



Condensed Consolidated Interim Financial Statements of

Rapid Dose Therapeutics Corp.

For the three months ended May 31, 2024 and 2023

(All amounts expressed in Canadian dollars)

(unaudited)

RAPID DOSE THERAPEUTICS CORP.

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Rapid Dose Therapeutics Corp.

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

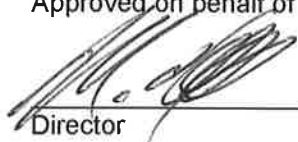
Rapid Dose Therapeutics Corp.
Condensed Consolidated Interim Statements of Financial Position (Unaudited)
As at May 31, 2024 and February 29, 2024
(Expressed in Canadian dollars, unless otherwise indicated)

| | Notes | May 31, 2024 | February 29, 2024 |
|--|-------|------------------|----------------------|
| | | \$ | \$ |
| Assets | | | |
| Current | | | |
| Cash and cash equivalents | | 113,062 | 161,059 |
| Amounts receivable | 4 | 236,173 | 219,314 |
| Inventory | 5 | 152,201 | 132,468 |
| Prepaid expenses and deposits | 6 | 189,963 | 166,084 |
| | | 691,399 | 678,925 |
| Non-current | | | |
| Right-of-use asset | 7 | - | 23,677 |
| Property and equipment | 8 | 1,123,505 | 1,182,561 |
| | | 1,814,904 | 1,885,163 |
| Liabilities | | | |
| Current | | | |
| Accounts payable and accrued liabilities | 9 | 2,548,719 | 2,589,445 |
| Due to related parties | 10 | 229,216 | 206,288 |
| Unsecured convertible notes | 11 | 97,186 | 93,362 |
| Current portion of lease liability | | - | 29,144 |
| | | 2,875,121 | 2,918,239 |
| Non-current | | | |
| Secured convertible notes | 11 | 2,246,101 | 2,124,878 |
| | | 5,121,222 | 5,043,117 |
| Shareholders' deficit | | | |
| Share capital | 12 | 27,013,688 | 26,613,148 |
| Contributed surplus | 13 | 5,670,726 | 5,244,026 |
| Warrant reserve | 14 | 4,505,200 | 4,223,953 |
| Accumulated other comprehensive income | | 16,052 | 16,052 |
| Accumulated deficit | | (40,511,984) | (39,255,133) |
| | | (3,306,318) | (3,157,954) |
| | | 1,814,904 | 1,885,163 |


The accompanying notes are an integral part of these condensed consolidated interim financial statements

Nature of operations and going concern 1
Subsequent event 21

Approved on behalf of the board of directors:



Director



Director

Rapid Dose Therapeutics Corp
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited)
For the three months ended May 31, 2024 and 2023
(Expressed in Canadian dollar, unless otherwise indicated)

| | Notes | May 31, 2024 \$ | May 31, 2023 \$ |
|--|-------|--------------------|--------------------|
| Revenue | 15 | 398,994 | 240,787 |
| Cost of revenue | 15 | (142,290) | (123,182) |
| Gross profit | | 256,704 | 117,605 |
| Expenses | | | |
| Personnel | 10 | 356,970 | 325,365 |
| Share-based compensation | 10 | 426,700 | - |
| General and administrative | | 86,076 | 16,867 |
| Sales and marketing | | 228,962 | 94,030 |
| Research and development | | 29,516 | 22,080 |
| Depreciation and amortization | 7 & 8 | 82,733 | 146,512 |
| Interest and accretion | | 304,033 | 79,632 |
| | | 1,514,990 | 684,486 |
| Net loss before other comprehensive loss | | (1,258,286) | (566,881) |
| Foreign exchange gain | | 1,435 | - |
| Net comprehensive loss for the period | | (1,256,851) | (566,881) |
| Net loss per share - basic and diluted | | (0.01) | (0.01) |
| Weighted average number of shares outstanding - basic and diluted | | 121,762,256 | 103,416,180 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Rapid Dose Therapeutics Corp
Condensed Consolidated Interim Statements of Changes in Shareholders' Deficit (Unaudited)
For the three months ended May 31, 2024 and 2023
(Expressed in Canadian dollars, unless otherwise indicated)

