UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **November 30, 2024**

or

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from [ ] to [ ]

Commission file number **000-39874**

LEXARIA BIOSCIENCE CORP.

(Exact name of registrant as specified in its charter)

Nevada	**20-2000871**
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
#100 – 740 McCurdy Road, Kelowna BC Canada	**V1X 2P7**
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone number, including area code: **1.250.765.6424**

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value $0.001	LEXX	The NASDAQ Capital Market
Warrants	LEXXW	The NASDAQ Capital Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the last 90 days.

Yes X No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit files).

Yes X No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated Filer	X	Smaller reporting company	X
		Emerging growth company	☐

If an emerging growth company, indicate by a check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No X

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

17,552,594 common shares as of January 10, 2025

DOCUMENTS INCORPORATED BY REFERENCE
None.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

LEXARIA BIOSCIENCE CORP.
CONSOLIDATED BALANCE SHEETS
(Expressed in US Dollars except share amounts)
(Unaudited)

	November 30, 2024	August 31, 2024
ASSETS		
Current		
Cash	$ 8,078,254	$ 6,499,885
Marketable securities	$ 39,875	$ 55,807
Accounts receivable	$ 263,491	$ 154,477
Prepaid expenses and other current assets	$ 444,121	1,187,817
Total Current Assets	8,825,741	7,897,986
Non-current assets, net		
Long-term receivables	64,014	63,575
Right of use assets	128,025	134,843
Intellectual property, net	505,373	516,676
Property & equipment, net	270,621	254,709
Total Non-current Assets	968,033	969,803
TOTAL ASSETS	$ 9,793,774	$ 8,867,789
LIABILITIES and STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 268,986	$ 1,066,409
Deferred revenue	$ -	4,963
Lease liability, current	28,812	28,047
Total Current Liabilities	297,798	1,099,419
Lease liabilities non - current	101,920	109,319
TOTAL LIABILITIES	$ 399,718	$ 1,208,738
Stockholders' Equity		
Share Capital		
Authorized: 220,000,000 common voting shares with a par value of $0.001 per share		
Common shares issued and outstanding:		
17,452,594 and 15,810,205 at November 30, 2024, and August 31, 2024, respectively	$ 17,453	$ 15,810
Additional paid-in capital	64,042,343	59,599,178
Accumulated Deficit	(54,262,471)	(51,558,772)
Accumulated other comprehensive loss	(22,991)	(19,816)
Equity attributable to shareholders of Lexaria	9,774,334	8,036,400
Non-controlling Interest	(380,278)	(377,349)
Total Stockholders' Equity	9,394,056	7,659,051
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 9,793,774	$ 8,867,789

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

LEXARIA BIOSCIENCE CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in US Dollars except share amounts)
(Unaudited)

	Three Months Ended November 30,	
	2024	**2023**
Revenue	$ 183,923	$ 151,278
Cost of goods sold	2,720	4,822
Gross profit	181,203	146,456
Operating expenses		
Research and development	1,953,220	574,491
General and administrative	918,690	711,107
Total operating expenses	2,871,910	1,285,598
Loss from operations	(2,690,707)	(1,139,142)
Other income (loss)		
Interest income	11	7,319
Unrealized loss on marketable securities	(15,932)	(53,215)
Total other income (loss)	(15,921)	(45,896)
Net loss	$ (2,706,628)	$ (1,185,038)
Less: Net loss attributable to non-controlling interest	(2,929)	(5,715)
Net loss attributable to Lexaria shareholders	$ (2,703,699)	$ (1,179,323)
Other comprehensive income		
Foreign currency translation adjustment	$ (3,175)	$ 4,372
Total comprehensive loss	$ (2,706,874)	$ (1,174,951)
Basic and diluted loss per share	$ (0.16)	$ (0.13)
Weighted average number of common shares outstanding - Basic and diluted	16,668,513	9,051,531

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

LEXARIA BIOSCIENCE CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Three Months Ended November 30, 2024 and 2023
(Expressed in US Dollars)
(Unaudited)

	Common Stock		Additional Paid-in			Non-controlling	Stockholders
	Shares	Amount	Capital	Deficit	AOCI	Interest	Equity
Balance August 31, 2024	**15,810,205**	**$ 15,810**	**$ 59,599,178**	**$ (51,558,772)**	**$ (19,816)**	**$ (377,349)**	**$ 7,659,051**
Stock issued in equity offering	**1,642,389**	**1,643**	**4,343,750**	-	-	-	**4,345,393**
Foreign currency translation adjustment	-	-	-	-	(3,175)	-	**(3,175)**
Stock-based compensation	-	-	99,415	-	-	-	**99,415**
Net loss	-	-	-	(2,703,699)	-	-	**(2,703,699)**
Non-controlling interest	-	-	-	-	-	(2,929)	**(2,929)**
Balance November 30, 2024	**17,452,594**	**$ 17,453**	**$ 64,042,343**	**$ (54,262,471)**	**$ (22,991)**	**$ (380,278)**	**$ 9,394,056**
Balance August 31, 2023	**8,091,650**	**$ 8,091**	**$ 48,799,454**	**$ (45,763,427)**	**$ -**	**$ (364,040)**	**$ 2,680,078**
Stock issued in equity offering	889,272	889	1,246,829	-	-	-	**1,247,718**
Stock issued in exercise of warrants	1,330,719	1,331	570,320	-	-	-	**571,651**
Foreign currency translation adjustment	-	-	-	-	4,372	-	**4,372**
Stock-based compensation	-	-	53,953	-	-	-	**53,953**
Net loss	-	-		(1,179,323)	-	-	**(1,179,323)**
Non-controlling interest	-	-	-	-	-	(5,715)	**(5,715)**
Balance November 30, 2023	**10,311,641**	**$ 10,311**	**$ 50,670,556**	**$ (46,942,750)**	**$ 4,372**	**$ (369,755)**	**$ 3,372,734**

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

LEXARIA BIOSCIENCE CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)
(Unaudited)

	Three Months Ended November 30,	
	2024	**2023**
Cash flows used in operating activities		
Net loss	**$ (2,706,628)**	**$ (1,185,038)**
Adjustments to reconcile net loss to		
net cash used in operating activities:		
Stock based compensation	**99,415**	**53,953**
Depreciation and amortization	**33,195**	**28,778**
Noncash lease expense	**6,818**	**10,881**
Unrealized loss on marketable securities	**15,932**	**53,215**
Lease accretion	**2,451**	**67**
Change in operating assets and liabilities		
Accounts receivable	**(109,014)**	**(408,045)**
Prepaid expenses and deposits	**743,696**	**414,472**
Long-term receivables	**(439)**	-
Accounts payable and accrued liabilities	**(797,423)**	**(140,973)**
Lease payments	**(9,085)**	**(8,963)**
Deferred revenue	**(4,963)**	**-**
Net cash used in operating activities	**$ (2,726,045)**	**$ (1,181,653)**
Cash flows used in investing activities		
Additions to intellectual property	**$ (13,159)**	**$ (40,026)**
Purchase of equipment	**(24,645)**	**-**
Net cash used in investing activities	**$ (37,804)**	**$ (40,026)**
Cash flows from/(used in) financing activities		
Proceeds from shares sold for cash	**$ 4,345,393**	**$ 1,247,719**
Proceeds from exercise of warrants	**-**	**571,651**
Net cash from financing activities	**$ 4,345,393**	**$ 1,819,370**
Effect of exchange rate changes on cash	**$ (3,175)**	**$ 4,372**
Net change in cash for the period	**1,578,369**	**602,063**
Cash at beginning of period	**6,499,885**	**1,352,102**
Cash at end of period	**$ 8,078,254**	**$ 1,954,165**
Supplemental information of cash flows:		
Income taxes paid in cash	$ -	$ 3,662

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

LEXARIA BIOSCIENCE CORP.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
November 30, 2024
(Expressed in U.S. Dollars)
(Unaudited)

1. Nature of Business

Lexaria Bioscience Corp. ("Lexaria", "we", "our" or "the Company") is a biotechnology company pursuing the enhancement of the bioavailability of a diverse and broad range of active pharmaceutical ingredients ("API") using our proprietary DehydraTECH drug delivery technology. Our current focus is the investigation of the incorporation of our DehydraTECH drug delivery technology with GLP-1 and GIP drugs to enhance absorption and reduce adverse side effects.

Revenues are generated from licensing contracts for the Company's patented DehydraTECH technology based on the terms of use and defined geographic and licensing arrangements. We derive income from our third party contracted manufacturing of B2B DehydraTECH enhanced products made to customer specifications that are sold online and in-store in the US and Canada. We also perform contract services in R&D for customer specific formulations that are used in comparison testing to customers' existing products.

Liquidity

The Company's consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and in accordance with accounting principles generally accepted in the United States ("US GAAP") applicable to a going concern, which assumes the Company will have sufficient funds to meet its financial obligations for a period of at least 12 months from the date of this report.

Since inception, the Company has incurred significant operating and net losses. Net losses attributable to shareholders were $2.7 million and $1.2 million for the three-months ended November 30, 2024, and 2023, respectively. As of November 30, 2024, we had an accumulated deficit of $ 54.3 million. We expect to continue to incur significant operational expenses and net losses in the upcoming 12 months. Our net losses may fluctuate significantly from quarter to quarter and year to year, depending on the stage and complexity of our research and development (R&D) studies and corporate expenditures, additional revenues received from the licensing of our technology, if any, and the receipt of payments under any current or future collaborations into which we may enter.

During the three months ended November 30, 2024, we raised $4.3 million in net proceeds from the sale of securities pursuant to our registered direct and At the Market offerings which closed in October, 2024.

We may offer securities in response to market conditions or other circumstances if we believe such a plan of financing is required to advance the Company's business plans. There is no certainty that future equity or debt financing will be available or that it will be at acceptable terms and the outcome of these matters is unpredictable. A lack of adequate funding may force us to reduce spending, curtail or suspend planned programs or possibly liquidate assets. Any of these actions could adversely and materially affect our business, cash flow, financial condition, results of operations, and potential prospects. The sale of additional equity may result in additional dilution to our stockholders. Entering into additional licensing agreements, collaborations, partnerships, alliances marketing, distribution, or licensing arrangements with third parties to increase our capital resources is also possible. If we do so, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us.

Based on existing cash resources, management believes that current funding will be sufficient to meet the Company's financial obligations for a period of at least twelve months from the date of this report.

2. Significant Accounting Policies

The significant accounting policies of the Company are consistent with those of our audited financial statements on Form 10-K for the year ended August 31, 2024.

Basis of Consolidation

These unaudited interim consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries; Lexaria CanPharm ULC, Lexaria CanPharm Holding Corp., PoViva Corp., Lexaria Hemp Corp., Kelowna Management Services Corp., Lexaria Nutraceutical Corp., Lexaria (AU) Pty Ltd., and Lexaria Pharmaceutical Corp., and our 83.333% owned subsidiary Lexaria Nicotine LLC with the remaining 16.667% owned by Altria Ventures Inc., an indirect wholly owned subsidiary of Altria Group, Inc. All significant intercompany balances and transactions have been eliminated upon consolidation.

Basis of Presentation

The Company's unaudited interim consolidated financial statements have been prepared pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with United States generally accepted accounting principles (US GAAP) have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Interim results are not necessarily indicative of results for a full year or for any subsequent period.

These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated annual financial statements and notes thereto included in our annual report filed on Form 10-K for the year ended August 31, 2024.

Cash and Cash Equivalents

Cash and cash equivalents include cash-on-hand and demand deposits with financial institutions and other short-term investments with maturities of less than three months when acquired and readily convertible to known cash amounts. The Company had no cash equivalents as of November 30, 2024, or August 31, 2024.

Marketable Securities

The Company's marketable securities consist of investments in common stock. Investments in equity securities are reported at fair value with changes in unrecognized gains or losses included in other income (loss) on the Consolidated Statements of Operations and Comprehensive Loss.

Leases

The Company accounts for its leases under ASC 842, Leases ("ASC 842"). Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases and are recorded on the consolidated balance sheet as both a right-of-use asset and lease liability.

We determined the initial classification and measurement of our right-of-use assets and lease liabilities at the lease commencement date and thereafter if modified. The lease term includes any renewal options and termination options that we are reasonably certain to exercise. The present value of lease payments is determined by using the interest rate implicit in the lease, if that rate is readily determinable; otherwise, we use our incremental borrowing rate. The incremental borrowing rate is determined by using the rate of interest that we would pay to borrow on a collateralized basis an amount equal to the lease payments for a similar term and in a similar economic environment.

Operating lease expenses are recognized on a straight-line basis, unless the right-of-use asset has been impaired, over the reasonably certain lease term based on the total lease payments. They are included in operating expenses in the Consolidated Statements of Operations and Comprehensive Loss.

For operating leases that reflect impairment, we will recognize the amortization of the right-of-use asset on a straight-line basis over the remaining lease term with rent expense still included in operating expenses in the consolidated statements of operations. For all leases, rent payments that are based on a fixed index or rate at the lease commencement date are included in the measurement of lease assets and lease liabilities at the lease commencement date.

We have elected the practical expedient to not separate lease and non-lease components. Our non-lease components are primarily related to property taxes and maintenance, which vary based on future outcomes, and thus differences to original estimates are recognized in rent expense when incurred.

Intellectual property

Capitalized intellectual property costs include those incurred with respect to both pending and granted patents filed in the United States. When patent applications are filed, the directly related capitalized costs are amortized on a straight-line basis over an estimated economic life of 20 years.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment and depreciated using the straight-line method over the useful lives of the various asset classes. Laboratory and computer equipment and office furniture are depreciated over 3-10 years. Leasehold improvements are amortized over the term of the related leases, or the economic life of the improvements, whichever is shorter.

Impairment of long-lived assets

Long-lived assets, including equipment and intangible assets, namely the Company's patents, are assessed for potential impairment when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the carrying amount of the long-lived asset is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Any required impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value and is recorded as a reduction in the carrying value of the related asset and a charge to the profit or loss. Intangible assets with indefinite lives are tested for impairment annually and in interim periods if certain events occur indicating that the carrying value of the intangible assets may be impaired.

Revenue recognition

The Company recognizes revenue in accordance with ASC 606's core principle by applying the following five steps:

1. Identify contracts with customers
2. Identify the performance obligations in the contracts
3. Determine the contract price
4. Allocate the contract price
5. Recognize revenue when/as performance obligations are satisfied

Licensing revenue from intellectual property

Our revenues from licenses that grant exclusive rights to use our intellectual property, which we consider functional IP, are recognized at a point in time following the transfer and use of our patented infusion technology DehydraTECH. Our licensees are also required to pay quarterly fixed non-refundable minimum performance fees which are recognized as revenue over the period to which they apply.

Usage fees from intellectual property

The Company may also earn sales-based or usage-based royalties from its licensing contracts. The Company recognizes usage fees in the period when our licensees recognize sales of end-products that incorporate our licensed technology. No sales-based usage fees were recognized for the three months ended November 30, 2024 and 2023.

Third Party Contracted Manufacturing

The Company recognizes revenue with respect to contract manufacturing arrangements when the related performance obligations have been satisfied (i.e., when it has completed the related manufacturing work) and in accordance with the five steps described in ASC 606.

Contract Research and Development

The Company recognizes revenue from contract research and development arrangements when the related performance obligations have been satisfied and in accordance with the five steps described in ASC 606. The related performance obligation typically entails preparation of customer-specific formulations (i.e., DehydraTECH paired with the customer's active ingredient) that the customer then uses in comparison testing relative to its existing product(s). Revenue is recognized upon shipment of the formulation to the customer.

Cost of sales

Cost of sales includes all expenditures incurred in bringing the goods to the point of sale. This includes third-party manufacturing and handling costs, direct costs of raw material, inbound freight charges, warehousing costs, and applicable overhead expenses.

Research and development

Research and development costs are expensed as incurred. These expenditures are comprised of both in-house research programs and through third-party contracts including consultants, academic and non-profit institutions, contract manufacturing, and other expenses.

Intellectual property expenses

Non-capitalizable costs associated with intellectual property-related matters are expensed as incurred and included in general and administrative expenses within the Consolidated Statements of Operations and Comprehensive Loss.

Stock-based compensation

The Company accounts for its stock-based compensation awards whereby all stock-based grants are recognized as expenses in the Consolidated Statements of Operations and Comprehensive Loss based on the fair value at grant date subject to vesting dates and amortized over the related vesting period. The grant date fair value of each option award is estimated using the Black-Scholes option-pricing model. The use of the Black-Scholes option-pricing model requires management to make assumptions with respect to the expected term of the option, the expected volatility of the common stock consistent with the expected term of the option, risk-free interest rates and expected dividend yields of the common stock.

Foreign currency translation

The Company's reporting currency is the U.S. dollar. The Company has foreign operations whose functional currency is the local currency. Assets and liabilities are translated into U.S. dollars, the reporting currency, at the exchange rate on the balance sheet date. Revenues and expenses are translated into U.S. dollars at the average rates of exchange prevailing during the reporting period. Foreign currency translation adjustments resulting from this process are reported as an element of other comprehensive income (loss) on the Consolidated Statements of Operations and Comprehensive Loss. Transactions executed in different currencies are translated at spot rates and resulting foreign exchange transaction gains and losses are charged to income.

Loss per share

The calculation of loss per share uses the weighted average number of shares outstanding during the year. Diluted net income per share includes the effect, if any, from the potential exercise or conversion of securities, such as restricted stock, stock options, and warrants, which would result in the issuance of incremental shares of common stock. Diluted loss per share is equivalent to basic loss per share if the potential exercise of the equity-based financial instruments is anti-dilutive.

Income taxes

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns using the liability method. Under this method, deferred tax liabilities and assets are determined based on the temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the year in which the differences are expected to reverse. A valuation allowance is established to reduce deferred tax assets to an amount whose realization is more likely than not.

Fair value measurements

When measuring fair value, the Company seeks to maximize the use of observable inputs and minimize the use of unobservable inputs. This 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. Inputs are prioritized into three levels used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable; and
- Level 3 - Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

The Company's financial instruments consist primarily of cash, marketable securities, accounts receivable and payable as well as accrued liabilities. The carrying amounts of instruments approximate their fair values due to their short maturities or quoted market prices.

