Condensed Consolidated Interim Financial Statements of

Rapid Dose Therapeutics Corp.

For the three months ended May 31, 2023 and 2022
(All amounts expressed in Canadian dollars)
(unaudited)

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Notice of No Auditors Review of Condensed Consolidated Interim Financial Statements

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

The accompanying condensed consolidated interim 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 consolidated interim 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 Consolidated Interim Statements of Financial Position
As at May 31, 2023 and February 28, 2023
(Unaudited)
(Expressed in Canadian dollars)

	Notes	May 31, 2023 $	February 28, 2023 $
Assets			
Current			
Cash and cash equivalents		32,805	27,587
Amounts receivable	5	105,359	146,025
Inventory	6	179,853	145,052
Prepaid expenses and deposits	7	75,832	101,541
		393,849	420,205
Non-current			
Right-of-use asset	8	240,049	312,173
Property and equipment	9	1,439,987	1,514,375
		2,073,885	**2,246,753**
Liabilities			
Current			
Accounts payable and accrued liabilities		3,028,387	2,780,415
Due to related party	17	512,000	512,000
Loans payable	10	1,286,000	1,060,000
Deferred revenue		7,663	13,299
Current portion of lease liability	12	282,912	335,041
		5,116,962	4,700,755
Non-current			
Convertible notes	11	193,907	186,957
Lease liability	12	-	29,145
		5,310,869	**4,916,857**
Shareholders' equity			
Common shares	14	25,128,471	25,128,471
Warrant reserve	15	4,853,253	4,853,253
Contributed surplus	16	2,299,675	2,299,675
Accumulated other comprehensive loss		16,052	16,052
Deficit		(35,534,436)	(34,967,555)
		(3,236,985)	(2,670,104)
		2,073,885	**2,246,753**

See accompanying notes

Going concern **Note 1**
Contingent liabilities **Note 19**
Subsequent events **Note 20**

Rapid Dose Therapeutics Corp.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three months ended May 31, 2023 and 2022
(Unaudited)
(Expressed in Canadian dollars)

	Notes	Three months ended May 31, 2023 $	2022 $
Revenue			
Sales	18	240,787	61,766
Cost of sales		123,182	30,373
Gross profit		117,605	31,393
Expenses			
Personnel		325,364	386,043
Stock-based compensation	16	-	284,006
General and administrative		16,591	101,594
Professional fees		60,000	23,355
Sales and marketing		17,439	55,969
Research and development		16,867	42,540
Depreciation	8 & 9	146,512	115,592
Interest		79,632	30,733
		684,486	1,039,832
Net loss before other comprehensive loss		(566,881)	(1,008,439)
Currency translation adjustment		-	421
Net comprehensive loss for the period		**(566,881)**	**(1,008,018)**
Net loss per share-basic and diluted		(0.01)	(0.01)
Weighted average number of shares outstanding -basic and diluted		103,416,180	103,113,553

See accompanying notes

Rapid Dose Therapeutics Corp
Condensed Consolidated Interim Statements of Shareholder' Equity (Deficiency)
For the three months ended May 31, 2023 and 2022
(Unaudited)
(Expressed in Canadian dollars)

	Note	Share Capital: Number of shares	Share Capital: Amount	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total
			$	$	$	$	$	$
Balance, February 28, 2022		**103,068,110**	**25,001,140**	**2,246,111**	**4,146,322**	**15,518**	**(31,157,530)**	**251,561**
Fair value of common share units issued		506,157	99,940	51,907	-	-	-	151,847
Common shares to be issued		-	(6,347)	-	-	-	-	(6,347)
Stock-based compensation		-	-	-	284,007	-	-	284,007
Net comprehensive loss for the period		-	-	-	-	421	(1,008,439)	(1,008,018)
Balance, May 31, 2022		**103,574,267**	**25,094,733**	**2,298,018**	**4,430,329**	**15,939**	**(32,165,969)**	**(326,950)**

	Note	Share Capital: Number of shares	Share Capital: 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**	**(34,967,555)**	**(2,670,104)**
Net comprehensive loss for the period		-	-	-	-	-	(566,881)	(566,881)
Balance, May 31, 2023		**103,574,267**	**25,128,471**	**2,299,675**	**4,853,253**	**16,052**	**(35,534,436)**	**(3,236,985)**