| | Note | Number of shares | Common Shares | 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) |
| Balance, February 29, 2024 | | 117,810,298 | 26,613,148 | 4,223,953 | 5,244,026 | 16,052 | (39,255,133) | (3,157,954) |
| Issue of shares and warrants for private placement | 12 | 3,882,349 | 378,753 | 281,247 | - | - | - | 660,000 |
| Share issuance cost | | - | (79,468) | - | - | - | - | (79,468) |
| Issue of shares for interest on convertible notes | 12 | 520,968 | 93,775 | - | - | - | - | 93,775 |
| Issue of shares for interest on related party debt | 12 | 41,968 | 7,480 | - | - | - | - | 7,480 |
| Stock based compensation | | - | - | - | 426,700 | - | - | 426,701 |
| Net comprehensive loss for the period | | - | - | - | - | - | (1,256,851) | (1,256,851) |
| Balance May 31, 2024 | | 122,255,583 | 27,013,688 | 4,505,200 | 5,670,726 | 16,052 | (40,511,984) | (3,306,318) |

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Rapid Dose Therapeutics Corp.
Condensed Consolidated Interim Statements of cash flows (Unaudited)
For the three months ended May 31, 2024 and 2023
(Expressed in Canadian dollars, unless otherwise indicated)

| | May 31, 2024 | May 31, 2023 |
|---|-----------------|-----------------|
| | \$ | \$ |
| Cash used in | | |
| Operating activities | | |
| Loss for the period | (1,256,851) | (566,881) |
| Items not affecting cash | | |
| Share-based compensation | 426,700 | - |
| Depreciation and amortization | 82,733 | 146,512 |
| Accretion expense | 125,047 | 6,950 |
| Interest paid on secured convertible notes | 93,775 | - |
| Interest paid on related party debt | 7,480 | - |
| Interest accrued | - | 6,743 |
| | (510,186) | (406,676) |
| Changes in non-cash operating working capital | | |
| Amounts receivable | (16,859) | 40,666 |
| Inventory | (19,733) | (34,801) |
| Prepaid expenses and deposits | (23,879) | 25,709 |
| Accounts payable and accrued liabilities | (40,726) | 247,973 |
| Deferred revenue | - | (5,636) |
| | (622,313) | (132,765) |
| Investing activities | - | - |
| Financing activities | | |
| Due to a related party | 22,928 | - |
| Loans payable | - | 226,000 |
| Payment on lease, net of interest | (29,144) | (88,017) |
| Issuance of private placement units - net | 580,532 | - |
| | 574,316 | 137,983 |
| Net (decrease) increase in cash | (47,997) | 5,218 |
| Cash, beginning of period | 161,059 | 27,587 |
| Cash, end of period | 113,062 | 32,805 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Rapid Dose Therapeutics Corp.
Notes to Condensed Consolidated Interim Financial Statements (Unaudited)
For the three months ended May 31, 2024 and 2023
(Expressed in Canadian dollars, unless otherwise indicated)

1. The Company and its operations

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's common shares trade on the Canadian Securities Exchange ("CSE") under the symbol "DOSE".

The Company is incorporated in Canada 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 uncertainty

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As at May 31, 2024, the Company recorded a net comprehensive loss of \$1,256,851 for the three months ended May 31, 2024 (three months ended May 31 2023 - \$566,881), a working capital deficiency of \$2,183,722 (February 29, 2024 - \$2,239,314) and an accumulated deficit of \$40,511,984 (February 29, 2024 - \$39,255,133). The losses limit the Company's ability to fund its operations.

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

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

2. Basis of Preparation

I. Statement of compliance

These condensed interim consolidated financial statements ("interim financial statements") for the three months ended May 31, 2024 (and comparative results for the three months ended May 31, 2023) have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting and therefore do not contain all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements. These interim financial statements should be read in conjunction with the Company's 2024 Consolidated Financial Statements and Notes and have been prepared using the same accounting policies described in Note 3 to the 2024 Consolidated Financial Statements and Notes.

These interim financial statements were authorized for issuance by the Company's Board of Directors on July 26, 2024.

II. 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 3 in annual Consolidated Financial Statements.

Rapid Dose Therapeutics Corp.
Notes to Condensed Consolidated Interim Financial Statements (Unaudited)
For the three months ended May 31, 2024 and 2023
(Expressed in Canadian dollars, unless otherwise indicated)

III. Functional and presentation currency

These interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its Canadian subsidiary, Consolidated Consumer Brands Inc. ("CCB"). The US dollar is the functional currency of the Company's US subsidiary, RDT Therapeutics Inc. The GBP is the functional currency of the Company's UK subsidiary, Rapid Dose Therapeutics (UK) Limited.