The Company's headquarters and operations are located in Canada which results in exposure to market risks from fluctuations in foreign currency rates. The foreign currency exchange risk is the financial risk to the Company's operations that arise from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk as the impact of rate changes for USD/CAD dollars is not expected to be material.

The following table provides a summary of financial instruments that are measured at fair value on a recurring basis as of November 30, 2024.

	Carrying Value	Fair Value Measurement Using			
		Level 1	Level 2	Level 3	Total
Marketable Securities	$ 39,875	$ 39,875	$ -	$ -	$ 39,875

The following table provides a summary of financial instruments that are measured at fair value on a recurring basis as of August 31, 2024.

	Carrying Value	Fair Value Measurement Using			
		Level 1	Level 2	Level 3	Total
Marketable Securities	$ 55,807	$ 55,807	$ -	$ -	$ 55,807

Credit risk and customer concentration

The Company places its cash with a high credit quality financial institution. Periodically, the Company may carry cash balances at such financial institution in excess of the federally insured limit of $250,000. The Company has not experienced losses on these accounts and management believes, based upon the quality of the financial institution, that the credit risk with regard to these deposits is not significant.

In the three-months ended November 30, 2024, two customers accounted for 100% of consolidated revenues. In the three-months ended November 30, 2023, two customers accounted for 96% of consolidated revenues.

As of November 30, 2024, the Company had $89,491 in sales tax receivable, as compared to $70,477 as of August 31, 2024. The Company considers its credit risk to be low for such receivables.

Commitments and contingencies

The Company's policy is to record accruals for any such loss contingencies when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. In the event that estimates or assumptions prove to differ from actual results, adjustments are made in subsequent periods to reflect more current information. The Company, from time to time, may be subject to legal claims and proceedings related to matters arising in the ordinary course of business. Management has no knowledge of any such claim against the Company with, at minimum, a reasonable possibility that a material loss may be incurred.

3. Recent Accounting Guidance

Recently Adopted Pronouncements

None.

Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280)) – Improvements to Reportable Segment Disclosures, which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This ASU also expands disclosure requirements to enable users of financial statements to better understand the entity's measurement and assessment of segment performance and resource allocation. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently assessing the effect of this ASU on its consolidated financial statements and related disclosures.

In March 2024, the FASB issued ASU 2024-02-Codification Improvements-Amendments to Remove References to the Concepts Statements, that contains amendments to the Codification that remove references to various FASB Concepts Statements. This effort facilitates Codification updates for technical corrections such as conforming amendments, clarifications to guidance, simplifications to wording or the structure of guidance, and other minor improvements. The amendments are effective for public business entities for fiscal years beginning after December 15, 2024, with early adoption permitted. Early application of the amendments in this ASU is permitted for all entities, for any fiscal year or interim period for which financial statements have not yet been issued (or made available for issuance). If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. The Company is currently assessing the effect of this ASU on its consolidated financial statements and related disclosures.

4. Estimates and Judgments

The preparation of financial statements in conformity with US GAAP requires us to make certain estimates, judgments and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses during the fiscal period. Some of the Company's accounting policies require us to make subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. These accounting policies involve critical accounting estimates because they are particularly dependent on estimates and assumptions made by management about matters that are highly uncertain at the time the accounting estimates are made. Although we have used our best estimates based on facts and circumstances available to us at the time, different estimates reasonably could have been used. Changes in the accounting estimates used by the Company are reasonably likely to occur from time to time, which may have a material effect on the presentation of financial condition and results of operations.

Management reviews our estimates, judgments, and assumptions periodically and reflects the effects of any revisions in the period in which they are deemed to be necessary. We believe that these estimates are reasonable. However, actual results could differ from these estimates.

5. Accounts and Other Receivables

Accounts receivable as of November 30, 2024 and August 31, 2024 consist of the following:

	November 30, 2024	August 31, 2024
Territory license fees	$ 174,000	$ 84,000
Sales tax	89,491	70,477
Long term receivable	64,014	63,575
Total Receivables	**$ 327,505**	**$ 218,052**

6. Prepaid Expenses and Other Current Assets

Prepaid expenses consist of the following as of November 30, 2024 and August 31, 2024:

	November 30, 2024	August 31, 2024
Advertising & Conferences	$ 133,250	$ 204,894
Research and Development	176,631	673,126
Legal & Accounting Fees	25,000	45,600
License, Filing Fees, Dues	5,731	22,925
Office & Insurance	103,509	122,245
Capital Financing	-	119,027
Total Prepaid Expenses and Other Current Assets	**$ 444,121**	**$ 1,187,817**

7. Intellectual Property, net

A continuity schedule for capitalized patents is presented below:

	November 30, 2024	August 31, 2024
Balance – beginning	$ 516,676	$ 462,625
Addition	13,159	145,591
Impairment	-	(57,836)
Amortization	(24,462)	(33,704)
Balance – ending	**$ 505,373**	**$ 516,676**

The Company evaluated its patent portfolio to determine whether certain pending applications had been abandoned or will not be pursued. During the three-months ended November 30, 2024, the Company did not recognize an impairment loss related to those applications. The Company recognized $24,462 of amortization expense related to patents and licenses in the three months ended November 30, 2024 as compared to $8,274 for the three months ended November 30, 2023.

The following table summarizes expected future amortization of the Company's patent portfolio as of November 30, 2024:

Years Ending December 31,	
2025	$ 25,269
2026	$ 25,269
2027	$ 25,269
2028	$ 25,269
2029	$ 25,269
Thereafter	$ 379,028
Total	$ 505,373

8. Property & Equipment, net

Property and equipment, net consists of:

November 30, 2024	Cost	Period Amortization	Additions	Accumulated Amortization	Net Balance
Leasehold improvements	$ 259,981	$ -	$ -	$ (259,981)	$ -
Computers	70,781	(569)	-	(69,645)	1,136
Furniture fixtures equipment	31,126	-	-	(31,126)	-
Lab equipment	410,438	(8,165)	24,646	(165,599)	269,485
Total	**$ 772,326**	**$ (8,734)**	**$ 24,646**	**$ (526,351)**	**$ 270,621**

August 31, 2024	Cost	Period Amortization	Additions	Accumulated Amortization	Net Balance
Leasehold improvements	$ 259,981	$ (11,258)	$ -	$ (259,981)	$ -
Computers	70,781	(2,920)	-	(69,076)	1,705
Furniture fixtures equipment	31,126	(1,870)	-	(31,126)	-
Lab equipment	367,423	(26,400)	43,014	(157,433)	253,004
Total	**$ 729,311**	**$ (42,448)**	**$ 43,014**	**$ (517,616)**	**$ 254,709**

Depreciation and amortization for the three months ended November 30, 2024 and the year ended August 31, 2024 totaled $8,734 and $42,448, respectively, of which $0 and $0 was included in cost of goods sold, respectively.

9. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of November 30, 2024 and August 31, 2024 consist of the following:

	November 30, 2024	August 31, 2024
Accounts Payable		
Vendors payable	$ 262,094	$ 379,882
Sales tax payable	$ 6,892	$ 8,528
Accrued Liabilities		
Vendors payable	$ -	$ 677,999
Balance Ending	**$ 268,986**	**$ 1,066,409**

10. Revenues

A breakdown of our revenues by type for the three-months ended November 30, 2024, and November 30, 2023, are as follows:

	Three-Months Ended November 30	
	2024	**2023**
IP Licensing	$ 174,000	$ 144,990
B2B	9,923	5,388
Other	-	900
	$ 183,923	**$ 151,278**

During the three-month period ended November 30, 2024, and 2023, the Company recognized B2B product revenues of $9,923 and $5,388, respectively, that relate to sales of our intermediate products for use by B2B customers in their products. Licensing revenue consists of IP licensing fees for transfer of the DehydraTECH technology in line with definitive agreements and includes non-refundable minimum performance fees. The Company recognized $174,000 and $144,990 in licensing revenue in the three-months ended November 30, 2024, and 2023, respectively.

11. Income Taxes

For the three-months ended November 30, 2024, the Company did not recognize a provision or benefit for income taxes as it has incurred net losses. In addition, the net deferred tax assets are fully offset by a valuation allowance as the Company believes it is more likely than not that the benefit will not be realized.

12. Issuances of Common Shares and Warrants

During the three-months ended November 30, 2024, the Company completed the following issuances of common shares and warrants:

1. On October 16, 2024, the Company entered into a Securities Purchase Agreement whereby we issued 1,633,987 shares of common stock at a purchase price of $3.06 per share for gross and net proceeds of $5.0 million and $4.5 million, respectively. Concurrently, the Company issued, by way of a private placement transaction, 4,551,019 share purchase warrants, entitling the holder thereof to purchase up to 4,551,019 shares of common stock at a price of $3.06 per share for a period of five years from the date of shareholder approval for such warrant issuance. The shares registered pursuant to a take down of the Company's Form S-3 registration statement and the warrants and related warrant shares were registered pursuant to a Form S-3 registration statement As part of the terms and conditions of the warrant issuance, the sole investor agreed to cancel the 2,917,032 share purchase warrants bearing an exercise price of $4.75 that were issued to them in the April 30, 2024 financing. We also issued the placement agent warrants to purchase up to 57,190 shares at an exercise price of $3.825 per share.

2. In October 2024, the Company sold 8,402 shares of common stock through an At the Market (ATM) offering for gross proceeds of $26,146. Share issuance costs related to the ATM offering of $144,812 were charged to additional paid in capital.

A continuity schedule for warrants for the three-months ended November 30, 2024, is presented below:

	Number of Warrants	Weighted Average Exercise Price $
Balance, August 31, 2024	5,931,649	5.50
Cancelled/Expired	(2,977,830)	5.39
Balance, November 31, 2024	2,953,819	5.62

A summary of warrants outstanding as of November 30, 2024, is presented below:

Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life ~in years~
317,190	10.50	.68-.69
16,667	9.00	0.54
1,719,828	6.58	1.13
483,750	0.95	3.45
314,287	2.31	4.22
102,097	5.94	4.22
2,953,819	$ 5.62	1.86

The share purchase and placement agent warrants issued on October 16, 2024 are exercisable on or after the related stockholder approval date. Because they were not exercisable as of November 30, 2024, they are excluded from the continuity table and summary of warrants outstanding above.

Stock Options

The Company established an Equity Incentive Plan whereby our Board, pursuant to shareholder approved amendments, may grant up to 1,745,259 stock options to directors, officers, employees, and consultants with such number being increased to up to 10% of the issued share capital at the end of each calendar year, at the discretion of the board, pursuant to an evergreen formula.

Stock options currently granted must be exercised within five years from the date of grant or such lesser period as determined by the Company's board of directors. The vesting terms of each grant are also set by the board of directors. The exercise price of an option is equal to or greater than the closing market price of the Company's common shares on the date of grant.

A continuity schedule for stock options is presented below:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Balance August 31, 2023	446,936	3.32	3.25	$ 3,600
Cancelled/expired	(196,000)	2.94	4.27	
Exercised	(2,500)	1.15	4.16	
Granted	696,500	2.91	4.63	
Balance August 31, 2024	**944,936**	**3.11**	**3.64**	**$ 971,959**
Cancelled/expired	(16,667)	16.50	-	
Granted	82,000	2.91	4.88	
Balance November 30, 2024 (outstanding)	**1,010,269**	**2.87**	**3.47**	**$ 105,869**
Balance November 30, 2024 (exercisable)	**745,269**	**2.56**	**3.18**	**$ 105,869**

On October 1, 2024, the Company granted 62,000 options to its employees with an exercise price of $3.17 and a term of 5 years. The options granted vest as follows: 4,000 at grant date, 20,000 on February 28, 2025, and 38,000 over a period of two years.

On November 27, 2024, the Company granted 20,000 fully vested options to its Scientific Advisory Board members with an exercise price of $2.10 and a term of 5 years.

The fair value of stock options granted in the three-months ended November 30, 2024, were estimated as of the date of the grant by using the Black-Scholes option pricing model with the following assumptions:

November 30, 2024	
Expected volatility	94-96%
Risk-free interest rate	3.57-4.18%
Expected life	2.50 years
Dividend yield	0.00%
Estimated fair value per option	$ 1.21-1.72

Stock-based compensation expense for the three-month periods ended November 30, 2024, and 2023, was $99,415 and $53,953, respectively.

As of November 30, 2024, the total unrecognized non-cash compensation costs are $627,783 related to 265,000 non-vested stock options with a $3.74 weighted average exercise price. These costs are expected to be recognized over a weighted average period of 1.97 years.

13. Commitments, Significant Contracts and Contingencies

Right-of-Use Assets - Operating Lease

The corporate office and R&D laboratory are located in Kelowna, British Columbia, Canada. The related lease was renewed until November 15, 2028. In addition to minimum lease payments, the lease requires us to pay property taxes and other operating costs which are subject to annual adjustments.

	November 30, 2024	August 31, 2024
	$	$
Right of use assets - operating leases	156,748	167,446
Amortization	(28,723)	(32,603)
Total lease assets	128,025	134,843
Liabilities:	156,748	163,967
Lease payments	(37,456)	(33,273)
Interest accretion	11,440	6,672
Total lease liabilities	130,732	137,366
Operating lease cost	128,026	134,843
Operating cash flows for lease	(37,456)	(33,273)
Remaining lease term	3.96 Years	4.21 Years
Discount rate	7.25%	7.25%

Pursuant to the terms of the Company's lease agreements in effect, the following table summarizes the Company's maturities of operating lease liabilities as of November 30, 2024:

2024	$ -
2025	28,009
2026	37,345
2027	38,641
2028	38,901
2029	8,104
Thereafter	-
Total lease payments	151,000
Less: imputed interest	(20,268)
Present value of operating lease liabilities	130,732
Less: current obligations under leases	(28,812)
Total	$ 101,920

14. Segment Information

The Company's operations involve the development and usage, including licensing, of DehydraTECH. Lexaria is centrally managed and its chief operating decision makers, the President and the CEO, use the consolidated and other financial information, supplemented by revenue information by category of business-to-business product production and technology licensing to make operational decisions and to assess the performance of the Company. The Company has identified four reportable segments: Intellectual Property, B2B Production, Research and Development and Corporate. Licensing revenues are significantly concentrated on three licensees.

Three Months Ended November 30, 2024	IP Licensing	B2B Product	R&D	Corporate	Consolidated Total
Revenue	$ 174,000	$ 9,923	$ -	$ -	$ 183,923
Cost of goods sold	-	(2,720)	-	-	(2,720)
Operating expenses	(382)	(637)	(1,953,220)	(917,671)	(2,871,910)
Other Income(Expense)	-	-	-	(15,921)	(15,921)
Segment Income (Loss)	$ 173,618	$ 6,566	$ (1,953,220)	$ (933,592)	$ (2,706,628)
Total assets	**$ 185,450**	**$ 61,783**	**$ 528,761**	**$ 9,017,780**	**$ 9,793,774**

Three Months Ended November 30, 2023	IP Licensing	B2B Product	R&D	Corporate	Consolidated Total
Revenue	$ 144,990	$ 5,388	$ 900	$ -	$ 151,278
Cost of goods sold	-	(4,822)	-	-	(4,822)
Operating expenses	(41,478)	(54,169)	(586,605)	(603,345)	(1,285,597)
Other Income(Expense)	-	-	-	(45,897)	(45,897)
Segment Income (Loss)	$ 103,512	$ (53,603)	$ (585,705)	$ (649,242)	$ (1,185,038)
Total assets	**$ 132,627**	**$ 63,573**	**$ 76,245**	**$ 3,354,329**	**$ 3,626,774**

15. Subsequent Events

Effective December 9, 2024, the Company issued 10,000 fully vested options with an exercise price of $2.42 to a Scientific Advisory Board member.

Effective January 7, 2025, the Company issued 100,000 fully vested Restricted Stock Awards ("RSAs") with a fair value of $224,000 and having a six (6) month Restricted Period, as that term is defined in the Company's incentive equity plan, to Christopher Bunka.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Note Regarding Forward-Looking Statements

This quarterly report contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Any statements contained herein that are not statements of historical fact may be forward-looking statements. These statements relate to future events or our future financial performance. Any forward-looking statements are based on our present beliefs and assumptions as well as the information currently available to us. In some cases, forward-looking statements are identified by terminology such as "may", "will", "should", "could", "targets", "goal", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors" set forth in Item 1(A) in our annual report on Form 10-K, as filed with the Securities and Exchange Commission on November 26, 2024, that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We caution you not to place undue reliance on any forward-looking statements as they speak only as of the date on which such statements were made, and we undertake no obligation to update any forward-looking statement or to reflect the occurrence of an unanticipated event. New factors may emerge and it is not possible to predict all factors that may affect our business and prospects. Further, management cannot assess the impact of each factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Our unaudited interim consolidated financial statements are stated in United States Dollars ("US$") and are prepared in accordance with United States Generally Accepted Accounting Principles ("US GAAP"). The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this quarterly report.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in US dollars. All references to "common shares" and "shares" refer to the common shares in our capital stock, unless otherwise indicated. The terms "Lexaria" "we", "us", "our" and "Company" mean the Company and/or our subsidiaries, unless otherwise indicated.

The following discussion should be read in conjunction with our condensed financial statements and accompanying notes in this quarterly report on Form 10-Q, and our audited financial statements with notes in our annual report on Form 10-K for the year ended August 31, 2024.

Company Overview

Lexaria's DehydraTECH patented technology is a drug delivery platform technology that provides more predictable time of delivery of Active Pharmaceutical Ingredients ("API") into the bloodstream and brain tissue. Based on R&D studies completed in animals and humans, DehydraTECH has been shown to improve the delivery of bioactive compounds into the bloodstream, offering potential to lower overall dosing, and is highly effective in API delivery available in a range of formats from oral ingestible to oral buccal/sublingual to topical products. DehydraTECH substantially improves the rapidity and quantity of API transport to the blood plasma and brain using the body's natural process for distributing fatty acids via oral ingestion. This technology extends across many categories beyond the primary pharmaceutical focus of the Company, from foods and beverages to cosmetic products and nutraceuticals.

