



Rapid Dose Therapeutics Corp.
Condensed Interim Consolidated Financial Statements
November 30, 2024
(Unaudited)
(Expressed in Canadian dollars)

Rapid Dose Therapeutics Corp.

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Rapid Dose Therapeutics Corp.

Notice of No Auditors Review of Condensed Interim Consolidated Financial Statements

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

The accompanying condensed interim consolidated financial statements (unaudited) of Rapid Dose Therapeutics Corp. (the "Company") have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Canadian Chartered Professional Accountants (CPA) Canada for a review of interim financial statements by an entity's auditors.

Rapid Dose Therapeutics Corp.
Condensed Interim Consolidated Statements of Financial Position
As at November 30, 2024 and February 29, 2024
(Unaudited)
(Expressed in Canadian Dollars)

	Notes	November 30, 2024 \$	February 29, 2024 \$
Assets			
Current			
Cash and cash equivalents		40,099	161,059
Amounts receivable	4	249,232	219,314
Inventory	5	150,639	132,468
Prepaid expenses	6	199,440	166,084
		<hr/> 639,410	<hr/> 678,925
Non-current			
Right-of-use asset	7	-	23,677
Property and equipment	8	1,030,870	1,182,561
		<hr/> 1,670,280	<hr/> 1,885,163
Liabilities			
Current			
Accounts payable and accrued liabilities	9	3,164,143	2,589,445
Due to related parties	14	-	206,288
Convertible notes	10	-	93,362
Current portion of lease liability		-	29,144
		<hr/> 3,164,143	<hr/> 2,918,239
Non-current			
Convertible notes	10	2,609,770	2,124,878
		<hr/> 5,773,913	<hr/> 4,916,857
Shareholders' equity			
Common shares	11	28,067,699	26,613,148
Warrant reserve	12	4,505,200	4,223,953
Contributed surplus	13	6,284,976	5,244,026
Accumulated other comprehensive loss		16,052	16,052
Deficit		(42,977,560)	(39,255,133)
		<hr/> (4,103,633)	<hr/> (3,157,954)
		<hr/> 1,670,280	<hr/> 1,885,163

See accompanying notes

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Rapid Dose Therapeutics Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three and nine months ended November 30, 2024 and 2023
(Unaudited)
(Expressed in Canadian dollars)

	Notes	Three months ended November 30		Nine months ended November 30	
		2024	2023	2024	2023
Revenue		\$	\$	\$	\$
Sales	16	501,689	233,814	1,416,599	827,772
Cost of sales	16	231,355	104,415	561,565	369,158
Gross profit	16	270,334	129,399	855,034	458,614
Expenses					
Personnel		299,691	426,705	1,008,529	1,166,758
Stock-based compensation		372,313	-	1,040,950	-
General and administrative		312,837	61,475	923,538	373,361
Sales and marketing		209,973	183,063	429,779	309,045
Research and development		44,086	100,365	99,623	124,386
Depreciation	8	48,160	152,837	181,108	413,061
Interest and accretion expense		347,755	102,591	893,934	356,507
		1,634,815	1,110,477	4,577,461	2,710,996
Comprehensive loss for the period		(1,364,481)	(981,078)	(3,722,427)	(2,252,382)
Net loss per share-basic and diluted		(0.01)	(0.01)	(0.03)	(0.03)
Weighted average number of shares outstanding -basic and diluted		124,174,136	103,356,718	124,174,136	103,356,718

See accompanying notes

Rapid Dose Therapeutics Corp.
Condensed Consolidated Interim Statements of Changes in Equity
For the nine months ended November 30, 2024 and 2023
(Unaudited)
(Expressed in Canadian dollars)