IV. Basis of consolidation

These interim financial statements include the financial statements of all entities controlled by the Company. The entities controlled by the Company include wholly owned subsidiaries, Rapid Dose Solutions Inc., RDT Therapeutics Inc., Rapid Dose Therapeutics (UK) Limited and Consolidated Consumer Brands Inc. ("CCB"). All inter-company transactions, balances, income and expense are eliminated on consolidation.

V. Judgments and estimates

The preparation of these interim financial statements in accordance with IAS 34 requires Management to make judgments and estimates that affect:

- the application of accounting policies;
- the reported amounts of assets and liabilities; and
- the amounts of revenue and expenses recognized during the reporting periods.

Actual results may differ from estimates made in these interim financial statements.

Judgments are made in the selection and assessment of the Company's accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Judgments and estimates are often interrelated. The Company's judgments and estimates are continually re-evaluated to assess whether they remain appropriate. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

The duration and long-term effects on the Company from macroeconomic conditions remain uncertain and Management continues to monitor and assess the impact on the business and on certain judgments and estimates. Details of the accounting policies subject to judgments and estimates that the Company believes could have the most significant impact on the amounts recognized in these interim financial statements are described in Note 2 to the Company's 2024 Consolidated Financial Statements and Notes.

3. Changes in accounting standards

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.

Standards issued and not yet adopted

Certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective and have not been adopted early by the Company. Management anticipates that pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments, and interpretations is provided below.

Rapid Dose Therapeutics Corp.
Notes to Condensed Consolidated Interim Financial Statements (Unaudited)
For the three months ended May 31, 2024 and 2023
(Expressed in Canadian dollars, unless otherwise indicated)

In January 2020, the IASB issued an amendment to IAS 1, Presentation of Financial Statements (“IAS 1”) to clarify its requirements for the presentation of liabilities in the statement of financial position. The limited scope amendment affected only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. The amendment clarified that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specified that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability.

It also introduced a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. On October 31, 2022, the IASB issued Non-Current Liabilities with Covenants (Amendments to IAS 1). These amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendment is effective for annual reporting periods beginning on or after January 1, 2024.

4. Amounts receivable

| | May 31, 2024 | February 29, 2024 |
|-------------------|-----------------|----------------------|
| | \$ | \$ |
| Trade receivable | 148,655 | 33,029 |
| HST receivable | 87,518 | 167,293 |
| Other receivables | - | 18,992 |
| | <u>236,173</u> | <u>219,314</u> |

5. Inventory

| | May 31, 2024 | February 29, 2024 |
|----------------------|-----------------|----------------------|
| | \$ | \$ |
| Raw materials | 41,534 | 56,412 |
| Labels and packaging | 73,172 | 67,990 |
| Finished goods | 37,495 | 8,066 |
| | <u>152,201</u> | <u>132,468</u> |

- (i) During the three-month period ended May 31, 2024, \$38,323 (February 29, 2024 - \$125,286) of inventories were expensed in cost of revenue

6. Prepaid expenses and deposits

| | May 31, 2024 | February 29, 2024 |
|-------------------------|-----------------|----------------------|
| | \$ | \$ |
| Prepaid insurance | 68,437 | 98,833 |
| Security deposit | 29,339 | 29,339 |
| Prepaid marketing costs | 50,625 | - |
| Deposits for inventory | 41,562 | 37,912 |
| | <u>189,963</u> | <u>166,084</u> |

Rapid Dose Therapeutics Corp.
Notes to Condensed Consolidated Interim Financial Statements (Unaudited)
For the three months ended May 31, 2024 and 2023
(Expressed in Canadian dollars, unless otherwise indicated)

7. Right-of-use asset

| | May 31, 2024 | February 29, 2024 |
|--------------------------|-------------------------|------------------------------|
| | \$ | \$ |
| Right-of-use asset | 23,677 | 1,466,516 |
| Accumulated amortization | (23,677) | (1,442,839) |
| | - | 23,677 |

