company does not assess whether promised goods or services are performance obligations if they are immaterial in the context of the contract with the customer.

REVIV3 PROCARE COMPANY AND SUBSIDIARY
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2023

Note 2 – Basis of Presentation and Summary of Critical Accounting Policies (continued)

Determine the transaction price and allocation to performance obligations. The transaction price in the Company's customer contracts consists of both fixed and variable consideration. Fixed consideration includes amounts to be contractually billed to the customer while variable consideration includes the 30-days and 60-days right of return that applies to AXIL and Reviv3 products, respectively. To estimate product returns, the Company analyzes historical return levels, current economic trends, and changes in customer demand. Based on this information, the Company reserves a percentage of product sale revenue and accounts for the estimated impact as a reduction in the transaction price.

Allocate the transaction price to the performance obligations in the contract. For contracts that contain multiple performance obligations, the Company allocates the transaction price to the performance obligations on a relative standalone selling price basis.

Recognize revenue when or as the Company satisfies a performance obligation. Revenue for products is recognized at a point in time, which is generally upon shipment. Revenue for services (extended warranty) is recognized over time on a ratable basis over the warranty period.

As of November 30, 2023, and May 31, 2023, contract liabilities amounted to $1,608,183 and $1,433,048, respectively. Contract liabilities associated with product invoiced but not received by customers at the balance sheet date was $0 and $0, respectively; contract liabilities associated with unfulfilled performance obligations for warranty services offered for a period of one, two and three years was $1,374,379 and $1,320,401, respectively, and contract liabilities associated with unfulfilled performance obligations for customers' right of return was $233,804 and $112,647, respectively. Our contract liabilities amounts are expected to be recognized over a period of between one year to three years. Approximately $1,050,420 will be recognized in year 1, $432,947 will be recognized in year 2, and $124,816 will be recognized in year 3.

Revenue recognized, during the three months ended November 30, 2023, that was included in the contract liability balance upon the acquisition of AXIL was $88,808. Revenue recognized, during the six months ended November 30, 2023, that was included in contract liability balance upon the acquisition of AXIL was $186,246.

Cost of Sales

The primary components of cost of sales include the cost of the product and shipping fees.

Shipping and Handling Costs

The Company accounts for shipping and handling fees in accordance with ASC 606. While amounts charged to customers for shipping products are included in revenues, the related costs of shipping products to customers are classified in marketing and selling expenses as incurred. Shipping costs included in marketing and selling expense were $308,081 and $222,193 for the three months ended November 30, 2023 and 2022, respectively. Shipping costs included in the marketing and selling expense were $561,533 and $507,522 for the six months ended November 30, 2023 and 2022, respectively.

Marketing, selling and advertising

Marketing, selling and advertising costs are expensed as incurred.

Customer Deposits

Customer deposits consisted of prepayments from customers to the Company. The Company will recognize the prepayments as revenue upon delivery of products in compliance with its revenue recognition policy.

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Note 2 – Basis of Presentation and Summary of Significant Accounting Policies (continued)

Fair value measurements and fair value of financial instruments

The Company adopted ASC 820, “Fair Value Measurements and Disclosures” (“ASC 820”), for assets and liabilities measured at fair value on a recurring basis. ASC 820 establishes a common definition for fair value to be applied to existing generally accepted accounting principles that requires the use of fair value measurements, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The adoption of ASC 820 did not have an impact on the Company’s financial position or operating results, but did expand certain disclosures. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Additionally, ASC 820 requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

Level 1: Observable inputs such as quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity’s own assumptions.

The Company analyzes all financial instruments with features of both liabilities and equity under the Financial Accounting Standard Board’s (“FASB”) accounting standard for such instruments. Under this standard, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The estimated fair value of certain financial instruments, including prepaid expenses, deposits, accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

Business Combinations

For all business combinations (whether partial, full or step acquisitions), the Company records 100% of all assets acquired and liabilities assumed of the acquired business, at their fair values.

Goodwill represents the excess purchase price over the fair value of the tangible net assets and intangible assets acquired in a business combination. Acquisition-related expenses are recognized separately from business combinations and are expensed as incurred. If the business combination provides for contingent consideration, the Company records the contingent consideration at fair value at the acquisition date. Changes in fair value of contingent consideration resulting from events after the acquisition date, such as earn-outs, are recognized as follows: (1) if the contingent consideration is classified as equity, the contingent consideration is not re-measured and its subsequent settlement is accounted for within equity, or (2) if the contingent consideration is classified as a liability, the changes in fair value and accretion costs are recognized in earnings. The increases or decreases in the fair value of contingent consideration can result from changes in anticipated revenue levels and changes in assumed discount periods and rates.

Goodwill

Goodwill is comprised of the purchase price of business combinations in excess of the fair value assigned at acquisition to the net tangible and identifiable intangible assets acquired. Goodwill is not amortized. The Company tests goodwill for impairment for its reporting units on an annual basis, or when events occur, or circumstances indicate the fair value of a reporting unit is below its carrying value.

Note 2 – Basis of Presentation and Summary of Critical Accounting Policies (continued)

The Company performs its annual goodwill impairment assessment on May 31st of each year or as impairment indicators dictate.

When evaluating the potential impairment of goodwill, management first assesses a range of qualitative factors, including but not limited to, macroeconomic conditions, industry conditions, the competitive environment, changes in the market for the Company's products and services, regulatory and political developments, entity specific factors such as strategy and changes in key personnel, and the overall financial performance for each of the Company's reporting units. If, after completing this assessment, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying value, we then proceed to the quantitative impairment testing methodology primarily using the income approach (discounted cash flow method).

Under the quantitative method we compare the carrying value of the reporting unit, including goodwill, with its fair value, as determined by its estimated discounted cash flows. If the carrying value of a reporting unit exceeds its fair value, then the amount of impairment to be recognized is the amount by which the carrying amount exceeds the fair value.

When required, we arrive at our estimates of fair value using a discounted cash flow methodology which includes estimates of future cash flows to be generated by specifically identified assets, as well as selecting a discount rate to measure the present value of those anticipated cash flows. Estimating future cash flows requires significant judgment and includes making assumptions about projected growth rates, industry-specific factors, working capital requirements, weighted average cost of capital, and current and anticipated operating conditions. The use of different assumptions or estimates for future cash flows could produce different results.

Income Taxes

The Company accounts for income taxes pursuant to the provision of ASC 740-10, "Accounting for Income Taxes" ("ASC 740-10"), which requires, among other things, an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. A valuation allowance is provided to offset any net deferred tax assets for which management believes it is more likely than not that the net deferred asset will not be realized.

The Company follows the provision of ASC 740-10 related to Accounting for Uncertain Income Tax Positions. When tax returns are filed, there may be uncertainty about the merits of positions taken or the amount of the position that would be ultimately sustained. In accordance with the guidance of ASC 740-10, the benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions.

Tax positions that meet the more likely than not recognition threshold are measured at the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefit associated with tax positions taken that exceed the amount measured as described above should be reflected as a liability for uncertain tax benefits in the accompanying consolidated balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company believes its tax positions are all more likely than not to be upheld upon examination. As such, the Company has not recorded a liability for uncertain tax benefits.

The Company has adopted ASC 740-10-25, "Definition of Settlement", which provides guidance on how an entity should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits and provides that a tax position can be effectively settled upon the completion and examination by a taxing authority without being legally extinguished. For tax positions considered effectively settled, an entity would recognize the full amount of tax benefit, even if the tax position is not considered more likely than not to be sustained based solely on the basis of its technical merits and the statute of limitations remains open. The federal and state income tax returns of the Company are subject to examination by the IRS and state taxing authorities, generally for three years after they are filed.

REVIV3 PROCARE COMPANY AND SUBSIDIARY
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Note 2 – Basis of Presentation and Summary of Critical Accounting Policies (continued)

Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable, or at least annually. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value. The Company did not record any impairment loss during the six months ended November 30, 2023 and 2022.

Stock-based compensation

Stock-based compensation is accounted for based on the requirements of the Share-Based Payment Topic of ASC 718, "Compensation — Stock Compensation" ("ASC 718"), which requires recognition in the financial statements of the cost of employee and director services received in exchange for an award of equity instruments over the period the employee or director is required to perform the services in exchange for the award (presumptively, the vesting period). ASC 718 also requires measurement of the cost of employee and director services received in exchange for an award based on the grant-date fair value of the award.

For non-employee stock option based awards, the Company follows ASU 2018-7, which substantially aligns share based compensation for employees and non-employees.

Net income (loss) per share of Common Stock

Basic net income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares during the period. Diluted net income (loss) per share is computed using the weighted average number of common shares and potentially dilutive securities outstanding during the period. For both the three months ended and six months ended November 30, 2023 and November 30, 2022, certain stock options were excluded from the computation of diluted common shares outstanding as they would have an anti-dilutive impact on the Company's net income.