	Note	Number of shares	Amount	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
			\$	\$	\$	\$	\$	\$
Balance, February 28, 2023		103,574,267	25,128,471	2,299,675	4,853,253	16,052	(34,967,554)	(2,670,104)
Fair Value of equity issued with secured convertible notes		-	32,416	168,625	-	-	-	201,041
Fair value of shares issued for interest payable on secured notes		-	35,218	-	-	-	-	35,218
Fair value of share issue costs of equity		-	1,681	8,826	-	-	-	10,507
Shares issued for notes and warrants issue costs		1,241,888	101,128	-	-	-	-	101,128
Fair value of warrants issued with loan payable		-	-	18,777	-	-	-	18,777
Shares issued for fees and interest on related party loan		132,397	19,897	-	-	-	-	19,897
Net comprehensive loss		-	-	-	-	-	(2,252,382)	(2,252,382)
Balance, November 30, 2023		104,948,552	25,318,811	2,495,903	4,853,253	16,052	(37,219,936)	(4,535,917)
	Note	Number of shares	Amount	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
			\$	\$	\$	\$	\$	\$
Balance, February 29, 2024		117,810,298	26,613,148	4,223,953	5,244,026	16,052	(39,255,133)	(3,157,954)
Issue of shares	11	5,005,882	851,000	-	-	-	-	851,000
Issue of shares and warrants for private placement	11	3,882,349	299,285	281,247	-	-	-	580,532
Issue of shares for interest on convertible notes	11	1,619,613	282,357	-	-	-	-	282,357
Issue of shares for interest on related party debt	10, 11	123,932	21,908	-	-	-	-	21,908
Stock based compensation	13	-	-	-	1,040,950	-	-	1,040,950
Net comprehensive loss		-	-	-	-	-	(3,722,427)	(3,722,427)
Balance, November 30, 2024		128,442,074	28,067,699	4,505,200	6,284,976	16,052	(42,977,560)	(4,103,633)

See accompanying notes

Rapid Dose Therapeutics Corp.
Condensed Consolidated Interim Statements of Cash Flows
For the three and nine months ended November 30, 2024 and 2023
(Unaudited)
(Expressed in Canadian dollars)

	Three months ended November 30		Nine months ended November 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
Cash provided by (used in)				
Operating activities				
Net comprehensive loss	(1,364,481)	(981,078)	(3,722,427)	(2,252,382)
Items not affecting cash				
Stock-based compensation	372,313	-	1,040,950	-
Accretion expense	252,302	32,610	388,277	46,399
Depreciation	48,160	152,837	181,108	439,536
Shares issued for interest	93,775	58,401	304,265	92,948
	(590,100)	(737,228)	(1,807,827)	(1,673,499)
Changes in non-cash operating working capital				
Amounts receivable	14,317	70,453	29,917	61,519
Inventory	(38,294)	1,738	18,171	10,743
Prepaid expenses	53,042	(159,275)	33,356	(120,318)
Accounts payable and accrued liabilities	294,633	151,646	574,968	731,106
Deferred revenue	-	-	-	(13,299)
	(266,402)	(672,666)	(1,151,415)	(1,003,748)
Investing activities				
	-	-	-	-
Financing activities				
Due to related parties	(240,144)	250,000	(206,288)	(250,000)
Loans payable	-	(340,000)	-	(480,000)
Repayment of convertible note	-	-	(100,000)	-
Payment on lease, net of interest	-	(84,578)	(29,144)	(262,095)
Issue of secured convertible notes	-	810,000	-	2,134,436
Issue of shares, net of issue costs	474,966	-	785,355	-
Issue of shares and warrants	-	-	580,532	-
	234,822	635,422	1,030,455	1,142,341
Net change in cash	(31,580)	(37,246)	(120,960)	138,593
Cash, beginning of period	71,679	203,426	161,059	27,587
Cash, end of period	40,099	166,180	40,099	166,180

See accompanying notes

Rapid Dose Therapeutics Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three month and nine month periods ended November 30, 2024 and 2023

1. NATURE OF OPERATIONS and CONTINUANCE OF BUSINESS

Reporting entity

Rapid Dose Therapeutics Corp. (the "Company") is a publicly traded Canadian life sciences company that provides innovative, proprietary drug delivery technologies designed to improve outcomes and quality of lives.

The Company is incorporated under the laws of Ontario. Its head office and registered office is located at 1121 Walker's Line, Unit 3A, Burlington, Ontario, L7N 2G4.

Going concern

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge liabilities and commitments in the normal course of operations. Different measures of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the Company's ability to raise equity capital, obtain debt financing and to attain profitable operations to generate funds to meet current and future obligations.

During the three and nine months ended November 30, 2024, the Company reported a comprehensive loss of \$1,364,481 and \$3,722,427 respectively (three and nine months ended November 30, 2023, a comprehensive loss of \$981,078 and \$2,252,382 respectively). As at November 30, 2024, the Company had a working capital deficiency of \$2,574,734 (November 30, 2023, working capital deficiency of \$3,951,615).