See accompanying notes

Rapid Dose Therapeutics Corp
Condensed Consolidated Interim Statements of Cash Flows
For the three months ended May 31, 2023 and 2022
(Expressed in Canadian dollars)

	Three months ended May 31	
	2023	**2022**
	$	**$**
Cash provided by (used in)		
Operating activities		
Loss for the period	(566,881)	(1,008,439)
Items not affecting cash		
Stock-based compensation		284,006
Depreciation	146,512	115,592
Accretion expense	6,950	-
Interest	6,743	13,421
	(406,676)	(595,420)
Changes in non-cash operating working capital		
Amounts receivable	40,666	25,902
Inventory	(34,801)	(52,671)
Prepaid expenses	25,709	15,361
Accounts payable and accrued liabilities	247,973	357,734
Deferred revenue	(5,636)	-
	(132,765)	(249,094)
Investing activities		
	-	-
Financing activities		
Due to related party	-	163,000
Loans payable	226,000	-
Payment on lease	(88,017)	(88,017)
Issue of common shares	-	93,593
Issuance of warrants	-	51,907
	137,983	220,483
Net increase (decrease) in cash	5,218	(28,611)
Cash, beginning of period	27,587	34,442
Currency translation adjustment	-	(871)
Cash, end of period	32,805	4,960
Supplementary information		
Interest paid	19,369	26,926

See accompanying notes

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 months ended May 31, 2023, the Company reported a net comprehensive loss of $566,881 (May 31, 2022 – net comprehensive loss of $1,008,439). As at May 31, 2023, the Company had a working capital deficiency of $2,743,175 (February 28, 2023 $2,489,338).

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company applied judgment in assessing its ability to continue as a going concern for at least 12 months.

Management is aware, in making its assessment, of uncertainties related to events or conditions that cast significant doubt upon its ability to continue as a going concern that these uncertainties are material and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Management's current strategy is to control costs while pursuing opportunities within various market sectors. Management recognizes the Company's need to increase its cash reserves if it intends to pursue to its plans and has evaluated its potential sources of funds. Although management intends to assess and act on these options throughout the course of the year, there can be no assurance that the steps management take will be successful.

In the event that existing cash resources and cash flow from operations, together with the proceeds from any future financings are insufficient to cover planned expenditures, management will allocate available resources in such manner as deemed to be in the Company's best interest. This may result in a significant reduction in the scope of existing and planned operations. Accordingly, these condensed consolidated interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. These adjustments could be material.

2. BASIS OF PRESENTATION

These condensed consolidated interim financial statements were approved and authorized for issue by the Directors of the Company on July 27, 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 audited consolidated financial statements for the years ended February 28, 2023 and 2022.

The notes presented in these condensed consolidated interim 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 consolidated interim 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 28, 2023 audited financial statements.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a going concern basis under the historical cost method, except for certain financial instruments which are measured at fair value explained in the accounting policies set out in Note 4.

Significant accounting policies are presented in Note 4 to these condensed consolidated interim financial statements and have been consistently applied in each of the periods presented.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Rapid Dose Solutions Inc., RDT Therapeutics Inc., Rapid Dose Therapeutics (UK) Limited and Consolidated Consumer Brands Inc. ("CCB"). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intercompany transactions and balances are eliminated on 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 condensed consolidated interim 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.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:
(a) power over the investee;
(b) exposure, or rights, to variable returns from its involvement with the investee; and
(c) the ability to use its power over the investee to affect the amount of the investor's returns.

Functional and presentation currency

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.

Use of estimates, judgments, and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Information about judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

3. SIGNIFCANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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 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:

Measurement of Revenue
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.

Business combinations
Determining whether an acquisition meets the definition of a business combination or represents an asset purchase requires judgement on a case-by-case basis. As outlined in IFRS 3 Business Combinations, the components of a business must include inputs, processes, and outputs.

Management makes judgements in the valuation of the consideration transferred, including determining the value of any contingent consideration.