Lexaria is advancing several R&D activities in preclinical as well as on-going and planned future clinical programs. During the three-months ended November 30, 2024, Lexaria announced results from its 12 week, 12 study-arm, GLP-1 Diabetes Animal Study (WEIGHT-A24-1) which was completed using diabetic, pre-conditioned Zucker rats. An arm relates to a subset of participants or test subjects assigned to receive a specific treatment (for example, a formulation of DehydraTECH and semaglutide). Each arm is compared to others to evaluate the effectiveness, safety, and outcomes of the treatments being tested. Each group of the Study was dosed for a 12-week period following the initial acclimation period. During the Study, over 1,500 blood plasma samples were collected from the total starting rat population of 72 animals for purposes of detailed PK drug delivery analyses. Results showed that DehydraTECH-enhanced liraglutide and certain CBD formulations outperformed the Rybelsus® formulations with respect to lowering blood sugar and having greater body weight-control.

Blood and brain tissue PK is also in the process of being analysed to help determine whether DehydraTECH processing resulted in higher blood and brain absorption than non-DehydraTECH groups, as Lexaria has evidenced numerous times in previous animal studies. The Study also included a comprehensive battery of liver and kidney function testing and blood chemistry analyses that remain to be analysed and reported.

Further, during the three-months ended November 30, 2024, Lexaria completed the dosing in nine (9) healthy human volunteers to investigate DehydraTECH-enhanced tirzepatide, a dual action glucagon-like peptide-1 + glucose-dependent insulinotropic peptide receptor agonist, with no serious adverse events having been observed. A battery of PK and pharmacodynamic outcomes remain to be analysed and reported.

Lexaria, through its wholly-owned subsidiary, Lexaria (AU) Pty Ltd. also received Ethics Board Approval to conduct its Australian Phase 1b 12-week chronic study in 80 overweight, obese, pre- or type 2 diabetic patients to investigate the efficacy of DehydraTECH-CBD and DehydraTECH-enhanced semaglutide as compared to Rybelsus®.

During the three-months ended November 30, 2024, the Company also entered into a Securities Purchase Agreement whereby on October 16, 2024, the Company issued 1,633,987 shares of common stock at a purchase price of $3.06 per share for gross and net proceeds of $5.0 million and $4.5 million, respectively. Concurrently, the Company issued, by way of a private placement transaction, 4,551,019 share purchase warrants, entitling the holder thereof to purchase up to 4,551,019 shares of common stock at a price of $3.06 per share for a period of five years from the date of shareholder approval for such warrant issuance. The shares registered pursuant to a take down of the Company's Form S-3 registration statement and the warrants and related warrant shares were registered pursuant to a Form S-3 registration statement As part of the terms and conditions of the warrant issuance, the sole investor agreed to cancel the 2,917,032 share purchase warrants bearing an exercise price of $4.75 that were issued to them in the April 30, 2024 financing. We also issued the placement agent warrants to purchase up to 57,190 shares at an exercise price of $3.825 per share.

In October 2024, the Company sold 8,402 shares of common stock through an At the Market (ATM) offering for gross proceeds of $26,146. Share issuance costs related to the ATM offering of $144,812 were charged to additional paid in capital.

Effective December 2, 2024, the Company, via its wholly owned subsidiary, Lexaria (AU) Pty Ltd, entered into a Project Agreement with Novotech (Australia) Pty Limited for the conduct of its Australian clinical study DehydraTECH Cannabidiol alone and in combination with glucagon-like peptide 1 agonists in pre- and Type II Diabetes (GLP-1-H24-4).

Effective January 1, 2025, the Company entered into an Executive Management Contract to re-engage John Docherty as its President and to engage him as the Company's Chief Science Officer.

Patents

Our current patent portfolio includes patent family applications or grants pertaining to Lexaria's compositions, methods of use in improving API bioavailability and palatability and methods of treatment for a range of therapeutic indications, orally or topically, for a wide variety of APIs encompassing cannabinoids; fat soluble vitamins; NSAID pain medications; and nicotine and its analogs. The pending and granted patents also cover the manufacturing and processing methods used to combine a variety of fatty acid-rich triglyceride oils with active pharmaceutical ingredients. This includes heating and drying methods and use of excipients and substrates.

The Company currently has several applications pending worldwide and due to the complexity of pursuing patent protection, the quantity of patent applications will vary continuously as each application advances or stalls. We continue to investigate national and international opportunities to pursue expansions and additions to our intellectual property portfolio. Patents have been filed and/or granted specifically for the use of DehydraTECH with cannabinoids for the treatment of heart disease and hypertension to support our anticipated clinical trial work under our cleared Investigational New Drug ("IND") application with the Food and Drug Administration ("FDA"), and for treatment of other prospective therapeutic indications of interest to us including epilepsy and diabetes/weight loss. Patents have also been filed specifically for the use of DehydraTECH with GLP-1/GIP drugs to support our ongoing and expanding cardiometabolic clinical research programs in this therapeutic field and for diabetes/weight loss.

We will continue to seek beneficial acquisitions of intellectual property if and when we believe it is advisable to do so. Due to the inherent unpredictability of scientific discovery, it is not possible to predict if or how often such new applications might be filed, or patents issued.

Below we summarize Lexaria's allowed/granted patents.

Issued Patent #	Patent Certificate Grant Date	Patent Family
US 9,474,725 B1	10/25/2016	#1 Food and Beverage Compositions Infused With Lipophilic Active Agents and Methods of Use Thereof
US 9,839,612 B2	12/12/2017	
US 9,972,680 B2	05/15/2018	
US 9,974,739 B2	05/22/2018	
US 10,084,044 B2	09/25/2018	
US 10,103,225 B2	10/16/2018	
US 10,381,440	08/13/2019	
US 10,374,036	08/06/2019	
US 10,756,180	08/25/2020	
AU 2015274698	06/15/2017	
AU 2017203054	08/30/2018	
AU 2018202562	08/30/2018	
AU 2018202583	08/30/2018	
AU 2018202584	01/10/2019	
AU 2018220067	07/30/2019	
EP 3164141	11/11/2020	
JP 6920197	07/28/2021	
CDN 2949369	06/13/2023	
AU 2016367036	07/30/2019	#2 Methods for Formulating Orally Ingestible Compositions Comprising Lipophilic Active Agents
JP 6963507	10/19/2021	
MX 388 203 B	11/26/2021	
AU 2016367037	08/15/2019	#3 Stable Ready-to-Drink Beverage Compositions Comprising Lipophilic Active Agents
IN 365864	04/30/2021	
JP 6917310	07/21/2021	
MX 390001	02/10/2022	
JP 7232853	02/22/2023	
CDN 2984917	09/26/2023	
CDN 3093414	12/13/2022	#6 Transdermal and/or Dermal Delivery of Lipophilic Active Agents
EP 3765088	03/20/2024	
JP 7112510	07/26/2022	#7 Lipophilic Active Agent Infused Compositions with Reduced Food Effect
AU 2019256805	06/16/2022	#8 Compositions Infused with Nicotine Compounds and Methods of Use Thereof
CDN 3096580	05/23/2023	
CDN 3111082	08/29/2023	#14 Lipophilic Active Agent Infused Tobacco Leaves and/or Tobacco Materials and Methods of Use Thereof
US 11,311,559	04/26/2022	#18 Compositions and Methods for Enhanced Delivery of Antiviral Agents
AU 2021261261	03/23/2023	
JP 7415045	01/05/2024	
CDN 3172889	05/28/2024	
US 11,700,875	07/18/2023	#20 Compositions and Methods for Sublingual Delivery of Nicotine
CDN 3196911	12/05/2023	
US 11,666,544	06/06/2023	#21 Compositions and Methods for Treating Hypertension
US 11,666,543	06/06/2023	
US 11,980,593	05/14/2024	
US 11,931,369	03/19/2024	#24 Compositions and Methods for Treating Epilepsy
US 11,944,635	04/02/2024	
US 11,986,485	05/21/2024	
US 12,023,346	07/02/2024	

Research & Development

Lexaria is advancing several R&D activities in both preclinical and clinical programs. Currently, our primary clinical research areas of interest are focused on the investigation of DehydraTECH-powered GLP-1/GIP and related drugs as well as CBD for the treatment of diabetes and weight loss and, also, CBD for the reduction of hypertension for which our IND application to perform a Phase 1b study has received a Study May Proceed letter from the FDA in early calendar-2024. From time to time the Company will engage in contract R&D for third parties who are interested in evaluating DehydraTECH in their products.

Human Pilot Study #3 (GLP-1-H24-3)

During the quarter ended November 30, 2024, Lexaria completed dosing for this human pilot study in nine (9) healthy human volunteers without any serious adverse events. The purpose of this study was to investigate a single daily dose of oral ingested DehydraTECH-tirzepatide capsules (compound-formulated using Zepbound® by Eli Lilly) administered over a seven-day period as compared to commercially available Zepbound® to evaluate tolerability, PK, and blood sugar. Zepbound® is currently administered by injection only and was used as the tirzepatide input material for production of the DehydraTECH-tirzepatide capsules. No serious adverse events were reported, and results from a battery of PK and pharmacodynamic outcomes from this human pilot study remain to be reported.

Chronic Dosing Animal Study (WEIGHT-A24-1)

During the quarter ended November 30, 2024, results from this obese rat diabetic-conditioned study of 12 study arms and 6-10 animals per arm were released. The study investigated weight loss, PK, and blood sugar control over time of varied DehydraTECH formulations of semaglutide and liraglutide, alone and together with DehydraTECH-CBD as compared to commercially available Rybelsus®.

Specific results pertaining to body weight and blood sugar were released on October 22, and October 24, 2024, respectively, with the overall final body weight and blood sugar results from all 12 study arms being released on November 20, 2024. These final results verified that DehydraTECH-liraglutide and a select DehydraTECH-CBD formulation were the top performing study arms, outperforming the Rybelsus® control group in both body weight-loss, by 11.53% and 10.65% respectively, and in blood sugar, by 11.13% and 3.35% respectively. Additional blood and brain tissue PK data as well as liver and kidney function testing and blood chemistry analyses remain to be analysed and reported.

Based on these outcomes, Lexaria, via its wholly owned subsidiary, Lexaria (AU) Pty Ltd solidified plans for its study design for a Phase 1b Australian human study to evaluate select top performing DehydraTECH formulations to allow for maximum impact on blood glucose and body weight control while also evaluating safety and tolerability.

Chronic Dosing Human Study (GLP-1-H24-4)

During the quarter ended November 30, 2024, Lexaria via its wholly owned subsidiary, Lexaria (AU) Pty Ltd, received ethics board approval for its primary clinical sites and manufactured and delivered the Investigational Product to the Australian distributor for labelling, packaging and distribution for Study GLP-1-H24-4. The Study is planned to commence with 80 overweight, obese, pre- or type 2 diabetic patients to investigate and compare the efficacy of DehydraTECH-CBD capsules, DehydraTECH-semaglutide capsules, DehydraTECH semaglutide combined with DehydraTECH-CBD capsules and Rybelsus® tablets (acting as the positive control). All drugs will be administered daily by oral tablet or capsule – there are no drug injections involved in this Study. First patient dosing commenced as announced December 19, 2024. The objectives for the Study include discovering whether:

- DehydraTECH processed CBD and/or semaglutide is safe over the Study duration in the Study population?
- DehydraTECH-(pure)semaglutide will outperform Rybelsus®-semaglutide with its proprietary SNAC technology in measures of blood sugar control or weight loss?
- DehydraTECH processing enhances real world outcomes such as weight loss and blood sugar control over the Study duration?
- DehydraTECH processing of pure semaglutide evidences reduced side effects during daily dosing for 12 weeks, as DehydraTECH processing of Rybelsus® seemed to achieve in our prior human pilot study, utilizing one single daily dose?

Biodistribution Study of DehydraTECH-semaglutide

On November 14, 2024, Lexaria announced that it had engaged a contract research organization to fluorescently tag DehydraTECH-semaglutide and a non-DehydraTECH-processed Rybelsus® mimicking comparator formulation to be ingested by Sprague-Dawley rats to track semaglutide distribution and localization with additional information being provided by key tissue samples. This study work is underway and will be reported upon in due course.

Long Term Stability Testing

Lexaria is also actively studying the chemical and microbiological purity and stability of select DehydraTECH compositions that it has prepared for the above animal and human studies over an extended duration of 6-12 months. Along with improved tolerability, PK and efficacy performance, long term stability is crucial if oral variants of GLP-1 / GIP drugs are to be seriously considered as replacements for currently injectable versions of these drugs.

Hypertension Phase 1b IND Trial HYPER-H23-1

The Company intends to raise sufficient capital to commence this study in due course, upon more favorable financial market conditions.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

Critical Accounting Policies and Estimates

Our consolidated financial statements and accompanying notes are prepared in accordance with US GAAP. These accounting principles require management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses during the periods reported. Based on information available to management at the time, these estimates, judgments and assumptions are considered reasonable. We believe that understanding the basis and nature of the estimates, judgments and assumptions involved with the following aspects of our financial statements is critical to an understanding of our financials.

For a discussion of our critical accounting estimates, please read *Note 4, Estimates and Judgments,* as found in the financial statements in our Annual Report on Form 10-K for the year ended August 31, 2024. There have been no material changes to the critical accounting estimates as previously disclosed in our 2024 Form 10-K.

Funding Requirements

We anticipate that our expenditures will increase in connection with our ongoing R&D program, specifically with respect to our animal and human clinical trials of our DehydraTECH formulations for the purposes of our investigations with GLP-1 drugs and treating hypertension. As we move forward with our planned R&D studies in 2025, we anticipate that our expenditures will further increase and accordingly, we expect to incur increased operating losses and negative cash flows for the foreseeable future.

Through November 30, 2024, we have funded our operations primarily through the proceeds from the sale of common stock. The Company has consistently incurred recurring losses and negative cash flows from operations, including net losses of $2,706,628 and $1,185,038 for the three-months ended November 30, 2024, and 2023, respectively.

The continuation of Lexaria as a going concern depends on raising additional capital and/or attaining and maintaining profitable operations. The accompanying financial statements do not include any adjustment relating to the recovery and classification of recorded asset amounts or the amount and classification of liabilities that might be necessary should our Company discontinue operations. The recurring losses from operations and net capital deficiency may raise substantial doubt about the Company's ability to continue as a going concern within one year following the date that these consolidated financial statements are issued.

During the three months ended November 30, 2024, we raised $4.3 million in net proceeds from the sale of securities pursuant to our registered direct and At the Market offerings which closed in October, 2024.

We have performed a review of our cash flow forecast and have concluded that funds on hand, combined with those expected from executed license agreements, will be sufficient to meet the Company's financial obligations for the twelve-month period following the filing of these consolidated financial statements on Form 10-Q.

Results of Operations for the Period Ended November 30, 2024, and 2023

Our net loss for the three-months ended for the respective items are summarized as follows:

	November 30, 2024	November 30, 2023	Change
Revenues	$ 183,923	$ 151,278	$ 32,645
Cost of goods sold	(2,720)	(4,822)	2,102
Research and development	(1,953,220)	(574,491)	(1,378,729)
Consulting fees & salaries	(359,650)	(225,621)	(134,029)
Legal and professional	(136,346)	(178,784)	42,438
Other general and administrative	(422,694)	(306,702)	(115,992)
Other income (loss)	(15,921)	(45,896)	29,975
Net Loss	**$ (2,706,628)**	**$ (1,185,038)**	**$ (1,521,590)**

Revenue

Fees from intellectual property licensing and B2B sales totaled $174,000 and $9,923, respectively, for the three months ended November 30, 2024. For the three months ended November 30, 2024, relative to the three months ended November 30, 2023, license fees and B2B sales increased by $29,010 and $4,535, respectively, while R&D sales decreased by $900 year-over year, reflecting an increase in minimum fees earned within our licensee contract and a continuing shift in emphasis away from pursuit of B2B clients as we move toward pharmaceuticals.

Research and Development

Expenditures on R&D increased by $1,378,729 year-over-year for the three-month period ended November 30, 2024, due mainly to the completion of the manufacturing of its Investigational Drug Product for its Phase 1b Clinical Trial GLP-1-H24-4 and payment for certain start-up activities, licenses and engagements. Lexaria continues with applied development and programs in our pharmaceutical division with our primary focus being on optimization of DehydraTECH formulations of GLP-1 drugs as well as advancing our DehydraTECH-CBD drug to treat hypertension.

Consulting Fees and Salaries

In the three-months ended November 30, 2024, consulting fees and salaries increased by $134,029 year-over-year primarily due to the replacement of the Company's CEO, the addition of the former CEO as a Strategic Executive Consultant and the engagement of a new CFO.

Legal and Professional Fees

Our legal and professional fees decreased by $42,438 during the period compared to the same prior year period due to decreased patent filings and the utilization of legal advisory services. The decrease also reflects reduced accounting fees related to financing activities in the period.

General and Administrative

Our other general and administrative expenses increased overall by $115,992 during the period ended November 30, 2024, over the same period last year. Advertising and promotion increased by $55,477 as we embarked on an advertising campaign to bring the results of the Company's R&D programs to the attention of various industry sectors and to the scientific and investment communities. We also recognized a foreign currency transaction loss of $71,574 related to Canadian Dollar-denominated cash balances held by our US-based Bioscience subsidiary.

Liquidity and Financial Condition

Working Capital	**November 30, 2024**	**August 31, 2024**
Current assets	$ 8,825,741	$ 7,897,986
Current liabilities	(297,798)	(1,099,419)
Net Working Capital	**$ 8,527,943**	**$ 6,798,567**

Cash Flows	**November 30, 2024**	**November 30, 2023**
Cash flows used in operating activities	$ (2,726,045)	$ (1,181,653)
Cash flows used in investing activities	(37,804)	(40,026)
Cash flows provided by financing activities	4,345,393	1,819,370
Effect of exchange rate changes on cash	(3,175)	4,372
Net change in cash for the period	**$ 1,578,369**	**$ 602,063**

Operating Activities

Net cash used in operating activities was approximately $2.73 million for the three months ended November 30, 2024, compared with $1.18 million during the same period in 2023. The increase relates primarily to an increase of $1.52 million in our net loss, as we continued with the studies of DehydraTECH-powered GLP-1/GIP drugs listed above; including completion of manufacturing and delivery of investigational product to our Australian distributor for labelling, packaging and distribution in connection with Study GLP-1-H24.

Investing Activities

Net cash used in investing activities was $37,804 for the three-months ended November 30, 2024, compared to $40,026 for the same period in 2023. The decrease was attributable to lower spending on the prosecution of intellectual property; partially offset by purchases of laboratory equipment.

Financing Activities

Net cash from financing activities was approximately $4.35 million for the three months ended November 30, 2024, compared to approximately $1.82 million for the same period in 2023. The increase relates to net proceeds from the sale of common shares.