The Company does not have sufficient cash to sustain operations for the next twelve months without additional financing. The continued operations of the Company are dependent upon its ability to generate future cash flows and/or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due; however, they may not be at terms that are favorable to the Company. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements were approved and authorized for issue by the Directors of the Company on January 28, 2025.

Rapid Dose Therapeutics Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three month and nine month periods ended November 30, 2024 and 2023

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”). These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company’s February 29, 2024, audited financial statements.

The notes presented in these condensed interim consolidated financial statements include only significant events and transactions and are not fully inclusive of all matters normally disclosed in the annual audited consolidated financial statements; thus, these condensed interim consolidated financial statements are referred to as condensed. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the Company’s February 29, 2024, audited financial statements.

Foreign currencies

These condensed consolidated interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

Basis of presentation and consolidation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value explained in the accounting policies set out in Note 3.

These condensed consolidated interim financial statements include accounts of the Company and its wholly owned subsidiaries, Consolidated Consumer Brands Inc, and RDT Therapeutics Inc. Amounts reflected prior to March 19, 2021, the acquisition and amalgamation date of Consolidated Consumer Brands Inc, include only the accounts of Rapid Dose Therapeutics Corp and RDT Therapeutics Inc. Inter-company transactions and balances are eliminated upon consolidation.

Subsidiaries are corporations in which the Company is able to control the operating, investing and financing activities and policies, which is the authority usually connected with holding majority voting rights. The consolidated financial statements include the accounts of the Company and its controlled entities from the date on which control was acquired. The subsidiaries use the same reporting period and the same accounting policies as the Company.

3. SIGNIFICANT ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND ASSUMPTIONS

SIGNIFICANT ACCOUNTING POLICIES

Recent accounting pronouncements

The adoption of the following standards and interpretations are not expected to have a material effect on the Company’s future results and financial position:

Rapid Dose Therapeutics Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three month and nine month periods ended November 30, 2024 and 2023

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2023.

Accounting standard issued but not yet effective

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2024. Certain other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

The preparation of condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amount of expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Share-based payments

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

The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of share-based payments expense.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product to a customer. The transfer of control is considered to have occurred when the Company has transferred physical possession of the asset, and the Company has a present right to payment for the asset.

Cash-generating units and impairment of non-financial assets

Judgment is required to assess the Company's determination of cash-generating units ("CGU") for the purpose of impairment testing.

Rapid Dose Therapeutics Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three month and nine month periods ended November 30, 2024 and 2023

The process to calculate the recoverable amount of a cash-generating unit requires use of valuation methods such as the discounted cash flow method which uses assumptions of key variables including future cash flows, discount rate and terminal growth rates.

Financial instruments

The fair values of financial instruments are estimated based upon market and third-party inputs. These estimates are subject to change with fluctuations in commodity prices, interest rates, foreign currency exchange rates and estimates of non-performance risk.

Deferred tax assets and liabilities

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

Useful life of property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, and equipment. All other repair and maintenance costs are recognized in the consolidated statement of loss and comprehensive loss.

The initial cost of property and equipment comprises its purchase price or construction cost and any costs directly attributable to bringing it to a working condition for its intended use.

The purchase price or construction cost is the aggregate amount of cash consideration paid and the fair value of any other consideration given to acquire the asset. Where an item of property and equipment is comprised of significant components with different useful lives, the components are accounted for as separate items of property and equipment.

For all property and equipment, depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation on leasehold improvements is calculated straight-line over the term of the lease. For all other property and equipment, depreciation is calculated using the declining balance method using the following annual rates:

Processing equipment	20%
Research and development equipment	20%
Portable building units	10%
Computer and office equipment	20%
Leasehold improvements	Over the term of the lease
Furniture and fixtures	20%

Rapid Dose Therapeutics Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three month and nine month periods ended November 30, 2024 and 2023

4. AMOUNTS RECEIVABLE

	November 30, 2024	February 29, 2024
	\$	\$
Trade receivable	113,669	33,029
Government grants and HST receivable	135,563	167,293
Other receivables	-	18,992
	<u>249,232</u>	<u>219,314</u>

5. INVENTORY

	November 30, 2024	February 29, 2024
	\$	\$
Raw materials	29,975	56,412
Labels and packaging	89,081	67,990
Finished goods - Nutraceuticals	31,583	8,066
	<u>150,639</u>	<u>132,468</u>