The consideration transferred for an acquired business ("purchase price") is assigned to the identifiable tangible and intangible assets purchased and liabilities assumed on the basis of their fair values at the date of acquisition. The identification of assets acquired, and liabilities assumed, and the valuation thereof is judgmental.

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. 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.

Estimated useful life of long-lived assets
Judgment is used to estimate each component of a long-lived asset's useful life and is based on an analysis of all pertinent factors including, but not limited to, the expected use of the asset and in the case of an intangible asset, contractual provisions that enable renewal or extension of the asset's legal or contractual life without substantial cost, and renewal history. If the estimated useful lives were incorrect, it could result in an increase or decrease in the annual amortization expense, and future impairment charges or recoveries.

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.

4. SIGNIFCANT ACCOUNTING POLICIES

Revenue recognition

The Company generates revenue through (a) sale of health and wellness products, (b) white label manufacturing, (c) licensing under managed strip service agreements ("MSSA") and (d) service contracts. In determining the appropriate amount of revenue to be recognized, the Company performs the following steps:

(i) identification of the promised goods or services in the contract;
(ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract;
(iii) measurement of the transaction price, including the constraint on variable consideration;
(iv) allocation of the transaction price to the performance obligations; and
(v) recognition of revenue when (or as) the Company satisfies each performance obligation.

Sale of health and wellness products
The Company generates revenue from the sale of health and wellness products (which comprise nutraceutical strips - the "Products") to distributors and retailers. Pursuant to distribution agreements and purchase orders ("Contracts"), the Company has a single performance obligation to deliver the Products to the distributors and retailers. Upon completion of the performance obligation, the Company recognizes revenue recorded at fixed prices as set out in the Contracts.

White label manufacturing
The Company generates service fee revenue from manufacturing its thin film polymer strips using the customer's active ingredient in the Company's formulated and packaged product. Shipment is authorized by the customer once the Certificate of Analysis of the product has been provided to the Company by an independent third party. The Company recognizes the service fee revenue on a per piece basis at the time of shipment. The Company may also charge the customer a separate charge for third party quality control, product testing or packaging.

Managed Service Agreements
The Company recognizes any upfront payments received as a contract liability (in deferred revenue) which are recognized into revenue over the expected life of the contract. Variable consideration on the MSSA contracts is recognized when the underlying products produced by the customer, in conjunction with the agreement are sold and when the Company reasonably expects payment for the services rendered.

Service contracts
The Company recognizes its revenue over time as it meets its milestones and performs its obligations as agreed upon in its contracts with its customers.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and cash on deposit with an original maturity of 90 days or less, net of cheques issued and outstanding at the reporting date.

Inventory

Inventory consists of raw materials, labels and packaging and finished goods. Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

All inventories are reviewed for impairment due to slow movement or obsolescence. Any provisions for obsolete, slow moving or defective inventories are recognized in consolidated statements of loss and comprehensive loss. Previous write downs to net realizable value are reversed to the extent there is a subsequent increase in the net realizable value of the inventory. Additionally, the Company makes estimates for inventory shrinkage using historical trends from actual physical inventories, which are performed periodically.

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. This 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 lower of the lease term and useful life. For all other property and equipment, depreciation is calculated using the declining balance method using the following annual rates:

Processing equipment	20%
Research & development equipment	20%
Portable building units	10%
Computer hardware	20%
Leaseholds	Lower of the lease term and useful life
Furniture and fixtures	20%

Research and development

Expenditures on research and development activities are expensed as incurred. Development expenditures are capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, development expenditures are recognized in the consolidation statement of loss and comprehensive loss as incurred.

Functional currency

The functional currency for each of the Company's subsidiaries is the currency of the primary economic environment in which the respective entity operates. Such determination involves certain judgements to identify the primary economic environment.

The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment. The determination of foreign exchange differences on loans to the US subsidiary is recorded to other comprehensive income because the loans are part of the net investment in a foreign operation and repayment is not expected in the foreseeable future.

Impairment of long-lived assets

Property and equipment are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. For the purpose of measuring recoverable values, assets are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverable value is the greater of an asset's fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. An impairment loss is recognized for the value by which the asset's carrying value exceeds its recoverable value.