The following table sets forth the computations of basic and diluted net income per common share:

	For the Three Months Ended		For the Six Months Ended	
	November 30, 2023	November 30, 2022	November 30, 2023	November 30, 2022
Net income	$ 1,018,075	$ 726,900	$ 1,172,527	$ 902,427
Weighted average basic shares	117,076,949	115,226,893	117,076,949	108,779,476
Dilutive securities:				
Convertible preferred stock	250,000,000	250,000,000	250,000,000	228,142,077
Stock options	5,375,000	3,706,593	5,375,000	4,507,650
Weighted average dilutive shares	372,451,949	368,933,486	372,451,949	341,429,203
Earnings per share:				
Basic	$ 0.01	$ 0.01	$ 0.01	$ 0.01
Diluted	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Note 2 – Basis of Presentation and Summary of Critical Accounting Policies (continued)

Lease Accounting

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"), which requires lessees to report on their balance sheets a right-of-use asset and a lease liability in connection with most lease agreements classified as operating leases under the prior guidance (ASC Topic 840). Under the new guidance, codified as ASC Topic 842, the lease liability must be measured initially based on the present value of future lease payments, subject to certain conditions. The right-of-use asset must be measured initially based on the amount of the liability, plus certain initial direct costs. The new guidance further requires that leases be classified at inception as either (a) operating leases or (b) finance leases. For operating leases, periodic expense is generally flat (straight-line) throughout the life of the lease. For finance leases, periodic expense declines over the life of the lease. The new standard, as amended, provides an option for entities to use the cumulative-effect transition method. As permitted, the Company adopted ASC Topic 842 effective June 1, 2019. The adoption of ASC Topic 842 did not have a material impact on the Company's consolidated financial statements.

The Company's renewed lease for its corporate headquarters commencing December 1, 2022, under lease agreements classified as an operating lease. Please see Note 11 – 'Commitments and Contingencies' under "Leases" below for more information about the Company's leases.

Segment Reporting

The Company follows ASC Topic 280, *Segment Reporting*. The Company's management reviews the Company's consolidated financial results when making decisions about allocating resources and assessing the performance of the Company as a whole and has determined that the Company's reportable segments are: (a) the sale of hearing protection and hearing enhancement products, and (b) the sale of hair care and skin care products. See Note 15 – "BUSINESS SEGMENT AND GEOGRAPHIC AREA INFORMATION" for more information about the Company's reportable segments.

Recently Issued Accounting Pronouncements

In August 2020, the FASB issued ASU No. 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity* (ASU 2020-06), which simplifies the accounting for certain convertible instruments. Among other things, under ASU 2020-06, the embedded conversion features no longer must be separated from the host contract for convertible instruments with conversion features not required to be accounted for as derivatives, or that do not result in substantial premiums accounted for as paid-in capital. ASU 2020-06 also eliminates the use of the treasury stock method when calculating the impact of convertible instruments on diluted Earnings per Share. For the Company, the provisions of ASU 2020-06 are effective for its fiscal year beginning on June 1, 2024. Early adoption is permitted, subject to certain limitations. The Company is evaluating the potential impact of adoption on its consolidated financial statements.

Other accounting standards that have been issued or proposed by the FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption. The Company does not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

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Note 3 – Accounts Receivable, net

Accounts receivable, consisted of the following:

	November 30, 2023	May 31, 2023
Customers Receivable	$ 921,190	$ 345,264
Merchant Processor Receivable	185,895	167,232
Less: Allowance for Doubtful Debts	(153,770)	(95,480)
	$ 953,315	$ 417,016

The Company recorded bad debt expense of $11,461 and $105,975 during the three months ended November 30, 2023 and 2022, respectively. The Company recorded bad debt expense of $64,327 and $105,975 during the six months ended November 30, 2023 and 2022, respectively.

Note 4 – Inventory, net

Inventory consisted of the following:

	November 30, 2023	May 31, 2023
Finished Goods	$ 2,115,068	$ 1,198,218
Raw Materials	237,147	113,646
	$ 2,352,215	$ 1,311,864

At November 30, 2023 and May 31, 2023, inventory held at third party locations amounted to $39,031 and $0, respectively. At November 30, 2023 and May 31, 2023, inventory in-transit amounted to $535,665 and $135,482, respectively.

During the six months ended November 30, 2023, the Company did not record any allowance on slow moving inventory that would be included in cost of sales. As of November 30, 2023, there was no slow moving inventory.

Note 5 – Property and Equipment

Property and equipment, stated at cost, consisted of the following:

	Estimated Life	November 30, 2023	May 31, 2023
Furniture and Fixtures	5 years	$ 25,644	$ 14,598
Computer Equipment	3 years	30,968	33,146
Plant Equipment	5-10 years	216,738	165,778
Automobile	5 years	15,000	15,000
Less: Accumulated Depreciation		(77,314)	(71,059)
Total Property and Equipment, net		$ 211,036	$ 157,463

Depreciation expense amounted to $8,410 and $3,970 for the three months ended November 30, 2023 and 2022, respectively. Depreciation expense amounted to $17,272 and $7,493 for the six months ended November 30, 2023 and 2022, respectively.

REVIV3 PROCARE COMPANY AND SUBSIDIARY
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
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Note 6 – Intangible Assets

The Company acquired intangible assets through the Business Combination. (See Note 13). These intangible assets consisted of the following:

	Estimated Life	November 30, 2023	May 31, 2023
Licensing rights	3 years	$ 11,945	$ 11,945
Customer Relationships	3 years	70,000	70,000
Trade Names	10 years	275,000	275,000
Website	5 years	100,000	100,000
Less: Accumulated Amortization		(113,021)	(74,271)
Total Intangible Assets, net		$ 343,924	$ 382,674

Goodwill arising through the business combination was $2,152,215 at November 30, 2023 (see Note 13).

Amortization expense amounted to $19,375 and $19,376 for the three months ended November 30, 2023 and 2022, respectively. Amortization expense amounted to $38,750 and $35,522 for the six months ended November 30, 2023 and 2022, respectively.

Note 7 – Other Current Liabilities

Other current liabilities comprised of the following:

	November 30, 2023	May 31, 2023
Credit Cards	$ 11,125	$ 833
Accrued Interest	1,601	10,343
Royalty Payment Accrual	23,223	8,792
Sales Tax Payable	369,661	240,559
Other Accrued Expenses	128,457	17,464
Affiliate Accrual	—	27,673
Total Other Current Liabilities	$ 534,067	$ 305,664

REVIV3 PROCARE COMPANY AND SUBSIDIARY
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Note 8 – Equipment Payable

During the fiscal year ended May 31, 2019, the Company purchased a forklift under an installment purchase plan. The loan amount is $16,500 payable in 60 monthly installment payments of $317 comprising of principal payment of $275 and interest payment of $42. At November 30, 2023 and May 31, 2023, the balance outstanding on the loan was $550 and $2,200, respectively, of which the $550 balance is payable within the next year. The Company recorded an interest expense of $250 and $250, associated with the equipment financing during the six months ended November 30, 2023 and 2022, on the loan in the accompanying unaudited consolidated financial statements.

Note 9 – Notes Payable

During the year ended May 31, 2020, a commercial bank granted to the Company a loan (the "Loan") in the amount of $150,000, which is administered under the authority and regulations of the U.S. Small Business Administration pursuant to the Economic Injury Disaster Loan Program (the "EIDL") of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The Loan, which is evidenced by a note dated May 18, 2020, bears interest at an annual rate of 3.75% and is payable in installments of principal and interest of $731 per month, beginning May 18, 2021 until May 13, 2050. The Company has to maintain a hazard insurance policy including fire, lightning, and extended coverage on all items used to secure this loan to at least 80% of the insurable value. Proceeds from loans granted under the CARES Act are intended to be used for payroll, costs to continue employee group health care benefits, rent, utilities, and certain other qualified costs (collectively, "qualifying expenses"). The Company used the loan proceeds for qualifying expenses. During the year ended May 31, 2022, the Company received additional $10,000 of borrowings under the program. The Company received a loan forgiveness for $10,000 during the year ended May 31, 2022. The Company recorded accrued interest of $1,601 and $10,343, as of November 30, 2023 and May 31, 2023, respectively.

During the six months ended November 30, 2023 the Company continued to pay its insurance financing loan, which had a total principal of $53,337 for the general and excess liability insurance policies. The loan has a finance charge of $3,164 and is payable in 10 monthly installments of $5,650 each beginning November 1, 2022. Through the six months ended November 30, 2023, the loan has been paid off.

Notes Payable as of	**November 30, 2023**	**May 31, 2023**
Insurance Financing	$ —	$ 21,335
Financing Charges	—	1,253
Economic Injury Disaster Loan Program (EIDL)	147,931	150,000
Total	147,931	172,588
Less: Current portion	(3,270)	(172,588)
Non-current portion	$ 144,661	$ —

REVIV3 PROCARE COMPANY AND SUBSIDIARY
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Note 10 – Stockholders' Equity

Shares Authorized

As of November 30, 2023, the authorized capital of the Company consists of 450,000,000 shares of common stock, par value $0.0001 per share and 300,000,000 shares of preferred stock, par value $0.0001 per share.

Preferred Stock

The preferred stock may be issued from time to time in one or more series. The Board of Directors of the Company (the "Board") is expressly authorized to provide for the issuance of all or any of the shares of the Preferred Stock in one or more series, and to fix the number of shares and to determine or alter, for each such series, such voting powers, full or limited, or no voting powers and such designations, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed until the resolution adopted by the Board providing the issuance of such shares. The Board is also expressly authorized to increase or decrease the number of shares of any series subsequent to the issue of shares of that series. In case the number of shares of any such series shall be so decreased, the decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

During the fiscal year ended May 31, 2023, the Company issued 250,000,000 shares of non-voting Series A Preferred Stock, which are convertible into shares of Company Common Stock on a one-to-one ratio, pursuant to the Asset Purchase Agreement (See Note 13 and Common Stock section below). These 250,000,000 shares of non-voting Series A Preferred Stock were valued at the fair market value of $3,100,000 at issuance.

