



doseology

Doseology Sciences Inc.

Condensed Interim Consolidated Financial Statements
For the three months ended September 30, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These unaudited condensed consolidated interim financial statements of Doseology Sciences Inc. for the three months ended September 30, 2024 have been prepared by management and approved by the Board of Directors. These unaudited condensed consolidated interim financial statements have not yet been reviewed by the Company's external auditors.

Doseology Sciences Inc.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	Note	September 30, 2024 \$	June 30, 2024 \$
Assets			
Current assets			
Cash and cash equivalents		990,414	1,060,222
Accounts receivable	3	9,638	2,304
Prepaid expenses and deposits	4	8,590	-
Inventories	5	32,417	39,705
		1,041,059	1,102,231
Property and equipment			
	6	-	-
Total assets		1,041,059	1,102,231
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7	80,027	82,492
Lease liability - current portion	8	-	-
		80,027	82,492
Lease liability - long term portion			
	8	-	-
Total liabilities		80,027	82,492
Shareholders' Equity			
Share capital	10	6,753,576	6,753,576
Reserves	11	398,628	385,065
Deficit		(6,191,172)	(6,118,902)
Total shareholders' equity		961,032	1,019,739
Total liabilities and shareholders' equity		1,041,059	1,102,231

Approved by the Board of Directors on November 26, 2024:

"Zara Kanji"

Director

"Scott Reeves"

Director

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

Doseology Sciences Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

	Note	September 30, 2024 \$	September 30, 2023 \$
Income			
Product sales		14,577	46,101
Cost of sales	5	(7,571)	(17,285)
		7,006	28,816
Expenses			
Marketing and product placement		14,476	41,956
Investor relations		-	263
Product development and other costs		534	-
Consulting fees		22,293	1,482
Management fees	9	4,905	-
Professional fees		3,240	5,589
Regulatory filings and listing fees		5,927	-
Office		2,334	14,084
Salaries and benefits		19,386	21,130
Share-based compensation	9,11	13,564	10,761
Depreciation and amortization	6	-	17,979
		(86,659)	(113,244)
Other income (expenses)			
Interest and other income		7,380	6,342
Loss and comprehensive loss for the period		(72,273)	(78,086)
Loss per share - basic and diluted		(0.02)	0.00
Weighted average number of shares			
outstanding - basic and diluted		4,615,515	4,110,030

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

Doseology Sciences Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the three months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

	Number of shares	Share capital \$	Reserves \$	Deficit \$	Total shareholders' equity \$
Balance - June 30, 2023	4,110,030	6,711,326	367,383	(5,779,051)	1,299,658
Shares issued for debt	290,495	42,250	-	-	42,250
Share-based compensation	-	-	17,681	-	17,681
Loss for the year	-	-	-	(339,848)	(339,848)
Balance - June 30, 2024	4,400,525	6,753,576	385,064	(6,118,899)	1,019,741
Share-based compensation	-	-	13,564	-	13,564
Loss for the period	-	-	-	(72,273)	(72,273)
Balance - September 30, 2024	4,400,525	6,753,576	398,628	(6,191,172)	961,032

The accompanying notes are an integral part of these Consolidated Financial Statements.

Doseology Sciences Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the three months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

	September 30, 2024 \$	September 30, 2023 \$
Operating activities		
Loss for the period	(72,273)	(78,086)
Items not involving cash:		
Depreciation and amortization	-	17,979
Share-based compensation	13,564	10,761
	(58,709)	(49,346)
Changes in non-cash working capital items		
Receivables	(7,335)	(9,139)
Prepaid expenses and deposits	(8,590)	(11,074)
Inventories	7,288	6,443
Accounts payable and accrued liabilities	(2,462)	4,227
Cash used in operating activities	(69,808)	(58,889)
Financing activities		
Repayment of lease liability	-	(8,539)
Cash used in financing activities	-	(8,539)
Decrease in cash during the period	(69,808)	(67,428)
Cash - beginning of the year	1,060,222	1,301,478
Cash - end of the period	990,414	1,234,050

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

Doseology Sciences Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

1. Nature of operations and going concern

Doseology Sciences Inc. (the “Company”), formerly known as Pcybin Therapeutic Inc., was incorporated on July 25, 2019 under the Business Corporations Act (British Columbia). The Company’s registered and records office is located at 9-3151 Lakeshore Road, Unit 305, Kelowna, BC, V1W 3S9. The Company’s primary business is to improve overall health with a focus on mental health through research, development and sale of its branded functional mushroom products. The common shares of the Company trade on the Canadian Securities Exchange under the symbol “MOOD”, on the Frankfurt Stock Exchange under the symbol “VU7”, and on the OTCQB Venture Market under the symbol “DOSEF”.