Provisions

Provisions are accrued for liabilities with uncertain timing or amounts, if, in the opinion of management, it is both likely that a future event will confirm that a liability had been incurred at the date of the consolidated financial statements and the amount can be reasonably estimated. In cases where it is not possible to determine whether such a liability has occurred, or to reasonably estimate the amount of loss until the performance of some future event, no accrual is made until that time.

In the ordinary course of business, the Company may be party to legal proceedings which include claims for monetary damages asserted against the Company. The adequacy of provisions is regularly assessed as new information becomes available.

Fair value of share-based payments and warrants

Management uses the Black-Scholes option-pricing model to calculate the fair value of share-based payments and warrants. Management considers factors that knowledgeable, willing market participants would consider when selecting the appropriate valuation model to apply. Use of this method requires management to make assumptions and estimates about the share price on the measurement date, expected useful life of the instruments, expected dividends, the risk-free rate (based on government bonds), the expected volatility of the Company's share price (based on weighted average historical volatility of comparable companies adjusted for changes expected due to publicly available information) and the probabilities of certain events occurring. In making these assumptions and estimates, management relies on historical market data. The inputs to the model are subject to estimate and changes in these inputs can materially impact the estimated fair value of these instruments. The fair value reported may not represent the transaction value if these options or warrants were exercised/exchanged at any point in time.

Expected credit losses (ECL)

ECLs are estimated for trade and other receivables based on historical experience and forecasted economic conditions, taking into consideration a range of factors, including the age of the receivables and the creditworthiness of the counterparties. Determining the recoverability of an account involves estimates and assumptions, changes in which could result in different results.

Lease liabilities

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Company has several lease contracts that include extension options.

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. The Company included the renewal period as part of the lease term for leases of office and laboratory because there will be a significant negative effect on operations if a replacement asset is not readily available.

When the Company recognizes a lease, the future lease payments are discounted using the Company's incremental borrowing rate. This significant estimate impacts the carrying amount of the lease liabilities and the interest expense recorded on the consolidated statements of loss and comprehensive loss.

Income taxes
Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities.

Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Deferred income taxes
Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates at the reporting date in effect for the period in which the temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized as part of the provision for income taxes in the period that includes the enactment date. The recognition of deferred income tax assets is based on the assumption that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Foreign currency translation
Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the consolidated statements of loss and comprehensive loss.

Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the end of the reporting period. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in the accumulated other comprehensive income included in shareholders' (deficit) equity.

Financial instruments

Financial Assets

Recognition and Initial Measurement
The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and Subsequent Measurement
On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:
• Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are

solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost would comprise of cash, trade receivables and other receivables.

• FVTOCI - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at FVTOCI. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. The Company does not hold any financial assets measured at FVTOCI.

• FVTPL - Assets that do not meet the criteria to be measured at amortized cost, or FVTOCI, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets measured at FVTPL.

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial Liabilities

Recognition and Initial Measurement
The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at FVTPL for which transaction costs are immediately recorded in the consolidated statement of loss and comprehensive loss. Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement
Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in the consolidated statement of loss and comprehensive loss.

Derecognition of financial liabilities
Financial assets are required to be initially measured at fair value and subsequently classified at amortized cost or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

The Company derecognizes financial liability only when its contractual obligations are discharged, cancelled or expire.

Cash and cash equivalents	Amortized cost
Amounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to a related party	Amortized cost
Loans payable	Amortized cost
Convertible instruments	Amortized cost
Lease liabilities	Amortized cost

Impairment of non-financial asset

The carrying value of non-financial assets is assessed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. Events or changes in circumstances which may indicate impairment include: a significant change to the Company's operations, significant decline in performance, or a change in market conditions which adversely affect the Company. The recoverable amount is determined as the higher of the fair value less costs of disposal ("FVLCD") and its value in use based on discounted cash flows.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, referred to as a cash generating unit ("CGU"). The recoverable amount of an asset or a CGU is the higher of its fair value, less costs to sell, and its value in use. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized immediately in consolidated statements of loss and comprehensive loss by the amount by which the carrying amount of the asset exceeds the recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the lesser of the revised estimate of recoverable amount, and the carrying amount that would have been recorded.