The holders of shares of Series A Preferred Stock shall have no rights to dividends with respect to such shares. No dividends or other distributions shall be declared or paid on the Common Stock unless and until dividends at the same rate shall have been paid or declared and set apart upon the Series A Preferred Stock, based upon the number of shares of Common Stock into which the Series A Preferred Stock may then be converted. Upon the dissolution, liquidation, or winding up of the Company, whether voluntary or involuntary, the holders of the Series A Preferred Stock are entitled to receive out of the assets of the Company the sum of $0.0001 per share before any payment or distribution shall be made on our shares of Common Stock. The Series A Preferred Stock shall not be subject to redemption at the option, election or request of the Company or any holder or holders of the Series A Preferred Stock. Each share of Series A Preferred Stock is convertible at the option of the holder thereof, at any time after the second anniversary of the date of the first issuance of the shares of Series A Preferred Stock into one fully paid and nonassessable share of Common Stock provided, however, that the holder may not convert that number of shares of Series A Preferred Stock which would cause the holder to become the beneficial owner of more than 5% of the Company's Common Stock as determined in accordance with Sections 13(d) and (g) of the Exchange Act and the applicable rules and regulations thereunder.

As of November 30, 2023 and May 31, 2023, 250,000,000 shares of Preferred Stock were issued and outstanding.

REVIV3 PROCARE COMPANY AND SUBSIDIARY
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Note 10 – Stockholders' Equity (continued)

Common Stock

As of November 30, 2023, 117,076,949 shares of common stock were issued and outstanding.

No shares of Common Stock were issued during the six month period ended November 30, 2023.

Stock Options

The Board approved the Company's 2022 Equity Incentive Plan (the "Plan") on March 21, 2022. Under the Plan, equity-based awards may be made to employees, officers, directors, non-employee directors and consultants of the Company and its Affiliates (as defined in the Plan) in the form of (i) Incentive Stock Options (to eligible employees only); (ii) Nonqualified Stock Options; (iii) Restricted Stock; (iv) Stock Awards; (v) Performance Shares; or (vi) any combination of the foregoing. The Plan will terminate upon the close of business on the day next preceding March 21, 2032, unless terminated earlier in accordance with the terms of the Plan. The Board serves as the Plan administrator and may amend or terminate the Plan without stockholder approval, subject to certain exceptions.

The total number of shares initially authorized for issuance under the Plan was 10.0 million shares. The Plan provides for an annual increase on April 1 of each calendar year, beginning in 2022 and ending in 2031, subject to Board approval prior to such date. Such potential increase may be equal to the lesser of (i) 4% of the total number of shares of the Company's common stock outstanding on May 31 of the immediately preceding fiscal year and (ii) such smaller number of shares as determined by the Board. The number of shares authorized for issuance under the Plan will not change unless the Board affirmatively approves an increase in the number of shares authorized for issuance prior to April 1 of the applicable year. Shares surrendered or withheld to pay the exercise price of a stock option or to satisfy tax withholding requirements will not be added back to the number of shares available under the Plan. To the extent that any shares of common stock awarded or subject to issuance or purchase pursuant to awards under the Plan are not delivered or purchased, or are reacquired by the Company, for any reason, including a forfeiture of restricted stock or failure to earn performance shares, or the termination, expiration or cancellation of a stock option, or any other termination of an award without payment being made in the form of shares of common stock will be added to the number of shares available for awards under the Plan. The number of shares available for issuance under the Plan will be adjusted for any increase or decrease in the number of outstanding shares of common stock resulting from payment of a stock dividend on common stock, a stock split or subdivision or combination of shares of common stock, or a reorganization or reclassification of common stock, or any other change in the structure of shares of common stock, as determined by the Board. Shares available for awards under the Plan will consist of authorized and unissued shares. Please see Note 17 – Subsequent Events included herein for additional information about the Plan.

Two types of options may be granted under the Plan: (1) Incentive Stock Options, which may only be issued to eligible employees of the Company and are required to have exercise price of the option not less than the fair market value of the common stock on the grant date, or, in the case of an Incentive Stock Option granted to a Ten Percent Stockholder, 110% of the fair market value of the common stock on the grant date; and (2) Non-qualified Stock Options, which may be issued to participants under the Plan and which may have an exercise price less than the fair market value of the common stock on the grant date, but not less than par value of the stock.

The Board may grant or sell restricted stock to participants (i.e., shares that are subject to a subject to restrictions or limitations as to the participant's ability to sell, transfer, pledge or assign such shares) under the Plan. Except for these restrictions and any others imposed by the Board, upon the grant of restricted stock, the recipient generally will have rights of a stockholder with respect to the restricted stock. During the applicable restriction period, the recipient may not sell, exchange, transfer, pledge or otherwise dispose of the restricted stock. The Board may also grant awards of common stock to participants under the Plan, as well as awards of performance shares, which are awards for which the payout is subject to achievement of such performance objectives established by the Board. Performance shares may be settled in cash.

Note 10 – Stockholders' Equity (continued)

Each equity-based award granted under the Plan will be evidenced by an award agreement that specifies the terms of the award and such additional limitations, terms and conditions as the Board may determine, consistent with the provisions of the Plan.

Upon the occurrence of a change in control, unless otherwise provided in an award agreement: (i) all outstanding stock options will become immediately exercisable in full; (ii) all outstanding performance shares will vest in full as if the applicable performance conditions were achieved in full, subject to certain adjustments, and will be paid out as soon as practicable; and (iii) all restricted stock will immediately vest in full. The Plan defines a change in control as (i) the adoption of a plan of merger or consolidation of the Company with any other corporation or association as a result of which the holders of the voting capital stock of the Company as a group would receive less than 50% of the voting capital stock of the surviving or resulting corporation; (ii) the approval by the Board of an agreement providing for the sale or transfer (other than as security for obligations of the Company) of substantially all the assets of the Company; or (iii) in the absence of prior Board approval, the acquisition of more than 20% of the Company's voting capital stock by any person within the meaning of Rule 13d-3 under the Exchange Act (other than the Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Company).

Subject to the Plan's terms, the Board has full power and authority to determine whether, to what extent and under what circumstances any outstanding award will be terminated, canceled, forfeited or suspended. Awards to that are subject to any restriction or have not been earned or exercised in full by the recipient will be terminated and canceled if such recipient is terminated for cause, as determined by the Board in its sole discretion.

The Company estimates the fair value of share-based compensation utilizing the Black-Scholes option pricing model, which is dependent upon several variables such as the expected option term, expected volatility of the Company's stock price over the expected term, expected risk-free interest rate over the expected option term and expected dividend yield rate over the expected option term. The Company believes this valuation methodology is appropriate for estimating the fair value of stock options granted to employees and directors which are subject to ASC Topic 718 requirements. These amounts are estimates and thus may not be reflective of actual future results, nor amounts ultimately realized by recipients of these grants. The Company recognizes compensation on a straight-line basis over the requisite service period for each award.

The Company utilizes the simplified method to estimate the expected life for stock options granted to employees. The simplified method was used as the Company does not have sufficient historical data regarding stock option exercises. The expected volatility is based on historical volatility. The risk-free interest rate is based on the U.S. Treasury yields with terms equivalent to the expected life of the related option at the time of the grant. Dividend yield is based on historical trends. While the Company believes these estimates are reasonable, the compensation expense recorded would increase if the expected life was increased, a higher expected volatility was used, or if the expected dividend yield increased.

Pursuant to the Plan, on May 10, 2022, the Company issued to two Company officers non-statutory stock options to purchase, in the aggregate, up to 5,300,000 shares of its Common Stock, at an exercise price of $0.09 per share valued at $477,000 and expiring on April 20, 2032. The options vest over time with 25% of the options vesting on September 1, 2022 and thereafter vesting 1/24th on the 1st of every month. 3,387,500 of the options were vested as of November 30, 2023.

The Company computed the aggregate grant date fair value of $477,000 using the Black-Scholes option pricing model, which is being recorded as stock-based compensation expense over the vesting period. During the three months ended November 30, 2023 and 2022, the Company recorded stock-based compensation expense of $51,108 and $26,862, respectively, for these options, in the accompanying unaudited consolidated financial statements. During the six months ended November 30, 2023 and 2022, the Company recorded a stock-based compensation expense of $102,215 and $124,145, respectively, for these options, in the accompanying unaudited financial statements.

REVIV3 PROCARE COMPANY AND SUBSIDIARY
CONDENSED NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
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Note 10 – Stockholders' Equity (continued)

Pursuant to the Plan, on November 1, 2022, the Company issued non-statutory stock options, to a former executive officer of the Company, to purchase, in the aggregate, up to 300,000 shares of its Common Stock, at an exercise price of $0.20 per share valued at approximately $60,000 and expiring on October 31, 2032. 75,000 shares vested as of January 29, 2023, and the remaining 225,000 were forfeited in April 2023 when the executive officer left the Company. The fair value of the 75,000 vested options using the Black-Scholes option pricing model is $15,000.