These Condensed Interim Consolidated Financial Statements (“financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2024, the Company had an accumulated deficit of \$6,191,172 and working capital of \$961,032. In the course of developing its business, the Company will continue to incur losses. Management intends to finance its operations with equity financings. There is a risk that additional financing may not be available on a timely basis or on terms acceptable to the Company. These uncertainties may cast significant doubt regarding the Company’s ability to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements. These adjustments could be material.

On February 16, 2024, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidated common share for every ten pre-consolidated common share. All shares and per share amounts in these Condensed Interim Consolidated Financial Statements are presented on a post-consolidated basis.

These Condensed Interim Consolidated Financial Statements were approved by the Board of Directors of the Company for issue on November 26, 2024.

2. Material accounting policy information

Basis of presentation and measurement

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and with interpretations of the International Financial Reporting Issues Committee (“IFRIC”) for the periods presented.

These financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments measured at fair value. In addition, these financial statements are prepared on an accrual basis, except for cash flow information. The financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

Principles of consolidation

These financial statements include the financial statements of the Company and entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial operating policies of an entity so as to obtain benefits from its activities.

The financial statements include the accounts of Doseology Sciences Inc. and its wholly owned subsidiary, Dose Labs Inc., collectively referred to as the “Company”. The functional currency of the subsidiary is the Canadian dollar. Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing these financial statements.

Doseology Sciences Inc.

Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

2. Material accounting policy information (continued)

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, 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 period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are as follows:

Going concern

The Company's ability to execute its strategy by funding future working capital requirements requires judgement. Estimates and assumptions are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. The factors considered by management are disclosed in Note 1.

Useful lives of property and equipment

Property and equipment are depreciated over their useful lives. Useful lives are based on management's estimate and using industry norms which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of loss and other comprehensive loss in specific periods.

Impairment

Long-lived assets, including equipment and intangibles, are reviewed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. 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 (the CGU). Judgements and estimates are required in defining a CGU and determining the indicators of impairment and the estimates required to measure an impairment, if any.

Provision for expected credit losses ("ECLs")

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on 1) 12-month expected credit losses or 2) lifetime expected credit losses. The Company measures provision for ECLs on its trade receivables at an amount equal to lifetime ECLs.

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2. Material accounting policy information (continued)

Share-based payments

The Company measures the cost of equity-settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating the fair value requires determining the most appropriate inputs to the valuation model including the expected life of the instrument, volatility, risk-free interest rate and dividend yield.

Income taxes

Provisions for income 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 income tax provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the 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 tax assets are recognized where it is determined that the Company is likely to recognize their recovery from the generation of taxable income.

Cash and cash equivalents

The Company considers cash and cash equivalents to be cash and highly liquid investments with original maturities of three months or less. The Company had no cash equivalents at September 30, 2024.

Inventories

Inventories of finished goods are valued initially at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. The Company reviews inventory for obsolete and slow-moving goods and any such inventory is written down to net realizable value.

Property and equipment

Property and equipment are stated at historical cost net of accumulated depreciation and any impairment losses. Depreciation is recorded over the useful lives of the assets on a straight-line basis at the following annual rates:

Leasehold improvement	10 years
Furniture and equipment	10 years
Farm equipment	5 years
Computer equipment	3 years

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively.

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2. Material accounting policy information (continued)

Revenue recognition

The Company's revenue consists of medicinal mushroom and tincture product sales. The Company sells products directly to customers and through certain ecommerce platforms and distributors. The Company recognizes revenue when performance obligations have been satisfied which includes that the products have been shipped to customers and/or distributors. Revenue is measured based on the price specified, net of trade discounts, if any, and estimated returns at the time of sale. Historical experience is used to estimate allowances for returns. Trade receivables include amounts due from distributors and ecommerce platforms and are recorded upon the sale of the products. Credit terms are extended in the normal course of business.