Goodwill is assessed for indicators of impairment at the end of each reporting period and is tested annually or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount.

Compound financial instruments

Compound financial instruments issued by the Company comprise units that consist of unsecured convertible notes and share purchase units, consisting of common shares and warrants. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component, which consists of the conversion feature related to the convertible notes and the share purchase warrants, is recognized as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

The equity component is allocated to the conversion feature and the share purchase warrants based on their relative fair values. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method.
The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Upon conversion, the liability component and conversion feature are reclassified to share capital.

In cases of extinguishment of the convertible debt before maturity through an early redemption or repurchase in which the original conversion privileges are unchanged, the Company allocates the consideration paid and the transaction costs for the repurchase or redemption to the liability and equity components at the date of the transaction. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with that used in the original allocation to the separate components of the original proceeds that were received by the Company at the time of initial recognition. Once the allocation of the consideration is made, any resulting gain or loss relating to the liability component is recognized in consolidated statements of loss and comprehensive loss, and the amount of consideration relating to the equity component is recognized in equity.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Unit private placements

For private placements of units consisting of common shares and warrants, the Company uses the Black-Scholes option pricing model in determining the fair value of warrants. The proceeds from the issuance of units are first allocated to the warrants and the residual amount, being the difference between the proceeds from issuance and the fair value of the warrants, is allocated to common shares. The value assigned to the warrants are reclassified back to share capital upon exercise or expiry of the warrants.

Share-based payments

The Company offers a stock option plan for its officers, directors, employees, and consultants. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase to stock-based compensation and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. When vested stock options expire, previously recognized share-based compensation is not reversed. When stock options are forfeited, previously recognized share-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued for goods and services are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services. The fair value of broker warrants is measured at the date that the Company receives the services.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost. A provision for legal costs in dispute of $30,000 (February 28, 2022- $Nil) has been provided for in the current year's consolidated financial statements.

Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period adjusted for own shares held. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise outstanding warrants and stock options.

For the years ended February 28, 2023, and February 28, 2022, outstanding stock options and warrants are anti-dilutive.

Income tax

Income tax comprises current and deferred tax. Income tax is recognized in consolidated statements of loss and comprehensive loss except to the extent that it relates items recognized directly in equity or in other comprehensive income, in which case the income tax is also recognized directly in equity of other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent it is no longer probable that sufficient taxable earnings will be available to allow all of part of the asset to be recovered.

Business combinations

The Company uses the acquisition method to account for business combinations when control is acquired. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interest issued by the Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the fair value of the consideration transferred including the recognized amount of any non-controlling interest over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill.

The Company assesses whether a transaction results in an asset or business acquisition using the optional concentration test, which is a simplified assessment that results in an asset acquisition of substantially all of the fair value of the assets is concentrated in a single identifiable asset or a group of similarly identifiable assets. If the test is failed, the assessment focuses on the existence of a substantive process. The Company assesses whether a transaction is an asset or business acquisition by assessing inputs and determining whether the processes acquired are substantive.

The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value or its proportionate share of the recognized amount of the identifiable net assets at the acquisition date. Acquisition costs are expensed as incurred unless they qualify to be treated as debt issuance costs or costs of issuing equity securities.

IFRS 3 Business Combinations clarifies the definition of a business and permits a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

Leases

The Company assesses whether a contract is or contains a lease at inception of a contract. Leases are recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in net finance costs in the consolidated statements of loss and comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on an index or a rate or subject to a fair market value renewal, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. The Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lease liability is net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the reasonably certain lease term, including renewal options that the Company is reasonably certain to exercise. Renewal options are included in a number of leases across the Company. Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administrative expenses in the consolidated statements of loss and comprehensive loss.

Short-term leases are leases with a lease term of 12 months or less. Variable lease payments that do not depend on an index or a rate or subject to a fair market value renewal are expensed as incurred and recognized in general and administrative expenses in the consolidated statements of loss and comprehensive loss. Right-of-use assets are measured at cost which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Company discounts lease payments using its incremental borrowing rate of eight percent (8%) at the inception of the lease. The Company did not enter into any new lease agreements during the years ended February 28, 2023 and 2022.