6. PREPAID EXPENSES

	November 30, 2024	February 29, 2024
	\$	\$
Prepaid insurance	43,259	98,833
Security deposit	29,339	29,339
Deposit for inventory	126,842	37,912
	<u>199,440</u>	<u>166,084</u>

7. RIGHT-OF-USE ASSET

	November 30, 2024	February 29, 2024
	\$	\$
Right-of-use asset	-	1,466,516
Accumulated depreciation	-	(1,442,839)
	<u>-</u>	<u>23,677</u>

The facility lease which gave rise to the right of use asset expired on March 31, 2024. The facility continues to be rented on a month-to-month basis, pending ratification of a new lease with the building's landlord.

Rapid Dose Therapeutics Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three month and nine month periods ended November 30, 2024 and 2023

8. PROPERTY AND EQUIPMENT

	Furniture and fixtures \$	R&D equipment \$	Portable building units \$	Computer hardware \$	Leaseholds \$	Processing equipment \$	Total \$
Cost							
February 29, 2024	61,893	306,003	431,859	199,636	246,618	1,824,062	3,070,071
Additions/Disposals	-	1,200	-	4,539	-	-	5,739
November 30, 2024	61,893	307,203	431,859	204,175	246,618	1,824,062	3,075,810
Accumulated depreciation							
February 29, 2024	44,954	174,636	174,953	150,884	239,934	1,102,150	1,887,510
Depreciation	2,416	18,749	18,790	7,263	6,685	103,527	157,430
November 30, 2024	47,370	193,385	193,743	158,147	246,618	1,205,677	2,044,941
Net book value							
February 29, 2024	16,939	131,367	256,906	48,752	6,684	721,912	1,182,561
November 30, 2024	14,523	113,818	238,116	46,028	-	618,385	1,030,870

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	November 30, 2024	February 29, 2024
	\$	\$
Accounts payable	1,525,632	1,121,128
Accrued liabilities	1,638,511	1,468,317
	3,164,143	2,589,445

10. CONVERTIBLE NOTES

Unsecured convertible notes

On August 8, 2024, the Company repaid the remaining unsecured note of \$100,000.

Balance February 29, 2024	\$93,362
Accretion expense from June 1, 2024, to the date maturity	6,638
Repayment of unsecured convertible note to convertible secured note	(100,000)
Balance as at August 31 and at November 30, 2024	-

Rapid Dose Therapeutics Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three month and nine month periods ended November 30, 2024 and 2023

Secured convertible notes

During the year ended February 29, 2024, the Company issued secured convertible notes (“Secured Convertible notes”) in exchange for gross cash proceeds of \$1,935,000, bearing interest of 12% per annum, payable quarterly, payable in common shares of the Company. The holders of the Secured Convertible Notes may convert, at their option, the principal amount into shares of the Company at a price of \$0.17 per share, with a maturity date of November 30, 2025.

The Company settled \$1,199,445 of unsecured debt through the issuance of the secured convertible notes. The secured convertible notes have substantially different terms and since there has been a substantial modification of the terms of the existing financial liabilities, these transactions have been accounted for as an extinguishment of the original financial liabilities and the recognition of new financial liabilities. The Company has recognized an extinguishment of liability of \$539,892 in the statement of loss and comprehensive loss.

At the subscription of the Secured Convertible Notes, each investor was also issued 5 warrant “Warrant Shares” to be utilized for the future purchase of shares of the Company. The total number of Subscription Warrants issued were 15,672,225. The holders of the Warrant Shares convert the principal amount into shares of the Company at a price of \$0.14 per share. These Subscription Warrants were issued based on the original amount invested into the Secured Convertible Notes. The expiry of the Subscription Warrants is November 30, 2025.

The Company used the Black-Scholes option-pricing model to estimate fair value of the embedded warrant and conversion feature of loan. The inputs used by management to determine the fair value are the expected future volatility in the price of the Company’s shares and the expected life of the Secured Convertible Notes.

The conversion features, embedded warrants require a fixed number of shares to settle, therefore, they meet the criteria of fixed to fixed under IFRS and hence classified as equity. Accordingly, the fair values of these were deducted from the gross proceeds and were accreted over the term of the note.