Liquidity and Capital Resources

Since inception, the Company has incurred significant operating and net losses. Net losses attributable to shareholders were $2.70 million and $1.18 million for the three-months ended November 30, 2024, and 2023, respectively. As of November 30, 2024, we had an accumulated deficit of $54.26 million. We expect to continue to incur significant operational expenses and net losses in the upcoming 12 months. Our net losses may fluctuate significantly from quarter to quarter and year to year, depending on the stage and complexity of our R&D studies and corporate expenditures, additional revenues received from the licensing of our technology, if any, and the receipt of payments under any current or future collaborations into which we may enter. The recurring losses and negative net cash flows raise substantial doubt as to the Company's ability to continue as a going concern.

Sources of Liquidity

During the three-months ended November 30, 2024, the Company has completed the following:

- Entered into a Securities Purchase Agreement whereby on October 16, 2024, the Company issued 1,633,987 shares of common stock at a purchase price of $3.06 per share for gross and net proceeds of $5.0 million and $4.5 million, respectively. Concurrently, the Company issued, by way of a private placement transaction, 4,551,019 share purchase warrants, entitling the holder thereof to purchase up to 4,551,019 shares of common stock at a price of $3.06 per share for a period of five years from the date of shareholder approval for such warrant issuance. The shares registered pursuant to a take down of the Company's Form S-3 registration statement and the warrants and related warrant shares were registered pursuant to a Form S-3 registration statement As part of the terms and conditions of the warrant issuance, the sole investor agreed to cancel the 2,917,032 share purchase warrants bearing an exercise price of $4.75 that were issued to them in the April 30, 2024 financing. We also issued the placement agent warrants to purchase up to 57,190 shares at an exercise price of $3.825 per share.

- In October 2024, the Company sold 8,402 shares of common stock through an At the Market (ATM) offering for gross proceeds of $26,146. Share issuance costs related to the ATM offering of $144,812 were charged to additional paid in capital.

We may also offer securities in response to market conditions or other circumstances if we believe such a plan of financing is required to advance the Company's business plans. There is no certainty that future equity or debt financing will be available or that it will be at acceptable terms and the outcome of these matters is unpredictable. A lack of adequate funding may force us to reduce spending, curtail or suspend planned programs or possibly liquidate assets. Any of these actions could adversely and materially affect our business, cash flow, financial condition, results of operations, and potential prospects. The sale of additional equity may result in additional dilution to our stockholders. Entering into additional licensing agreements, collaborations, partnerships, alliances marketing, distribution, or licensing arrangements with third parties to increase our capital resources is also possible. If we do so we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us.

The Company has evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern. As of November 30, 2024, the Company had cash and cash equivalents of approximately $8.1 million to settle $0.3 in current liabilities. We have performed a review of our cash flow forecast and have concluded that our existing cash, combined with those expected from executed license agreements, will be sufficient to meet the Company's financial obligations for the twelve-month period following the filing of these consolidated financial statements on Form 10-Q.

Item 3. Controls and Procedures

Management's Report on Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our President, our Chief Executive Officer (Principal Executive Officer) and our Chief Financial Officer (Principal Financial and Accounting Officer) to allow for timely decisions regarding required disclosure.

As of November 30, 2024, the fiscal quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of November 30, 2024.

Inherent limitations on Effectiveness of Controls

Internal control over financial reporting has inherent limitations which include but are not limited to the use of independent professionals for advice and guidance, interpretation of existing and/or changing rules and principles, regulations, segregation of management duties, scale of organization, and personnel factors. It is a process which involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. It can be circumvented by collusion or improper management override. Internal control over financial reporting may not prevent or detect misstatements on a timely basis. These inherent limitations are known features of the financial reporting process, and it is possible to design into the process safeguards to reduce, though not eliminate, these risks. Systems determined to be effective can provide only reasonable assurances with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

During the quarter ended November 30, 2024, our controls and controls processes remained consistent with those in effect at August 31, 2024. There have been no changes in our internal controls over financial reporting that occurred during the quarter ended November 30, 2024, that have materially or are reasonably likely to materially affect our internal controls over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We are not party to any material, pending or existing legal proceedings against our Company or its subsidiaries, nor are we involved as a plaintiff in any other material proceeding or pending litigation. There are no proceedings in which any of our directors, executive officers or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to our interest.

Item 1A. Risk Factors

Much of the information included in this quarterly report includes or is based upon estimates, projections or other "forward-looking statements". Such forward-looking statements include any projections or estimates made by us and our management in connection with our business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein.

The risks associated with our business, common stock and other factors are those described in the Form 10-K for the year ended August 31, 2024, as filed with the SEC on November 26, 2024.

Item 2. Recent Sales of Unregistered Equity Securities

During the quarter ended November 30, 2024 the Company did not issue any unregistered equity securities.

Item 3. Rule 10b5-1 Trading Plans

Our Insider Trading Policy provides that our insiders, employees and consultants may enter into trading plans to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. During the fiscal quarter ended November 30, 2024, none of the Company's insiders had entered into a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as such terms are defined in Item 408(a) of Regulation S-K of the Securities Act of 1933).

Item 4. Exhibits, Financial Statement Schedules

a) Financial Statements

1) Financial statements for our Company are listed in the index under Item 1 of this document.

2) All financial statement schedules are omitted because they are not applicable, not material or the required information is shown in the financial statements or notes thereto.

b) Exhibits

Exhibit Number	Description
(3)	**Articles of Incorporation and Bylaws**
3.1	Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed January 14, 2021)
3.2	Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed January 14, 2021)
(4)	**Instruments Defining the Rights of Security Holders**
4.1	Form of Private Placement Warrant (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed October 16, 2024)
4.2	Form of Placement Agent Warrant (incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed October 16, 2024)
(10)	**Material Contracts**
10.1	Executive Employment Agreement dated October 1, 2024 with Michael Shankman (incorporated by reference to Exhibit 10.10 to our Annual Report on Form 10-K filed November 26, 2024)
10.2	Engagement Agreement by and between the Company and H.C. Wainwright & Co., LLC, dated September 4, 2024 (incorporated by reference to Exhibit 1.1 to our Current Report on Form 8-K filed October 16, 2024)
10.3	Form of Securities Purchase Agreement with certain purchasers dated October 14, 2024 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed October 16, 2024)
10.4	Project Agreement effective December 2, 2024 with Novotech (Australia) Pty Limited
10.5	Executive Employment Agreement dated December 31, 2024 with John Docherty
(31)	**Rule 13(a) - 14 (a)/15(d) - 14(a)**
31.1	Section 302 Certifications under Sarbanes-Oxley Act of 2002 of Principal Executive Officer
31.2	Section 302 Certifications under Sarbanes-Oxley Act of 2002 of Principal Financial Officer and Principal Accounting Officer
(32)	**Section 1350 Certifications**
32.1	Section 906 Certification under Sarbanes Oxley Act of 2002 of Principal Executive Officer
32.2	Section 906 Certification under Sarbanes Oxley Act of 2002 of Principal Financial Officer and Principal Accounting Officer
(101)**	**Interactive Data Files**
101.INS	**XBRL Instance Document**
101.SCH	**XBRL Taxonomy Extension Schema Document**
101.CAL	**XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	**XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	**XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	**XBRL Taxonomy Extension Presentation Linkbase Document**

** Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of any registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise are not subject to liability under those sections.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LEXARIA BIOSCIENCE CORP.

By: /s/ Richard Christopher
Richard Christopher
Chief Executive Officer
(Principal Executive Officer)
Date: January 10, 2025

In accordance with the Exchange Act, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Richard Christopher
Richard Christopher
Chief Executive Officer
(Principal Executive Officer)
Date: January 10, 2025

By: /s/ Michael Shankman
Michael Shankman
Chief Financial Officer
(Principal Financial and Accounting Officer)
Date: January 10, 2025

Project Agreement No. 01

Date: as per last signature date

Parties

1. **Novotech (Australia) Pty Limited** ACN 071 874 881 of Level 19, 66 Goulburn Street, Sydney NSW 2000, Australia (**Novotech**)

2. **Lexaria (AU) Pty Ltd** ACN 679 491 920 C/- Suite 1, Level 3, 62 Lygon Street, Carlton South VIC 3053, Australia (**Sponsor**)

Background

A On August 28, 2024, Novotech and Sponsor entered into a Master Services Agreement (**MSA**) pursuant to which Novotech will provide services to support clinical trials to Sponsor as agreed in a 'Project Agreement' (as defined in the MSA) from time to time

B The Sponsor requests Novotech agrees to provide, the services set out in this Project Agreement on the terms of the MSA for the study "DehydraTECH Cannabidiol alone and in combination with glucagon-like peptide 1 agonists in pre- and Type II Diabetes" (GLP-1-H24-4) (**Study**).

C This Project Agreement commences on the date the last Party signs the Project Agreement.

D Novotech has been providing services to Sponsor in relation to the study under the terms of the Start Up Agreement (SUA). The parties agree that this Project Agreement supersedes the SUA and includes all services to be provided by Novotech in relation to the Study.

The Parties hereby agree as follows:

1. Incorporation of terms of the MSA

This Project Agreement incorporates the terms of the MSA as if set out in full. Unless otherwise defined, capitalised terms/milestones have the meaning given to them in the MSA.

2. Services

2.1 The Parties agree that Novotech will provide the services to the Sponsor as set out in Schedule 1 hereof (Services) for the Professional Fees and contingent upon timely payment of the undisputed Security Deposits, Hosting Fees, and Pass Through Costs (as defined in clause 3.1 below).

2.2 For clarity, if Parties have executed a LOI/SUA in relation to the Study, the activities conducted under such agreement including out-of-scope activities approved by the Sponsor shall have been reconciled under the Schedule to this Project Agreement.

3. Key Assumptions

3.1 The Budget for the Services (which includes the Total Direct Fees, estimated expenses and estimated pass through costs to third parties which may include without limitation vendors (such as alliance partner CROs), sites and investigators (**Pass Through Costs**) and is attached at Schedule 2) is derived from the Study Assumptions and Responsibilities set out in Schedule 1 hereof (together, **Key Assumptions**).

3.2 The Parties agree that the Key Assumptions accurately reflect the Study parameters and the Services to be performed under this Project Agreement as at the date of this Project Agreement.

3.3 If the Sponsor instructs Novotech that there are changes to the Key Assumptions or additional tasks are required to provide the Services as contemplated as at the date of this Project Agreement, Novotech will revise the Budget to reflect such changes and seek Sponsor's approval of the same. Once the changes to the Key Assumptions and corresponding Budget amendments are agreed, the Parties will execute a Change Order to amend the Project Agreement to reflect the agreed changes.

3.4 Each Party agrees that time is of the essence for the Study and will align their objectives and timing for the Study.

4. Payment

4.1 Payment and invoicing terms are included in the MSA. Invoices to Sponsor will be sent to:

[**][1]
Lexaria (AU) Pty Ltd
Suite 1, Level 3, 62 Lygon Street, Carlton South, VIC 3053, Australia.

With a copy sent to the attention of Jessica Bauer at accounting@lexariabioscience.com

4.2 Parties agree that Total Direct Fees, Security Deposit and Pass Through Costs are exclusive of any sales, use, excise, services, value added tax, goods and services tax, or any similar taxes which will be added to the payments and invoices to the Sponsor where applicable, according to local tax laws.

4.3 Security Deposits

(a) In accordance with clause 14.7 of the MSA, the Parties agree that for this Project Agreement, the agreed Security Deposit payable by the Sponsor to Novotech is:

i. [**][2]% of the Total Direct Fees; and

ii. [**][3]% of all estimated total Pass-Through Costs.

4.4 Pass Through Costs

(a) All Pass Through Costs to third parties which may include without limitation vendors, sites and investigators are estimates. Local phone/stationery/photocopy costs are invoiced at a flat fee of AUD$70 per site per month.

(b) Novotech will issue Sponsor monthly invoices during the term of this Project Agreement for Pass Through Costs incurred that month. Should any Pass Through Costs be billed using a currency other than AUD$, Novotech will use the applicable exchange rate as at the date of invoice to convert such amounts to AUD$.

[1] Redacted information regarding contact person and email for privacy reasons.
[2] Redacted so CRO can maintain competitive negotiations with other sponsors.
[3] Redacted so CRO can maintain competitive negotiations with other sponsors.

4.5 Change in Scope

(a) As set out in clause 4.3 of the MSA, the Parties have agreed to use an informal change in scope process whereby an authorised representative of the Sponsor may approve additional or amended services up to an agreed threshold value by email via the process set out below.

(b) If additional services are requested by the Sponsor that result in a change in scope or budget increase of less than or equal to AUD $100,000.00 (**Agreed Change Value**):

i. Novotech will submit in writing the additional or amended services and a cost estimate of those additional or amended services (**Change in Scope**) for approval by Sponsor;

ii. Sponsor will advise their authorized representative who is authorized to approve the Change in Scope via email;

iii. Upon approval by an authorized person of the Sponsor, the Change in Scope is agreed as binding on the Parties such that Novotech is authorized by the Sponsor to commence those services and Sponsor agrees to be responsible and liable for the costs associated with such Change in Scope;

(c) The approved Change in Scope will be incorporated into a Change Order to the Project Agreement (as defined in the MSA) upon the earlier of either: (i) if any change to the Services has reached the Agreed Change Value (or cumulatively adding up to that value); or (ii) approximately 3 months from the commencement of work of the earliest Change In Scope which is not yet incorporated into a Change Order; or (iii) upon completion of Services; or (iv) if the Master Agreement and/or Project Agreement terminates for any reason. Upon execution of the Change Order, Novotech will invoice accordingly for the Change in Scope.

(d) The Parties agree to negotiate any proposed Change in Scope expeditiously and in good faith so as not to impact the progress of the Services or cause administrative burden to either Party.

4.6 Inflation

(a) Once in every twelve (12) calendar months, on the anniversary of the effective date of each Project Agreement, Novotech may, with 30 days' written notice, increase all remaining Professional Fees under that Project Agreement by the weighted average of the applicable Consumer Price Index of the country(ies) where the Services are being performed (proportionate to the scope of Services being provided in each country), or four percent (4%), whichever is lower. Such increase(s) shall be applied on a cumulative basis.

5. Payment Schedule

5.1 If the Professional Fees are unitised or are at agreed time and materials rates as per Schedule 3, Novotech will issue the Sponsor monthly invoices for the Professional Fees rendered during the month.

5.2 In the event that there are some sites that are not initiated, then any fees for sites initiated, will be based on an adjusted number of sites actually initiated. Sites initiated means sites fully open for enrolment with all set up activities complete.

5.3 Pursuant to the payment of the Professional Fees, Novotech will use its best endeavours to provide the Services as contemplated by the Key Assumptions or other such data as agreed by the Sponsor in writing.

6. Early termination

6.1 If the Study or this Project Agreement is terminated before all Services have been performed, the Parties agree that they will review the Total Direct Fees incurred for Services performed to the date of termination and Sponsor will pay Novotech for any properly performed Services completed, as well as any Pass Through Costs (subject to Novotech' s duty to mitigate the same) accrued or incurred (as the case may be) and owing as at the date of termination and any non-cancellable costs.

7. General

7.1 Power, Authority and valid execution

(a) Each of the parties represents and warrants that:

i. it has full power and authority to execute this Agreement;

ii. its constituent documents have been compiled with regarding execution;

iii. its signatory (or signatories) has been duly authorized to execute this Agreement; and

iv. this Agreement has been duly executed by it.

(b) Each Party agrees this Agreement is a legal and binding agreement enforceable by it in accordance with its terms.

7.2 Counterparts

This Agreement may be executed in any number of counterparts, whether digital or wet-ink. All counterparts taken together constitute one instrument. Signatures transmitted by e-mail transmission or in read-only digital files, including electronic signatures, have the same force and effect as original signatures.

Executed as an Agreement

Signed for and on behalf of **Novotech (Australia) Pty Limited ACN 071 874 881** by its authorised representative:

/s/ Barry Murphy
Signature

Name (print)

Barry Murphy

Title: CCO

Date: Dec. 2, 2024

Signed for and behalf of **Lexaria (AU) Pty Ltd ACN 679 491 920** in accordance with Section 127 of the *Corporations Act 2001* (Cth):

/s/ John Docherty
Signature of Director

Name (print)

John Docherty

Date: Nov. 29, 2024

Signature of Director

/s/ Janice Henrichs

Name (print)

Janice Henrichs

Date: Dec. 2, 2024

Schedule 1 Scope of Services

Responsibilities Overview

Services - Responsibilities Overview	Lexaria	Novotech
Clinical		X
Regulatory		X
Project Management		X
Medical Monitoring		X
Data Management		X
Biostatistics		X
Medical Writing		X
PVG- Global management		X
SOPs being followed		Novotech's
CTMS		Veeva Vault
eTMF		Veeva Vault
EDC		Medidata®

Timelines

Timelines	Months	Approximate Timeline	
Project Start Date	**15-Jun-24**	**Start Date**	**End Date**
Protocol/IB Writing (Pre-Start-Up)	[**]	[**]	[**]
Start up	[**]	[**]	[**]
Recruitment (FSFV to LSFV)	[**]	[**]	[**]
Treatment	[**]	[**]	[**]
Close-Out	[**]	[**]	[**]
Duration of Project	[**]	[**]	[**][1]

Region- Site- Subject Strategy

REGION	Australia (AU)
Site Identification/Feasibility	7 Site IDs
Site Selection Visits- on site	5 SSVs
Site Selection Visits- phone/remote	2 SSVs
# Selected Sites	7 sites
# Selected Competent Authority Submission/ Application Sites	1
Randomised/ Enrolled Subjects	80 subjects

[1] The number of months, start and end dates for the Timelines section has been redacted to preserve confidentiality.

SDV %	SDV Rate (mins/page)
100%	3.5

Monitoring Visits

Interim Monitoring Visits (Recruitment -Treatment)			Remote Monitoring visits
Approx. Frequency: weeks	# Total IMVs Rec-Tx	Total # Days on Site	
12	21	57	35.00

Project Management

Project Management	Assumptions/ Responsibilities	
Number of Novotech Project Managers assigned	1	Novotech will appoint a suitably experienced Project Manager to oversee the project. The PM is responsible for ensuring all aspects of the project are managed within the scope of this agreement
PM Location	APAC	APAC: Asia Pacific
Number of Clinical Leads assigned	1	Novotech will appoint a suitably experienced Clinical Lead to oversee the project.
Project and Operational Plan Development	Full Development	Project and Operational Plans required to manage the Study will be prepared according to Novotech SOPs and will be submitted to the Sponsor for review and approval, including Project and Communication Plan, Clinical Monitoring Plan, Risk Management Plan, Protocol Deviation Management Plan.