The following table summarizes the activity relating to the Company's stock options held by executive officers:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Term
Outstanding at May 31, 2022	5,300,000	$ 0.09	10.0
Granted	300,000	$ 0.20	9.68
Less: Forfeited	(225,000)	$ 0.20	9.68
Outstanding at May 31, 2023	5,375,000	$ 0.09	8.92
Granted	—	—	—
Less: Forfeited	—	—	—
Less: Unvested at November 30, 2023	(1,987,500)	$ 0.09	8.42
Vested at November 30, 2023	3,387,500	$ 0.09	8.42

Note 11 – Commitments and Contingencies

Leases

As discussed in Note 2 above, the Company adopted ASU No. 2016-02, *Leases* on June 1, 2019, which require lessees to report on their balance sheets a right-of-use asset and a lease liability in connection with most lease agreements classified as operating leases. In November 2022, the Company entered into an extension of its lease for a two year term beginning December 1, 2022. The rent is $6,098 per month for the first year and will increase by a certain amount the following year. On September 22, 2023, the Company entered into a lease in Draper, Utah for a one-year term beginning October 1, 2023. The rent is $4,680 per month for the first year and will increase by two percent the following year.

The Company treats a contract as a lease when the contract conveys the right to use a physically distinct asset for a period of time in exchange for consideration, or if the Company directs the use of the asset and obtains substantially all the economic benefits of the asset. These leases are recorded as right-of-use ("ROU") assets and lease obligation liabilities for leases with terms greater than 12 months. ROU assets represent the Company's right to use an underlying asset for the entirety of the lease term. Lease liabilities represent the Company's obligation to make payments over the life of the lease. A ROU asset and a lease liability are recognized at commencement of the lease based on the present value of the lease payments over the life of the lease. Initial direct costs are included as part of the ROU asset upon commencement of the lease. Since the interest rate implicit in a lease is generally not readily determinable for the operating leases, the Company uses an incremental borrowing rate to determine the present value of the lease payments. The incremental borrowing rate represents the rate of interest the Company would have to pay to borrow on a collateralized basis over a similar lease term to obtain an asset of similar value.

The Company reviews the impairment of ROU assets consistent with the approach applied for the Company's other long-lived assets. The Company reviews the recoverability of long-lived assets when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset from the expected undiscounted future pre-tax cash flows of the related operations.

REVIV3 PROCARE COMPANY AND SUBSIDIARY
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Note 11 – Commitments and Contingencies (continued)

Lease expense is recognized on a straight-line basis over the lease term, while variable lease payments are expensed as incurred. Variable payments change due to facts or circumstances occurring after the commencement date, other than the passage of time, and do not result in a remeasurement of lease liabilities. The Company's lease agreements do not contain any residual value guarantees or restrictive covenants.

The Company computed an initial lease liability of $131,970 for the new lease agreement and an initial ROU asset in the same amount which was recorded on the books at the commencement of the lease on December 1, 2022. During the three months ended November 30, 2023 and 2022, the Company recorded a lease expense in the amount of $37,317 and $23,559, respectively. As of November 30, 2023, the lease liability balance was $71,374 and the right of use asset balance was $69,911. A lease term of three years and a discount rate of 12% was used.

Supplemental balance sheet information related to leases was as follows:

	November 30, 2023	May 31, 2023
Assets		
Right of use assets	$ 131,970	$ 131,970
Accumulated reduction	(62,059)	(30,125)
Operating lease assets, net	$ 69,911	$ 101,845
Liabilities		
Lease liability	$ 131,970	$ 131,970
Accumulated reduction	(60,596)	(29,394)
Total lease liability, net	71,374	102,576
Current portion	(71,374)	(65,824)
Non-current portion	$ —	$ 36,752

Maturities of operating lease liabilities were as follows as of November 30, 2023:

Operating Lease (fiscal year-end)	
2024	$ 38,049
2025	38,049
Total	$ 76,098
Less: Imputed interest	(4,724)
Present value of lease liabilities	$ 71,374

<u>Contingencies</u>

On November 23, 2020, the Company was served a copy of a complaint filed by Jacksonfill, LLC in the Fourth Circuit Court for Duval County, Florida. The complaint alleged breach of Agreement for non-payments for certain products against the Company. On September 2, 2023, Jacksonfill, LLC and the Company settled the dispute in the Circuit Court of the Fourth Judicial Circuit in Duval County, Florida per a binding settlement agreement. There is no admission of liability by the Company and on September 27, 2023 the Company paid attorneys on behalf of Jacksonfill, LLC. the settlement in the amount of $125,000. The reserve that was provided in the financial statements in excess of the final settlement payment was recorded as a gain on settlement in the current quarter in the amount of $79,182.

REVIV3 PROCARE COMPANY AND SUBSIDIARY
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Note 12 – Related Party Transactions

At November 30, 2023 there was a one-time bonus payable of $25,000 due to Jeff Brown, Chief Operating Officer. The Company's Chief Executive Officer ("CEO"), Jeff Toghraie, is the managing director of Intrepid Global Advisors ("Intrepid"). Intrepid has, from time to time, provided advances to the Company for working capital purposes. At November 30, 2023 and May 31, 2023, the Company had amounts payable to Intrepid of $107,860 and $124,378, respectively. These advances were short-term in nature and non-interest bearing. Additionally, pursuant to a voting agreement, effective June 16, 2022 as amended effective November 7, 2022, with AXIL and Intrepid Global Advisors, we are subject to certain limitations on our ability to sell our capital stock until June 2024. During the six months ended November 30, 2023 and November 30, 2022, the CEO has not received cash compensation nor was any accrued as the CEO is not subject to an employment agreement.

During the six months and three months ended November 30, 2023, the Company paid $115,500 and $57,000, respectively, as consulting fee for product development to Weston T. Harris, a stockholder of AXIL. During the six months and three months ended November 30, 2023, the Company also paid $69,131 and $33,803 respectively, to the sons of Weston T. Harris as compensation for services relating to packaging design and affiliate marketing.

On June 16, 2022, the Company and its wholly owned subsidiary Reviv3 Acquisition Corporation completed the acquisition of both (i) the hearing protection business of AXIL, consisting of ear plugs and ear muffs, and (ii) AXIL's ear bud business pursuant to the Asset Purchase Agreement, dated May 1, 2022, as amended on June 15, 2022, by and among the Company, Reviv3 Acquisition Corporation, AXIL and certain stockholders of AXIL. One of the stockholders of AXIL is Intrepid Global Advisors, Inc. As of November 30, 2023, Intrepid Global Advisors, Inc. held no outstanding common stock of AXIL and 21.30% of the outstanding common stock of the Company.

Note 13 – Business Combination

On June 16, 2022, the Company completed the acquisition of certain assets of AXIL, a Delaware corporation, pursuant to the Asset Purchase Agreement dated May 1, 2022 and amended on June 15, 2022 and September 8, 2022. by and among the Company, its subsidiary, AXIL, and certain of AXIL's stockholders, providing for the acquisition of AXIL's hearing protection business and ear bud business. The business constituted substantially all of the business operations of AXIL but did not include AXIL's hearing aid line of business.

One of the stockholders of AXIL is Intrepid. As of June 16, 2022, Intrepid held 4.68% of the outstanding common stock of AXIL and 22.33% of the outstanding Common Stock of the Company. As of November 30, 2023, Intrepid held no outstanding common shares of AXIL, as they were distributed with the Asset Purchase Agreement. Jeff Toghraie, Chairman and Chief Executive Officer of the Company, is a managing director of Intrepid.

As consideration for the Asset Purchase, AXIL received a total of 323,183,893 shares comprised of (a) 73,183,893 shares of the Company's Common Stock and (b) 250,000,000 shares of non-voting Series A Preferred Stock, which are convertible into shares of Company Common Stock on a one-to-one ratio. The Preferred Shares may not be converted or transferred for a period of two years following the closing of the acquisition. Thereafter, no holder of Preferred Shares may convert such shares into a number of shares of Company Common Stock that would cause the holder to beneficially own more than 5% of the Company's Common Stock, as determined in accordance with Sections 13(d) and (g) of the Exchange Act. The purchase price was computed to be $4,007,480 based on a fair value of $0.0124 per share on the date of acquisition.

The Company is utilizing the AXIL assets to expand into the hearing enhancement business through its newly incorporated subsidiary.

The acquisition is accounted for by the Company in accordance with the acquisition method of accounting pursuant to ASC 805 "Business Combinations" and pushdown accounting is applied to record the fair value of the assets acquired by the Company. Under this method, the purchase price is allocated to the identifiable assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. Any excess of the amount paid over the estimated fair values of the identifiable net assets acquired was allocated to goodwill.

Note 13 – Business Combination (continued)

The following is a summary of the fair value of the assets acquired and liabilities assumed at the date of acquisition:

Cash	$ 1,066,414
Accounts receivable	227,786
Inventory	1,342,461
Prepaid expenses	62,452
Other assets	108,030
Accounts payable	(285,665)
Contract liabilities	(1,043,332)
Other current liabilities	(79,826)
Net tangible assets acquired	$ 1,398,320
Identifiable intangible assets	
Licensing rights	$ 11,945
Customer relationships	70,000
Tradenames	275,000
Website	100,000
Total Identifiable intangible assets	$ 456,945
Consideration paid	$ 4,007,480
Total net assets acquired	1,855,265
Goodwill purchased	$ 2,152,215

Note 14 – Concentrations

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of trade accounts receivable and cash deposits, investments and cash equivalents instruments. The Company maintains its cash in bank deposits accounts. The Company's account at this institution is insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At November 30, 2023 and May 31, 2023, the Company held cash of approximately $5,161,624 and $4,582,682, respectively, in excess of federally insured limits. The Company has not experienced any losses in such accounts through November 30, 2023.