8. Property and equipment

| | Furniture and fixtures \$ | R&D equipm ent \$ | Portable building units \$ | Computer hardware \$ | Leaseholds \$ | Processing equipment \$ | Total \$ |
|---|------------------------------------|----------------------------|-------------------------------------|----------------------------|------------------|-------------------------------|-------------|
| Cost | | | | | | | |
| February 2022, 2023 and 2024 and May 31, 2024 | 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 | 4,235 | 32,842 | 28,545 | 12,188 | 73,526 | 180,478 | 331,814 |
| February 29, 2024 | 44,954 | 174,636 | 174,953 | 150,884 | 239,933 | 1,102,150 | 1,887,510 |
| Depreciation | 847 | 6,568 | 6,423 | 2,438 | 6,684 | 36,096 | 59,056 |
| May 31, 2024 | 45,801 | 181,204 | 181,376 | 153,322 | 246,617 | 1,138,246 | 1,946,566 |
| Net book value | | | | | | | |
| February 29, 2024 | 16,939 | 131,367 | 256,906 | 48,752 | 6,685 | 721,912 | 1,182,561 |
| May 31, 2024 | 16,092 | 124,799 | 250,483 | 46,314 | 1 | 685,816 | 1,123,505 |

9. Accounts payable and accruals

| | May 31, 2024 | February 29, 2024 |
|---------------------|-------------------------|------------------------------|
| | \$ | \$ |
| Accounts payable | 1,202,819 | 1,121,128 |
| Accrued liabilities | 1,345,900 | 1,468,317 |
| | 2,548,719 | 2,589,445 |

Rapid Dose Therapeutics Corp.
Notes to Condensed Consolidated Interim Financial Statements (Unaudited)
For the three months ended May 31, 2024 and 2023
(Expressed in Canadian dollars, unless otherwise indicated)

10. Related party balances and transactions

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

Related party debt

Due to a related party represents unsecured advances from an individual who is an officer and director of the Company and a secured loan from a company controlled by a director of the Company.

| | May 31, 2024 | February 29, 2024 |
|--|-----------------|----------------------|
| Convertible loan, interest at 12% per annum, payable quarterly, due September 22, 2024 | 229,216 | 206,288 |
| | <u>229,216</u> | <u>206,288</u> |

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

A summary of the transaction for the related party loan for the year ended February 29, 2024, is as follows:

| | Notes \$ | Warrants \$ | Total \$ |
|-----------------------------------|----------------|----------------|----------------|
| Balance, February 29, 2024 | 217,216 | 48,486 | 265,702 |
| Accretion of notes | 12,000 | - | 12,000 |
| Balance, May 31, 2024 | 229,216 | 48,486 | 277,702 |

Compensation of key management personnel

Transactions with officers and key management personnel are set out as follows:

| | May 31, 2024 | February 29, 2024 |
|--------------------------|-----------------|----------------------|
| Salaries | 112,500 | 450,000 |
| Share-based compensation | 172,653 | 23,250 |
| | <u>285,153</u> | <u>473,250</u> |

The Company has recognized share-based compensation of \$103,443 (May 31, 2023- \$Nil) to the directors of the Company.

Interest paid to related parties

During the three-month period ended May 31 2024, the Company paid \$ 50,751 (May 31, 2023 - \$Nil) of interest to related parties through the issue of common shares at the price of \$0.18 per share.

Rapid Dose Therapeutics Corp.
Notes to Condensed Consolidated Interim Financial Statements (Unaudited)
For the three months ended May 31, 2024 and 2023
(Expressed in Canadian dollars, unless otherwise indicated)

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

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

14. Warrant reserve

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

| | Weighted average price | Number of warrants | Warrant reserve |
|--------------------------------------|------------------------|--------------------|------------------|
| Balance, February 28, 2023 | | 16,813,838 | 2,299,675 |
| Expired and extinguished | \$0.40 | (16,284,681) | (1,720) |
| Issued – secured convertible note | \$0.14 | 15,672,225 | 1,291,732 |
| Issued – September 2023 | \$0.14 | 1,250,000 | 48,486 |
| Issued – private placement | \$0.20 | 7,647,035 | 530,134 |
| Issued – issuance cost | \$0.20 | 458,823 | 55,646 |
| Balance, February 29, 2024 | | 25,557,240 | 4,223,953 |
| Expired and extinguished | \$0.40 | (506,157) | - |
| Issued – private placement (Note 12) | \$0.20 | 4,115,289 | 281,247 |
| Balance, May 31, 2024 | | 29,166,372 | 4,505,200 |

The value of the warrants issued during the year was calculated using the Black-Scholes option pricing model using a nil expected dividend yield and the other assumptions being as follows:

The Company issued 3,882,349 warrants against the private placement (Note 12)

| | |
|--|----------------|
| Date of Issue | April 15, 2024 |
| Expiry date | April 15, 2026 |
| Warrants Issued | 3,882,349 |
| Exercise price | \$0.20 |
| Share Price | \$0.21 |
| Risk-free interest rate | 4.65% |
| Expected volatility based on historical volatility | 149% |
| Expected life of warrants | 2 year |
| Fair value | \$281,247 |
| Fair value per warrant | \$0.0724 |

Rapid Dose Therapeutics Corp.
Notes to Condensed Consolidated Interim Financial Statements (Unaudited)
For the three months ended May 31, 2024 and 2023
(Expressed in Canadian dollars, unless otherwise indicated)

15. Segmented information

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 and xylitol;
- 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 revenue consists of consulting services provided for the application of active ingredients with the Company's oral thin film polymer formulation and processes.