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:

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 were effective for the Company's reporting period beginning on March 1, 2022.

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 were effective for the Company's reporting period beginning on March 1, 2023.

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.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors was amended to clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy and clarifying that accounting estimates are monetary amounts in the consolidated financial statements that are subject to measurement uncertainty. The amendments are required to be applied for annual reports commencing on or after January 1, 2023.

Standards, Amendments, and Interpretations Issued but not yet Adopted

The IASB has issued several new standards and amendments that will be effective on various dates. The listing below is of standards, interpretation and amendments issued which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The impact on the Company is currently being assessed.

IAS 1 Presentation of Financial Statements was amended in January 2020 to address inconsistencies with how entities apply the standard over classification of current and non-current liabilities. The amendment serves to address whether, in the statement of financial position, debt and other liabilities with an uncertain settlement should be classified as current or non-current. This amendment is effective on January 1, 2024. Earlier adoption is permitted. The Company will adopt this amendment as of the effective date and is currently assessing the impact of adoption.

(Expressed in Canadian dollars)

IAS 12 Deferred Tax Arising from a Single Transaction was amended to clarify that entities are required to recognize deferred taxes on transactions that on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The amendments are required to be applied for annual reporting periods beginning on or after January 1, 2023. The Company is currently assessing the impact of these amendments on the consolidated financial statements.

5. AMOUNTS RECEIVABLE

	May 31, 2023	**February 28, 2023**
	$	**$**
Trade receivable	22,310	75,886
Provision for expected credit losses	-	(15,616)
	22,310	60,270
Government grants and HST receivable	83,049	76,738
Other receivables	-	9,017
	105,359	146,025

6. INVENTORY

	May 31, 2023	**February 28, 2023**
	$	**$**
		$
Raw materials	40,652	60,830
Labels and packaging	104,857	66,593
Finished goods	34,433	30,629
Inventory provision	-	(13,000)
	179,853	145,052

7. PREPAID EXPENSES AND DEPOSITS

	May 31, 2023	**February 28, 2023**
	$	**$**
Prepaid insurance	37,694	55,132
Prepaid occupancy expense	29,339	29,339
Prepaid marketing costs	5,000	5,000
Deposit for inventory	5,443	12,070
	75,832	101,541

8. RIGHT-OF-USE ASSET

Non-current	**May 31, 2023**	**February 28, 2023**
Right-of-use asset	1,466,516	1,466,516
Accumulated depreciation	1,226,467	(1,154,343)
	240,049	312,173

(Expressed in Canadian dollars)

For the 3 months ended May 31, 2023, the Company recorded depreciation on the right-of-use asset of $72,124 (2022 - $72,124)

9. PROPERTY AND EQUIPMENT

	Furniture and fixtures $	R&D equipment $	Portable building units $	Computer hardware $	Leaseholds $	Processing equipment $	Total $
Cost							
February 28, 2023	61,893	306,003	431,859	199,636	246,618	1,824,062	3,070,071
Additions/Disposals							-
May 31 2023	**61,893**	**306,003**	**431,859**	**199,636**	**246,618**	**1,824,062**	**3,070,071**
Accumulated depreciation							
February 28, 2023	40,719	141,794	146,408	138,696	166,407	921,672	1,555,696
Depreciation	1,059	838	7,136	777	17,188	47,389	74,388
May 31 2023	**41,778**	**142,632**	**153,544**	**139,473**	**183,595**	**969,061**	**1,630,084**
Net book value							
February 28, 2023	21,174	164,209	285,451	60,940	80,211	902,390	1,514,375
May 31 2023	**20,115**	**163,371**	**278,315**	**60,163**	**63,023**	**855,001**	**1,439,987**

10. LOANS PAYABLE

Form of indebtedness	***Interest rate and terms***	**May 31 2023** ***$***	**February 28, 2023** ***$***
Promissory note	12%, payable at maturity secured by a GSA, maturing July 31, 2023	500,000	500,000
Promissory note	12%, payable monthly secured by a GSA, maturing July 31, 2023	250,000	250,000
Loan agreements	12%, payable at maturity secured by a GSA, maturing July 31, 2023	536,000	310,000
		1,286,000	1,060,000