Share-based compensation

The fair value of stock options granted is measured at the grant date using the Black-Scholes option pricing model. Where options are granted to consultants for goods or services rendered, the options are measured at the fair value of the goods or services received by the Company. If the fair value of the goods and services received cannot be reliably measured, the fair value of the stock option granted is used instead. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards expected to ultimately vest is computed. The movement in cumulative expense is recognized in the consolidated statement of loss with a corresponding entry within equity, against share-based compensation reserve. No expense is recognized for awards that do not ultimately vest. When options are exercised, the proceeds received together with any related amount in share-based compensation reserve is credited to share capital.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

Government assistance

Government assistance is recorded when the Company has complied with eligible requirements to receive the assistance. Government assistance related to eligible scientific research and experimental development expenditures are included in profit or loss. Government assistance related to the acquisition of property and equipment are deducted from the cost of the related assets, with any amortization calculated on the net amount, when received or when the Company has reasonable assurance that the assistance will be realized. During the period ended September 30, 2024, the Company received \$nil (September 30, 2023 – \$nil) in government assistance from its eligible scientific research and development.

Financial instruments

Recognition, classification and measurement

Financial assets are classified and measured based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 *Financial Instruments* contains three primary measurement categories for financial instruments: amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit and loss ("FVTPL"). Financial assets are recognized in the statements of financial position if the Company has a contractual right to receive cash or other financial assets from another entity. Financial assets are derecognized when the rights to receive cash flows from the asset have expired or were transferred and the Company has transferred substantially all risks and rewards of ownership.

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2. Material accounting policy information (continued)

All financial liabilities are recognized initially at fair value on the trade date at which the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial instruments are not reclassified after their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Company has classified its receivables and due from related parties as financial assets and accounts payable and accrued liabilities as financial liabilities measured at amortized cost. Such assets and liabilities are recognized initially at fair value inclusive of any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. The effective interest method recognizes interest revenue or interest expense in profit and loss over the relevant period.

Financial instruments carried at FVTPL are recognized at their fair value at acquisition with any directly attributable transaction costs expensed as they are incurred. Subsequent measurement requires adjustment to fair value at the date of the statement of financial position, with any remeasurement gains or losses recognized in profit and loss as they arise. Instruments classified as FVTPL during the period ended September 30, 2024 and 2023 include cash.

Financial instruments carried at FVTOCI are recognized at their fair value at acquisition inclusive of any directly attributable transactions costs. Subsequent measurement requires adjustment to fair value at the date of the statement of financial position, with any remeasurement gains or losses recognized in other comprehensive income or loss. The Company has no instruments classified as FVTOCI during the period ended September 30, 2024 and 2023.

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Basis of fair value

Financial instruments that are measured after initial recognition at fair value are grouped in levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2024, the carrying values of the Company's financial instruments approximate their fair values due to their short-term maturities.

Doseology Sciences Inc.

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For the three months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

2. Material accounting policy information (continued)

The following table sets forth the Company's financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy as at September 30, 2024 and September 30, 2023:

		Level 1	Level 2	Level 3
Cash	September 30, 2024	\$990,414	\$ -	\$ -
Cash	September 30, 2023	\$1,234,050	\$ -	\$ -

The Company recognizes expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivables are measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

Impairment of financial assets

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in the statements of loss and comprehensive loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss and comprehensive loss.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

Right of Use Assets and lease liabilities

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control an identified asset for a period of time in exchange for consideration.

Doseology Sciences Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

2. Material accounting policy information (continued)

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs.

The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option, in which case a right-of-use asset is depreciated over the asset's useful life.

Warrants

The warrants are fair valued on the issuance date using the Black-Scholes option pricing model. If and when the warrants are exercised, the applicable fair value of the share-based payment reserve is transferred to share capital. Any consideration paid on the exercise of the warrants is credited to share capital.

Loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted income per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share is the same, as the inclusion of stock options and share purchase warrants is anti-dilutive.

Income taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where there are uncertain tax positions.

