



Rapid Dose Therapeutics Corp.

Management's Discussion and Analysis

May 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This Management's Discussion and Analysis ("MD&A") provides discussion and analysis of the financial condition and results of operations of Rapid Dose Therapeutics Corp. (the "Company") for the three months ended May 31, 2022 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and the audited Consolidated Financial Statements and the accompanying notes which have been prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting Standards

The MD&A is the responsibility of management and is dated as of January 27, 2023.

All dollar amounts in the MD&A are stated in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company's website at www.rapid-dose.com.

Forward-Looking Statements

Certain statements in this MD&A contain "forward-looking information," within the meaning of applicable securities laws, including the "safe harbour provisions" of the Securities Act (Ontario) with respect to the Company. Such statements include, but are not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and our objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to our plans and objectives, or estimates or predictions of actions of customers, suppliers, competitors or regulatory authorities. These statements are subject to certain risks, assumptions and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect", "anticipate" and similar expressions, as well as future or conditional verbs such as "will", "should", "would" and "could" often identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. With respect to forward-looking statements contained in this MD&A, the Company has made assumptions and applied certain factors regarding, among other things: future product pricing; costs of inputs; its ability to market products successfully to its anticipated clients; reliance on key personnel; regulatory requirements; the application of federal and state environmental laws; and the impact of increasing competition. These forward-looking statements are also subject to the risks and uncertainties discussed in the "Risks Factors" section of the CSE Listing Statement as filed on SEDAR and elsewhere in this MD&A and other risks detailed from time to time in the publicly filed disclosure documents of the Company which are available at www.sedar.com and on the Company's website at www.rapid-dose.com. Forward-looking statements are not a guarantee of future performance and involve risks, uncertainties and assumptions which could cause actual results to differ materially from the conclusions, forecasts or projections anticipated in these forward-looking statements. Because of these risks, uncertainties and assumptions, the reader should not place undue reliance on these forward-looking statements. The Company's forward-looking statements are made only as of the date of this MD&A and, except as required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances.

See page 13 for Material assumptions and risk factors for forward-looking statements.

The Company

The Company is a public Canadian life-sciences corporation that provides innovative, proprietary, drug-delivery technologies designed to improve outcomes and quality of lives. The Company owns a proprietary oral fast-dissolving drug delivery system, QuickStrip™, which is capable of rapidly releasing into the blood stream a list of pharmaceuticals, emulsified oils and over-the-counter medicines without being degraded or modified by first pass metabolism in the liver. The Company also provides product innovation, production and consultation to the nutraceutical, cannabis healthcare and pharmaceutical manufacturing industries.

The Company is a reporting issuer in Ontario, Alberta and British Columbia and its common shares are listed for trading on the Canadian Securities Exchange ("CSE") under the trading symbol "DOSE".

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.

Business Overview **(expressed in thousands of dollars)**

For a more extended outlook as to the Company's performance for the three months ended May 31, 2022 and 2021, see sections "Selected Financial Information and "Results of Operations for the Company".

For the three months ended May 31, 2022, the Company incurred an operating loss of \$1,008 (\$74 for the three months ended May 31, 2021).

As at May 31, 2022, the Company had a working capital deficiency of \$2,381 (\$803, as at May 31, 2021). The continued operation of the Company is dependent upon the support of its creditors and the Company's ability to secure advances from related parties and debt and equity financings to meet its existing obligations and finance its operations.

Sales for the three months ended May 31, 2022, resulted primarily from the sale of white label products. Total revenue recognized for the three months ended was \$62, (restated sales were \$824 for the three months ended May 31, 2021 see "Restatement").

The key dependency on the Company's ability to sell its products is successfully obtaining regulatory approval of the products. The Company has distribution agreements in place requiring these approvals prior to ordering and accepting delivery. Sales of products are awaiting regulatory approvals in Canada, United States, United Kingdom and Middle East. These submissions remain in process up to the reporting date. These submissions remain in process up to the reporting date. The Company became aware in December 2022 that its site license, which permits manufacturing, sales and marketing of natural health products, did not specifically include "importing" as a permitted activity. The Company had previously submitted its site license for renewal to Health Canada (which renewal was pending), but Health Canada advised withdrawal of the previously submitted site license renewal application and submission of a new application including "importing" as an additional permitted activity. The Company submitted such new application on January 20, 2023, and, according to Health Canada service standards, expects the complete site license to be issued within 30 days. During the interim period between the revised application resubmission and receipt of the site license, the Company is permitted and continues to carry on any licensable activities in its cannabis licensed operations. The Company believes any economic impact on account of not carrying on nutraceutical product activities during such period will be minimal and not material.

mRNA vaccine project

The challenges of dealing with delivery of COVID-19 vaccines throughout the world has reaffirmed the importance of the need for an alternative delivery of vaccines, which is the focus of the collaborative oral delivery system for COVID-19 vaccines research, with its university partner, McMaster University. The Company has allocated financial resources, test equipment, research staff and business development expertise and relationships to accelerate the research, testing and to address the opportunities for commercialization. The Company executed agreements with the University and with material supply partners to ensure the research process utilized only the most relevant test materials for analyzing immune responses.

In September 2021, Rodney Butt MSc. MBA was contracted to manage the vaccine strip project and the Company's overall R&D activities relating to oral thin film technology and production intended to ultimately effect the sale or licensing of the Company's oral thin film vaccine IP to a vaccine producer.

Over the last 30 years Rod has been involved in all aspects of prescription drug development, clinical trials, and organizational design within the pharmaceutical and allied industries. Rod's experience with pharmaceutical drug development includes a broad spectrum of related activities from participation and leading international drug development teams, acting as key consultant on product development strategies, leading medical / clinical research departments, building research physician networks and acting as key liaison between Pharma and Investigators. Rod is a frequent speaker at pharma Industry events and is a lecturer in drug development at the University of Guelph.

Dr. Radwan Almofti (PhD in Pharm Sciences) has also been contracted to lead the developing compliance management systems engaged to provide GPP facility and EU-GMP compliant production facilities. At RDT, Dr. Almofti has designed the information retrieval and storage processes required for pre-IND submissions utilized with McMaster University and third-party collaborators. Dr. Radwan Almofti has been contracted to lead the development of GMP/cGMP/EU-GMP compliant quality and documentation management systems including R&D data management required for pre-IND submissions; and provide scientific consulting and supervision over the design and interpretations of experiments and issuing study reports for the development of oral thin film delivery platform.

Dr. Almofti has a PhD and Postdoc degrees in Pharmaceutical and Biomedical Sciences. His research focused on developing Gene & Drug Delivery Systems using liposomes during which he has supervised numerous undergraduate and graduate students, including Ph.D. candidates.