11. CONVERTIBLE NOTES

(Expressed in Canadian dollars)

The Company closed a private placement of unsecured convertible notes (each a “Note”) for gross proceeds of $230,000 on August 8, 2022 (the “Offering”). The Company issued 230 units where each unit consist of $1,000 principal amount of Notes and 100 common share purchase warrants (Note 17). The Notes, issued in increments of $1,000, bear interest at a rate of 12% per annum, have a term of twenty-four (24) months from the date of issue and are convertible into common shares at a conversion price of $0.40 per share. Each Warrant is exercisable into one Common Share of the Company at an exercise price of $0.40 per Common Share for a period of twenty-four (24) months form the date of issuance of the Notes. Securities issued pursuant to the Offering are subject to a statutory hold period lasting four (4) months and a day after the issuance of the securities. The Company paid issuance costs of $28,955, of which $4,184 was allocated to the equity component of the issuances.

The Notes bear Interest from their date of issue at 10.0% per annum, payable quarterly in arrears. A further 2% per annum interest payment will be made annually in cash or in Common Shares as determined by the Company. During the second year of the two-year term of the Notes, the Company may prepay all or any portion of each of the Notes with an early termination fee payable to each noteholder of one percent (1%) per annum of the amount of the principal prepayment of the Notes.

As at May 31, 2023, the principal amount of $230,000 is outstanding and due on August 8, 2024 (February 28, 2023 - $230,000).

The following provides a summary of the application of the proceeds from the issue of convertible notes:

	Notes	**Warrants**	**Conversion Feature**	**Total**
	$	$	$	$
Balance, February 28, 2022	-	-	-	-
Issuance of convertible notes, net of issuance costs	171,997	3,021	30,211	**205,229**
Accretion of notes	14,960	-	-	**14,960**
Balance, February 28, 2023	**186,957**	**3,021**	**30,211**	**220,189**
Accretion of notes	6,950	-	-	6,950
Balance, May 31, 2023	**193,907**	**3,021**	**30,211**	**227,139**

(Expressed in Canadian dollars)

12. LEASE LIABILITY

	May 31, 2023 $	**February 28, 2023 $**
Balance, Beginning of period	364,186	673,550
Interest	6,743	42,704
Payments	(88,017)	(352,068)
Balance, end of period	282,912	364,186
Current	282,912	335,041
Non-current	-	29,145
	282,912	364,186

	May 31 2023 $	**February 28, 2023 $**
Less than one year	293,390	352,068
1 to 5 years	-	29,339
Gross lease liabilities	293,390	381,407
Less: interest on lease liabilities	10,477	17,221
Net lease liabilities	282,912	364,186

The remaining lease is 0.92 years at May 31, 2023 with payment due monthly in an amount of $29,339.

13. SHARE CAPITAL

Authorized
An unlimited number of common shares without par value.

Common Shares
As at May 31, 2023 and as at February 28, 2023, the Company had 103,574,267 common shares outstanding.

Issuance of shares

There were no issues of common shares during the three month period ended May 31, 2023.

The Company issued shares during the fiscal year ended February 28, 2023 as follows:

On April 28, 2022, the Company issued 506,157 units at a price of $0.30 per unit with proceeds of $151,847. 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 $0.40 per common share until two years from the date of issue.

(Expressed in Canadian dollars)

14. CONTRIBUTED SURPLUS

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.

During the three-month period ended May 31, 2023 and for the year ended February 28, 2023, there were no options issued. There were no options exercised during the three-month period ended May 31, 2023.