The Company may prepay the Notes in certain circumstances. During the period from June 30, 2024, to December 31, 2024, the Company shall be entitled to prepay all or any portion of each of the Notes with a prepayment fee payable to each noteholder of 3% of the amount of the principal prepayment of the Note. There shall be no prepayment fee if the Notes are repaid after December 31, 2024. The Notes are secured pursuant to a general security agreement issued by the Company in favour of the various noteholders.

A reconciliation of the secured convertible notes payable for the nine-month period ended November 30, 2024, is as follows:

Balance, February 29, 2024	\$ 2,124,874
Accretion expense	484,896
<hr/>	
Balance November 30, 2024	2,609,770

11. SHARE CAPITAL

Authorized

An unlimited number of common shares without par value

Issued and outstanding

128,442,074 common shares

Rapid Dose Therapeutics Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three month and nine month periods ended November 30, 2024 and 2023

On October 30, 2024, the Company raised \$542,000 through the issue of 3,188,235 common shares at \$0.17 per share.

On September 30, 2024, the Company issued common shares at \$0.17 per share as consideration for the \$6,799 of quarterly interest on the related party loan which matured and was repaid on September 22, 2024.

On September 30, 2024, the Company issued common shares at \$0.17 per share as consideration for \$94,806 of quarterly interest on the secured convertible notes.

On July 18, 2024, the Company raised \$309,000 through the issue of 1,181,647 common shares at \$0.17 per share.

On each of June 30, 2024, and on March 31, 2024, the Company issued 520,968 common shares at \$0.18 per share as consideration for \$93,775 of quarterly interest on the secured convertible notes. Quarterly interest paid to related parties amounted to \$50,751.

On each of June 30, 2024, and on March 31, 2024, the Company issued 41,968 common shares at \$0.18 per share as consideration for the \$7,555 of quarterly interest on the related party loan.

The Company closed on \$660,000 of subscribed units in three tranches during the quarter ended May 31, 2024, bringing the total amount raised in the private placement to \$1,930,000. Each Unit was priced at \$0.17 and consisted of one (1) common share of the Company (a "Common Share") and one (1) common share purchase warrant of the Company (a "Warrant"). Each Warrant is exercisable to acquire one (1) Common Share at a price of \$0.20 per Common Share for a term of two (2) years from the date of issuance of such Warrant.

During the quarter ended May 31, 2024, the Company issued 3,882,349 Common Shares and 3,882,349 Warrants in connection with the closing of private equity placement. Included therein were 232,940 non-transferable agent warrants (each, an "Agent Warrant") equal to 6% of the number of Units issued to investors in the Financing that were introduced to the Company by the Agent. Each Agent Warrant will be exercisable to acquire one (1) Common Share at a price of \$0.20 per Common Share for a term of two (2) years from the date of issuance of such Agent Warrant.

In addition, the Company paid share issue costs of \$39,000, representing 6% of the proceeds from the private placement and \$39,851 of legal fees.

On March 31, 2024, the Company issued 520,968 common shares at \$0.18 per share as consideration for the \$93,775 of quarterly interest on the secured convertible notes. Interest paid to related parties amounted to \$50,751.

On March 31, 2024, the Company issued 41,968 common shares at \$0.18 per share as consideration for the \$7,555 of quarterly interest on the related party loan.

Rapid Dose Therapeutics Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three month and nine month periods ended November 30, 2024 and 2023

12. WARRANT RESERVE

A summary of the continuity of warrant activity is as follows:

	Weighted average price	Number of warrants	Warrant reserve
Balance, February 29, 2023		16,813,838	2,299,675
Expired and extinguished	\$0.40	(16,284,681)	(1,720)
Issued – secured convertible note (Note 13)	\$0.14	15,672,225	1,291,732
Issued – September 2023 (Note 11)	\$0.14	1,250,000	48,486
Issued – private placement (Note 15)	\$0.20	7,647,035	530,134
Issued – issuance cost (Note 15)	\$0.20	458,823	55,646
Balance, February 29, 2024		25,557,240	4,223,953
Expired and extinguished	\$0.40	(506,157)	-
Issued – private placement	\$0.20	4,115,289	28,1247
Warrants expired August 4, 2024	\$0.20	(23,000)	-
Warrants expired September 22, 2024	\$0.14	(1,250,000)	-
Balance, November 30, 2024		27,893.393	4,505,200

13. CONTRIBUTED SURPLUS - OPTION RESERVE

The Company adopted a stock option plan under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the Canadian Securities Exchange.