Concentration of Revenue, Accounts Receivable, Product Line, and Supplier – Hair and Skin Care Products

During the three months ended November 30, 2023 hair and skin care product sales to one customer, which represented over 10% of our total sales, totaled 13%. During the three months ended November 30, 2022, there were sales to two customers, which represented over 10% of our total sales, totaled 65% and 31%. During the six months ended November 30, 2023 hair and skin care product sales to two customers, which each represented over 10% of our total sales, aggregated to approximately 24% of the Company's net sales at 13% and 11%. During the six months ended November 30, 2022, hair and skin care product sales to two customers, which represented over 10% of our total sales, totaled 68% and 28%.

During the three months ended November 30, 2023 hair and skin care product sales to customers outside the United States represented approximately 32% to Canada. During the three months ended November 30, 2022, sales to customers outside the United States represented approximately 16% from Canada. During the six months ended November 30, 2023 hair and skin care product sales to customers outside the United States represented approximately 31% to Canada. During the six months ended November 30, 2022, sales to customers outside the United States represented approximately 23%, which consisted of 19% from Canada and 4% from Italy.

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Note 14 – Concentrations (continued)

During the three months ended November 30, 2023, hair and skin care product sales by product line which each represented over 10% of sales consisted of approximately 18% from sales of hair shampoo, and 13% from sales of hair conditioner, 11% from shampoo and conditioner bundles, 35% from bundle kits and 23% from hair treatment product. During the three months ended November 30, 2022, hair and skin care product sales by product line which each represented over 10% of sales consisted of approximately 10% from sales of hair shampoo, 13% from conditioner, and 61% from sale of bundle kits (shampoo, conditioner and spray). During the six months ended November 30, 2023, hair and skin care product sales by product line which each represented over 10% of sales consisted of approximately 17% from sales of hair shampoo, 22% from sales of hair conditioner, 32% from bundle kits and 20% from hair treatment product. During the six months ended November 30, 2022, hair and skin care product sales by product line which each represented over 10% of sales consisted of approximately 13% from sales of hair shampoo, 17% from sales of conditioner, and 54% from sale of bundle kits (shampoo, conditioner and spray).

During the six months ended November 30, sales by product line comprised of the following:

	For the Six Months ended November 30,	
Hair Care Products	**2023**	**2022**
Shampoos	17%	13%
Shampoos and Conditioners	9%	7%
Conditioner	22%	17%
Bundle Kits	32%	54%
Ancillary Products	20%	9%
Total	100%	100%

At November 30, 2023, hair and skin care product's accounts receivables from customers that accounted for more than 10% of sales transactions were from four separate customers at 30%, 29%, 10% and 10%. At May 31, 2023, hair and skin care product's accounts receivable from one customer accounted for more than 10% of sales transactions.

The Company purchased inventories and products from five vendors totaling approximately $220,000 and six vendors totaling approximately $89,775 for the three months ended November 30, 2023 and 2022, respectively. Hair and skin care inventory product purchased from three vendors totaling approximately $297,833, (95% of the purchases at 61%, 12% and 22%) during the fiscal year ended May 31, 2023. The Company purchased inventories and products from five vendors totaling approximately $303,000 and from eight vendors totaling $216,904 for the six months ended November 30, 2023 and November 30, 2022, respectively.

Concentration of Revenue, Accounts Receivable, Product Line, and Supplier – Ear Protection and Enhancement Products

AXIL is sold direct-to-consumer, therefore, 90.6% and 96.1% of sales was direct to customers during the three months ended November 30, 2023 and November 30, 2022, respectively. There was no single customer that accounted for greater than 10% of total sales in those periods. During the six months ended November 30, 2023 and November 30, 2022, sales direct to customers accounted for 93.3% and 95.7%, respectively. No single customer that accounted for greater than 10% of total sales in those periods.

During the three months ended November 30, 2023 AXIL sales to customers outside the United States represented approximately 5.8% which consisted of 4.0% from Canada and the remaining from various countries. During the three months ended November 30, 2022 sales of AXIL product to customers outside the United States represented 4.4% which consisted of 3.5% from Canada and the remaining from various countries. During the six months ended November 30, 2023 AXIL sales to customers outside the United States represented approximately 5.1% which consisted of 4.2% from Canada and the remaining from various countries. During the six months ended November 30, 2022 sales of AXIL product to customers outside the United States represented 4.4% which consisted of 3.7% from Canada and the remaining from various countries

Manufacturing is outsourced primarily overseas via a number of third-party vendors, the largest vendor accounted for 89.4% and 91.8% of all purchases for the three months and six month ended November 30, 2023, respectively. For the fiscal year ended May 31, 2023, the two largest vendors accounted for 82% and 10% of all purchases.

Note 14 – Concentrations (continued)

During the three months ended November 30, 2023, AXIL sale of ear buds for PSAP (personal sound amplification product) and hearing protection by product line which each represented over 10% of sales consisted approximately 54.3% ($7.3M) from Ghost Stryke, 14.4% ($1.9M) from Trackr earmuffs and 30.2% ($4.0M) of sales of other Bluetooth and ear buds. During the three months ended November 30, 2022, AXIL sale of ear buds and hearing protection by product line which represented over 10% of sales was 91.3% from Ghost Stryke model GS-X ($10.2M).

During the six months ended November 30, 2023, AXIL sale of ear buds for PSAP (personal sound amplification product) and hearing protection by product line which each represented over 10% of sales consisted approximately 55.0% ($12.4M) from Ghost Stryke, 13.1% ($3.0M) from Trackr earmuffs and 30.9% ($7.0M) of sales of other Bluetooth and ear buds. During the six months ended November 30, 2022, AXIL sale of ear buds and hearing protection by product line which represented over 10% of sales was 91.1% from Ghost Stryke model GS-X ($15.6M).

During the six months ended November 30, 2023 sales by hearing enhancement and protection products comprised of the following:

	For the six months ended November 30,	
Ear Protection & Enhancement Products	**2023**	**2022**
Ghost Stryke	55.0%	91.3%
Trackr Earmuffs	13.1%	7.7%
Other Bluetooth and ear buds	31.9%	0.9%
Accessories, other	0.0%	0.1%
Total	100.0%	100.0%

Note 15 – Business Segment and Geographic Area Information

Business Segments

The Company, directly or through its subsidiaries, markets and sells its products and services directly to consumers and through its dealers. In June 2022, the Company acquired a hearing enhancement and hearing protection business. The Company’s determination of its reportable segments is based on how its chief operating decision makers manage the business.

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Note 15 – Business Segment and Geographic Area Information (continued)

The Company's segment information is as follows:

	Three months ended November 30,		Six months ended November 30,	
Net Sales	2023	2022	2023	2022
Hair care and skin care	$ 230,741	$ 418,734	$ 545,594	$ 903,970
Hearing enhancement and protection	8,190,936	6,313,265	13,982,352	10,065,387
Total net sales	$ 8,421,677	$ 6,731,999	$ 14,527,946	$ 10,969,357
Operating earnings				
Segment gross profit:				
Hair care and skin care	$ 172,583	$ 316,325	$ 394,107	$ 640,431
Hearing enhancement and protection	6,085,356	4,722,709	10,511,398	7,681,257
Total segment gross profit	$ 6,257,939	$ 5,039,034	$ 10,905,505	$ 8,321,688
Selling and Marketing	3,672,780	3,098,898	6,879,621	5,076,874
General and Administrative	1,321,247	955,141	2,588,215	2,060,418
Consolidated operating income	$ 1,263,912	$ 984,995	$ 1,437,669	$ 1,184,396
Total Assets:				
Hair care and skin care	$ 5,439,289	$ 1,018,083	$ 5,439,289	$ 1,018,083
Hearing enhancement and protection	7,686,720	9,038,537	7,686,720	9,038,537
Consolidated total assets	$ 13,126,009	$ 10,056,620	$ 13,126,009	$ 10,056,620
Payments for property and equipment				
Hair care and skin care	$ -	$ -	$ -	$ -
Hearing enhancement and protection	19,885	54,400	70,845	54,400
Consolidated total payments for property and equipment	$ 19,885	$ 54,400	$ 70,845	$ 54,400
Depreciation and amortization				
Hair care and skin care	$ 1,417	$ 1,418	$ 2,835	$ 2,841
Hearing enhancement and protection	26,368	21,928	53,187	40,174
Consolidated total depreciation and amortization	$ 27,785	$ 23,346	$ 56,022	$ 43,015

Geographic Area Information

During the three months ended November 30, 2023, approximately 96% of our consolidated net sales were to customers located in the U.S. (based on the customer's shipping address). During the three months ended November 30, 2022, approximately 96% of our consolidated net sales were to customers located in the U.S. (based on the customer's shipping address). All Company assets are located in the U.S.

During the six months ended November 30, 2023, approximately 96% of our consolidated net sales were to customers located in the U.S. (based on the customer's shipping address). During the six months ended November 30, 2022, approximately 96% of our consolidated net sales were to customers located in the U.S. (based on the customer's shipping address).