Deferred income tax

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are

Doseology Sciences Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

2. Material accounting policy information (continued)

measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Accounting standards

As at July 1, 2023, the Company adopted amendments made to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments in which guidance and examples are provided to help entities apply materiality judgments to accounting policy disclosures. The adoption of this amendment did not have a material impact on the audited financial statements.

The Company has not adopted any other new standards in fiscal 2025. The Company is evaluating the impact of standards and interpretations that have been issued, but are not yet effective, up to the date of issuance of the financial statements. The adoption of these standards and interpretations are not expected to have a material impact on the financial statements.

Doseology Sciences Inc.

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(Expressed in Canadian dollars)

3. Accounts receivable

	September 30, 2024 \$	June 30, 2024 \$
Goods and services tax credits	-	-
Trade receivables	9,638	2,304
	9,638	2,304

4. Prepaid expenses and deposits

	September 30, 2024 \$	June 30, 2024 \$
Insurance	-	-
Retainers and others	8,590	-
	8,590	-

5. Inventories

	September 30 2024 \$	June 30, 2024 \$
Finished products – Medicinal mushroom and tinctures	\$32,417	\$39,705

During period ended September 30, 2024, the Company sold inventory with a value of \$7,289 (June 30, 2024 - \$26,435).

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(Expressed in Canadian dollars)

6. Property and equipment

	Farm equipment \$	Computer equipment \$	ROU Assets \$	Total \$
Cost				
Balance – June 30, 2023	10,351	3,354	103,085	116,790
Disposals	(10,351)	-	(103,085)	(113,436)
Balance – June 30, 2024	-	3,354	-	3,354
Additions	-	-	-	-
Balance – September 30, 2024	-	3,354	-	3,354
Accumulated depreciation				
Balance – June 30, 2023	(4,140)	(2,236)	(54,406)	(60,782)
Depreciation	(2,071)	(1,118)	(17,181)	(20,370)
Disposals	6,211	-	71,587	77,798
Balance – June 30, 2024	-	(3,354)	-	(3,354)
Depreciation	-	-	-	-
Balance – September 30, 2024	-	(3,354)	-	(3,354)
Carrying amounts				
Balance – June 30, 2024	-	-	-	-
Balance – September 30, 2024	-	-	-	-

7. Accounts payable and accrued liabilities

	September 30, 2024 \$	June 30, 2024 \$
Accounts payable	45,133	47,098
Accrued liabilities	34,894	35,394
	80,027	82,492

Doseology Sciences Inc.

Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars)

8. Lease Liabilities

The Company has previously entered into two lease agreements;

- 1.) Farm Lease: The Company entered into a 5-year lease term on July 1, 2020, with an option to renew for an additional 5 years. The lease liability had originally been calculated using an incremental borrowing rate of 10% per annum and assumes that the Company will exercise its renewal option.
- 2.) Commercial Office: The Company entered into a 3-year lease term on September 1, 2021, with an option to renew for an additional 5 years. The lease liability has been calculated using an incremental borrowing rate of 10% per annum.

	September 30, 2024	June 30, 2024
	\$	\$
Lease liabilities		
Balance, beginning	-	50,272
Less: lease payments	-	(8,539)
Interest accretion	-	-
Remeasurement of lease liability*	-	-
Termination of lease liability**	-	(41,733)
Balance, ending	-	-
Less: Lease liabilities, current portion	-	-
Lease liabilities, long-term portion	-	-

* On July 1, 2022, the lease terms for the farm property were modified so that the lease payments continued on at \$8,000 per month rather than increasing to \$10,000 a month as of July 1, 2022. The lease liability was adjusted to reflect the remeasured liability based on the updated lease payment schedule and the Company's current incremental borrowing rate of 12% per annum. There was no change in management's assumption that it will exercise the renewal option in the lease. The effect of the remeasurement was a reduction in right of use leased assets net book value of \$166,793 and a reduction of lease liability of \$166,793.

** On January 1, 2023, the Company obtained a lease agreement release from the landlord of the Company's farm property located in Vernon, BC. By obtaining the lease agreement release, the Company is no longer liable for required monthly lease payments up to June 2025.

In addition and as a result of the lease agreement release obtained, on January 1, 2023, the Company derecognized leasehold improvements with a net book value of \$230,382 related to the leased farm property and recognized a gain on lease termination of \$120,221.