Regulatory

Regulatory	Assumptions/ Responsibilities	
Act as local Sponsor	Yes	Act as a local sponsor where required by local regulation or law. Associated tasks include submitting Clinical Trial Applications to Competent Authority and entering into local Clinical Trial Agreements (where a local entity is required).
Regulatory/ Competent Authority Submissions	Yes	In regions of regulatory responsibility noted in above table, our dedicated regulatory teams will prepare and submit regulatory authority/ competent authority applications in accordance with local regulations requirements and address queries and comments related to such submissions. Novotech will coordinate each step of the submission, review and approval process in close collaboration with the study sponsor.
IRB/ IEC Submissions	Yes	Novotech dedicated regulatory teams will prepare and submit IRB/IEC applications in accordance with local regulations requirements and address queries and comments related to such submissions. Novotech will coordinate each step of the submission, review and approval process in close collaboration with the study sponsor.
Master ICF Template Development	Yes	Novotech will develop, finalise and QC the Master Protocol ICF template, and any additional study specific ICF templates (e.g. sub-study, biomarker, genetic testing and/or assent documents) according to ICH-GCP
Total # of Master Study Specific ICF Templates	1	Total includes any sub-study, biomarker, genetic testing and/or assent ICF documents
Regional Adaption of ICF Templates	Yes	Adaption of the Master Protocol ICF template(s) into region specific ICF template(s) and prepare supplemental ICF templates as per regional regulatory requirements. Total number of region specific ICF templates to be prepared as indicated
Clinical Trial Registry Application and Maintenance	Yes	Novotech will register the Study in local registries (if not centrally registered) and maintain the study information up to date in register. Communicate central registration details to local IRBs/IECs and provide local site information for central study registration.

Meeting Specifications

Meetings	Meeting Detail	Duration (hours)	Attendees	
Kick-off Meeting	Virtual	4	PM, PS, CL(APAC), CDM, Statistician, MM, PV, MW, CRA, RSA	Novotech personnel will assist with the preparation of and presentation at a 4 hrs Kick-of Meeting as agreed with Sponsor.
Investigator Meeting	Virtual	2	PM, PD, PS, CL(APAC)	Assist with the preparation of and presentation of an investigator meeting. Novotech team members will attend the meeting as agreed with Sponsor.
CRA Training Meeting	Virtual	4	PM, PS, CL(APAC), CTA, MM, PV, CRA	Attend a one-day study team training meeting as agreed with Sponsor.
Client Teleconferences - Start up	Weekly	1.5	PM, PS, CL(APAC)	
Client Teleconferences - Recruitment	Weekly	1	PM, PS, CL(APAC)	
Client Teleconferences - Treatment	Weekly	1	PM, PS, CL(APAC)	
Client Teleconferences - Close	Weekly	1	PM, PS, CL(APAC)	

Clinical Monitoring and Site Management

Clinical Monitoring and Site Management	Assumptions/ Responsibilities	
Anticipated IMV Frequency Rec- Tx Period	12	Novotech personnel will conduct a visit to each site in accordance with the requirements and frequency set out and agreed in the CMP and as per Novotech's SOPs. A Monitoring Visit Report will be prepared and submitted to the Sponsor in accordance with Novotech SOPs.
Estimated CRF pgs/ subject	125	
SDV %	100%	
Screen failure rate	20%	
# SAEs (Initial/ Follow up)	8/16	Where required per local regulation, Novotech will assist site staff to submit SAEs, SUSARs, periodic reports and DSURs to the IRB/ IEC and Competent Authorities.
# SUSARs (Initial/ Follow up)	1/2	
Site budget negotiation and contracting	Yes	Novotech will enter into local Clinical Trial Agreements and provide locally required indemnities to sites subject to it receiving the same indemnity from the Sponsor. In collaboration with Sponsor, Novotech will negotiate Study budgets with sites. If Sponsor wishes to utilise their CTA template(s), Novotech legal will provide feedback and amend Sponsor's CTA template in accordance with general regulatory requirements and site's preferred options for each county where the study will be carried out. Novotech will administer payments to sites according to the terms of the final CTAs with sites, and per the terms outlined in the MSA.
Administer site payments	Monthly	

Vendor Management

Vendor Management	Syntro Lab	Sonic Lab	Safety Lab Vendor	
# of vendors	1	1	1	Identification of suitable vendor(s) from our Novotech approved suppliers list or other sources. Evaluate suitability for current project and obtain an initial quote for Sponsor's review.
Vendor Identification	Yes	Yes	Yes	
Vendor Contracting	Yes	Yes	Yes	
Vendor Management	Yes	Yes	Yes	

Data Management

Data Management	Assumptions/ Responsibilities	
Randomisation	EDC Randomization System	EDC = Setup of IWRS/IXRS/Randomization module in the EDC system including EDC Randomization configuration following generation and approval of the randomization schedules by the sponsor.
Trial Supply Management (IP Dispensation Management)	Yes	The Trial Supply management [also called IP dispensation module] will be built in the EDC tool using the final specifications document. Novotech will implement the Trail Supply Management in the specified module of the EDC system according to Sponsor approved Specifications Document. Medication list(s) will be generated used by the RTSM system for subject drug assignments. RTSM setup and design will be fully tested and validated prior to study initiation. It is assumed that the Sponsor's authorized personnel will perform User Acceptance Testing (UAT) of the system prior to go live date. Novotech will provide IP supply inventory management. This will focus on clinical site requirements using system functions for re-supply variables, protocol-specific subject prediction algorithms (visit and/or randomization projections) and expiration date parameters. The level and concept of IP supply management will be determined and outlined in the Supply Management Plan and Specifications Document. Novotech will only assist and coordinate data integrations with other clinical systems (CTMS, EDC, etc.). This will not include any 3rd party costs, licencing or ongoing fees. Novotech will provide IP supply inventory management. This will focus on clinical site requirements using system functions for re-supply variables, protocol-specific subject prediction algorithms (visit and/or randomization projections) and expiration date parameters. The level and concept of IP supply management will be determined and outlined in the Supply Management Plan and Specifications Document. Novotech will provide a final data transfer of any required data to the Sponsor at the completion of the study.
Unique CRF pages	25	Design of the electronic CRF (eCRF) using Medidata®, a validated web based EDC software system which is FDA 21 CFR Part 11 compliant.
Total CRF pages/ subject	125	Data discrepancy and query management will be performed consistently throughout the clinical study, and in accordance with all appropriate guidelines related to programmed edit checks and manual checks. Once the site has responded to queries, the Clinical Data Manager or designee will review the response or action taken and either close the query or re-query. This will include discrepancies arising from manual data review, medical coding and external data reconciliation.
Total # Subjects	80	
Total CRFs	10000	

Data Management	Assumptions/ Responsibilities	
Query rate	10%	
Medical Coding	1,920	Data coding of Adverse Events, Medical History and Concomitant Medications is carried out in Medidata. Coding failures will be queried or sent to Sponsor for resolution. The MedDRA dictionary will be used for Adverse Events and Medical History coding and the WHODrug dictionary will be used for Concomitant Medication coding. Novotech will code Adverse Events and Medical History terms to the Preferred Term (PT) and will also link to the System Organ Class (SOC). Novotech will code Concomitant Medications and include the Anatomical Therapeutic Chemical (ATC) classification. The coding dictionary versions and coding procedure is set out in the DMP. Sponsor must have a current MedDRA and WHODrug licence to hold MedDRA and WHODrug coded data. Novotech personnel that code, report, or hold MedDRA and WHODrug coded data will have a current licence.
# Edit Checks to be programmed	250	Development and programming of edit check specifications In line with the protocol, applicable visit schedule and sponsor approved CRF pages. Inclusive of mapping, CRF calculations, programmed edit checks, manual checks and EDC dynamics.
eDiary/ ePRO #Questionnaires	1	Novotech will design the electronic eDiary/ePRO/eCOA using Medidata Rave® (a validated web based EDC software system which is FDA 21 CFR Part 11 compliant). The database will be programmed using the final eDiary/ePRO/eCOA Specification. If Sponsor does not provide or define specific design specifications, Novotech will use CDISC-CDASH specifications as the database design standards.
# Vendors	2	A Data Transfer Plan will be created per vendor and transfer type for all external data. The plan will include key contact information, data format, transfer frequency, visit identification, delivery method, reconciliation and validation; includes SAS programming for reconciliation between EDC data and the external data.
External Data Transfers	Monthly	
Interim Data Exports	3	Based on the sponsor or statistician need, data will be exported and sent in line with our data export SOPs.

Biostatistics and Pharmacokinetics

Biostatistics and Pharmacokinetics	Assumptions/Responsibilities	
Data/programming format	CDISC	
CDISC # STDM Domains	25	
CDISC# ADaM Analysis Datasets	12	
Statistical Analysis Dry Run	1	
Randomisation List Development	EDC Randomization System	
Double programming	Yes	
Final Analysis	**# unique**	**# repeat**
Listings	30	0
Tables	25	10
Figures	5	5
Statistical Activities Required for DSUR	Yes	
DSUR Tables	6	
DSUR Listings	6	

Tables, Listings and Figures: The study data will be presented in a set of tables, listings and figures (TLFs) that will form the basis of the analyses. Novotech will prepare the SAP and the corresponding TLF shells based on the Novotech SAP template (unless stated otherwise). The draft SAP and TLF shells will be distributed for sponsor review and will be finalized after two review cycles. The SAP must be approved before the programming of TLFs can commence and the SAP has to be approved before the study can be unblinded (randomized studies only). Novotech will prepare the SAS® programs that will generate the TLF files. A repeat TLF is defined as an output that can be generated by an existing SAS® program. Please note that the TLF counts noted above are based on the information that was available at the start of the project and may change based on the final protocol and required scope of the analysis. A final reconciliation of the budgeted TLFs assumed above against the required TLF will be performed prior to the finalization of the SAP.

Dry Run: A dry run is an analysis of data that is conducted prior to any formal database locks/cut-off dates to ensure that the statistical programming and review activities have been completed. The primary aim of a dry run is to reduce the review timelines the milestone database lock/cut-off. Dry runs show what the actual TLFs will look like from a formatting/lay-out perspective, whilst also allowing for additional data review activities. Dry runs are generally performed in a blinded manner using dummy treatment and population assignments. Novotech will perform the dry run(s) in accordance with the requirements specified in the statistical analysis plan. The TLFs will be prepared based on the analyses described in the SAP and the corresponding output shells and will go through similar review procedures as for an official analysis. The SAS® programs that are prepared for dry runs will be re-used for the final analysis after the necessary modifications have been made. Novotech will prepare the SAS® programs that will generate the dry run TLF files. The draft TLFs will be validated and reviewed by the assigned statistician prior to being released to the sponsor for review and will be finalized after the second review cycle. Please note that the budget is based on the assumption that the SAS® programs can be re-used for the final analysis, and as such only makes provision for the time required to generate and review the TLFs. In the event that there are major updates to TLFs following dry run, the budget will be adjusted according to the actual scope of the changes.

Novotech will prepare a CDISC-compliant ADaM and SDTM data package(s) that will include: ADaM: Analysis-level SAS® datasets and transport files and the define.mxl file including the supporting Analysis Data Reviewer's Guide (ADRG), as well as the Pinnacle21 validation reports. The ADaM specification development activities will start after the statistical analysis plan have been approved, and programming will start once the SDTM datasets have been developed. SDTM: Domain-level SAS® datasets and transport files and the define.mxl file including the supporting annotated case report form (blankcrf.pdf) and the Study Data Reviewer's Guide (SDRG), as well as the Pinnacle21 validation reports. The SDTM specification development activities will start after the case report forms have been finalized, but programming will only start once at least 25% of the planned subjects have been enrolled. The final ADaM and SDTM data package will be sent together with the TLF package. The ADaM and SDTM data package will be based on the ADaM and SDTM Implementation Guide and Coded Terminology versions decided at the start of the study. If required, the ADaM and SDTM specifications can be reviewed by the sponsor prior to the start of programming. ADaM and SDTM are the required standards for data submission to FDA (U.S.) and PMDA (Japan).

Medical Writing

Medical Writing	Assumptions/ Responsibilities	
Synopsis	Review and Update	Novotech's Medical Writer will review the synopsis for completeness and compliance with all applicable ICH-GCP Standards. In collaboration with Sponsor, the synopsis will be updated based on outcomes of the review.
Protocol (excluding synopsis)	Writing	Novotech's Medical Services will review the protocol synopsis and IB provided by the Sponsor to prepare for protocol development. Novotech or Sponsor protocol template can be utilised; inclusive of two drafts and three teleconferences with Sponsor prior to QC and finalisation. Novotech's Medical Monitor will support protocol development and provide input into the study design, eligibility criteria, visit schedule, assessments, medications etc.
Protocol development- Biostatistics input and sample size calculation	Yes	
Final CSR	Yes	Novotech will write and QC the clinical study report(s) according to ICH/GCP requirements, inclusive of two drafts and three teleconferences. Novotech's PM, Biostatistician and Medical Monitor will review the CSR. Novotech will prepare a final PDF version of the body of the CSR, which will include, Section 14 Tables and Figures, internal hyperlinking and bookmarks. Section 16 appendices will be compiled and converted to PDF format but will not be hyperlinked to the body of the CSR.

Pharmacovigilance

Pharmacovigilance	Assumptions/ Responsibilities	
Safety Database Set-up and Maintenance	Yes	Novotech will setup the study in Veeva Safety and be responsible for ongoing maintenance and back-up of the safety database. Costing includes set-up, licensing and case fees. This does not cover updating the database based on changes in the protocol amendments, adding of additional countries. Novotech will review protocol/ IB for study familiarization and prepare SMP. Novotech will provide monthly safety reports with current status information on all SAE/SUSARs received for the study. For SUSARs, the monthly safety report will include information on the submission details (due date, date submission performed, submission status). Dictionaries will be updated twice in a year with each release.
SAE Management - Initial Report	8	SAE processing for initial and follow-up reports - includes receipt, acknowledgment, review for incomplete information, notification to the study team, capturing details in safety database from the SAE form, raising queries with the site and QC/MM check; includes drafting of the safety narratives for initial/FU reports. Safety narratives are required for clinical study report (CSR).
SAE Management - Follow Up Report	16	
SUSAR Management - Initial Report	1	Novotech will manage the entire process flow from SAE to SUSAR generation, including preparing CIOMS/Medwatch forms (and E2B reports if required per country regulations) and safety alert letters for site notifications. Novotech will distribute each SUSAR to participating study sites.
SUSAR Management - Follow Up Report	2	
DSUR Preparation and Distribution	Executive Summary	Preparation of the DSUR Executive Summary only, as required to fulfil the annual safety reporting to the Australian HREC; this includes preparing the draft and two sponsor reviews. Novotech will submit the DSUR/s to the study sites for providing to IRB/IECs
SAE Reporting to IEC/IRB and Competent Authorities	Yes	Where required per local regulation, Novotech will assist site staff to submit SAEs to the IRB/ IEC and Competent Authorities.
SUSAR Reporting to IEC/IRB and Competent Authorities	Yes	Where required per local regulation, Novotech will assist site staff to submit SUSARs and periodic reports to the IRB/ IEC. Novotech will submit SUSARs and periodic reports to the Competent Authorities in the regions noted above where Novotech is taking on regulatory responsibilities.

Medical Monitoring

Medical Monitoring	Assumptions/ Responsibilities	
Medical Monitor Location	APAC	
Preparation of Medical Monitoring Plan	Yes	Novotech's Medical Monitor will prepare the MMP for the Study in accordance with the study scope, requirements and SOP in collaboration with the Sponsor.
Medical Monitoring	Yes	MM will assist in medical queries issued by EC/HA. The MM will provide medical oversight of the project per the responsibilities in the MMP from study start to finish including medical coding, review of the safety, efficacy and lab data, review of safety information and protocol deviations and attending client and investigator calls. The MM will be available during business hours and can provide emergency after hours cover for protocol related emergency queries. Any medical emergency should be managed by the investigator or treating physician.

Drug Development Consulting

Drug Development Consulting	Assumptions/ Responsibilities
IB Writing	Writing

Schedule 2 Services Budget

Budget Summary

Direct Fees (AUD)	PA Budget
Medical Writing Start-up	[**]
Drug Development Consulting	[**]
Regulatory and Ethics	[**]
Start-up Activities	[**]
Clinical Site Management	[**]
Study Management	[**]
Data management	[**]
Biostatistics	[**]
Pharmacovigilance	[**]
Medical Monitoring	[**]
Clinical Study Report	[**]
Total Professional Fees	[**]
Discount (**%)	[**]
Total Professional Fees (with discount)	**2,349,040.44**
Biometrics and/or Pharmacovigilance will be delivered by our Australian team, and applicable for R&D tax rebate.	
Hosting Fees (AUD)	[**]
Clinical Systems Hosting Fees	[**]
EDC Cost	[**]
Total Hosting Fees	[**]
Total Service Fees (*)	**2,764,143.49**
* *Total Service Fees do not include inflation. Inflation will be applied annually based on CPI.*	
Pass-through Costs (AUD)	
Pass-through Costs	[**]
Investigator Fees	[**][2]
Total Pass-through Costs	**2,318,390.00**
Grand Total	**5,082,533.49**

Novotech acknowledges and agrees that all Services to be conducted by it, under this Agreement, will be performed in Australia unless otherwise agreed by Sponsor in writing. Also, Novotech agrees to obtain Sponsor approval for any services it intends to delegate to a third-party vendor where said vendor has explicitly informed Novotech that it does not have the ability to provide these services in Australia.

[2] The line item costs with associated specified activities have been redacted to allow the CRO and any third party service provider to maintain competitive negotiations with other sponsors.