Dr. Almofti has over 20 years of experience working with pharmaceutical, NHPs, compounding pharmacies, and cannabis companies. He has led quality departments and designed and managed numerous quality and documentation management systems. He has also participated in developing several pharmaceutical dosage forms (including inhalers, nasal sprays, tablets, capsules, and injectables) from the early pre-formulation stage, to preclinical, IND, clinical trials, NDA and commercialization.

In May 2021, the Company, McMaster University and the National Research Council (NRC) entered into a three-way material transfer agreement which provided the research team at McMaster University in early June 2021 with the Covid-19 spike protein in sufficient quantities to enable animal testing of the QuickStrip™ infused with the spike protein for the purpose of determining the capabilities of developing antibodies from this vaccine delivery method. The COVID pandemic has provided a unique opportunity for the Company to exploit their flagship QuickStrip™ technology as an efficient and effective vaccine delivery method for a variety of viruses including COVID, SARS, Ebola, Yellow Fever and Malaria. The use of the QuickStrip™ simplifies the logistics challenges of delivering vaccines to the world's most remote communities by eliminating the cost and access to freezer storage and eliminating the requirement to allocate health care professionals for administering needles. The Company is confident that suitable partners in the pharmaceutical industry will be anxious to test infusing their own vaccine formulations into the QuickStrip™ format.

The Company is continuing to develop its commercialization opportunities during the testing phases to ensure that, with successful outcomes, the Company is prepared to execute a go to market plan that covers the shortest possible timelines within the constraints of the regulatory processes for applying and approving a vaccine delivery alternative.

Commercialization of Collaborative Research

Subsequent to the signing of the collaboration agreement with Skycare Compounding in April 21, 2022, the Company and Skycare have been working on the development of products for the dental industry. Submissions for products are under way with Health Canada approvals anticipated in 2023. The pharmaceutical products will be produced in a pharmaceutical production facility operated by Skycare using RDT's equipment and production processes under a revenue sharing agreement.

On December 10, 2020, the Company filed a provisional patent application with USPTO for a 100% biodegradable "Therapeutic Infused Beverage Straw" in conjunction with its manufacturing partner WG Group. This filing is a result from the collaborative development project wherein the Company developed a cannabis infused beverage straw. The technology can be used to infuse a variety of different active ingredients within the straw, for dissolution with the drinking of the beverage.

On July 21, 2020, the Company announced the commencement of COVID-19 vaccine research in conjunction with McMaster University and the team lead by Drs. Alex Adronov, James Mahony and Mark Larché. The federally funded project tests the use of QuickStrip™ for administering vaccines orally as a convenient and safe alternative to injection with needles, the currently accepted delivery format for most vaccines.

On June 19, 2020, the Company filed a non-provisional patent with the USPTO for an "Apparatus for and method of converting CBD and/or CBD derivatives to at least one other type of cannabinoid and/or cannabinoid derivative such as THC". In conjunction with McMaster University and the team lead by Dr. James McNulty, RDT has discovered a new and efficient way to create THC from CBD. The project's research has continued on subsequent to the non-provisional patent filing with continuing input from the Company's science research team. These patent applications have been registered in Canada, the United States and in Europe.

On February 4, 2020, the Company secured government funding of \$400K from The National Research Council of Canada Industrial Research Assistance to support a project focused on commercial development and scale-up manufacturing of cannabis infused QuickStrip™ oral dissolvable film strips. The funding helped the Company to augment product commercialization by enhancing its manufacturing competency while creating new jobs and training skilled technical employees. The Company received \$200k of its grant funding in the fiscal year ended February 28, 2021 and the final \$200K in the fiscal year ended February 28, 2022.

On January 23, 2020, the Company announced a new research partnership program entitled "Rapid Delivery of Therapeutics via Dissolution of Polymeric Films" with [McMaster University](#), located in Hamilton, Ontario, Canada. The project focuses on developing novel biopolymer compositions that can offer enhanced drug delivery

performance when formulated in oral dissolvable thin films. This research program has been awarded a NSERC Collaborative Research and Development grant by the Natural Sciences and Engineering Research Council of Canada. The project is being administered in conjunction with the vaccine project as a secondary funding source for the McMaster research team.

Acquisition of 2544737 Ontario Limited operating as Consolidated Craft Brands (“CCB”).

On March 19, 2021, the Company acquired, through a share exchange of 20 million Units, 100% of the common shares of CCB, an early-stage company in the consumer-packaged brands industry focused on developing, manufacturing, and distributing therapeutic wellness products. Immediately after the acquisition, CCB was amalgamated with a newly incorporated wholly owned subsidiary of the Company with the succeeding company carrying on business as Consolidated Craft Brands Inc. On December 31, 2021 the directors of CCB filed Articles of Amendment to change the name of the company to Consolidated Consumer Brands Inc.

The acquisition brought to the Company synergistic products, valuable relationships, various business partnerships and experienced management along with a research and development license and a license application in process which would allow for production of products complimentary to the Company’s offerings. Thomas Bryson, President of 2544737 Ontario Limited, was retained by the Company as President of Rapid Dose to oversee the integration of CCB with RDT and to fully exploit the CCB assets under a one year of contract of employment.

The acquisition was accounted for as a Business Combination and is, therefore, subject to IFRS 3 “Business Combinations”. The Company hired an investment banking firm to provide management and the Board with the purchase price allocation. The valuation was completed and delivered to RDT and its auditors during the first week of June 2021. The valuation report was used as the basis for recording the CCB transaction in the interim unaudited consolidated financial statements for the quarters ended May 31, 2021, August 31, 2021 and November 30, 2021 and as note disclosure in the audited consolidated financial statements as at February 28 2021.

The table below sets out the purchase price and consideration transferred details as originally reported in the condensed consolidated interim financial statements and the restated amount presented in the consolidated financial statements as at February 28, 2022:

	As originally Reported:	As restated:
	\$	\$
Fair Value of consideration transferred		
Fair Value of consideration transferred	3,492,583	4,687,780
Fair Value of consideration transferred	1,295,198	2,180,308
Settlement of pre-existing loan	-	(612,427)
Cash clawback	-	(29,778)
	<u>4,787,781</u>	<u>6,225,883</u>
Recognized amounts of identifiable net assets		
Cash	1,864,363	1,864,363
Loan receivable	600,000	-
Accounts receivable	100,300	100,300
Note receivable	50,000	-
Accrued interest receivable	12,427	-
Government receivable	29,928	29,928
Inventory	15,271	-
Total current assets	<u>2,672,289</u>	<u>1,994,591</u>
Property and equipment	146,451	146,451
License application in process	250,000	-
Research and development license	25,000	-
Total non-current assets	<u>421,451</u>	<u>146,451</u>
Current liabilities	(35,631)	-
Goodwill on acquisition	1,729,672	4,084,041
Consideration transferred	<u>4,787,781</u>	<u>6,225,083</u>

The differences between the quarterly and year end reporting arises primarily as a result of different assumption used in the calculation of fair value consideration transferred. The purchase price consideration determined by the Investment Bankers used the following assumption:

Since the purchase price consideration was both variable (because of the reduction arrangement) and to be issued over time, certain calculations were made to determine the Fair Value of the purchase consideration at the date of closing ("Valuation Date"). This included (a) reduction in Units (b) Fair Value of the Company's shares to be released over the eight tranches and (c) Fair Value of Warrants to be released over the 8 tranches.