During the year ended June 30, 2024, the Company terminated its commercial lease, and recorded a gain on lease termination of \$12,635.

Doseology Sciences Inc.

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(Expressed in Canadian dollars)

8. Lease Liabilities (continued)

The following maturity analysis shows the minimum lease payments the Company is committed to as of September 30, 2024.

	September 30, 2024	June 30, 2024
<u>Maturity analysis</u>	<u>\$</u>	<u>\$</u>
Less than one year	-	-
One year to five years	-	-
Total undiscounted lease liability	-	-

9. Transactions with related parties

Key management personnel include directors and officers who have the authority and responsibility for planning, directing, and controlling the activities of the Company. The compensation paid to these key management personnel for the period ended September 30, 2024 and 2023 is shown below:

	September 30, 2024	September 30, 2023
	<u>\$</u>	<u>\$</u>
Management fees	3,000	-
Professional fees	-	819
Share-based compensation	13,564	1,498
	16,564	2,317

Management fees

During the period ended September 30, 2024, the Company incurred \$3,000 (September 30, 2023: \$nil) in management fees to Christopher Cherry, CFO of the Company.

Professional fees and regulatory filings and listing expenses

During the period ended September 30, 2024, the Company incurred \$nil (September 30, 2023: \$819) in professional fees to a law firm where Scott Reeves, a director of the Company, is a partner.

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10. Share capital

As at September 30, 2024, the Company has 142,425 common shares in escrow.

Authorized

Unlimited number of voting common shares without par value.

Shares issued for the year ended June 30, 2024

On December 21, 2023, the Company issued 2,904,950 shares for debt settlement.

On February 16, 2024, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidated common share for every ten pre-consolidated common share. As a result, the outstanding shares of the Company was reduced to 4,400,525 common shares.

Shares issued for the year ended June 30, 2023

There were no shares issued for the year ended June 30, 2023.

11. Reserves

Reserves includes the accumulated fair values of stock options recognized as share-based compensation and the fair value of warrants. Reserves is increased by the fair values of these items on vesting.

	Warrant reserve \$	Stock option reserve \$	Total \$
Balance - June 30, 2023	178,224	189,160	367,384
Fair value of stock options	-	17,680	17,680
Balance - June 30, 2024	178,224	206,840	385,064
Fair value of stock options	-	13,564	13,564
Balance - September 30, 2024	178,224	220,404	398,628

Stock options

The Company has adopted a stock option plan (the "Option Plan") to grant options to directors, officers, employees and consultants. Pursuant to the Option Plan, the Company may grant options that may not exceed 10% of the total number of issued common shares of the Company (calculated on a non-diluted basis) at the time an option is granted

On January 20, 2023, a total of 40,000 stock options were granted to directors, officers, and employees with an exercise price of \$0.10 per share and an expiry date of January 20, 2028. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.40, expected life of 5 years, expected volatility of 166%, dividend yield of 0% and risk-free interest rate of 2.92%. The Company estimated the volatility based on its own historical share prices and historical prices of a group of comparable companies.

On March 15, 2023, a total of 15,000 stock options were granted to directors, officers, and employees with an exercise price of \$0.10 per share and an expiry date of March 15, 2028. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.60, expected life of 5 years, expected volatility of 167%, dividend yield of 0% and risk-free interest rate of 2.85%. The Company estimated the volatility based on its own historical share prices and historical prices of a group of comparable companies.

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11. Reserves (continued)

On March 30, 2023, a total of 230,000 stock options were granted to directors, officers, and employees with an exercise price of \$0.10 per share and an expiry date of March 30, 2028. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.60, expected life of 5 years, expected volatility of 167%, dividend yield of 0% and risk-free interest rate of 3.06%. The Company estimated the volatility based on its own historical share prices and historical prices of a group of comparable companies.

On April 13, 2023, a total of 20,000 stock options were granted to directors, officers, and employees with an exercise price of \$0.10 per share and an expiry date of April 13, 2028. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.60, expected life of 5 years, expected volatility of 167%, dividend yield of 0% and risk-free interest rate of 3.11%. The Company estimated the volatility based on its own historical share prices and historical prices of a group of comparable companies.