On October 25, 2024, the Company issued 850,000 to Company employees and a third-party advisor at \$0.24 per share, vesting in accordance with the Company's Stock Option Plan policy, expiring 24 months from the date of issue.

On April 1, 2024, the Company issued 9,050,00 stock options to Company employees and third-party advisors, at \$0.18 per share, vesting in accordance with the Company's Stock Option Plan policy, expiring 24 months from the date of issue.

During the year ended February 29, 2024, options amounting to 2,500,000 were issued on February 23, 2024, at \$0.15 per share, vesting in accordance with the Company's Stock Option Plan policy, expiring 24 months from the date of issue.

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A summary of the Company's stock options is presented below:

	Weighted Ave ("\$")	Number of Options	Contributed surplus \$
Balance, February 28, 2022	0.54	10,281,000	4,146,322
Cancelled	0.24 to 0.82	(1,176,250)	-
Balance, February 29, 2023	0.56	9,104,750	4,853,253
Expired	0.375	(3,754,750)	-
Extinguishment	-	-	(17,202)
Cancelled February 28, 2024	0.24 to 0.82	(5,350,000)	-
Fair valuation of convertible notes	-	-	245,726
Issued, February 23, 2024	0.15	2,500,000	-
Balance, February 29, 2024		2,500,000	
Issued April 1 2024	0.18	9,050,000	426,699
Issued October 25 2024	0.24	850,000	73,544
Balance of options, November 30, 2024		12,400,000	-
Other changes to Contributed Surplus:			
Share based compensation 2023			706,931
Share based compensation 2024	-	-	162,249
Share based compensation for the nine-month period ended November 30 2024	-	-	540,706
Options and Contributed Surplus, November 30, 2024		12,400,000	6,284,976

The fair value of the options was calculated using the Black-Scholes option pricing model with the following assumptions:

	Oct 25 2024	April 1 2024	Feb 23 2024
Number of Options issued	850,000	9,050,000	2,500,000
Exercise price	\$0.24	\$0.18	\$0.15
Share Price	\$0.27	\$0.18	\$0.15
Risk-free interest rate	3.09%	4.27%	4.17%
Expected volatility based on historical volatility	215.91%	150.78%	146%
Expected life of warrants	2 years	2 years	2 years
Expected dividend yield	0%	0%	0%
Fair value	\$225,326	\$1,182,038	\$267,190
Number issued to management & directors	500,000	4,350,000	2,500,000

The Company adopted a stock option plan under which it can grant options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the Canadian Securities Exchange.

14. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties include the members of the Board of Directors, key management personnel and any companies controlled by these individuals. Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company, namely Directors, Chief Executive Officer, Chief Financial Officer and Senior Vice President, Business Development.

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Related party debt

Due to a related party represents a secured loan from a company controlled by a director of the Company. On September 22, 2024, the related party note of \$250,000 including the recognition of the remaining accretion expense of \$9,856 was repaid and the unexercised warrants cancelled. On September 30, 2024, the Company issued 39,996 common shares at \$0.17 per share as consideration for the \$6,799 of interest to September 22, 2024, the date of repayment of the loan.

A summary of the changes in the amount of the related party loan for the nine months ended November 30, 2024, is as follows:

	Notes	Warrants	Total
	\$	\$	\$
Balance, February 29, 2024	217,216	48,486	265,702
Accretion of notes	32,784	-	32,784
Repayment of loan, September 22, 2024	(250,000)	-	(250,000)
Balance, November 30, 2024	-	48,486	48,486

On September 30, 2024, the Company issued 39,996 common shares at \$0.17 per share as consideration for the \$6,799 of interest to September 22 2024, the date of repayment of the loan.

Compensation of key management personnel

Key management personnel includes those individuals having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise the directors, executive and non-executive and officers.

The remuneration of the key management personnel during the three month and nine-month periods ended November 30, 2024, were as follows:

	Three months ended November 30, 2024	Nine months ended November 30, 2024
	\$	\$
Salaries	112,500	337,500
Stock-based compensation	121,224	374,692
	<u>233,724</u>	<u>712,192</u>

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, trade and other receivables, accounts payables and accrued liabilities, and note payable. These financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk and other market risk.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk. The Company is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including cash and short-term investments with banks and financial institutions and advances to suppliers.