Using that assumption, the Fair Value of the total consideration was determined to be \$4,78,7781 consisting of the Fair Value of the Company shares and the Fair Value of the Warrants. In determining the Fair Value of the Company's shares, a discount was calculated to reflect the receipt of shares over time using the Black-Scholes Option Pricing Model ("BSM"). Under the BSM approach, the Fair Value of shares released from escrow is deemed to be equal to the share price less the cost of a put option for these same shares.

The value of the put option represents the right to lock in the value of the RDT Shares at the Valuation Date. The Warrants are to be released in the same amounts as the shares. In determining the Fair Value of the Warrants, the same BSM inputs were applied as with the shares except for the risk-free rate (2 years to match the Warrant term) and the exercise price of \$0.375.

Since the value of the Warrants cannot be locked in at the Valuation Date, the Fair Value of the shares was estimated at each future grant date (each date of the eight tranche dates) using the same values calculated in the share valuation, to determine the Fair Value of the Warrants. The fair Value determined at each tranche date was discounted to the Valuation Date using the discount rate applied throughout the valuation process.

At year end, the underlying assumption was challenged on the basis that all of the value of the consideration was transferred to the CCB shareholders at the acquisition date of March 19, 2021 and not at the time of the eight tranches. The basis of calculation of the Purchase Price Consideration was amended accordingly to include inputs only at the acquisition date and not throughout the escrow period. The restated Purchase Price Consideration reflects the valuation of the shares and warrants issued on that date regardless of the timing of the release of the units to the shareholders.

Claw back of escrowed shares

Each Unit consisted of one Common Share and one share purchase Warrant. The Units were subject to an escrow arrangement whereby the Units were released in eight tranches over an eleven-month period from closing of the acquisition with the final 20% released at February 19, 2022. Each Warrant entitles the holder to acquire one Common Share at \$0.375 each expiring in March 2023.

The acquisition and escrow agreements allowed for a reduction of all, or a portion of, the number of Units to be released in the final escrow release, upon the occurrence of certain defined events detailed in the Acquisition Agreement.

As a result, on the final escrow release at February 19, 2022, 1,248,882 units were not released from escrow in accordance with the terms of the agreements which provided RDT with the right to claw back units on a pro rata shareholder by shareholder basis if the total amount of the cash and cash equivalents at closing was less than \$3,000,000.

Impairment of Goodwill

The acquisition consisted of cash, capital equipment, intellectual property and brands. The President of CCB was retained by the Company to commercialize the items from CCB. The President of CCB contract was not renewed at end of term.

At the end of each quarterly reporting period, the Company assesses whether there were events or changes in circumstances that would indicate that a cash generating unit (CGU) or group of CGUs were impaired. The Company considers external and internal factors, including overall financial performance and relevant entity-specific factors, as part of this assessment.

Goodwill was initially recognized on acquisition of CCB in March, 2021 and was monitored at a CGU level associated with the assets and cash flows arising from the acquisition of CCB. The Company noted indicators of impairment as at February 28, 2022, including market capitalization and ongoing business transformation plans and, as a result, carried out an assessment of the impairment of its goodwill and other assets. In testing for impairment, goodwill and other assets acquired in the business combination were allocated to the cash-generating units to which they related. As a result of impairment testing performed at February 28, 2022, the Company

determined an impairment loss of \$4,084,842, representing the difference of the amount determined through Value in Use and the carrying value of the assets.

Managed Strip Services Agreements

The Company anticipated it would generate ongoing revenue from Managed Strip Services Agreements (each a "MSSA") where the Company grants licensees the right to use the Company's QuickStrip™ technology in return for a payment due on signing of the MSSA, a payment due on commissioning of equipment and ongoing payments based on production in their licensed territory.

The Company had MSSAs with the following companies:

Licensee	Territories
Chemesis International Inc.	Puerto Rico; California and Michigan in the United States
Flower One Holdings Inc.	Nevada in the United States
Aphria Inc.	Canada and Germany

The Company had received payments under the licenses prior to production start of amounting to CDN\$1,394,525 which was recognized as deferred revenue for amortizing over the life of the contract. This deferred revenue became the basis for recognizing revenue from the termination of these contracts in the years ended February 28, 2021 and in this quarter ended May 31, 2022. See "Restatement".

The MSSA with Aphria Inc. ("Aphria") signed on November 1, 2018, was amended to end Aphria's exclusivity in Canada and global exclusive preferred vendor status which will allow the Company to reach more Canadian medical and recreational users than available through a single customer strategy and enter new markets with other licensed producers. Aphria returned the QuickStrip™ production equipment systems and the Company began producing QuickStrip™ products for Tilray/Aphria (see *Manufacturing agreements*) below in the Company's Burlington Ontario facility.

The MSS agreements with Flower One and Chemesis were terminated on February 15, 2021 and May 2, 2021 respectively. Each termination provided mutual releases to each party without payments or obligations other than the return of the equipment to the Company. The equipment was returned by Flower One in April 2021 and by Chemesis in December 2021.

Restatement

Restatement of prior year's revenue to include recognition of deferred revenue

Deferred revenue includes Signing Fees and Acceptance Fees that had been received prior to the Company fulfilling its performance obligations under the Managed Strip Services Agreements ("MSSAs").

In the first quarter ended May 31 2022 the Company recorded revenue of \$883,204 as a gain on termination of contracts in the Condensed Interim Consolidated Financial Statements. The Company recorded revenue of \$154,812 as a gain on termination of contracts in the Condensed Interim Consolidated Financial Statements.

During the year ended February 28, 2021, the Company had originally carried forward \$492,366 in deferred revenue from the prior year representing deposits received under the MSSA agreements with Flower One and Aphria. The decision to carry forward the recognition of the revenue into fiscal year 2022 was to match the timing with specific activities set out in the agreements which were completed in the 2022 fiscal year.