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Note 16 – Income Taxes

We calculated our interim tax provision in accordance with ASC Topic 270, "Interim Reporting," and ASC Topic 740, "Accounting for Income Taxes." As the end of each interim quarterly period, we estimate our annual effective tax rate and apply that rate to our ordinary quarterly earnings to calculate the tax related to ordinary income. The tax effects of other items that are excluded from ordinary income are discretely calculated and recognized in the period in which they occur.

We recorded an income tax expense of $430,382 and $335,797 for the six months ended November 30, 2023 and 2022, respectively.

The Company does not have any uncertain tax positions or events leading to uncertainty in a tax position. The Company's 2020, 2021 and 2022 Corporate Income Tax Returns are subject to Internal Revenue Service examination.

Note 17 – Subsequent Events

Corporate Actions

On December 4, 2023, the Company filed with the SEC a Definitive Information Statement on Schedule 14C (the "Information Statement"). Pursuant to Rule 14c-2 of the Exchange Act, the Information Statement became effective on or around December 25, 2023, approximately twenty (20) days after it was filed and mailed to the Company's stockholders of record as of October 31, 2023 (the "Effective Date"). The Information Statement informed our stockholders of certain corporate actions taken by written consent of stockholders holding at least a majority of our issued and outstanding shares of the Company's common stock. The following corporate actions (the "Corporate Actions") were approved by a majority of our stockholders on October 31, 2023:

(i) An amendment to our Amended and Restated Certificate of Incorporation (the "Charter") to effect a name change of the Company from "Reviv3 Procare Company" to "AXIL Brands, Inc.";

(ii) The Plan and an amendment to the Plan to effect an increase in authorized shares for issuance under the Plan by an additional 15,000,000 shares to an aggregate of 25,000,000 shares available under the Plan;

(iii) An amendment to our Charter to effect a reverse stock split of the issued and outstanding shares of our Common Stock in a range of not less than one-for-3 shares and not more than one-for-25 shares, at the discretion of the Board (see below);

(iv) Amendments to our Charter and to our Bylaws to increase the size of our Board and create three (3) classes of directorships for the Board; and

(v) Amendments to our Charter and to our Bylaws to vest the Board with authority to make, repeal, alter, amend or rescind any or all of the Bylaws and to amend the Bylaws to add a provision relating to notice of stockholder business and nominations.

Following the Effective Date of the Information Statement, the Company's Board has the authority to implement any or all of the foregoing Corporate Actions at their discretion. As of the date of this Quarterly Report on Form 10-Q, the Board has not yet implemented any of the Corporate Actions but may do so in the future.

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Note 17 – Subsequent Events (continued)

The following is the unaudited pro-forma effect of a potential one-for-three (1:3), one-for-twenty (1:20), and one-for-twenty-five (1:25) Reverse Stock Split on the basic and diluted net income per share:

	For the 3 Months Ended (UNAUDITED)							
	November 30, 2023				November 30, 2022			
	Pre Split	Post Stock Split			Pre Split	Post Stock Split		
		1:3	1:20	1:25		1:3	1:20	1:25
Net income	$ 1,018,075	$ 1,018,075	$ 1,018,075	$ 1,018,075	$ 726,900	$ 726,900	$ 726,900	$ 726,900
Weighted average basic shares	117,076,949	39,025,650	5,853,847	4,683,078	115,226,893	38,408,964	5,761,345	4,609,076
Dilutive securities:								
Convertible preferred stock	250,000,000	83,333,333	12,500,000	10,000,000	250,000,000	83,333,333	12,500,000	10,000,000
Stock options	5,375,000	1,791,667	268,750	215,000	3,706,593	1,235,531	185,330	148,264
Weighted average dilutive shares	372,451,949	124,150,650	18,622,597	14,898,078	368,933,486	122,977,829	18,446,674	14,757,339
Earnings per share:								
Basic	$ 0.01	$ 0.03	$ 0.17	$ 0.22	$ 0.01	$ 0.02	$ 0.13	$ 0.16
Diluted	$ 0.00	$ 0.01	$ 0.05	$ 0.07	$ 0.00	$ 0.01	$ 0.04	$ 0.05

	For the 6 Months Ended (UNAUDITED)							
	November 30, 2023				November 30, 2022			
	Pre Split	Post Stock Split			Pre Split	Post Stock Split		
		1:3	1:20	1:25		1:3	1:20	1:25
Net income	$ 1,172,527	$ 1,172,527	$ 1,172,527	$ 1,172,527	$ 902,427	$ 902,427	$ 902,427	$ 902,427
Weighted average basic shares	117,076,949	39,025,650	5,853,847	4,683,078	108,779,476	36,259,825	5,438,974	4,351,179
Dilutive securities:								
Convertible preferred stock	250,000,000	83,333,333	12,500,000	10,000,000	228,142,077	76,047,359	11,407,104	9,125,683
Stock options	5,375,000	1,791,667	268,750	215,000	4,507,650	1,502,550	225,383	180,306
Weighted average dilutive shares	372,451,949	124,150,650	18,622,597	14,898,078	341,429,203	113,809,734	17,071,460	13,657,168
Earnings per share:								
Basic	$ 0.01	$ 0.03	$ 0.20	$ 0.25	$ 0.01	$ 0.02	$ 0.17	$ 0.21
Diluted	$ 0.00	$ 0.01	$ 0.06	$ 0.08	$ 0.00	$ 0.01	$ 0.05	$ 0.07

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with, and is qualified in its entirety by, the unaudited consolidated financial statements and related notes thereto included in Item 1 in this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended May 31, 2023 filed with the SEC on August 21, 2023. Our Management's Discussion and Analysis of Financial Condition and Results of Operations contains not only statements that are historical facts, but also statements that are forward-looking.

Although the forward-looking statements in this Quarterly Report on Form 10-Q reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by them. Consequently, and because forward-looking statements are inherently subject to risks and uncertainties, the actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in herein and in our other reports as we attempt to advise interested parties of the risks and factors that may affect our business, financial condition, and results of operations and prospects. Please see "Cautionary Note Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q for additional information.

Overview

The Company is engaged in the manufacturing, marketing, sale and distribution of high-tech, innovative hearing and audio enhancement and protection products that provide cutting-edge solutions for people with varied applications across many industries and professional quality hair and skin care products under various trademarks and brands.

On May 1, 2022, we entered into an Asset Purchase Agreement dated May 1, 2022 and amended on June 15, 2022 and September 8, 2022 with AXIL, a Delaware corporation, and a leader in hearing protection and enhancement products, for the acquisition of both the hearing protection business of AXIL consisting of ear plugs and ear muffs, and AXIL's ear bud business. These businesses constituted substantially all of the business operations of AXIL. The acquisition was completed subsequently on June 16, 2022. On September 8, 2022, the Company and AXIL entered into an amendment to the Asset Purchase Agreement which eliminated the provision in the Asset Purchase Agreement requiring the Company to effectuate a reverse stock split of our Common Stock and preferred stock pursuant to the Asset Purchase Agreement within a certain period of time.

As a result of the acquisition of AXIL's assets, the Company has two reportable segments: hair care and skin care, and hearing enhancement and protection.

Through our hearing enhancement and protection segment, we design, innovate, engineer, manufacture, market and service specialized systems in hearing enhancement, hearing protection, wireless audio, and communication. Through our hair care and skin care segment, we manufacture, market, sell, and distribute professional quality hair and skin care products.

The Company's overall business strategy is to establish market awareness of our products through our direct-to-consumer campaigns. We believe the increase in awareness will allow the Company to increase distribution and gain customers through our distribution partners' retail establishments, with the goal of helping us achieve growth in market share and diversify our sales channels.

Recent Developments

The Company is in the process of seeking to list its shares of Common Stock on the NYSE American Stock Exchange (the "NYSE American"). No assurance can be given that the Company's Common Stock will be accepted for listing on the NYSE American.

On December 4, 2023, the Company filed with the SEC a Definitive Information Statement on Schedule 14C (the "Information Statement"). Pursuant to Rule 14c-2 of the Exchange Act, the Information Statement became effective on or around December 25, 2023, approximately twenty (20) days after it was filed and mailed to the Company's stockholders of record as of October 31, 2023 ("Effective Date"). The Information Statement informed our stockholders of certain corporate actions taken by written consent of stockholders holding at least a majority of our issued and outstanding shares of the Company's common stock. The following corporate actions (the "Corporate Actions") were approved by a majority of our stockholders on October 31, 2023:

(i) An amendment to our Amended and Restated Certificate of Incorporation (the "Charter") to effect a name change of the Company from "Reviv3 Procare Company" to "AXIL Brands, Inc.";

(ii) The Company's 2022 Equity Incentive Plan (the "Plan") and an amendment to the Plan to effect an increase in authorized shares for issuance under the Plan by an additional 15,000,000 shares to an aggregate of 25,000,000 shares available under the Plan;

(iii) An amendment to our Charter to effect a reverse stock split of the issued and outstanding shares of our Common Stock in a range of not less than one-for-3 shares and not more than one-for-25 shares, at the discretion of the Board;

(iv) Amendments to our Charter and to our Bylaws to increase the size of our Board and create three (3) classes of directorships for the Board; and

(v) Amendments to our Charter and to our Bylaws to vest the Board with authority to make, repeal, alter, amend or rescind any or all of the Bylaws and to amend the Bylaws to add a provision relating to notice of stockholder business and nominations.