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Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and seeking equity financing when needed.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash is held in an account with a major Canadian financial institution. The funds may be withdrawn at any time without penalty.

(b) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases are denominated and the functional currency of the Company. The functional currency of the Company is the Canadian dollar. The currencies in which purchase transactions are denominated are Canadian and United States dollars. The Company does not currently hedge its currency risk and is therefore subject to gains or losses due to fluctuations in that currency.

(c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potentially adverse impact on the Company's ability to obtain equity financing due to movements in individual equity prices. The Company closely monitors individual equity movements to determine the appropriate course of action to be taken by the Company.

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For the three month and nine month periods ended November 30, 2024 and 2023

16. SEGMENTED INFORMATION

The following table sets out the revenue and costs for each revenue source:

	Three-month period ended November 30, 2024			Three-month period ended November 30, 2023		
	Revenue	Cost of Sales	Gross Profit	Revenue	Cost of Sales	Gross Profit
	\$	\$	\$	\$	\$	\$
Health and wellness	4,101	2,774	1,327	2,744	33,027	(30,283)
White Label	247,081	102,931	144,150	106,530	10,337	96,193
Product Testing	1,000	850	150	1,840	-	1,840
White Label	248,081	103,781	144,300	108,370	10,337	98,033
Research program services	1,107	-	1,107			
Contract development services	248,400	124,800	123,600	122,700	61,050	61,650
Services revenue	249,507	124,800	124,707	122,700	61,050	61,650
Total	501,689	231,355	270,334	233,814	104,414	129,400

	Nine-month period ended November 30, 2024			Nine-month period ended November 30, 2023		
	Revenue	Cost of Sales	Gross Profit	Revenue	Cost of Sales	Gross Profit
	\$	\$	\$	\$	\$	\$
Health and wellness	22,774	22,055	719	31,119	45,425	-14,306
White Label	753,655	218,071	535,584	399,772	126,547	273,224
Product Testing	13,930	11,838	2,092	12,880	2,941	9,939
White Label	767,585	229,909	537,676	412,652	129,488	283,163
Research program services	8,835	-	8,835	-	-	-
Contract development services	617,405	309,600	307,805	384,001	194,245	189,756
Services revenue	626,240	309,600	316,640	384,001	194,245	189,756
Total	1,416,559	561,565	855,035	827,772	369,158	458,613

Customer Concentration:

Two customers comprised 85% (2023 - 95%) of white label revenue and 30% (2023 - 45%) of total revenue during the three-month period year ended November 30, 2024. One customer comprised 100% of licensing and consulting revenue during the three-month period for the years ended November 30, 2024 and 2023.

Geographic Information:

All of the Company's operations and assets are in Canada. The Company has one operating segment comprising production, distribution, research, and the provision of technical services for the delivery of oral thin film strips containing active ingredients.

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Notes to the Condensed Consolidated Interim Financial Statements

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Entity-wide disclosure:

The Company has four primary sources of revenue:

- 1) Sales of health and wellness products consisting of nutraceuticals;
- 2) Sale of white label manufacturing consisting of sales of oral thin film strips containing active ingredients under cannabis licensing;
- 3) Revenue derived from licensing under service agreements;
- 4) Service contracts consisting of consulting services provided for the application of active ingredients with the Company's oral thin film polymer formulation and processes.

17. CONTINGENT LIABILITIES

From time to time, the Company and/or its subsidiary may become defendants in legal actions and the Company intends to defend itself vigorously against all legal claims. Management is not aware of any claims against the Company that could reasonably be expected to have a materially adverse impact on the Company's consolidated financial position, results of operations or the ability to carry on any of its business activities.

18. SUBSEQUENT EVENTS

Issue of shares for interest accrued on secured convertible notes and shares for directors' fees

On December 31, 2024, the Company issued 577,677 Common Shares to the holders of the Notes at a deemed issue price of \$0.22 per Common Share, being the closing market price of the Common Shares on the CSE on December 31, 2024, in satisfaction of the aggregate of \$94,806 of accrued interest owing on the Convertible Notes for the calendar quarter ended December 31, 2024.

On January 15, 2025, the Company also issued 681,815 Common Shares at a price of \$0.22 per share to the Company's five independent directors for directors fees of \$150,000 (\$10,000 per director per quarter) for the three fiscal quarters ended November 30, 2024.