The carrying forward of the deferred revenue for FY 2021 and 2020 was aligned with the management and auditor's view in those prior years, discussed and agreed upon prior to issuing those annual reports. Management believed the deferred revenue recorded in prior years and its transfer to the current year were accounted for in accordance with the requirements of IFRS 15.

The Agreements did not specifically address the issue of how to treat the deposits in the event of termination of the contracts. Payments, which were accounted for by the Company as deposits, were payable based on the achievement of milestones. The termination agreements enabled the deposits to be retained by the Company and provided for no payments or monetary settlement actions in order to release the parties of their obligations to each other.

In completing the fiscal year 2022, it was determined that the timing of the recognition of the revenue should coincide with the termination dates of the agreements and accordingly the decision to restate the revenue from two of the MSSA contracts to fiscal year 2021 was made by management.

The financial statements as at February 28 2022 reflect the recognition of the previously deferred revenue from the Chemiesis MSSA as that agreement was executed May 2021 and the equipment returned by Chemiesis to RDT in December 2021.

The table below shows the impact of the restatement on the results and financial position of the Company for the year ended February 28, 2021:

Table: Restatement of fiscal year 2021 revenue and deferred revenue

Consolidated statement of financial position

	As previously reported after reclassification	Adjustment	As restated
	\$	\$	\$
Liabilities			
Current			
Deferred revenue	1,394,525	(492,396)	902,129
Total liabilities	5,413,840	(492,396)	4,921,444
Shareholders' equity			
Deficit	(23,162,477)	492,396	(22,670,081)
Total equity	(1,582,115)	492,396	(1,089,719)

Consolidated statement of loss and comprehensive loss

	As previously	Adjustment	As restated
	\$	\$	\$
Revenue	262,805	492,396	755,201
Gross profit	207,454	492,396	699,850
Loss from operation	(2,269,611)	492,396	(1,777,215)
Net loss before other comprehensive loss	(2,297,654)	492,396	(1,805,258)
Net comprehensive loss	(2,247,025)	492,396	(1,754,629)
Loss per share	(0.03)	(0.01)	(0.02)

Consolidated statement of cash flows

	As previously	Adjustment	As restated
	\$	\$	\$
Operating activities			
Loss	(2,297,654)	492,396	(1,805,258)
Changes in non-cash operating working capital			
Deferred revenue	(137,317)	(492,396)	(629,713)

COVID-19

The Company continues safe practices through the employees' compliance with Company policies and procedures required for daily attendance at the Burlington facility. To date there have been no positive cases experienced within the facility. Staff are encouraged to comply with government requests to vaccinate and required to comply with all evidentiary vaccination certificates as and if requested.

The Ministry of Labour, Ontario performed a surprise facility inspection of the Company's protocol policies, processes and compliance with Ministry regulations during a one-day visit in May 2021. The Company was found to be in compliance in all respects. The Company continues to monitor staff and visitors and ensure compliance with all safety and government regulations and requirements for preventing or detecting COVID-19 exposure.

The duration and impact of COVID-19 continues to be unknown and it is not possible to reliably estimate the impact the length and severity of the various strains will have on the economy and the financial results and condition of the Company in future periods.

Social Responsibility

The Company fosters an environment of social responsibility in every aspect of the business which promotes tolerance, acceptance and care of People, Products and the Planet. The Company remains committed to discovering ways to mitigate excess packaging (within the regulations), reduce overall waste, and find environmental solutions that align with its mission to make an impactful difference in the lives of its customers. As the Company's plan for the introduction of new Cannabis 2.0 regulated products and non-regulated Hemp topical lotions continue to evolve, research into the various packaging methods has been successful in developing novel formats that encourage environmental responsibility. The Company also continues to reinforce the concept of a remote, flexible workplace, which allows each team member to function from their remote locations and limit face to face meetings to respond to the pandemic safety measures as well as commit to reducing our carbon footprint in as many ways as possible.

Micro Processing Licence

Product approvals

In September 2021, the Company received its sales licence from Health Canada enabling the Company to sell its cannabis products to the Canadian recreational market through the provincial retail distribution channels. Sales of products are anticipated to commence in November 2021 once provincial requirements for packaging, volumes and delivery are confirmed. The sales licence enables the Company to sell directly to the Canadian provincial distributors for the recreational cannabis market where the product is not otherwise distributed by Cannmart.

In July 2021 the Company was audited by the Cannabis Directorate of Health Canada for the purpose of obtaining a full cannabis sales licence. The follow-on Inspection Report issued August 13th 2021 contained no major or critical observations.

On February 21, 2020, the Company received an excise tax licence granted by the Canada Revenue Agency. The excise tax licence will allow the Company to accept delivery of cannabis oil from its customers for the production of QuickStrip™ which will be delivered back to the customers.
Health Canada audit for cannabis sales licence

On November 15, 2019, the Company was granted a micro-processing licence by Health Canada for its Burlington, Ontario facility in accordance with the Cannabis Act and Cannabis Regulations. The micro-processing licence will enable the Company to produce cannabis infused QuickStrip™ products for the Canadian market under manufacturing agreements with Canadian licensed producers.

Manufacturing Agreements

The Company manufactures private label QuickStrip™ products for the Canadian market at its facilities located in Burlington, Ontario.

The Company has manufacturing agreements with the following companies:

Licensed Producer	Date of agreement	Term	Products	Territory
Thrive Cannabis	August 8, 2019	5 years	CBD and THC products for medical and recreational markets	Canada
Tilray/Aphria Inc.	June 3, 2020	5 years	CBD, and THC products for medical and recreational markets	Canada

Phoena Holdings April 19 2022 20 months CBD, and THC products for medical Canada
and recreational markets

Thrive

The Company produces CBD and THC QuickStrip™ products for Thrive which have been introduced by Thrive throughout Canada into the recreational cannabis market commencing in January 2021 QuickStrip produced products are sold by Thrive under the “Being” brand.

Tilray/Aphria

The Company has a long relationship with Aphria and have been collaboratively working with their product development team on creating a range of flavoured products powered by QuickStrip™. Production of Aphria strips began in August 2021 on receipt of an initial Purchase Order for delivery of 1,118,000 strips. Subsequent to the delivery of the Purchase Order, Aphria merged with Tilray operating under Tilray. All agreements with Aphria continued under the merged entity.

Phoena Holdings (formerly Canntrust Equity)

The Company produces CBD and THC QuickStrip™ products for Phoena under the “SynrG” brand to the recreational cannabis market commencing with initial deliveries in September 2022.