The Company provides stock-based compensation to its directors, officers, employees, and consultants through grants of stock options.

On September 12, 2024, a total of 80,000 stock options were granted to directors, officers, and employees with an exercise price of \$0.40 per share and an expiry date of September 12, 2029. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.185, expected life of 5 years, expected volatility of 167%, dividend yield of 0% and risk-free interest rate of 2.59%. The Company estimated the volatility based on its own historical share prices and historical prices of a group of comparable companies.

During the period ended September 30, 2024, the Company recognized net share-based compensation of \$13,564 (September 30, 2023 - \$10,761).

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price (\$)
Balance - June 30, 2023	275,000	1.00
Forfeited	(140,000)	1.00
Balance - June 30, 2024	135,000	1.00
Issued	80,000	0.40
Balance - September 30, 2024	215,000	0.70

As at September 30, 2024, the Company's outstanding stock options were as follows:

Number of options	Number of exercisable	Exercise price (\$ per share)	Expiry date	Weighted average remaining life (years)
115,000	115,000	1.00	March 30, 2028	3.50
20,000	13,333	1.00	April 13, 2028	3.54
80,000	80,000	0.40	September 12, 2029	4.95
215,000	208,333			4.00

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12. Financial instruments

Fair value

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value. The following table summarizes the carrying and fair value of the Company's financial instruments. The fair values of these financial instruments approximate their carrying values mostly because of their current nature.

	September 30, 2024 \$	June 30, 2024 \$
Cash *	990,414	1,060,222
Accounts receivable	9,638	2,304
Accounts payable and accrued liabilities	80,027	82,492
Lease liability	-	1,060,222

* Cash is classified as fair value through profit and loss, all other financial instruments are classified as amortized cost. Interest income, interest expense, and gains and losses from financial assets and financial liabilities classified at amortized cost are recognized in the consolidated statement of loss and comprehensive loss.

Risks arising from financial instruments and risk management

a) Credit risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

b) Foreign exchange risk

Foreign exchange risk arises from fluctuations in the future cash flows of a financial instrument because of changes in foreign exchange rates. The Company is not subject to significant foreign exchange rate risk as predominately all its transactions occur in Canadian dollars.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The observable impacts on the fair value and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in profit or loss from financial instruments whose cash flows are determined with reference to floating interest rates and potential changes in value of financial instruments whose cash flows are fixed in nature. The Company does not have any financial liabilities with floating interest rates.

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12. Financial instruments (continued)

d) Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at September 30, 2024, the Company had a cash balance of \$990,414 to settle current liabilities of \$80,027 which are due on demand or within 1 year.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

13. Capital management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders (Note 1). The capital structure of the Company consists of equity comprising issued share capital, reserves, and deficit.

The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other financing activities as deemed appropriate under specific circumstances.

The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged as of September 30, 2024.

14. Revenue

Revenue

	September 30, 2024	September 30, 2023
Canada	\$ 14,577	\$ 43,795
United States	-	2,306
	\$ 14,577	\$ 46,101

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15. Income taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities at the Company's year end, are as follows:

	June 30, 2024	June 30, 2023
	\$	\$
Loss for the year	339,848	1,781,544
Canadian statutory income tax rate	27%	27%
Expected income tax recovery at statutory rate	(92,000)	(481,000)
Adjusted by tax effect of:		
Non-deductible items	5,000	26,000
True ups and other	-	(498,000)
Changes in unrecognized deferred tax assets	87,000	953,000
Income tax provision	-	-

The significant components of deferred income taxes are as follows:

	June 30, 2024	June 30, 2023
	\$	\$
Unrecognized deductible temporary differences:		
Non-capital losses carried forward	1,481,000	1,360,000
Other liabilities	4,000	4,000
Capital and intangible assets	3,000	3,000
Share issuance costs	60,000	88,000
	1,548,000	1,455,000
Less: Unrecognized deferred income tax assets	(1,548,000)	(1,455,000)
Net deferred income tax assets	-	-

As at June 30, 2024, the Company has cumulative non-capital losses carried forward of \$5,482,000 which are available to offset future years' taxable income and will start to expire in 2040. No deferred tax asset has been recognized in relation to these losses.