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Detailed Budget for Services

Budget		PA Budget				
Task Description	**Pricing Unit**	**Unit Price (AUD)**	**Disc Unit Price (AUD)**	**# Units**	**Total Price (AUD)**	**Disc Total Price (AUD)**
Medical Writing Start-up						
Protocol Synopsis - Review and Update	Per Protocol Synopsis	[**]	[**]	[**]	[**]	[**]
Protocol writing, QC and finalisation (excluding protocol synopsis)	Per Protocol	[**]	[**]	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]	[**]	[**]
Drug Development Consulting						
Investigator Brochure writing, QC and finalisation (Semaglutide)	Per IB	[**]	[**]	[**]	[**]	[**]
CBD IB update	Per IB	[**]	[**]	[**]	[**]	[**]
Tirzepatide IB	Per IB	[**]	[**]	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]	[**]	[**]
Regulatory and Ethics						
IRB/EC Submission	Per Total Site	[**]	[**]	[**]	[**]	[**]
Regulatory Submissions	Per country (Reg Submission)	[**]	[**]	[**]	[**]	[**]
Regulatory Study Management and Oversight (Start-up)	Per Month (Start-Up)	[**]	[**]	[**]	[**]	[**]
Regulatory Study Management and Oversight (Recruitment, Treatment & Follow-up)	Per Month (Ex Startup & Closeout)	[**]	[**]	[**]	[**]	[**]
Informed Consent Preparation, Review and Finalisation	Per Site	[**]	[**]	[**]	[**]	[**]
Act as Local Sponsor	Per Study	[**]	[**]	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]	[**]	[**]
Start-up Activities						
Kick-off meeting	Per Study	[**]	[**]	[**]	[**]	[**]
Team Training	Per Study	[**]	[**]	[**]	[**]	[**]
CRA Training Meeting	Per Study	[**]	[**]	[**]	[**]	[**]

Budget		PA Budget				
Task Description	**Pricing Unit**	**Unit Price (AUD)**	**Disc Unit Price (AUD)**	**# Units**	**Total Price (AUD)**	**Disc Total Price (AUD)**
Site Feasibility	Per Study	[**]	[**]	[**]	[**]	[**]
Clinical System Set Up	Per Study	[**]	[**]	[**]	[**]	[**]
Project and Operational Plans	Per Study	[**]	[**]	[**]	[**]	[**]
Site Qualification Visits (On-site)	Per QV	[**]	[**]	[**]	[**]	[**]
Phone SQVs	Per Phone QV	[**]	[**]	[**]	[**]	[**]
Investigator Meeting	Per IM	[**]	[**]	[**]	[**]	[**]
Site Contract and Budget Management	Per Site	[**]	[**]	[**]	[**]	[**]
Site Management- Start up	Per Site Per Month (Start Up)	[**]	[**]	[**]	[**]	[**]
Vendor Identification and Contracting	Per Vendor	[**]	[**]	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]	[**]	[**]
Clinical Site Management						
Site Initiation Visits	Per SIV	[**]	[**]	[**]	[**]	[**]
Interim Monitoring Visits (Recruitment and Treatment)	Per IMV (Rec-Treat)	[**]	[**]	[**]	[**]	[**]
Remote Monitoring Visits	Per Remote IMV	[**]	[**]	[**]	[**]	[**]
Site Management (Recruitment, Treatment)	Per Site Per Month (Recruitment & Treatment) - SM	[**]	[**]	[**]	[**]	[**]
Site Management - Close-Out	Per Site Per Month (Close-Out)	[**]	[**]	[**]	[**]	[**]
Close-out Visits	Per COV	[**]	[**]	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]	[**]	[**]
Study Management						
Project Management - Pre-Start-up	Per Month (Pre-Start-Up)	[**]	[**]	[**]	[**]	[**]
Project Management- Start Up	Per Month (Start-Up)	[**]	[**]	[**]	[**]	[**]
Project Management- Recruitment and Treatment	Per Month (Recruitment & Treatment)	[**]	[**]	[**]	[**]	[**]
Project Management- Close-out	Per Month (Close-Out)	[**]	[**]	[**]	[**]	[**]
Vendor management/communication	Per Month	[**]	[**]	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]	[**]	[**]

Budget		PA Budget				
Task Description	**Pricing Unit**	**Unit Price (AUD)**	**Disc Unit Price (AUD)**	**# Units**	**Total Price (AUD)**	**Disc Total Price (AUD)**
Data management						
Database Design and Set-up	Per Set-Up Stage	[**]	[**]	[**]	[**]	[**]
Design and Program Edit Check Specifications	Per Study	[**]	[**]	[**]	[**]	[**]
External Data Set Up and Programming	Per Study	[**]	[**]	[**]	[**]	[**]
Develop Data Management Plans	Per Study	[**]	[**]	[**]	[**]	[**]
RTSM- Set Up	Per Study	[**]	[**]	[**]	[**]	[**]
Data Management- Recruitment- FU	Per Month (Recruitment, Treatment, Follow-Up)	[**]	[**]	[**]	[**]	[**]
Medical Coding	Per Month (Recruitment, Treatment, Follow-Up)	[**]	[**]	[**]	[**]	[**]
External Data Handling and Transfer	Per Month (Recruitment, Treatment, Follow-Up)	[**]	[**]	[**]	[**]	[**]
RTSM- Recruitment- Treatment	Per Month	[**]	[**]	[**]	[**]	[**]
RTSM- Close-out	Per Study	[**]	[**]	[**]	[**]	[**]
Database Lock	Per Study	[**]	[**]	[**]	[**]	[**]
Data Management- Close out	Per Month (Close-Out)	[**]	[**]	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]	[**]	[**]
Biostatistics						
Production of SAP & TFL Shells	Per Study	[**]	[**]	[**]	[**]	[**]
Programming of TLFs- Final Analysis	Per Study	[**]	[**]	[**]	[**]	[**]
Final Statistical Analysis	Per Study	[**]	[**]	[**]	[**]	[**]
CDISC Conversion (Final)	Per Study	[**]	[**]	[**]	[**]	[**]
Biostatistics Management: Start-up	Per Month (Start-Up)	[**]	[**]	[**]	[**]	[**]
Biostatistics Management: Maintenance	Per Month (Recruitment, Treatment, Follow-Up)	[**]	[**]	[**]	[**]	[**]
Biostatistics Management: Close-out	Per Month (Close-Out)	[**]	[**]	[**]	[**]	[**]
Programming of TLFs for DSUR	Per Study	[**]	[**]	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]	[**]	[**]
Pharmacovigilance						
Safety Database Set-up	Per Study	[**]	[**]	[**]	[**]	[**]

Budget		PA Budget				
Task Description	**Pricing Unit**	**Unit Price (AUD)**	**Disc Unit Price (AUD)**	**# Units**	**Total Price (AUD)**	**Disc Total Price (AUD)**
Safety Management Plan	Per Study	[**]	[**]	[**]	[**]	[**]
Safety Management and Periodic Reporting	Per Month (Ex. Start-Up)	[**]	[**]	[**]	[**]	[**]
SAE Management	Per SAE Report	[**]	[**]	[**]	[**]	[**]
SUSAR Management and Investigator Reporting	Per SUSAR Report	[**]	[**]	[**]	[**]	[**]
DSUR Generation and QC	Per Year	[**]	[**]	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]	[**]	[**]
Medical Monitoring						
Monthly Oversight - Start up	Per Month (Start-Up)	[**]	[**]	[**]	[**]	[**]
Monthly Oversight - Recruitment	Per Month (Recruitment)	[**]	[**]	[**]	[**]	[**]
Monthly Oversight - Treatment	Per Month (Treatment)	[**]	[**]	[**]	[**]	[**]
Monthly Oversight - Close-out	Per Month (Close-Out)	[**]	[**]	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]	[**]	[**]
Clinical Study Report						
Final Clinical Study Report (CSR) writing, QC and finalisation	Per CSR	[**]	[**]	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]	[**]	[**]
Medical Writing Start-up		[**]	[**]	[**]	[**]	[**]
Drug Development Consulting		[**]	[**]	[**]	[**]	[**]
Regulatory and Ethics		[**]	[**]	[**]	[**]	[**]
Start-up Activities		[**]	[**]	[**]	[**]	[**]
Clinical Site Management		[**]	[**]	[**]	[**]	[**]
Study Management		[**]	[**]	[**]	[**]	[**]
Data management		[**]	[**]	[**]	[**]	[**]
Biostatistics		[**]	[**]	[**]	[**]	[**]
Pharmacovigilance		[**]	[**]	[**]	[**]	[**]
Medical Monitoring		[**]	[**]	[**]	[**]	[**]
Clinical Study Report		[**]	[**]	[**]	[**]	[**]
Total					**[**]**	**2,349,040.44**
Discount %					**[**]%**	
Discount $					**[**]**	
Grand Total					**2,349,040.44**	**2,349,040.44**
*** Total Service Fees do not include inflation. Inflation will be applied annually based on CPI.**						

Hosting and Lab Estimate				
Task Description	**Pricing Unit**	**Unit Price (AUD)**	**# Units**	**Total Price (AUD)**
Hosting Fees				
Clinical Systems Hosting Fees	Per Month	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]

Pass-through Cost Estimate				
Task Description	**Pricing Unit**	**Unit Price (AUD)**	**# Units**	**Total Price (AUD)**
Regulatory And IRB/IEC Submission Fees				-
HA/Competent Authority Submission (Initial)	Per Study	[**]	[**]	[**]
IRB/IEC Submission Fee (Initial)- Central	Per Study	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]
Vendor Costs				
Syntro Lab	Per Study	[**]	[**]	[**]
Sonic Lab	Per Study	[**]	[**]	[**]
Safety Lab	Per Study	[**]	[**]	[**]
Courier	Per Month	[**]	[**]	[**]
Marken Fee	Per Study	[**]	[**]	[**]
Phone /Administration/ Stationery	Per Month	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]
Monitoring Costs				
Travel – Transport & Accommodation	Per Visit	[**]	[**]	[**]
Parking for Local Sites	Per Visit	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]
Total Pass Through Fees		-	-	**845,955.00**
All pass through costs are provided as estimates only with the exception of local phone and internal stationery/photocopy fees which will be invoiced at a fixed cost of USD50 per site per month.				
Details of pass through costs will be provided in Excel and be invoiced on a monthly basis using the exchange rate on the day of invoicing.				

Investigator Fees Estimate				
Investigator Fee - Per Screen Fail Patient	Per Screen Fail Patient	[**]	[**]	[**]
Investigator Fee - Per Patient	Per Patient	[**]	[**]	[**]
Site Fees- Set Up	Per Site	[**]	[**]	[**]
Site Fees- Annual Administration	Per Site Per Year	[**]	[**]	[**]
Close-out and Archiving Fee	Per Site	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]

EDC Hosting Estimate				
EDC Professional Services Fee -Study Conduct	Per Month (EDC)	[**]	[**]	[**]
EDC Hosting/Licensing Fees - Medidata	Per Month (EDC)	[**]	[**]	[**]
EDC Professional Services Fee (URL and Coder fee) – Medidata	Per Study	[**]	[**]	[**]
Device Service & Subscription fee	Per Study	[**]	[**]	[**]
Subtotal		[**]	[**]	[**]
Total EDC Fees		[**]	[**]	[**][3]

[3] The specified activities and associated costs have been redacted to allow the CRO and any third party service provider to maintain competitive negotiations with other sponsors.

Schedule 3 Payment Schedule

Security Deposit

Direct Fees Security Deposit of [**]% of Total Direct Fees:

Security Payment- Direct Fees	Total (AUD)
Upon Execution of the Agreement	[**]
Total	[**]

Pass-Through Costs Security Deposit of [**]% of all Estimated Pass-through Costs:

Security Payment- Pass-Through Costs	Total (AUD)
Upon Execution of the Agreement	[**]
Total	[**][4]

[4] The percentage of the Total Direct Fees and Pass Through Costs, along with the total fee value being provided as a security deposit has been redacted to allow the CRO to maintain competitive negotiations with other sponsors.

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "**Agreement**") dated as of the 31st day of December, 2024.

BETWEEN:

Kelowna Management Services Corp. having an address at: 100 – 740 McCurdy Road, Kelowna, BC V1X 2P7

("**KMSC**")

AND:

John Docherty, residing at: [xx][1]

(the "**Executive**")

WHEREAS KMSC serves as the Canadian corporation which operates and manages the real property and employees of its parent company Lexaria Bioscience Corp. ("**Lexaria**") and is also a sister company to Lexaria's other subsidiary companies, namely Poviva Corp. ("**Poviva**"), Lexaria CanPharm ULC ("**CanPharm**"), Lexaria Nicotine LLC ("**Nicotine**"), Lexaria Pharmaceutical Corp. ("**Pharma**"), Lexaria Hemp Corp. ("**Hemp**"), Lexaria CanPharm Holding Corp. ("**Holding**"), Lexaria Nutraceutical Corp. ("**Nutra**"), Lexaria (AU) Pty Ltd ("**LAP**") and such future subsidiary companies of Lexaria ("**FutureCos**"). Collectively Lexaria, KMSC, Poviva, CanPharm, Nicotine, Pharma, Hemp, Holding, Nutra, LAP and FutureCos are referred to herein as the "**Company**".

WHEREAS, the Executive currently provides services under an Employment Agreement dated January 1, 2022 with KMSC which will expire on January 1, 2025 (the "**Current Agreement**");

AND WHEREAS KMSC wishes to replace the Current Agreement with this Agreement and retain the Executive as an employee, and the Executive wishes to be employed as President and Chief Scientific Officer, or such other title mutually agreeable to the Company and the Executive, on the terms set out in this Agreement;

AND WHEREAS the Executive agrees that all previous contracts entered into with the Company, including the Current Agreement will complete on December 31, 2024 and shall be of no further force or effect as of January 1, 2025 and that the ongoing employment of the Executive shall be solely pursuant to this Agreement;

NOW THEREFORE, conditional upon the covenants and agreements set out in this Agreement; and other good and valuable consideration given by each party to the other, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties hereby agree as follows:

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[1] Details regarding the Executive's address have been redacted for privacy reasons

1. **EMPLOYMENT**

1.1. **Position** – KMSC will continue to employ the Executive in the position of President and Chief Scientific Officer of the Company, and as its Responsible Person for the purposes of CanPharm's Health Canada authorized research laboratory. The Executive will collaborate with and report to the Chief Executive Officer or to the Board of Directors of Lexaria (the **"Board"**) or to a committee or person designated thereby. The Executive will be responsible for and will perform the duties as set out in **Schedule "A"** to this Agreement, as well as any other duties as reasonably may be assigned to the Executive by KMSC from time to time, which may include duties in relation to affiliates or subsidiaries of KMSC. KMSC may make non-material changes, with notice, to duties and responsibilities of the Executive in accordance with the Company's business needs and, provided the Executive's duties and responsibilities remain commensurate to the duties and responsibilities customary to a President and Chief Scientific Officer of a corporation engaged in a business similar to that of the Company

1.2. **Location** – The Executive shall perform his duties remotely. The parties acknowledge and agree, however, that the nature of the Executive's position and services hereunder may require a significant amount of travel by the Executive to jurisdictions that are agreeable to the Executive as a representative of the Company, including for the purposes of participating in trade shows, informational panels, presentations, media events, technology outlicensing, etc., and in discussions related to investment banking, commercial opportunities, client negotiations and more, with the understanding that any such travel expected of the Executive will be compliant with visa requirements for temporary business visiting purposes in any countries or jurisdictions to which the Executive is required to visit.

1.3. **Term** – The Executive's employment with KMSC under this Agreement will replace and supersede the Current Agreement and be for a four (4) year term commencing on January 1, 2025 (the "**Effective Date**") and ending on December 31, 2028, with the Executive's employment automatically continuing on a month to month basis thereafter until terminated in accordance with this Agreement (the "**Term**").

1.4. **Service** – During the Term, the Executive will:

a) well and faithfully serve the Company and use the Executive's best efforts to promote the best interests of the Company;

b) devote the whole of the Executive's working time and attention to the business of the Company;

c) not, without the prior written consent of the Company, which consent may be withheld at the sole discretion of the Company, engage in any other business, profession or occupation, or become involved in any capacity, directly or indirectly, with any other employer or business, where the Executive's engagement or involvement conflicts or interferes with, or could reasonably conflict or interfere with at some future date, the Executive's performance of the duties and obligations of the Executive to the Company; and

d) comply and become familiar with all policies and procedures of the Company as amended or adopted from time to time. The Company reserves the right to introduce, administer, amend and/or delete policies and procedures in its sole discretion, and such actions will not constitute a breach of the terms of employment or constructive dismissal.

1.5.
D & O Insurance; Indemnification Generally – During the Term, the Company will maintain in effect as appropriate, and pay for, Directors and Officers liability insurance in an amount determined by the Board acting reasonably for the benefit of the Executive in respect of his holding such positions with the Company. In addition, the Executive shall be indemnified to the maximum extent allowable under the Company's articles of incorporation, by-laws, and applicable law.

1.6. **Travel Insurance** – During the Term, the Company will maintain travel insurance for the Executive which, in addition to the standard coverage provided by travel insurance, will specifically provide coverage for travel delays or medical issues associated with Covid-19 or such other pandemic or geographic specific health crisis as declared by the World Health Organization and applicable to the area the Executive is required to travel to on behalf of the Company.

2. **COMPENSATION AND BENEFITS** – During the Term, KMSC will pay to the Executive the compensation and provide the benefits as set out in **Schedule "B"**, as amended from time to time, which sets out completely the compensation and benefits entitlement of the Executive for all hours worked and all services provided to the Company pursuant to this Agreement, except as otherwise required by the Ontario *Employment Standards Act, 2000*, as amended or replaced from time to time (the **"ESA"**). For clarity, regardless of the number of hours worked, except to the minimum extent, if any, required by the ESA, the Executive is not entitled to any additional remuneration, overtime, or time off in lieu in addition to the compensation and benefits set out in this **Schedule "B"**. KMSC may, from time to time, at its sole discretion, increase the Executive's compensation and benefits, and such changes will not constitute a breach of the terms of employment or constructive dismissal

3. **EXPENSES AND EQUIPMENT**

3.1. **Expenses** – KMSC will reimburse the Executive for reasonable business expenses incurred by the Executive in the furtherance of or in connection with the performance of the Executive's duties under this Agreement, as more particularly set out in Schedule "B".