Distributor agreements

The Company entered into several supply and sales agreements during the Fiscal Year 2022. These agreements provide opportunities to sell the Company’s existing nutraceutical products in Canada and the United Kingdom and cannabis products throughout the Canadian provinces. In addition, the agreements provide the subsidiary, CCB, with distributors for existing and developing product portfolio.

Distributor	Date of agreement	Term	Territory
<i>ANCAR Canada Limited</i>	May 2, 2021	2 years	Canada and United States

ANCAR has developed a convenience stores retail channel for nutraceutical products.

<i>Oakland Health</i>	May 26, 2021	3 years	United Kingdom
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Oakland Health is developing a retail chain presence in the UK offering a suite of the Company’s products. Oakland Health initiated the application for approval of the Company’s CBD from hemp product with the FSA under the Novel Foods Act. The application was submitted in March 2020 and is still in the approval process.

In March 2021 the Company filed for approval of its CBD strip from hemp products with the UK Food Standards Agency (FSA), meeting the deadline for submission for a validated Novel Food application (NFA). Brands that are not compliant with the Novel Foods Regime will be removed from shelves according to the FSA. The Novel Foods process is costly and time consuming. From the date an application is submitted, it can take two years before final approval is granted.

<i>MapleX</i>	March 19, 2021	12 months	Canada and USA
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MapleX has become the Company’s partner for Amazon and Walmart on-line sales. MapleX assists in all facets of the production, purchase and sales process for the Company’s MapleX branded castile soap body wash product line. The roll out of the e-commerce on-line program with Amazon and Wal-Mart commenced in September 2021.

Share capital transactions

- (i) On May 26, 2022, the Company closed a private placement financing which raised \$151,847 through the issuance of 506,157 common share units at a price of \$0.30 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant is entitled to acquire one common share at a price of \$0.4 per common share for twenty-four months from the date of issuance.
- (ii) On January 5, 2022 200,000 share purchase options were issued at \$0.51 per share vesting semi-annually over two years and expiring on January 5, 2027.
- (iii) On December 15, 2021, 500,000 share purchase options were issued at \$0.55 per share vesting semi-annually over two years and expiring on December 15, 2026.
- (iv) During the quarter ended November 30, 2021 520,437 warrants were exercised in exchange for one common share for each warrant at a price of \$0.375 per common share. A further 153,000 warrants were exercised in exchange for one common share at a price of \$0.21 per common share and 200,000 warrants

were exercised in exchange for one common share at a price of \$0.40 per common share. Total proceeds from the issuance of 873,437 common shares amounted to \$307,294.

- (v) During the quarter ended August 31 2021, 1,966,000 warrants were exercised in exchange for one common share for each warrant at a price of \$0.375 per common share. A further 55,000 warrants were exercised in exchange for one common share at a price of \$0.21 per common share.
- (vi) During the quarter ended August 31 2021, 1,966,000 warrants were exercised in exchange for one common share for each warrant at a price of \$0.375 per common share. A further 55,000 warrants were exercised in exchange for one common share at a price of \$0.21 per common share.
- (vii) On March 29, 2021, the Company granted 4,490,000 stock options under the Company's stock option plan to certain directors, officers, employees and consultants, with each option entitling the holder to purchase one common share for \$0.24 until March 28, 2023. The options shall vest in four semi-annual increments of 25% commencing September 28, 2021.
- (viii) On March 19, 2021, 20,000,000 common share units were issued (each, a "Unit") pursuant to a business combination by way of a three-cornered amalgamation between the Company, 2814882 Ontario Inc., a wholly owned subsidiary of the Company, (Subco") and 2544737 Ontario Limited, o/a Consolidated Craft Brands, ("CCB") which closed on March 19, 2021. Each Unit is comprised of one common shares of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant") of the Company, each such Warrant entitling the holder thereof to acquire one Common Share at a price of \$0.375 per Common Share at any time on or before March 19, 2023 (note 10).
- (ix) On December 16, 2020, the Company completed a non-brokered private placement of 3,599,370 common shares at a price of \$0.25 per common share unit for gross proceeds of \$899,843. In connection with the private placement, the Company paid a finder's fee of \$87,150 and issued 3,599,370 warrants with each warrant entitling the holder to purchase one common share for \$0.40 per common share until December 16, 2022.
- (x) On October 9, 2019 and October 30, 2019, the Company completed tranches of a non-brokered private placement of 1,276,108 common shares at a price of \$0.70 per common share for gross proceeds of \$893,276. Of the common shares issued, 227,857 common shares were issued to two directors and officers of the Company. In connection with the private placement, the Company paid a finder's fee of \$35,369 and issued 17,684 warrants with each warrant entitling the holder to purchase one common share for \$1.00 per common share until October 9, 2021.

Broker's Warrants

- (i) On January 19, 2022 the Company issued 200,000 Warrants pursuant to the renewable of the promissory note maturing January 31, 2022 and renewed for a further six months period to July 31 2022. The Warrants have a two-year term and are exercisable during that term at \$0.33 each;
- (ii) On June 3, 2021, the Company issued a further 200,000 Warrants pursuant to the same advisory agreement as in (i) above, having a two-year term and exercisable during that term at \$0.21 each. These warrants were exercised during the fiscal year ended February 28, 2022;
- (iii) On March 29 2021, the Company issued 200,000 Warrants pursuant to a Public Relations Services Agreement having a two-year term and exercisable during that term at \$0.24 each;
- (iv) On March 28 2021, pursuant to an Advisory Agreement, the Company issued 200,000 Warrants having a two-year term and exercisable during that term at \$0.21 each. These warrants were exercised during the fiscal year ended February 28, 2022;

Stock options

- (i) On January 04, 2022, pursuant to its Stock Option Plan, the Company granted incentive stock options to acquire 200,000 common shares at an exercise price of \$0.51 per share. Each has a term of 5 years and vest equally every six months over the first two years of the term.
- (ii) On December 15, 2021, pursuant to its Stock Option Plan, the Company granted incentive stock options to acquire 500,000 common shares at an exercise price of \$0.58 per share. Each has a term of 5 years and vest equally every six months over the first two years of the term.
- (iii) On July 29, 2021, pursuant to its Stock Option Plan, the Company granted incentive stock options to acquire 2,100,000 common shares at an exercise price of \$0.65 per share. Each has a term of 5 years and vest equally every six months over the first two years of the term except for options granted to Investor Relations Consultants whereby the options vest one-half after one year with the other one-half vesting every six months of year two of the term.
- (iv) On March 29, 2021, pursuant to its Stock Option Plan, the Company granted incentive stock options to acquire 4,490,000 common shares at an exercise price of \$0.24 per share. Each has a term of two years and vests equally every six months over the term. During the year 266,250 options were cancelled and 183,750 options were exercised at the option price of \$0.24 per share.