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

| Segmented Information | Three-month period ended May 31, 2024 | | | Three-month period ended May 31, 2023 | | |
|-------------------------|---------------------------------------|----------------|----------------|---------------------------------------|----------------|----------------|
| | Revenue | Cost of Sales | Gross Profit | Revenue | Cost of Sales | Gross Profit |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Health and wellness | 13,190 | 15,750 | (2,560) | 16,507 | 5,265 | 11,242 |
| White Label | 256,044 | 61,547 | 194,497 | 97,880 | 50,405 | 47,475 |
| Product Testing | 7,360 | 3,493 | 3,867 | 4,600 | 7,017 | (2,417) |
| White Label | 263,404 | 65,040 | 198,364 | 102,480 | 57,422 | 45,058 |
| Services revenue | 122,400 | 61,500 | 60,900 | 121,800 | 60,495 | 61,305 |
| Total | 398,994 | 142,290 | 256,704 | 240,787 | 123,182 | 117,605 |

Customer Concentration:

Three customers comprise 90% of total revenue during the three-month period ended May 31, 2024. Two comprised 95% (2023 – 95%) of White Label revenue during the three-month period ended May 31, 2023. One customer comprised 100% (2023 – 100%) of licensing and consulting revenue.

Geographic Information:

All of the Company's operations and assets are in Canada.

16. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair values of cash, amounts receivable and accounts payable and accrued liabilities, due to a related party, convertible notes at May 31, 2024 approximated their respective carrying values due to their short term to maturity.

Rapid Dose Therapeutics Corp.
Notes to Condensed Consolidated Interim Financial Statements (Unaudited)
For the three months ended May 31, 2024 and 2023
(Expressed in Canadian dollars, unless otherwise indicated)

11. Convertible Notes

I. Unsecured convertible notes

| | Notes | Warrants | Conversion Feature | Total |
|---|-----------|----------|-----------------------|-----------|
| | \$ | \$ | \$ | \$ |
| Balance, February 28, 2023 | - | - | - | - |
| 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 29, 2024 | 186,957 | 3,021 | 30,211 | 220,189 |
| Accretion of notes | 17,482 | - | - | 17,482 |
| Extinguishment of liability | (111,077) | (1,720) | (17,202) | (129,999) |
| Balance, February 29, 2024 | 93,362 | 1,301 | 13,009 | 107,672 |
| Accretion of notes | 3,824 | - | - | 3,824 |
| Balance, May 31, 2024 | 97,186 | 1,301 | 13,009 | 111,496 |

II. Secured convertible notes

| | Notes | Warrants | Conversion Feature | Total |
|---|-----------|-----------|-----------------------|-----------|
| | \$ | \$ | \$ | \$ |
| Balance, February 29, 2023 | - | - | - | - |
| Issuance of convertible notes, net of issuance costs | 1,981,964 | 1,291,732 | 245,726 | 3,519,422 |
| Accretion of notes | 142,914 | - | - | 142,914 |
| Balance, February 29, 2024 | 2,124,878 | 1,291,732 | 245,726 | 3,662,336 |
| Accretion of notes | 121,223 | - | - | 121,223 |
| Balance, May 31, 2024 | 2,246,101 | 1,291,732 | 245,726 | 3,783,559 |

12. Share capital

Authorized

An unlimited number of common shares without par value.

Common Shares

As at May 31, 2024, the Company had common shares outstanding of 122,255,583 (February 28, 2024 – 117,810,298 common shares outstanding)

Issuance of shares

The Company issued shares during the three-month period ended May 31, 2024 as follows:

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

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

In addition, the Company paid share issue costs of \$39,600, representing 6% of the proceeds from the private placement and \$39,868 of legal fees.

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

On March 31, 2024 the Company issued 41,968 common shares at \$0.18 per share as consideration for the \$7,480 of quarterly interest on the related party loan.