3.2. **Equipment** – KMSC will provide to the Executive all equipment and devices reasonably required for the Executive to perform his duties under this Agreement as the Company may determine from time to time in its sole discretion (the **"Equipment"**). The Equipment will specifically include a mobile device and laptop. The Equipment will remain the property of KMSC, and the Executive will, at any time upon request by KMSC and immediately upon the termination of the Executive's employment, promptly return to KMSC all Equipment.

4. **TERMINATION OF AGREEMENT AND EMPLOYMENT**

4.1. **Termination by the Executive** – The Executive may terminate his employment with KMSC by giving 60 days' prior written notice of termination to KMSC, which KMSC may waive in whole or in part, subject to providing the Executive with any minimum entitlements under the ESA. The Executive agrees that such waiver shall not constitute termination of the Executive's employment by KMSC.

4.2. **Termination by KMSC Without Just Cause or by Executive for Good Reason** – In the event KMSC terminates the employment of the Executive without Just Cause (as defined in Subsection 4.3) or the Executive terminates his employment with KMSC for Good Reason (as defined below), the Executive shall be entitled to:

a) Any Accrued Wages (which includes any Base Salary that has been accrued but is unpaid and any vested vacation pay, vested benefits, and outstanding expense reimbursements);

b) Any (i) Annual Bonus as described in Schedule B and amended from time to time that the Compensation Committee of Lexaria has authorized as payable based on its determination of performance criteria milestones that have been accomplished during the applicable calendar year before termination of employment, payable at such time as provided in Schedule B, plus (ii) Any pro rata portion of an Annual Bonus as described in Schedule B and amended from time to time that the Compensation Committee of Lexaria has authorized as payable based on its determination of performance criteria milestones that have been accomplished during the calendar year of termination of employment, payable at such time as provided in Schedule B, plus (iii) Material Transaction Bonus based on an applicable transaction completed, or completed pro-rata at the determination of the Compensation Committee before the termination of employment but unpaid as of the date of termination of employment, payable at such time as provided in Schedule B, plus (iv) any Material Transaction Bonus as described in Schedule B and amended from time to time for any applicable transaction completed during the relevant post-employment period specified in Schedule B and payable at such time as provided in Schedule B; and

c) the greater of:

i. fifteen (15) months' written notice of termination, payment in lieu of such notice, or a combination of written notice and payment in lieu of such notice (the form to be at KMSC's sole discretion), plus one (1) additional months' (up to a maximum of twenty-four (24) months') written notice of termination, payment in lieu of such notice, or a combination of written notice and payment in lieu of such notice (the form to be at KMSC's sole discretion) for each completed year of service with KMSC after the Effective Date; or

ii. the minimum written notice of termination, payment in lieu of such notice, or a combination of written notice and payment in lieu of such notice (the form to be at KMSC's sole discretion), and severance pay, if applicable, required by the ESA.

Such severance payment shall be paid as salary continuation payments made in accordance with the Company's regular payroll periods. Any severance payment that is scheduled to be paid prior to receipt by the Company of the general release noted below shall be held in escrow until such time as the general release has been received. Once the general release has been received from the Executive any escrowed severance payment amounts shall be paid with the next payroll period, but in any event no later than the 15th day of the third calendar month following the Termination Date.

"**Termination Date**" shall mean the effective date of termination of Executive's employment with the Company.

"**Good Reason**" means the occurrence of any of the following events without Executive's consent: (i) the material reduction of the Base Salary (i.e., ten percent (10% or more, one time or in the aggregate); (ii) a change in Executive's position with the Company that materially reduces Executive's level of authorities, responsibilities, or duties; (iii) a material breach by the Company of this Agreement; or (iv) a requirement that Executive relocate his living residence or commute further than thirty (30) miles from his home, other than in the performance of the Executive's duties and for in person board meetings (not to exceed three per year); *provided, however*, that (A) the Executive provides notice of the event constituting Good Reason within sixty (60) days after the occurrence of such event, (B) the Company is given at least thirty (30) days to cure the event and fails to so cure it, and (C) the Termination Date occurs within thirty (30) days after the Company's opportunity to cure the event has expired.

Where this Agreement and the Executive's employment is terminated in accordance with this **Subsection 4.2**, the Executive agrees to execute, and not revoke, a full and final general release in favour of Lexaria, in a form to be provided by Lexaria to be completed in such period as required by applicable law and not to exceed 60 days after the last day of employment, as a condition precedent to receiving the compensation set out in this **Subsection 4.2**. If the Executive does not execute such a release or such release is otherwise revoked by the Executive as permitted by applicable law, the Executive will receive only his Accrued Wages.

The Executive agrees that the notice required or amount payable pursuant to this **Subsection 4.2** will be the maximum notice or compensation to which the Executive is entitled upon termination Without Just Cause or for Good Reason, including statutory, contractual and common law amounts. The Executive agrees that these entitlements are reasonable and upon receipt of these entitlements KMSC will have no further obligation to the Executive in respect of the termination of his employment including, without limitation, any further compensation, severance pay or damages. The Executive expressly waives any entitlement to common law notice.

4.3. **Termination by KMSC for Just Cause** – In the event KMSC terminates this Agreement and the Executive's employment at any time for Just Cause, the Executive shall only be entitled to his Accrued Wages or such lesser amount as meets the the minimum extent required by the ESA. For purposes of this Agreement, the term "**Just Cause**" means:

a) Executive's willful misconduct or gross negligence in connection with the performance of Executive's duties;

b) Executive's misappropriation or embezzlement of funds or property of the Company or one of its clients;

c) Executive's fraud or dishonesty with respect to the Company or its clients;

d) Executive's conviction of or entering of a guilty plea or plea of no contest with respect to any felony or any other crime involving moral turpitude or dishonesty;

e) Executive's breach of fiduciary duties owed to the Company or one of its clients;

f) The Company's receipt of any form of notice, written or otherwise, that any regulatory agency having jurisdiction over the Company intends to institute any form of formal or informal regulatory action against Executive or against the Company based on Executive's acts, omissions, or conduct;

g) Executive's exhibition of a standard of behavior within the scope of or related to Executive's employment that is materially disruptive to the orderly conduct of the Company's business operations (including, without limitation, substance abuse, sexual harassment, or sexual misconduct);

h) Executive's failure to perform Executive's duties and responsibilities under this Agreement to the satisfaction of the Company, including prolonged absences without the written consent of LBC; or

i) Executive's material breach of this Agreement.

Prior to terminating Executive for Cause for violations pursuant to section (a), (g), (h) or (i), the Company agrees to provide Executive with written notice of the specific conduct constituting Just Cause and to provide Executive with thirty (30) days in which to cure any such Just Cause which is capable of being cured; the Company will exercise its good faith business judgment to evaluate whether or not Executive has cured the Just Cause prior to moving to terminate Executive for Just Cause. Notwithstanding the foregoing, in no event shall Executive's ineffectiveness in the performance of his duties with the Company, or a bona fide disagreement over policy or business judgment, be deemed grounds for termination for Just Cause.

4.4. **Not Prevented from Alleging Cause** – The Executive agrees that if KMSC provides the Executive with notice of termination or payment in lieu of such notice in accordance with **Subsection 4.2**, KMSC will not be prevented from alleging just cause for termination of the terms of the Executive's employment or this Agreement. Further, the Executive agrees that if KMSC unsuccessfully alleges just cause pursuant to **Subsection 4.3**, or if the Executive is found to have been constructively dismissed, the Executive's entitlement to notice or pay in lieu of notice will be limited to the entitlements set out in **Subsection 4.2**.

4.5. **Directorship and Offices** - Upon the termination of the Executive's employment with KMSC for any reason, the Executive will immediately resign any directorship or office held in all of the entities forming the Company and, except as provided in this Agreement, the Executive will not be entitled to receive any written notice of termination or payment in lieu of notice, or to receive any severance pay, damages or compensation for loss of office or otherwise.

4.6. **Temporary Layoff and Suspension** – The Executive may be subject to periods of temporary layoff administered in accordance with the ESA. If the Executive is subject to any investigation into any disciplinary or other matter or procedure, KMSC may suspend the Executive from the performance of duties set out in this Agreement, with or without pay to the extent permitted by law. Any such temporary layoff or suspension shall not provide the Executive with a Good Reason or termination.

5. **CONFIDENTIALITY**

5.3. **Definition of Company** – For the purposes of this **Section 5**, as well as **Sections 6 and 7** below, **"Company"** shall include the Company as defined in the preamble and any successor to Lexaria or other business entity that is related to or affiliated with the Company.

5.4. **Confidential Information** – For the purposes of this Agreement, "**Confidential Information**" means all information in any form, whether written, electronic, or oral, about or owned, used or licensed by the Company, including without limitation, information about their business operations, business interests, assets, liabilities, contracts, databases, computer software, scientific interests, clients and client lists, suppliers, credit information and pricing information, sales and marketing plans and strategies, proposals, research and development, new services or products research, financial data, technical information, employees and independent contractors, intellectual property, and all other information that is not generally, lawfully available to third parties or is treated by the Company as Confidential Information or a trade secret. The Executive agrees that if he is uncertain as to whether any information constitutes Confidential Information, the Executive will treat such information as Confidential Information.

5.5. **Non-Disclosure of Information of the Company** – The Executive acknowledges that by reason of his employment he will have access to Confidential Information of the Company. The Executive understands and acknowledges the importance of maintaining the security and confidentiality of Confidential Information, both during the Term and indefinitely after the Term. The Executive will, both during and indefinitely after the Term, maintain the confidentiality of the Confidential Information. The Executive will use and disclose the Confidential Information only during the Term and only as required for the performance of the Executive's duties and obligations under this Agreement. The Executive will not use or disclose any Confidential Information for the Executive's personal advantage or the advantage of any other person or entity. The Executive will use and take all reasonable security measures to protect the Confidential Information from loss, theft and unauthorized use, access, disclosure, duplication, modification and deletion.

Nothing in this Agreement will prevent the Executive's use or disclosure of information to governmental agencies in accordance with whistleblower protection laws, or prevent the Executive from disclosing information which is lawfully available to the public for unrestricted use other than through the wrongful act or omission by the Executive or any other person or which is required to be disclosed under applicable laws or legal process. Although the Executive does not need to seek approval from the Company before reporting a whistleblower claim and does not need to notify the Company after the fact, if the Executive is otherwise required to disclose Confidential Information under applicable laws or legal process, the Executive will provide the Company with as much advance notice as possible to enable the Company to have the opportunity to contest the disclosure or to obtain a protective order, and the Executive will strictly limit such disclosure only to the Confidential Information which is legally required to be disclosed. The Executive will cooperate with the Company in any efforts to obtain a protective order or other remedy or recourse, which the Company may seek to obtain in this regard.

Notwithstanding anything herein to the contrary, Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if Executive files a lawsuit for retaliation for reporting a suspected violation of law, Executive may disclose the trade secret to his attorney and use the trade secret information in the court proceeding, as long as Executive files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

5.6. **Return of Confidential Information and Property** – All Confidential Information is the exclusive property of the Company. The Executive will at any time upon request by the Company, and immediately upon the termination of the Executive's employment, for any reason, promptly return to the Company all originals or copies of Confidential Information and any other property belonging to, or relating to the business of, the Company.

6. **INTELLECTUAL PROPERTY**– All innovations, inventions, discoveries, improvements, devices, designs, practices, processes, methods, products or services that the Executive makes, develops, perfects, devises or reduces to practice during the Term that relate to the Company's business, or result from any work the Executive performs for the Company (collectively, the **"Company Intellectual Property"**), are the Company's sole property. The Executive will promptly inform, and disclose to, the Company all Company Intellectual Property that the Executive creates alone or in collaboration with others whether or not the Executive conceived of such during normal business hours. The Executive hereby irrevocably and unconditionally transfers and assigns to the Company, and its successors and assigns, any and all of his rights (including moral rights), title and interest in and to any and all of the Company Intellectual Property, and any copyright, trademark, patent applications or patents thereon. The Company retains legal ownership of the product of the Executive's work and no Company Intellectual Property created by the Executive while employed by the Company can be claimed, construed, or presented as the Executive's property, even after termination of the Executive's employment. The Company Intellectual Property shall be considered the Company's Confidential Information subject to the restrictions described above. On the Company's reasonable request, the Executive will execute any document that the Company deems necessary to evidence the Company's ownership of any of the Company Intellectual Property to apply for and obtain intellectual property registrations in the Canadian Intellectual Property Office, or any foreign equivalents, for any of the Company Intellectual Property.

7. **RESTRICTIVE COVENANTS**

7.1. **Definitions** – For the purposes of this **Section 7**:

a) **"Customer"** means any person or entity with whom the Executive had material contact and to whom the Executive provided products or services on behalf of the Company, or to whom the Company provided products or services and about whom the Executive received Confidential Information during the course of the Executive's employment with the Company; provided that, after the termination of the Executive's employment for any reason, "Customer" will only include those persons or entities who the Executive knew was a Customer at any time during the twelve (12) months preceding the termination of the Executive's employment;

b) **"Competitive Business"** means any company that earns revenues or anticipates earning revenues from sales or licensing related to products developed or created by way of combining molecules together with dehydration processing for the purposes of enhancing the pharmacokinetic performance of active pharmaceutical ingredients; and

c) **"Personnel"** means any person or entity with whom the Executive had material contact and who the Executive knew was employed or engaged as a contractor by the Company during the course of the Executive's employment with the Company.

7.2. **Non-Solicitation** – During the Term and for a period of six (6) months after the termination of the Executive's employment for any reason, the Executive will not, directly or indirectly:

a) contact or communicate with any Customer for the purpose of offering for sale any products or services relating to the Competitive Business;

b) solicit, divert or take away from the Company the business of any Customer;

c) solicit or encourage any Personnel to terminate their relationship with the Company; or

d) entice or solicit away from the Company any Personnel for the purpose of competing with the Company in the Competitive Business.

7.3. **Non-Disparagement** – The Executive agrees that he will refrain from making any derogatory, negative or inaccurate statements about the Company or the Company's employees; provided that nothing herein shall be construed as interfering with Executive's performance of his bona fide job duties. The Company agrees to instruct the Board and the Company's executives (and use commercially reasonable efforts to ensure compliance with such instruction) not to make knowingly false and derogatory, or negative or inaccurate statements about Executive. Nothing set forth herein shall be interpreted to prohibit Executive and the Company's executives or members of the Board from responding truthfully to incorrect public statements, making truthful statements when required by law, subpoena or court order and/or from responding to any inquiries from any regulatory or investigative agency or, as to the Company, the Company's external legal counsel, underwriters, auditors, financial advisors, investors, potential investors, strategic partners, potential strategic partners, and potential management candidates (and their respective legal counsel).

7.4. **No Conflicting Duties or Obligations** – The Executive represents and warrants to the Company that he does not owe, and he will not during the Term undertake or agree to, any contractual or other duties or obligations to any other person or entity which may conflict or interfere with this Agreement or any of the Executive's duties and obligations under this Agreement, or which may prevent the Executive from entering into this Agreement or performing any of the Executive's duties and obligations under this Agreement, including any non-solicit or non-compete duties or obligations.

7.5. **Other Duties** – The restrictions contained in **Section 5** (Confidentiality), **Section 6** (Intellectual Property) and **Section 7** (Restrictive Covenants) of this Agreement are in addition to, and do not derogate from, any other duties and obligations (including fiduciary obligations) the Executive may have to the Company under any applicable laws.

7.6. **Reasonableness of Restrictions** –

a) The Executive acknowledges and confirms that the obligations and covenants set out in **Section 5** (Confidentiality), **Section 6** (Intellectual Property), and **Section 7** (Restrictive Covenants) of this Agreement are reasonable and necessary to protect the legitimate interests of the Company and that he/she has received reasonable and sufficient consideration for same. Without limiting the generality of the foregoing, the Executive hereby acknowledges and confirms that, given, among other things, the nature of the Company's operations and the duties to be performed by the Executive hereunder, the geographic scope, duration and nature of the restricted activities set out in the aforesaid Sections are reasonable and necessary to protect the legitimate interests of the Company; and

b) The Executive acknowledges and agrees that the obligations and covenants set out in **Section 5** (Confidentiality), **Section 6** (Intellectual Property), and **Section 7** (Restrictive Covenants) of this Agreement will not preclude him from earning a reasonable livelihood following the cessation of his employment with KMSC.

8. **GENERAL**

8.1. **Enforcement** – The Executive acknowledges and agrees that the covenants and obligations under **Section 5** (Confidentiality), **Section 6** (Intellectual Property), and **Section 7** (Restrictive Covenants) of this Agreement are reasonable, necessary and fundamental to the protection of the Company's legitimate business interests, and any breach of those covenants and obligations would result in loss and damage to the Company for which the Company could not be adequately compensated by an award of monetary damages. In the event of any actual or threatened breach of any of those covenants and obligations by the Executive, the Company will, in addition to all remedies available to the Company at law or in equity, be entitled as a matter of right to judicial relief by way of a restraining order, interim, interlocutory or permanent injunction.

8.2. **Severability –** If any provision or part thereof of this Agreement is determined to be unenforceable or invalid for any reason, that unenforceable or invalid provision or part thereof will not affect the enforceability or validity of the remaining provisions of this Agreement which will remain in full force and effect, and any unenforceable or invalid provisions or parts thereof will be severable from the remainder of this Agreement.

8.3. **Waiver** – No consent or waiver, express or implied, by either party to or of any breach or default by the other party in the performance by the other of any or all of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default of the same or any other obligation of such party. Failure on the part of any party to complain of any act or failure to act of the other of them, or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder or of the right, then or subsequently, to declare a default.

8.4. **Governing Law** – This Agreement and all related matters will be governed by, and construed in accordance with, the laws of Ontario and the laws of Canada applicable therein (excluding any choice of law rules). Any dispute arising from, connected with, or relating to this Agreement or any related matters will be resolved by the courts and tribunals of Ontario, as applicable, and the parties hereby irrevocably submit and attorn to the original and exclusive jurisdiction of those courts and tribunals, as applicable.

8.5. **Continuing Application** – The terms of this Agreement will continue to apply throughout the Executive's employment, regardless of:

a) the Executive's length of service; or

b) any changes that may occur to the Executive's position, duties and responsibilities, compensation or benefits, or other terms of employment; or

c) any changes to the Company as a result of a reorganization, plan of arrangement, reverse take-over, merger or acquisition;

unless the Executive and KMSC agree otherwise in writing. Without limiting the generality of the foregoing, **Subsection 4.2** (Termination by the KMSC Without Just Cause) and **Subsection 7.2** (Non-Solicitation) will continue to apply throughout the Executive's employment (and for the period after termination as stated in **Subsection 7.2**), regardless of his length of service or any changes that may occur to his position, duties and responsibilities, compensation or benefits, or other terms of employment, unless the Executive and KMSC agree otherwise in writing.