Convertible debt

On August 8, 2022, the Company issued unsecured convertible notes (the "Note") in exchange of gross proceeds of \$230,000, bearing interest at a rate of 10% per annum from the date of issue, payable quarterly each year. The interest shall be payable in cash. The holders of the Note may convert the principal amount into shares of the Company at a price of \$0.4 per share. The Note have a maturity date of August 8, 2024 (the "Maturity Date"). The Note also bear an additional 2% interest rate together with 10% calculated and payable annually in arrears.

In connection with the issuance of the Note, the Company paid cash of \$28,955 for debt issuance fees and recorded interest expense of \$12,949 and accretion expense of \$15,764 for the year ended February 28, 2022.

The residual of the principal less the present value of the liability component was allocated to the conversion option and the warrants based on their relative fair value, resulting in an allocation of \$24,771 to the conversion option and \$4,184 to the warrants.

Credit facility

On August 24 2020, with the assistance of the Company's financial advisor, Leede Jones Gable Inc., the Company received a commitment for a loan of \$3,000,000 which will be: (a) interest-bearing at the rate of 12% per annum on the initial advances of \$1,500,000 and 10% per annum on the remaining \$1,500,000 payable quarterly in arrears; (b) secured by a general security agreement over all of the Company's assets; (c) repayable by the Company at any time; and (d) due on August 24 2023. On August 11, 2020, the Company received an advance of \$500,000 and the remaining \$2,500,000 of the loan facility is available in tranches of \$500,000 within 15 days of notice provided by the Company to the lender. The \$500,000 advance matured on November 30, 2021.

On November 29, 2021 the loan was repaid in full with proceeds of a \$500,000 loan from a company controlled by a shareholder of the Company with a full release obtained for the security provided for the credit facility. The loan was secured by a promissory note and General Security Agreement. Interest is payable on the loan at the rate of 12% per annum. The note matured on January 31, 2022.

On January 31, 2022 the Promissory Note was extended to July 31, 2022 under the same terms and conditions as set out in November 29, 2021 loan agreement. In addition, the Lender received 200,000 warrants as set out in Warrants (i) above.

On July 5, 2022 the Company borrowed \$250,000 from the original provider of the credit facility in exchange for a Promissory Note due on the earlier of the date of a written demand for payment or July 5, 2023 secured by a GSA with interest payable monthly at twelve percent (12%) per annum.

Loans and Advances

The Company obtained private loans to assist with financing operations amounting to \$310,000 during the period September 16, 2022, to January 16, 2023 as follows:

September 16, 2022, \$75,000
November 10, 2022, \$100,000
December 5, 2022, \$135,000

The loans are unsecured, due on demand bearing interest at twelve percent (12%) per annum.

Material assumptions and risk factors for forward-looking statements

The following table outlines certain forward-looking statements contained in this MD&A and provides material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statement	Assumption	Risk factor
Liquidity and Capital Resources "Management is of the opinion that sufficient working capital will be obtained from advances from related parties and equity financings to meet the Company's liabilities and commitments as they become due."	Advances from related parties and equity financings will be obtained and such advances and financings will be in sufficient amounts to meet the Company's liabilities and commitments as they come due.	The Company is unable to obtain future financing to meet its liabilities and commitments as they become due.

Risks and Uncertainties

There are numerous and varied risks, known and unknown, that may prevent the Company from achieving its goals. If any of these risks occur, the Company's business, financial condition or results of operation August be adversely affected.

Limited operating history

Because the Company has a limited operating history and is in an emerging area of business, investors should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that its growth strategy may not be successful;
- risks that fluctuations in its operating results will be significant relative to its revenues;
- risks relating to different regulatory regimes in different jurisdictions; and
- risks relating to evolving and uncertain regulatory regimes.

The Company's future growth will depend substantially on its ability to address these and other risks described in this section and in its other continuous disclosure materials available on SEDAR and on the Company's website. If it does not successfully address these risks, its business may be significantly adversely affected.

Managing growth

In order to manage growth and change in strategy effectively, the Company must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. The inability of the Company to deal with this growth may have a material adverse effect on its business, financial condition, results of operations and prospects.

Competition

Due to the nature of the Company's proprietary delivery system and the multiple barriers of entry, the Company has very few competitors in the nutraceutical and pharmaceutical industries in which the Company operates, the Company anticipates very little initial competition from large, well entrenched industry competitors. As well, because of the early stage of the cannabis industry in which the Company will operate, the Company expects to have very limited competition from new entrants.

To become and remain competitive, the Company will continue its research and development, marketing, sales and support. The Company does not currently have sufficient resources to finance all of the research and development, marketing and sales support efforts which may be required to gain significant market penetration in each of its vertical markets. The inability to remain competitive as the product lines mature could materially affect the business, financial condition and results of operations of the Company.

Retention, acquisition and integration of skilled personnel

The loss of any member of the Company's management team could have a material adverse effect on its business and results of operations. In addition, the inability to hire new personnel and the increased costs of hiring new personnel could have a material adverse effect on the Company's business and operating results. At present and for the near future, the Company will depend upon a relatively small number of key employees to develop, market, sell and support its products. The expansion of marketing and sales of its products will require the Company to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel and the Company may not be successful in attracting, training, integrating, motivating or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Company may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Company moves into new jurisdictions, it will need to attract and recruit skilled employees in those areas.

Legal proceedings

From time to time, the Company may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. The Company will evaluate its exposure to these legal and regulatory proceedings and, where appropriate, establish reserves for the estimated liabilities in accordance with International Financial Reporting Standards. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Company's financial results.

Regulatory compliance risks

Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate its business. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by local governmental authorities. The impact of the compliance regime, any delays in obtaining, or failure to obtain or keep the regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

Reliance on securing and maintaining agreements with licensed partners

The Company must secure service agreements with licensees that have obtained the requisite licenses with the appropriate regulatory authorities in the targeted jurisdictions to grow, store and sell cannabis products ("Licensees"). The failure of a Licensee to comply with the requirements of their license or to maintain their license would have a material adverse impact on the business, financial condition and operating results of the Company. There can be no guarantee that the applicable licenses will be maintained by Licensees or granted to other prospective Licensees in the future.

Product liability

As a distributor of products designed to be consumed by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused damages, loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could: i) result in increased costs; ii) adversely affect the Company's reputation with its Licensed Partners and consumers generally; and iii) have a material adverse effect on the results of operations and financial condition of the Company. There can be no assurance that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products.