Following the Effective Date of the Information Statement, the Company's Board has the authority to implement any or all of the foregoing Corporate Actions at their discretion. As of the date of this Quarterly Report on Form 10-Q, the Board has not yet implemented any of the Corporate Actions, but may do so in the future.

Results of Operations

Our results of operations are summarized below.

	Six months ended November 30,		Three months ended November 30,	
	2023	**2022**	**2023**	**2022**
Net Sales	$ 14,527,946	$ 10,969,357	$ 8,421,677	$ 6,731,999
Cost of sales	3,622,441	2,647,669	2,163,738	1,692,965
Gross profit	10,905,505	8,321,688	6,257,939	5,039,034
Total operating expenses	9,467,836	7,137,292	4,994,027	4,054,039
Income from operations	1,437,669	1,184,396	1,263,912	984,995
Net income after tax	$ 1,172,527	$ 902,427	$ 1,018,075	$ 726,900

For the Six months Ended November 30, 2023 Compared to the Six months Ended November 30, 2022

Net sales for the six months ended November 30, 2023 and 2022 were $14,527,946 and $10,969,357, respectively. Net sales for the six months ended November 30, 2023 increased by $3,558,589 or 32.4% for the six months ended November 30, 2023, as compared to the six months ended November 30, 2022. The increase was driven primarily by an increase in marketing campaign spend and strength in our sales channels for AXIL products.

Cost of sales includes primarily the cost of products and freight-in costs. For the six months ended November 30, 2023, the overall cost of sales increased by $974,772 or 36.8%, as compared to the comparable period ended November 30, 2022, which was primarily due to the relative increase in sales of AXIL products. Cost of sales as a percentage of net revenues for the six months ended November 30, 2023 was 24.9% as compared to 24.1% for the comparable period in 2022. The marginal increase in cost of sales, as a percentage of sales, was primarily attributable to higher transportation costs. The Company will continue to work to increase efficiencies in procurement and logistics, as well as focus on enhanced production capabilities.

Operating expenses consisted of marketing and selling expenses, compensation and related taxes, professional and consulting fees, and general and administrative costs. Operating expenses for the six months ended November 30, 2023 and 2022 were $9,467,836 and $7,137,292, respectively. Operating expenses as a percentage of net revenues for the six months ended November 30, 2023, were 65.2% compared to 65.1% for the comparable period in 2022. Operating expenses increased by $2,330,544 or 32.7% year-over-year due to an increase in advertising and marketing expenses by $2,028,483 in the AXIL spend for expansion of current marketing campaigns and costs attributable to new product awareness, with an increase in spend of $714,318 for general and administrative costs as the Company requires more robust oversight in compliance and to enhance existing business processes. The increase in marketing, advertising and general and administrative costs, were partially offset by an overall reduction in approximately $300,000 in operating expenses for the Reviv3 business for the six months ended November 30, 2023 as compared to the comparable period in 2022.

Gross profit for the six months ended November 30, 2023 and 2022 was $10,905,505 and $8,321,688, respectively. Gross profit as a percentage of sales for the six months ended November 30, 2023, was 75.1% as compared to 75.9% for the same comparable period in 2022. The slight decrease in gross profit for the six months ended November 30, 2023 was primarily attributable to an increase in discounts and merchant fees related to sales of AXIL products.

Income from operations for the six months ended November 30, 2023 and 2022 was $1,437,669 and $1,184,396, respectively. The increase in income from operations for the six months ended November 30, 2023, of $253,273 or 21.4% compared to the six months ended November 30, 2022, was primarily driven from the positive impact of the increase in sales and marketing efforts of AXIL products.

Provision for income taxes amounted to $430,382 and $335,797 for the six months ended November 30, 2023 and 2022, respectively.

As a result of the above, we reported a net income of $1,172,527 and $902,427, for the six months ended November 30, 2023 and 2022, and respectively, an increase of $270,100.

For the Three months Ended November 30, 2023 Compared to the Three months Ended November 30, 2022

Net sales for the three months ended November 30, 2023 and 2022 were $8,421,677 and $6,731,999, respectively. Net sales for the three months ended November 30, 2023 increased by $1,689,678 or 25.1% for the three months ended November 30, 2023, as compared to the three months ended November 30, 2022, also due to the increase in marketing campaign spend and strength in our sales channels for AXIL products.

For the three months ended November 30, 2023, the overall cost of sales increased by $470,773 or 27.8%, as compared to the comparable period ended November 30, 2022, which was also primarily due to the relative increase in sales of AXIL products. Cost of sales as a percentage of net revenues for the three months ended November 30, 2023 was 25.7% as compared to 25.1% for the comparable period in 2022. The marginal increase in cost of sales, as a percentage of sales, was primarily attributable to an increase in transportation costs. As noted, the Company will continue to work to increase efficiencies in procurement and logistics.

Operating expenses consisted of marketing and selling expenses, compensation and related taxes, professional and consulting fees, and general and administrative costs. Operating expenses for the three months ended November 30, 2023 and 2022 were $4,994,027 and $4,054,039, respectively. Operating expenses as a percentage of net revenues for the three months ended November 30, 2023, were 59.3% compared to 60.2% for the three months ended November 30, 2022. Operating expenses increased by $939,988 or 14.0% compared to the three months ended November 30, 2022, primarily due to an increase in advertising, marketing campaigns and sales related expenses by $858,311 in the AXIL spend for displaying our products through various advertising platforms, with an increase in spend of $167,494 for general and administrative costs as the Company requires more oversight in compliance. The increase in marketing, advertising and general and administrative costs, were partially offset by an overall reduction of approximately $100,000 in operating expenses for the Reviv3 products for the three months ended November 30, 2023 as compared to the comparable period in 2022.

Gross profit for the three months ended November 30, 2023 and 2022 was $6,257,677 and $5,039,034, respectively. Gross profit as a percentage of sales for the three months ended November 30, 2023, was 74.3% as compared to 74.9% for the same comparable period in 2022. The slight decrease in gross profit for the three months ended November 30, 2023 was primarily attributable to the minor increase in product discounts and merchant fees related of AXIL products.

Income from operations for the three months ended November 30, 2023 and 2022 was $1,263,912 and $984,995, respectively. The year-over-year increase in income from operations of $278,917 or 28.3% was primarily driven from the positive impact of sales and marketing efforts of AXIL products.

Provision for income taxes amounted to $364,393 and $261,044 for the three months ended November 30, 2023 and 2022, respectively.

As a result of the above, we reported a net income of $1,018,075 and $726,900 for the three months ended November 30, 2023 and 2022, respectively, an increase of $291,175 or 40.1%.

Liquidity and Capital Resources

We are currently engaged in our product sales and development. Although we earned a net income in the six months ended November 30, 2023, we have incurred operating losses in the past. We currently expect to earn net income during the current fiscal year ending May 31, 2024. We believe our current cash balances, coupled with anticipated cash flow from operating activities, will be sufficient to meet our working capital requirements for at least one year from the date of issuance of the accompanying unaudited consolidated financial statements. We intend to continue to control our cash expenses as a percentage of expected revenue on an annual basis and thus may use our cash balances in the short-term to invest in revenue growth. As a result of the acquisition of AXIL 's assets, we have generated and expect we will continue to generate sufficient cash for our operational needs, including any required debt payments, for at least one year from the date of issuance of the accompanying unaudited consolidated financial statements. Management is focused on growing the Company's existing product lines, introducing new products, as well as expanding its customer base, to increase its revenues. The Company cannot give assurance that it can increase its cash balances or limit its cash consumption and thus maintain sufficient cash balances for its planned operations or future acquisitions. Future business demands, including those resulting from the purchase of AXIL's assets in June 2022, may lead to cash utilization at levels greater than recently experienced. The Company cannot provide any assurance that it will be able to raise additional capital or obtain necessary financing on acceptable terms, or at all. Subject to the foregoing, management believes that the Company has sufficient capital and liquidity to fund its operations for at least one year from the date of issuance of the accompanying unaudited consolidated financial statements.

Cash Flows

Operating Activities

Net cash provided by operating activities for the six months ended November 30, 2023 was $1,252,113, attributable to a net income of $1,172,527, items of adjustments to depreciation and amortization, bad debts, gain on settlement and stock based compensation that total $143,382. There were favorable changes in accounts payable and accrued expenses of $1,092,735, and contract and current liabilities of $751,853. The net decrease in cash was increased by a net decrease in operating assets and liabilities of $1,908,384 primarily due to increase in accounts receivable, prepaid expenses and other current assets and inventory.

Net cash flows provided by operating activities for the six months ended November 30, 2022 was $2,196,195, attributable to net income of $902,427, depreciation and amortization of $43,015, provision for bad debts of $105,975, stock based compensation expense of $124,145, gain on settlement of debt of $50,500, utilization of security deposit to pay rent of $8,385, amortization of prepaid expenses of $3,159 and net change in operating assets and liabilities of $1,059,589 primarily due to an increase in inventory, increase in prepaid expenses, increase in security deposit and increase in accounts receivable offset by an increase in accounts payable, increase in other current liabilities and increase in contract liabilities.

Investing Activities

Net cash flows used in investing activities for the six months ended November 30, 2023 was $70,845 due to the purchase of property and equipment for the AXIL business. For the six months ended November 30, 2022, net cash flows provided were $1,012,014, attributable to the cash received from acquisition of the AXIL business and partially offset by the purchase of property and equipment during the same period.