8.6. **Compliance with Employment Standards –** The terms and conditions of this Agreement are subject to the provisions of the ESA. If any term or condition of this Agreement conflicts with, or is inconsistent with, any provision of the ESA, the ESA shall prevail over, and shall amend, this Agreement to the extent of any such conflict or inconsistency, and this Agreement as so amended shall apply with retrospective effect to the commencement of the Executive's employment. Without limitation, it is the intention of KMSC that all of the Executive's employment entitlements, including his termination entitlements, will meet or exceed what is required by the ESA. If at any time the ESA provides for a greater entitlement than what is set out in this Agreement, the Executive will receive the greater entitlement required by the ESA.

8.7. **Statutory Deductions and Withholdings** – All compensation, benefits and payments required to be made pursuant to this Agreement, including, but not limited to, termination payments, are subject to applicable statutory deductions and withholdings as required by applicable government statutes and regulations.

8.8. **Enurement** - This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, personal representatives, permitted assigns, affiliates, subsidiaries, predecessors, liquidators, receivers, receiver managers, and trustees, as applicable.

8.9. **Assignment of Rights** - KMSC may assign this Agreement to another person or entity. The Executive will not assign his rights under this Agreement, or delegate to others, any of the Executive's functions and duties under this Agreement without the express written consent of KMSC, which consent may be withheld in KMSC's sole discretion.

8.10. **Legal Advice** – The Executive acknowledges that it was recommended by KMSC that the Executive obtain independent legal advice before executing this Agreement and represents that by executing this Agreement he has had the opportunity to do so. The Executive further acknowledges and agrees that he has read this Agreement, fully understands the terms of this Agreement, agrees that all such terms are reasonable, and agrees that the Executive is signing this Agreement freely, voluntarily and without duress.

8.11. **Entire Agreement –** This Agreement (including Schedules A and B and the Lexaria Incentive Equity Plan referenced in Schedule B) constitutes the entire agreement between the Executive and KMSC regarding the Executive's employment with KMSC and supersedes all prior oral or written understandings and agreements regarding the Executive's employment. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Executive and KMSC other than as expressly set forth in this Agreement. Except as otherwise provided in this Agreement, any amendment or modification of this Agreement or additional obligation assumed by either party in connection with this Agreement will only be binding if evidenced in writing signed by each party.

[signature page to follow]

8.12. **Survival** – All sections of this Agreement that, by their drafting, are intended to survive the termination of the Executive's employment, and all other provisions of this Agreement necessary for the interpretation or enforcement of any of those sections, will survive indefinitely after the termination of the Executive's employment for any reason.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the day and year first above written.

KELOWNA MANAGEMENT SERVICES CORP.

Per:
"Richard Christopher"

Authorized Signatory

SIGNED, SEALED AND DELIVERED by John Docherty in the presence of:

"Vanessa Carle"

Witness

"John Docherty"

John Docherty

Schedule "A"

Description of Duties

The Executive shall provide the following services to the Company, as determined by KMSC:

(a) Co-manage with the CEO, the development and expansion of new and existing intellectual property and product pipeline based on its proprietary technologies; including proposing and developing new or novel methods or procedures related to human delivery methods, and the characterization thereof, for bioactive molecules of interest; identifying potential technology and intellectual property acquisitions of interest; and implementing new technologies as they become available;

(b) Collaborate to maintain and develop corporate/investor outreach materials as needed, including, but not limited to, overall corporate messaging with a focus on consistency, through direct creation and development of corporate presentations, PowerPoints, websites, shareholder and community communications, business plans, fact sheets, etc.;

(c) Develop and compile appropriate scientific validation/materials/studies supporting the technology, processes, production and testing merits as applicable and, when necessary, support clientele in the implementation of the technology;

(d) Perform all duties associated with being the named Responsible Person for the purposes of Health Canada compliance, including, but not limited to, the drafting, amending and finalizing of all Standard Operating Procedures, oversight of the maintenance of all required logbooks, and preparing and/or approving all required reports;

(e) Identify, evaluate or support opportunities for capital raising and/or strategic collaboration with suitable third-parties at appropriate points in time, including researching, planning, proposing, executing and closing approved projects, acquisitions, mergers and partnerships, as well as locating and cultivating finance sources, creating overall value;

(f) Co-manage with the CEO, employees, junior executives and consultants in their regular duties and day-to-day operations;

(g) Serve in such capacity or capacities as may from time to time be determined by resolution of the Board of Directors or senior management of the Company and perform such duties and exercise such powers as may from time be determined by resolution of the Board of Directors.

(h) Work as needed with lawyers, partners, shareholders and other stakeholders as required and fulfill all duties expected of an executive officer of a corporation, including sourcing and/or negotiation of financial proposals and corporate financings; strategic corporate and financial planning; management of all the overall business operations; communications with shareholders; negotiation and management of agreements; and any other duties that should be reasonably expected by and at the pleasure of the Board of Directors.

(i) Serve on or support the Company's scientific advisory board or similar committees that it chooses to effect or operate from time-to-time.

(j) All travel necessary to facilitate the above duties, to promote Lexaria to potential investors or collaborative partners, to develop DehydraTECH formulations and to provide oversight at the head office located in Kelowna, British Columbia.

Schedule "B"

Compensation and Benefits

1. Compensation

A. Base Salary

Starting on the Effective Date, KMSC will pay to the Executive an annual salary of CDN$512,000 (the "**Base Salary**"), less the applicable statutory deductions and withholdings required by law. The Base Salary will be increased by 5% on January 1, 2026 with such increased Base Salary being further increased by 5% again on January 1, 2027 and thereafter may be increased from time to time in accordance with normal business practice and in the sole discretion of the Company and shall be paid in accordance with KMSC's standard payroll practices.

KMSC and the Executive agree that for internal accounting purposes, the Base Salary may be allocated from an account or accounts of the Company other than KMSC, in amounts determined by the management of Lexaria, but that at no such time shall such allocations result in less than the aggregate Base Salary payable to the Executive. The Base Salary will be paid in accordance with KMSC's payroll practices, which may be amended from time to time.

B. Out of Pocket Expenses

The Executive's out of pocket expenses incurred on behalf of the Company shall be paid by KMSC (the "Disbursements"). The Disbursements must be pre-approved by either the CFO or the CEO and will be limited to the foregoing:

i. travelling and other costs actually and properly incurred by the Executive in connection with the Executive's duties hereunder, up to a maximum of CDN$40,000 per month with such additional costs being subject to pre-approval by either the CEO or CFO of the Company prior to any reimbursement. Both parties recognize that, as the financial condition of the Company improves or deteriorates, this amount may be increased or decreased without making changes to this document and without such changes constituting a termination of this Agreement, provided the Company makes the Executive aware of the changed amount;

ii. specialized training and/or educational costs as authorized by the Company for the enhancement of any Services, up to a maximum of CDN$55,000 per year;

iii. customary home office costs, as well as stationery and printing costs;

iv. mileage allowance for personal vehicle use at CDN$0.65/km when the Executive is required to use own vehicle for business purposes.

C. Bonus

I. Milestone Bonus

The Executive shall be eligible to receive up to 50% of the total Base Salary ("**Annual Bonus**") based upon completion of performance criteria milestones ("**PCM**'s) to be approved by the Compensation Committee of the Board of Lexaria (after consultation with Executive) and disclosed to the Executive on an annual basis in January. The Annual Bonus is not earned until the appropriate PCM is achieved, and then awarded and paid by KMSC (or such other Company account as designated for internal accounting purposes) after completion of the applicable calendar year and assessment of performance, which will conclude within sixty (60) business days following the calendar year end, with the earned Annual Bonus paid within the two following pay cycles (and in no event later than March 15 immediately following the end of the applicable calendar year).

In order to be eligible to receive an Annual Bonus, the Executive must be Actively Employed on the date or dates that the PCM was accomplished pursuant to which the Annual Bonus becomes payable. **"Actively Employed"**, in reference to a certain date, means that the Executive is employed by KMSC (including being on vacation or being on a statutory or other leave authorized by KMSC) on the applicable date. Except to the minimum extent, if any, required by the ESA, "Actively Employed" does not include:

(a) Any period following the date the Executive ceases to be employed by KMSC upon termination of employment for any reason (whether voluntary or involuntary, and whether with or without just cause, and regardless of whether the termination is lawful or unlawful);

(b) Any period in relation to which KMSC provides written notice or payment in lieu of notice in respect of such termination of employment, in accordance with section 4.2 of this Agreement, or the common law, if applicable; or

(c) Any period in relation to which KMSC fails to give notice that ought to have been given pursuant to this Agreement or pursuant to any applicable law, including the common law, in respect of such termination of employment, and in relation to which damages may be awarded, including for the failure to provide such notice.

For further clarity,

if the Executive is not Actively Employed on the established payment date for an Annual Bonus but was Actively Employed during the calendar year when the PCMs were accomplished for such Annual Bonus, the Executive will be deemed to have earned the full Annual Bonus corresponding to the PCMs that were accomplished for such calendar year. If the Executive is Actively Employed for a portion of a calendar year (such portion being the " **Pro Rated Year**") where PCMs were accomplished during the Pro Rated Year, he will be eligible to receive the pro-rated portion of the Annual Bonus attributable to the PCMs that were accomplished during the Pro Rated Year.

II. Material Transaction Bonuses

Change of Control

Should a change of control ("**Change of Control**") occur in Lexaria during the Term of this Agreement or within 6 months after the termination of the Executive pursuant to sections 4.1 or 4.2, then the Executive shall be entitled to a lump sum bonus payment equal to twenty-four (24) months of Base Salary and shall be payable within ninety (90) days of such Change of Control (but in no event later than March 15 of the calendar year following the calendar year in which the Change of Control occurs).

In addition, should a Change of Control occur while the Executive is actively employed, any stock options or warrants to purchase common stock, as referred to in all existing and future agreements between Lexaria and the Executive, granted to the Executive (including any award that resulted from a substitution or replacement of equity awards upon Change of Control) shall become immediately vested and exercisable.

A Change of Control includes any of the following events:

(a) Change in Ownership of Lexaria. A change in the ownership of Lexaria which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of Lexaria that, together with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of Lexaria, except that any change in the ownership of the stock of the Company as a result of a private financing of the Company that is approved by the Board will not be considered a Change in Control; or

(b) Change in Effective Control of Lexaria. If Lexaria has a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, a change in the effective control of Lexaria which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to be in effective control of Lexaria, the acquisition of additional control of Lexaria by the same Person will not be considered a Change in Control; or

(c) Change in Ownership of a Substantial Portion of Lexaria's Assets . A change in the ownership of a substantial portion of Lexaria's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from Lexaria that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of Lexaria immediately prior to such acquisition or acquisitions. For purposes of this subsection (b), gross fair market value means the value of the assets of Lexaria, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets;

(d) For purposes of this section, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase, or acquisition of stock, or similar business transaction with Lexaria.

(e) Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of the Internal Revenue Code of 1986, as amended, Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

(f) Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (A) its sole purpose is to change the jurisdiction of Lexaria's incorporation, or (B) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held Lexaria's securities immediately before such transaction.

Affiliate Sale

Should there be a sale of any of KMSC, Poviva, CanPharm, Nicotine, Pharma, Hemp, Holding, Nutra, LAP and/or FutureCos (collectively the "**Affiliates**") with each such sale being deemed an "**Affiliate Sale**", either during the Term of this Agreement or within 6 months after the Executive's termination pursuant to sections 4.1 or 4.2, then KMSC shall be obligated to pay the Executive a one-time lump sum payment in the amount equal to 2% of the total value of such Affiliate Sale (the "**Affiliate Sale Entitlement**"). The Affiliate Sale Entitlement shall be paid to the Executive within 90 days of completion of the Affiliate Sale (but in no event later than March 15 of the calendar year following the calendar year in which the Affiliate Sale occurs).

An Affiliate Sale means any of the following events:

(a) If any individual, partnership, company, society, or other legal entity (a "**Person**"), alone or together with any other Person with whom it is acting jointly or in concert, becomes the beneficial owner of, or acquires the power to exercise control or direction over, directly or indirectly, such securities (or securities convertible into, or exchangeable for, securities) entitled to more than fifty percent (50%) or more of the votes exercisable by holders of the then-outstanding securities generally entitled to vote for the election of directors ("**Voting Stock**") of an Affiliate or if any Persons that previously were not acting jointly or in concert commence acting jointly or in concert and together beneficially own, or have the power to exercise control or direction over, securities entitled to more than fifty percent (50%) or more of the votes exercisable by holders of voting stock, or have rights of conversion which, if exercised, would permit such Persons to own or control such a percentage of votes;

(b) An Affiliate is merged, amalgamated or consolidated into or with another Person and, as a result of such business combination, a Person who previously held securities representing less than fifty percent (50%) of the votes exercisable by the holders of the Voting Stock of the Affiliate, either alone or together with any other persons with whom it is acting jointly or in concert, is now, either alone or together with any other persons with whom it is acting jointly or in concert, entitled to hold more than fifty percent (50%) of the votes, exercisable by holders of the Voting Stock of the Affiliate or of such Person into which the Voting Stock of the Affiliate has been converted;

(c) The capital of an Affiliate is reorganized and a Person, together with any other Persons with whom it is acting jointly or in concert, which previously held securities representing less than fifty percent (50%) of the votes exercisable by the holders of the Voting Stock of the Affiliate, now as a result of such reorganization, holds securities entitled to more than fifty percent (50%) of the votes exercisable by the holders of the Voting Stock of the Affiliate;

(d) An Affiliate sells or otherwise transfers all or substantially all of its assets to another Person and a Person, together with any other persons with whom it is acting jointly or in concert, which previously held securities representing less than fifty percent (50%) of the votes exercisable by the holders of the Voting Stock of the Affiliate, now as a result of such sale or transfer, holds securities entitled to more than fifty percent (50%) of the votes exercisable by the holders of the Voting Stock of the Affiliate; or

(e) During any period of two consecutive years, individuals ("**Incumbent Directors**") who at the beginning of any such period constitute the directors of an Affiliate cease for any reason to constitute at least a majority thereof. For the purposes of this clause:

(i) Each director who, during any such period, is elected or appointed as a director of an Affiliate with the approval of at least a majority of the voting shareholders of such Affiliate will be deemed to be an Incumbent Director;

(ii) An "Incumbent Director" does not include a director, elected or appointed pursuant to an agreement (in respect of such election or appointment) with another Person that deals with an Affiliate at arm's length, or as part of or related to an amalgamation, a merger or a consolidation of an Affiliate into or with another person, a reorganization of the capital of an Affiliate or the acquisition of an Affiliate as a result of which securities entitled to less than fifty (50%) percent of the votes exercisable by holders of the then-outstanding securities entitled to Voting Stock of an Affiliate is converted on or immediately after such transaction are held in the aggregate by Persons who were holders of Voting Stock of an Affiliate immediately prior to such transaction; and

(iii) References to an Affiliate shall include successors to an Affiliate as a result of any amalgamation, merger, consolidation or reorganization of an Affiliate into or with another body corporate or other legal Person.

Payment of Annual Bonus or Material Transaction Bonuses

At the request of the Executive, the payee of the Annual Bonus and/or the Material Transaction Bonuses may be either the Executive, in which case the applicable tax deductions will be applied to any such bonus that is payable; or a company controlled by the Executive, in which case the Executive shall be solely responsible for and shall indemnify KMSC from any and all taxes, governmental charges, interest, penalties and other claims by a government entity or any other person in connection with the payment of such bonus.

3. Incentive Equity Plan

The Executive will be entitled to participate in the Lexaria Incentive Equity Plan or any successor thereto, with such stock award amounts and exercise price, as applicable, to be determined by the Compensation Committee or the Board of Directors of Lexaria.

4. Vacation

The Executive will receive vacation time and pay in accordance with the Company's policies and procedures as amended from time to time by the Company in its discretion. Currently, the Executive is entitled to six (6) weeks' (i.e. 30 business days) of paid vacation annually.

Vacation must be taken in accordance with procedures of the Lexaria Employee Handbook. Carryover of unused vacation into the following calendar year is permitted, however thereafter any unused vacation days will expire and KMSC is not obligated to compensate the Executive for any such expired vacation days.

Upon termination of employment for any reason, the Executive will receive only the minimum vacation pay required to be provided pursuant to the ESA. Vacation pay will not be provided in relation to any common law period of notice for which payment in lieu of notice is provided, if any, and will not form part of any damages for wrongful dismissal or otherwise, except to the minimum extent (if any) required by the ESA.

5. **Sick Leave**

The Executive shall be entitled to paid sick leave in the greater of the amount required pursuant to the ESA and the amount provided in Lexaria's Employee Handbook which the Executive shall be required to review and sign as a part of his employment. Currently the Executive Handbook provides for 10 paid sick days and it is agreed by LBC and the Executive that at no time shall such paid sick days be reduced during the term of the employment.

6. **Paid Holidays**

The Executive shall be entitled to paid holidays for those days which Canada and the Province of Ontario, has designated as statutory holidays.

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard Christopher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lexaria Bioscience Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 10, 2025

/s/ Richard Christopher
Richard Christopher
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Shankman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Lexaria Bioscience Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 10, 2025

/s/ Michael Shankman
Michael Shankman
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard Christopher, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q of Lexaria Bioscience Corp. for the quarter ended November 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Lexaria Bioscience Corp.

Dated: January 10, 2025

/s/ Richard Christopher
Richard Christopher
Chief Executive Officer and Director
(Principal Executive Officer)
Lexaria Bioscience Corp.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Lexaria Bioscience Corp. and will be retained by Lexaria Bioscience Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Shankman, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Quarterly Report on Form 10-Q of Lexaria Bioscience Corp. for the quarter ended November 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Lexaria Bioscience Corp.

Dated: January 10, 2025

/s/ Michael Shankman
Michael Shankman
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
Lexaria Bioscience Corp.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Lexaria Bioscience Corp. and wil be retained by Lexaria Bioscience Corp. and furnished to the Securities and Exchange Commission or its staff upon request.