Intellectual property

The Company has certain proprietary intellectual property, including but not limited to brands, trademarks, trade names, patent applications and proprietary processes. The Company relies on this intellectual property, know-how and other proprietary information, and generally requires employees, consultants and suppliers to sign confidentiality agreements. The company requires all customers, partners and organizations that receive any materials from the Company to sign a Material Transfer Agreement acknowledging the Intellectual property confidentiality, Company ownership and authorized usage. However, any confidentiality agreement may be breached, and the Company may not have adequate remedies for such breaches. Third parties may independently develop substantially equivalent proprietary information without infringing upon any of the Company's proprietary technology. Third parties may otherwise gain access to the Company's proprietary information and adopt it in a competitive manner. Any loss of intellectual property protection may have a material adverse effect on the Company's business, results of operations or prospects.

Unfavourable publicity or consumer perception

The success of the Company's products may be significantly influenced by the public's perception of marijuana's medicinal applications. Medical marijuana is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical marijuana will be favourable. The medical marijuana industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical marijuana is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical marijuana may have a material adverse effect on our operational results, consumer base and financial results.

Consumer acceptance

There can be no assurance that the Company will develop any product that will be met with widespread consumer acceptance. Both new and established products fail to generate consumer interest on a regular basis. There is no assurance that the Company's products will be successfully adopted by consumers at one time or will still be in demand in the future. If the Company cannot develop and sell products in commercial quantities, the Company's current strategy will fail.

Insurance coverage

The Company's insurance coverage includes policies covering general liability, product liability, errors and omissions, marine cargo and property/machinery insurance.

The Company's production is, in general, subject to different risks and hazards, including adverse weather conditions, fires, other natural phenomena, industrial accidents, labour disputes, changes in the legal and regulatory framework applicable to the Company and environmental contingencies. Although management of the Company believes that the events and amounts of liability covered by its insurance policies will be reasonable, considering the risks relevant to its business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects could be adversely affected.

Due to the number and size of claims against companies involved in the cannabis industry, a number of insurers providing directors and officers liability insurance ("D&O") have decided not to insure businesses operating in the

Company's sector. On December 23, 2019, the Company's insurer gave notice that they would not renew the Company's D&O policy due to the fact the insurer is exiting the sector generally and the Company's policy expired on February 21 2020. The Company is working with its insurance broker to secure a new insurer; however, there is no assurance that the Company will be able to secure D&O coverage at a reasonable price.

Product recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company's products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall, remedial action and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if the Company is subject to recall, the image of the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention, potential loss of applicable licenses and potential legal fees and other expenses.

Limited avenues to market and promote products

To be successful, the Company's business must be successfully marketed. The market for the Company's products and services has and is expected to grow significantly and may require substantial sales and marketing capability. The Company will be dependent on independent parties to market its products and services. There can be no assurance that the Company can continue to market or can enter into satisfactory arrangements with third parties to continue to market its products and services in a manner that would assure its growth and acceptance in the marketplace.

Global economy

Financial markets are influenced by the economic and market conditions in other countries, including the United States and other global markets. Although economic conditions in these countries may differ significantly from economic conditions in Canada, investor reactions to developments in these other countries may substantially affect the capital flows into and the market value of securities of issuers with operations in the United States and Canada.

Access to capital

In executing its business plan, the Company makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its formation, the Company has financed these expenditures through equity offerings. The Company will have further capital requirements and other expenditures as it proceeds to expand its business and/or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. The Company may incur major unanticipated liabilities or expenses. The Company can provide no assurance that it will be able to obtain financing to meet its growth needs.

Foreign sales and currency risks

The Company's functional currency is denominated in Canadian dollars. The Company currently expects future sales will be denominated in Canadian and U.S. dollars and may, in the future, have sales denominated in the currencies of additional countries. In addition, the Company incurs the majority of its operating expenses in Canadian dollars. In the future, the proportion of the Company's sales that are international are expected to increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Company's business, financial condition and results of operations. The Company has not previously engaged in foreign currency hedging. If the Company decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide the Company from foreign currency fluctuations and can themselves result in losses.

Tax risks

The Company will operate and will be subject to income tax and other forms of taxation (which are not based upon income) in multiple tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Company's earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. The Company may have exposure to greater than anticipated tax liabilities or expenses. The Company will be subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by both domestic and foreign taxation authorities and the determination of the Company's provision for income taxes and other tax liabilities will require significant judgment.

Repatriation of profits

As a company holding the stock of operating subsidiaries in other jurisdictions, it is anticipated that a significant amount of the Company's funds will be generated by the Company's operating subsidiaries. The Company's subsidiaries are subject to requirements of various regulatory bodies, both domestically and internationally. Accordingly, if the Company's operating subsidiaries are unable, due to regulatory restrictions or otherwise, to pay dividends and make other payments to the Company when needed, the Company August be unable to satisfy the Company's obligations when they arise.

Off Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Changes in Accounting Policies including Initial Adoption

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. Our significant accounting policies are set out in Note 3 of the Consolidated Financial Statements for the year ended February 28, 2022.

Selected Financial Information

(For the three months ended May 31, 2022, and 2021)

The following tables show selected financial information for the 3 months ended and as at May 31, 2022 compared to the three months ended and as at May 31, 2021. The selected financial information set out below may not be indicative of the Company's future performance. The information contained in each table should be read in conjunction with the Company's Consolidated Financial Statements and related notes.

Summary Information (unaudited)	As at and for the three months ended, May 31, 2022	As at and for the three months ended, May 31, 2021
		Restated
(expressed in thousands of Canadian dollars)	\$	\$
Current assets	596	1,592
Non-current asset	2,337	3,029
Current liabilities	2,978	2,396
Non-current liabilities	283	598
Revenue	62	824
Net loss before other comprehensive loss	(1,008)	(74)
Shareholder's deficiency	(327)	3,631

Results of Operation

The following Table provides a more detailed break-down of the Company's financial results for the three months ended May 31, 2022 and 2021:

(audited)	As at and for the 3 months ended, May 31, 2022	As at and for the 3 months ended, May 31, 2021
(expressed in thousands of Canadian dollars)		Restated
	\$	\$
Revenue	62	823
Cost of sales	30	46
Gross Profit	32	777
Operating Expenses		
Personnel	386	393
Stock-based compensation	284	41
General and administrative	102	111
Depreciation	116	152
Professional fees	23	80
Sales and marketing	56	12
Research and development	42	28
Travel	-	-
Inventory provision	-	-
Interest	31	34
Total operating expenses	1,040	851
(Loss) before other income (expenses)	(1,008)	(74)
Other Income (Loss) and (expenses):		
Provision for termination costs	-	(98)
Interest income	-	-
Other income		12
Net Income (Loss) before Comprehensive Income	(1,008)	(160)

Notes for the three months ended May 31, 2022 and 2021

The comparative losses reflect the following:

1. Decrease in revenue of \$761 occurs as a result of the restatement of revenue in FY2021 include revenue of \$693 from termination of contracts.
2. Stock based compensation granted under the Company's stock option plan amounted to a non-cash charge of \$284 (FY2021 - \$411)

Summary of Quarterly Results
(expressed in thousands of dollars)

The following table is a summary of the Company's financial results and position for the eight most recently completed quarters.