13. 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.

On April 1, 2024, the Company issued 9,050,000 stock options to Company employees and third party advisors, at \$0.18 per share, vesting in accordance with the Company's Stock Option Plan policy, expiring 24 months from the date of issue.

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

| | Weighted Ave ("\$") | Number of Options | Contributed surplus |
|--|------------------------|----------------------|------------------------|
| Balance, February 28, 2022 | 0.54 | 10,281,000 | 4,146,322 |
| Cancelled | 0.24 to 0.82 | (1,176,250) | - |
| Share based compensation | 0.24 | - | 706,931 |
| Balance, February 29, 2023 | 0.56 | 9,104,750 | 4,853,253 |
| Expired | 0.375 | (3,754,750) | - |
| Extinguishment | | - | (17,202) |
| Share based compensation | | - | 162,249 |
| Cancelled February 28, 2024 | 0.24 | (5,350,000) | - |
| Fair valuation of convertible notes Issued, February 23, 2024 | 0.15 | 2,500,000 | 245,726 |
| Balance, February 29, 2024 | | 2,500,000 | 5,244,026 |
| Issued April 1 2024 | 0.18 | 9,050,000 | 426,700 |
| | | 11,550,000 | 5,670,726 |

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Classification of fair value of financial instruments

The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the number of observable inputs used to value the instrument:

- Level 1: quoted prices in active markets for identical assets and liabilities;
- Level 2: inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data.

17. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its activities, including credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's customers are subject to an internal credit review, together with ongoing monitoring of the amount and age of balances in order to minimize the risk of non-payment. The gross carrying amount of amounts receivable reflects the maximum credit exposure and management's assessment of the credit risk. The Company is subject to a concentration risk in its trade receivable as two customer balances amount to 95% (February 29, 2024 – 95%).

The following table provides information regarding the aged trade receivables as at:

| | Current | 31-60 days | 61-90 days | 91 days+ |
|-------------------|----------------|-------------------|-------------------|-----------------|
| May 31, 2024 | 95% | 1% | 4% | 0% |
| February 29, 2024 | 0% | 100% | 0% | 0% |

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities as they come due.

The continued operation of the Company is dependent upon the Company's ability to secure external financing (Note 1) to meet its existing obligations and finance operations. Accounts payable and accrued liabilities are subject to normal trade terms.

Market risk

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments.

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Equity price risk

Equity price risk arises from the Company's marketable securities. The Company's approach to managing equity price risk is to optimize the return from its marketable securities within acceptable parameters for equity price risk.

Currency risk

Currency risk arises from financial instruments and sales and purchases that are denominated in a currency other than the Canadian dollar, the Company's functional currency. The Company operates in Canada and the United States, and the Company incurs the majority of its operating expenses in Canadian dollars. In the future, the proportion of international sales is expected to increase. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Company's business, financial condition and results of operations. The Company manages risk to foreign currency exposure by monitoring financial assets and liabilities denominated in US dollars and exchange rates on an ongoing basis. The Company has not engaged in foreign currency hedging.

Interest rate risk

The Company's exposure to interest rate risk is limited as the financial liabilities bear a fixed interest rate; financial assets are short-term in nature and are not subject to interest rate risk.

18. Capital risk management

The Company considers its capital to be shareholders' deficit which comprises share capital, warrant reserve, contributed surplus, accumulated other comprehensive income and accumulated deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can provide returns for the benefit of its shareholders and other stakeholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions.

The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an early-stage company and has just started to generate revenue, its principal source of capital is from the issuance of common shares or advances from related parties. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

19. Contingencies

The Company is a party to certain legal proceedings from time-to-time incidental to the conduct of its business. These proceedings could result in fines, penalties, compensatory or treble damages, or non-monetary relief. The nature of legal proceedings is such that the Company cannot assure the outcome of any particular matter, and an unfavorable ruling or development could have a materially adverse effect on the consolidated financial position, results of operations and cash flows in the period in which a ruling or settlement occurs. However, based on information available to the Company's management to date, the Company's management does not expect that the outcome of any matter pending against the Company is likely to have a materially adverse effect on the Company's consolidated financial position, results of operations, cash flows or liquidity.

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20.Reclassification

Certain comparative information has been reclassified wherever necessary for comparative purposes.

21.Subsequent event

The Company closed an initial tranche of a private placement financing on July 18, 2024 issuing 1,817,647 common shares at \$0.17 per common share for gross proceeds of \$309,000.