Financing Activities

Net cash flows used in financing activities for the six months ended November 30, 2023 was $51,519, and were for repayment of equipment financing and note payable, and a decrease in the amount due from a related party. Net cash flows provided by financing activities for the six months ended November 30, 2022, amounted to $436,230 as the Company raised capital of $328,050 pursuant to a private placement of shares of common stock, receipt of $111,392 in related party loans, and repayment of loans that totaled $3,212.

During the six months ended November 30, 2023, the Company has various financed items and has debt outstanding in order to run the business operations. In 2019, the Company purchased a forklift under an installment purchase plan. The loan amount is $16,500 payable in 60 monthly installment payments of $322 comprising of principal payment of $275 and interest payment of $42. At November 30, 2023 and 2022, the balance outstanding on the loan was $550 and $3,850, respectively, of which the $550 balance is payable within the next year.

As of November 30, 2023, we had a secured Economic Injury Disaster Loan outstanding, administered pursuant to the CARES Act in the principal amount of $147,931, with a maturity date of May 18, 2050. The Company continues to pay interest on the loan.

We are dependent on our product sales to fund our operations and may require additional capital in the future, such as pursuant to the sale of additional common stock or of debt securities or entering into credit agreements or other borrowing arrangements with institutions or private individuals, to maintain operations, which may not be available on favorable terms, or at all, and could require us to sell certain assets or discontinue or curtail our operations. If the current equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult, more costly and more dilutive. In addition, pursuant to a voting agreement, effective June 16, 2022, with AXIL and Intrepid Global Advisors, we are subject to certain limitations on our ability to sell our capital stock until June 2024. Our officers and directors have made no written commitments with respect to providing a source of liquidity in the form of cash advances, loans, and/or financial guarantees. We do not have any plans to seek additional financing at this time and anticipate that our existing cash equivalents and cash provided by operations will be sufficient to meet our working capital requirements. However, if the need arises for additional cash, there can be no assurance that we will be able to raise the capital we need for our operations on favorable terms, or at all. We may not be able to obtain additional capital or generate sufficient revenues to fund our operations. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon our business plans. If we are unsuccessful at raising sufficient funds, for whatever reason, to fund our operations, we may be forced to cease operations. If we fail to raise funds, we expect that we will be required to seek protection from creditors under applicable bankruptcy laws.

Off-Balance Sheet Arrangements

As of November 30, 2023, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results or operations, liquidity, capital expenditures or capital resources that is material to investors.

Critical Accounting Policies

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions affect the reported amounts of expenses during the reporting period. On an ongoing basis, we evaluate estimates and assumptions based upon historical experience and various other factors and circumstances. We believe our estimates and assumptions are reasonable in the circumstances; however, actual results may differ from these estimates under different future conditions.

We believe that the estimates and assumptions that are most important to the portrayal of our financial condition and results of operations, in that they require the most difficult, subjective or complex judgments, form the basis for the accounting policies deemed to be most critical to us. These critical accounting policies relate to revenue recognition, impairment of intangible assets and long-lived assets, inventory, stock compensation, and evaluation of contingencies. We believe estimates and assumptions related to these critical accounting policies are appropriate under the circumstances; however, should future events or occurrences result in unanticipated consequences, there could be a material impact on our future financial condition or results of operations.

See the footnotes to our unaudited consolidated financial statements for the three and six months ended November 30, 2023 and 2022, included with this Quarterly Report on Form 10-Q for additional discussion of our critical accounting policies and use of estimates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide the information required by this Item 3.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (“CEO”) and Principal Executive Officer, and Chief Financial Officer (“CFO”) and Principal Financial and Accounting Officer, as appropriate, to allow timely decisions regarding required disclosure. We conducted an evaluation, under the supervision and with the participation of our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures as of November 30, 2023. Based on this evaluation of disclosure controls and procedures as of November 30, 2023, our CEO and CFO concluded that our disclosure controls and procedures were not effective.

Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance to our management and the Board regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, including our CEO and CFO, assessed the effectiveness of our internal control over financial reporting as of November 30, 2023 using criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission *Internal Control-Integrated Framework* issued in 2013. Based on the assessment, our management has concluded that as of November 30, 2023, our internal control over financial reporting was not effective based on those criteria.

Remediation

The Company plans to initiate measures to improve the effectiveness of the internal controls over financial reporting and disclosure controls and procedures. We are currently working with a third-party to enhance the reporting in our accounting systems, as well as increase the level of review when any non-routine accounting entry is proposed. The Company hired additional accounting personnel to oversee the financial close and reporting process. The Company plans to hire additional staff to aid in segregation of duties to continue to improve our internal controls in the coming fiscal year. We have also started to develop an internal control structure and identify key procedures for financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002 and we are currently in the process of documenting our internal control policies and procedures. We have adopted written policies and procedures that are being distributed to employees for review and approval by the Board, and should be fully implemented during the fiscal year ending May 31, 2024. In addition, the company has adopted controls related to corporate governance, including a Code of Business Conduct and Ethics that applies to all of our employees, including our CEO, CFO, and Board.

Changes in internal control over financial reporting

There has been no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) under the Exchange Act that occurred during the fiscal quarter ended November 30, 2023 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting. Our management is currently taking corrective action to remedy the internal control weaknesses. See section entitled “Remediation” above.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such pending or threatened legal proceedings or claims that we believe will have a material adverse effect on our business, financial condition or operating results. Where it is probable that we will incur a loss and the amount of the loss can be reasonably estimated, we record a liability in our financial statements. These legal accruals may be increased or decreased to reflect any relevant developments on a quarterly basis. Where a loss is not probable or the amount of the loss is not estimable, we do not record an accrual, consistent with applicable accounting guidance. In the opinion of management, while the outcome of such claims and disputes cannot be predicted with certainty, our ultimate liability in connection with these matters is not expected to have a material adverse effect on our results of operations, financial position or cash flows, and the amounts accrued for any individual matter are not material. However, legal proceedings are inherently uncertain. As a result, the outcome of a particular matter or a combination of matters may be material to our results of operations for a particular period, depending upon the size of the loss or our income for that particular period.

On November 23, 2020, the Company was served a copy of a complaint filed by Jacksonfill, LLC in the Fourth Circuit Court for Duval County, Florida. The complaint alleged breach of Agreement for non-payments for certain products against the Company. On September 2, 2023, Jacksonfill, LLC and the Company settled the dispute in the Circuit Court of the Fourth Judicial Circuit in Duval County, Florida per a binding settlement agreement. There is no admission of liability by the Company and on September 27, 2023 the Company paid attorneys on behalf of Jacksonfill, LLC. the settlement in the amount of $125,000. The reserve that was provided in the financial statements in excess of the final settlement payment was recorded as a gain on settlement in the current quarter in the amount of $79,182. Please see Note 11—Commitments and Contingencies to our financial statements included herein for additional information about this matter.

ITEM 1A. RISK FACTORS

As a smaller reporting company, we are not required to provide the information required by this Item 1A.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) Not applicable.

(b) None.

(c) Not applicable.

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ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Filed herewith	Furnished herewith
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X	
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X	
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X
101	The following unaudited condensed consolidated financial statements from the Quarterly Report on Form 10-Q for the quarter ended November 30, 2023 are formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Balance Sheets, (ii) Statements of Operations, (iii) Statements of Changes in Stockholders' Equity, (iv) Statements of Cash Flows, and (v) the Notes to Financial Statements.	X	
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	X	

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REVIV3 PROCARE COMPANY

Date: January 4, 2024

By: /s/ Jeff Toghraie
Jeff Toghraie
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Monica Diaz Brickell
Monica Diaz Brickell
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeff Toghraie, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Reviv3 Procare Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 4, 2024

By: /s/ Jeff Toghraie
Name: Jeff Toghraie
Title: Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Monica Diaz Brickell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Reviv3 Procare Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: January 4, 2024

By: /s/ Monica Diaz Brickell
Name: Monica Diaz Brickell
Title: Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Reviv3 Procare Company (the "Company") for the quarter ended November 30, 2023 (the "Report"), I, Jeff Toghraie, Chief Executive Officer, certify as follows:

A) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78m or 78o(d)), and

B) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods covered by the Report.

This statement is authorized to be attached as an exhibit to the Report so that this statement will accompany the Report at such time as the Report is filed with the Securities and Exchange Commission, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any registration statement of the Company filed under Securities Act of 1933, as amended, except to the extent that the Company specifically incorporates it by reference. A signed original of this written statement by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: January 4, 2024	By:	/s/ Jeff Toghraie
	Name:	Jeff Toghraie
	Title:	Chief Executive Officer (Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Reviv3 Procare Company (the "Company") for the quarter ended November 30, 2023 (the "Report"), I, Monica Diaz Brickell, Chief Financial Officer, certify as follows:

A) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78m or 78o(d)), and

B) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods covered by the Report.

This statement is authorized to be attached as an exhibit to the Report so that this statement will accompany the Report at such time as the Report is filed with the Securities and Exchange Commission, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any registration statement of the Company filed under Securities Act of 1933, as amended, except to the extent that the Company specifically incorporates it by reference. A signed original of this written statement by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: January 4, 2024	By:	/s/ Monica Diaz Brickell
	Name:	Monica Diaz Brickell
	Title:	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)