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

	Weighted Ave ("$")	Number of Options	Contributed surplus
Balance, February 28, 2022	**0.54**	**10,281,000**	**4,146,322**
Options cancelled	0.24 to 0.82	(1,176,250)	-
Stock based compensation	0.24	-	706,931
Balance, February 28, 2023	**0.56**	**9,104,750**	**4,853,253**
Options cancelled	0.24	(3,754,750)	-
Balance, May 31 2023	**0.74**	**5,350,000**	**4,853,253**

A summary of the Company's outstanding stock options as at May31, 2023 is presented below:

Exercise price	Number of stock options outstanding	Expiry date	Number of stock options exercisable
0.82	3,150,000	11-Mar-24	3,150,000
0.58	500,000	14-Dec-26	400,000
0.51	200,000	04-Jan-27	145,500
0.65	1,500,000	28-Jul-26	1,500,000
Total	**5,350,000**		**5,195,500**

(Expressed in Canadian dollars)

15. WARRANT RESERVE

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

	Weighted average price	Number of warrants	Warrant reserve
Balance, February 28, 2021		3,599,370	306,616
Issued	0.375	19,551,118	2,343,445
Exercised	0.40	(200,000)	(17,021)
Exercised	0.375	(2,866,437)	(333,298)
Exercised	0.21	(400,000)	(53,331)
Balance, February 28, 2022		19,684,051	2,246,111
Issued	0.40	506,157	50,924
Issued	0.40	23,000	2,640
Expired	0.40	(3,399,370)	-
Balance, February 28, 2023		**16,813,838**	**2,299,675**
Expired March 19, 2023	0.375	(15,884,681)	**-**
Expired March 29, 2023	0.24	(200,000)	**-**
Balance, May 31, 2023		729,157	**2,299,675**

16. SEGMENTED INFORMATION

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

	Three months ended May 31 2022			**Three months ended May 31 2022**		
	Revenue	**Cost of Revenue**	**Gross Profit**	**Revenue**	**Cost of Revenue**	**Gross Profit**
	$	**$**	**$**	**$**	**$**	**$**
Health and wellness	**16,507**	**5,265**	**11,242**	**11,217**	**2,203**	**9,014**
White Label	97,880	50,405	47,475	48,145	27,198	20,946
Product Testing	4,600	7,017	(2,417)	1,840	971	869
White Label	**102,480**	**57,422**	**45,058**	**49,985**	**28,169**	**21,815**
Licensing and consulting	121,800	60,495	61,305	-	-	-
Services revenue	**121,800**	**60,495**	**61,305**	**-**	**-**	**-**
Total	**240,787**	**123,182**	**117,605**	**61,202**	**30,373**	**30,829**

Customer Concentration:

Two customers comprised 95% (2022 - 99%) of white label revenue and 45% (2022 - 80%) of total revenue during the three month period year ended May 31, 2023.

One customer comprised 100% of licensing and consulting revenue during the three month period year ended May 31, 2023 (three month period year ended May 31, 2022 – Nil)

(Expressed in Canadian dollars)

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.

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 consists of sales of oral thin film strips containing active ingredients under cannabis licensing;
3) Revenue derived from licensing under service agreements (MSSA);
4) Service contracts consists of consulting services provided for the application of active ingredients with the Company's oral thin film polymer formulation and processes.

17. RELATED PARTY 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.

Due to related party

Due to 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:

	May 31, 2023	**February 28, 2023**
	$	$
Promissory note, Interest at 12% per annum, payable monthly	253,000	253,000
Promissory note, non-interest bearing	109,000	109,000
Promissory note, Interest at 12%, payable monthly	150,000	150,000
	512,000	512,000

On July 21, 2023 $500,000 of the related party debt was rolled into convertible notes as set out in Note 24. The remaining balance due, $12,000 remains payable to the related party as at July 21, 2023.

(Expressed in Canadian dollars)

Compensation of key management personnel

Key management personnel includes 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 months ended May 31, 2023 and 2022 were as follows:

	May 31, 2023	**May 31, 2022**
	$	$
Officers' remuneration	150,000	150,000
Stock-based compensation	-	37,500
	150,000	187,500

18. 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.

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 currency in which purchase transactions are denominated is Israeli shekels. 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.

19. 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.

20. SUBSEQUENT EVENTS

On July 21, 2023 the Company closed an issue of convertible for proceeds of $1,469,445 in a first tranche of its private placement financing (the "**Financing**"), announced on June 13, 2023. The convertible notes private placement provides for up to $5,000,000 of gross proceeds, consisting of up to 5,000,000 units (the "**Units**") at a price of one dollar ($1.00) per Unit.