	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	31-Aug	30-Nov	28-Feb	31-May	31-Aug	30-Nov	28-Feb	31-May
	2020	2020	2021	2021	2021	2021	2022	2022
	\$	\$	\$	\$	\$	\$	\$	\$
	(note 1)	(note 2)	(note 3)	(note 4)	(notes 5)		(note 6)	
Revenue								
As originally reported	3	126	133	131	324	457	148	62
Revenue terminated contracts	-	-	493	692		-	-	
As restated	3	126	626	823	324	457	148	62
Net Loss								
As originally reported	(408)	(535)	(795)	129	(531)	(789)	(2,894)	(1,008)
Gain on termination of contracts	-	-	493	(493)	156	-	-	-
Impairment							(4,084)	
As restated	(408)	(535)	(302)	(364)	(375)	(789)	(6,978)	(1,008)
Per share loss	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.04)	(0.01)

Notes

1. The COVID 19 pandemic resulted in the shutdown of operations on March 20, 2020 and a gradual return to full staff complement midway through Q2 of fiscal year 2021.
2. Health Canada product approvals were obtained by the Company and its customer enabling the production and sale of cannabis infused strips commencing in mid-October 2020.
3. Restated to reflect revenue from terminated contracts. See Restatement.
4. Gain on termination of US contracts of \$833,204, originally reported in Q1 2021 was reversed. See restatement.
5. Gain on termination of the Canadian MSS contract of \$156,812 was reversed and recorded in Q1.
6. As a result of impairment testing performed at February 28, 2022, the Company determined an impairment loss of \$4,084,842, representing the difference of the amount determined through Value in Use and the carrying value of the assets.

Liquidity and Capital Resources

As the Company is an early-stage company and has just started to generate revenue, the Company has financed its operations with equity and debt financing. The Company moved from start up to product manufacture and commercialization during the fourth quarter of the year ended February 28, 2021. As at The loss from operations and working capital deficiencies limit the Company's ability to fund its operations.

The following table details the current assets and liabilities which comprise the work capital deficiency:

Working capital breakdown:	\$
Cash and cash equivalents	4,960
Amounts receivable	78,873
Government receivables	78,005
Inventory	289,298
Prepaid expenses	145,005
Total current assets	596,141
Less:	
Accounts payable and accrued liabilities	(1,716,650)
Due to a related party	(422,000)
Loans payable	(500,000)
Deferred revenue	(23,344)
Current portion of lease liability	(315,593)
Total current liabilities	(2,977,587)
Working capital deficiency	(2,381,446)
Less: Non-cash deferred revenue	-
Actual Working capital deficiency	(2,381,446)

For the three months ended May 31, 2022 the Company had an average monthly cash burn rate of approximately \$230,000 (Three months ended May 31, 2021 - \$210,000).

Compensation of key management personnel

Key management personnel responsibilities include 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.

	May 31, 2022	May 31, 2021
Salaries	112,500	150,000
Stock-based compensation	87,877	19,168
	200,377	169,168

Changes in key management personnel

Date	Change
March 19, 2022	Thomas Bryson's employment contract with the Company ended on March 19, 2022 and was not renewed.
March 19, 2021	Thomas Bryson was appointed President of Rapid Dose Therapeutics Corp.
August 13, 2020	Peter Thilo Hasler was appointed as a director.
August 29, 2020	Ken Fox resigned as a director.
February 28, 2020	Doug Hyland was named interim Chief Financial Officer ("CFO") to hold the position until such time as a replacement CFO was appointed.
February 20, 2020	Donald Sheldon resigned as a director and Miles Nagamatsu resigned as Chief Financial Officer.

Advisory Board

There were two appointments to the Company's Advisory Board in the 4th quarter of fiscal year 2022.

Dr. Rick Tytus

Dr. Tytus is an Associate Clinical Professor in the Department of Family Medicine at McMaster University and co-founder of Banty, a virtual medical video platform. He has a proven track record working with innovative approaches that enhance a patient's interaction with health care providers. Dr. Tytus is the Chair for District Four of the Ontario Medical Association (OMA) and an active member of the National Virtual Care Task Force. Previously, Dr. Tytus served on the Board for the OMA, is Past-Chair of OntarioMD, and Past President of the Hamilton Academy of Medicine. Dr Tytus is a well-respected member of the medical community a leader in medical education.

Dr. Glogauer

Dr. Glogauer is the Dentist in Chief at the University Health Network and Princess Margaret Cancer Centre and a Full Professor in the Faculty of Dentistry at the University of Toronto. His keen interest in research makes Dr. Glogauer the ideal Scientific Director at the Centre for Advanced Dental Research and Care at Mt. Sinai Hospital and the Chief Scientific Officer and Founder of Ostia Sciences Inc.

The Advisory Board has been constituted to provide guidance to management and the Board of Directors regarding strategic initiatives relating to the development of the Company's intellectual properties. Advisory Board members are eligible for Share Purchase Options granted pursuant to the Company's Stock Option Plan.

On December 15, 2021, 250,000 share purchase options were issued at \$0.55 per share vesting semi-annually over two years and expiring on December 15, 2026.

On January 5, 2022 200,000 share purchase options were issued at \$0.51 per share vesting semi-annually over two years and expiring on January 5, 2027.

Transactions with related parties

Due to a related party represents advances from an individual who is an officer and director of The Company. The advances are secured by Promissory Notes with interest and maturity dates as follows:

Promissory note, Interest at 12%, payable monthly, due March 1, 2023	\$ 150,000
Promissory note, non-interest bearing, due April 1 2023	109,000
Promissory note, Interest at 12%, payable monthly, due April 1, 2023	163,000
Promissory note, non-interest bearing, due April 1, 2023	90,000
Promissory note, non-interest bearing, due April 1, 2023	<u>522,000</u>

Capital stock

Summary of Outstanding share data as of January 23, 2023

Authorized: An unlimited number of common shares without par value

Issued and Outstanding: 103,574,267 common shares

Options: 9,346,000

Warrants: 20,190,208

On behalf of the Board of Board of Directors:

"Mark Upsdell"

Mark Upsdell, CEO