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 **February 28, 2025**

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.

17,559,179 common shares issued as of April 14, 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)

	February 28, 2025	August 31, 2024
ASSETS		
Current		
Cash	$ 6,468,934	$ 6,499,885
Marketable securities	73,915	$ 55,807
Accounts receivable	331,166	$ 154,477
Prepaid expenses and other current assets	850,387	1,187,817
Total Current Assets	7,724,402	7,897,986
Non-current assets, net		
Long-term receivables	64,014	63,575
Right of use assets	121,084	134,843
Intellectual property, net	506,180	516,676
Property & equipment, net	261,890	254,709
Total Non-current Assets	953,168	969,803
TOTAL ASSETS	$ 8,677,570	$ 8,867,789
LIABILITIES and STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,793,079	$ 1,066,409
Deferred revenue	-	4,963
Lease liability, current	29,337	28,047
Total Current Liabilities	1,822,416	1,099,419
Lease liabilities - non-current	94,386	109,319
TOTAL LIABILITIES	$ 1,916,802	$ 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:		
17,559,179 and 17,449,179, respectively, at February 28, 2025, and 15,810,205 at August 31, 2024	$ 17,559	$ 15,810
Additional paid-in capital	64,221,176	59,599,178
Accumulated Deficit	(56,975,683)	(51,558,772)
Accumulated other comprehensive loss	(118,246)	(19,816)
Equity attributable to shareholders of Lexaria	7,144,806	8,036,400
Non-controlling Interest	(384,038)	(377,349)
Total Stockholders' Equity	6,760,768	7,659,051
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 8,677,570	$ 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		Six Months Ended	
	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
Revenue	$ 174,000	$ 145,000	$ 357,923	$ 296,278
Cost of goods sold	-	-	2,720	4,822
Gross profit	174,000	145,000	355,203	291,456
Operating expenses				
Research and development	1,685,916	245,779	3,639,136	820,270
General and administrative	1,239,096	567,226	2,157,786	1,278,333
Total operating expenses	2,925,012	813,005	5,796,922	2,098,603
Loss from operations	(2,751,012)	(668,005)	(5,441,719)	(1,807,147)
Other income (loss)				
Interest income (expense)	-	(1)	11	7,318
Unrealized gain (loss) on marketable securities	34,040	15,273	18,108	(37,942)
Total other income (loss)	34,040	15,272	18,119	(30,624)
Net loss	$ (2,716,972)	$ (652,733)	$ (5,423,600)	$ (1,837,771)
Less: Net loss attributable to non-controlling interest	(3,760)	(3,194)	(6,689)	(8,909)
Net loss attributable to Lexaria shareholders	$ (2,713,212)	$ (649,539)	$ (5,416,911)	$ (1,828,862)
Other comprehensive income				
Foreign currency translation adjustment	(95,255)	(24,998)	(98,430)	(20,626)
Total comprehensive loss	$ (2,808,467)	$ (674,537)	$ (5,515,341)	$ (1,849,488)
Basic and diluted loss per share	$ (0.15)	$ (0.06)	$ (0.32)	$ (0.18)
Weighted average number of common shares outstanding - Basic and diluted	17,511,908	10,765,143	17,065,084	9,970,489

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

LEXARIA BIOSCIENCE CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Six Months Ended February 28, 2025 and February 29, 2024
(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**
Stock issued in equity offering	6,585	6	11,714	-	-	-	11,720
Foreign currency translation adjustment	-	-	-	-	(95,255)	-	(95,255)
Stock-based compensation	100,000	100	167,119	-	-	-	167,219
Net loss	-	-	-	(2,713,212)	-	-	(2,713,212)
Non-controlling interest	-	-	-	-	-	(3,760)	(3,760)
Balance February 28, 2025	**17,559,179**	**$ 17,559**	**$ 64,221,176**	**$ (56,975,683)**	**$ (118,246)**	**$ (384,038)**	**$ 6,760,768**
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**
Stock issued in equity offering	1,444,741	1,445	2,959,568	-	-	-	2,961,013
Stock issued from exercise of warrants	631,291	632	491,192	-	-	-	491,824
Foreign currency translation adjustment	-	-	-	-	(24,998)	-	(24,998)
Net loss	-	-	-	(649,539)	-	-	(649,539)
Non-controlling interest	-	-	-	-	-	(3,194)	(3,194)
Balance February 28, 2024	**12,387,673**	**$ 12,388**	**$ 54,121,316**	**$ (47,592,289)**	**$ (20,626)**	**$ (372,949)**	**$ 6,147,840**

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

LEXARIA BIOSCIENCE CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended February 28, 2025 and February 29, 2024
(Expressed in US Dollars)
(Unaudited)

	February 28, 2025	February 29, 2024
Cash flows used in operating activities		
Net loss	**$ (5,423,600)**	**$ (1,837,771)**
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	**266,634**	**53,953**
Depreciation and amortization	**35,472**	**44,709**
Impairment loss	**33,540**	**23,507**
Noncash lease expense	**13,759**	**17,449**
Unrealized (gain) loss on marketable securities	**(18,108)**	**37,942**
Lease accretion	**4,778**	**2,840**
Change in operating assets and liabilities		
Accounts receivable	**(176,688)**	**(230,404)**
Prepaid expenses and deposits	**337,431**	**279,987**
Long-term receivables	**(439)**	**9,065**
Accounts payable and accrued liabilities	**726,669**	**(184,622)**
Operating lease liability	**(18,421)**	**(17,922)**
Deferred revenue	**(4,963)**	**-**
Net cash used in operating activities	**$ (4,223,936)**	**$ (1,801,267)**
Cash flows used in investing activities		
Additions to intellectual property	**$ (41,052)**	**$ (97,016)**
Purchase of equipment	**(24,646)**	**-**
Net cash used in investing activities	**$ (65,698)**	**$ (97,016)**
Cash flows provided by (used in) financing activities		
Proceeds from shares sold for cash	**$ 4,357,113**	**$ 4,208,731**
Proceeds from exercise of warrants		**1,063,475**
Net cash provided by (used in) financing activities	**$ 4,357,113**	**$ 5,272,206**
Effect of exchange rate changes on cash	**$ (98,430)**	**$ (20,626)**
Net change in cash for the period	**(30,951)**	**3,353,297**
Cash at beginning of period	**6,499,885**	**1,352,102**
Cash at end of period	**$ 6,468,934**	**$ 4,705,399**

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

LEXARIA BIOSCIENCE CORP.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2025
(Expressed in U.S. Dollars Except Share Amounts)
(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.

Going Concern

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 $5.4 million and $1.8 million for the six months ended February 28, 2025, and February 29, 2024, respectively. As of February 28, 2025, we had an accumulated deficit of $57.0 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. The recurring losses and negative net cash flows raise substantial doubt as to the Company's ability to continue as a going concern.

During the six months ended February 28, 2025, we raised $4.4 million in net proceeds from the sale of securities pursuant to our Registered Direct Offering which closed in October, 2024 as well as At the Market (ATM) offerings.

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.

Given our current development plans and cash management efforts, we anticipate that our cash resources will be sufficient to fund operations through the fourth quarter of calendar year 2025. Our ability to continue operations after our current cash resources are exhausted is dependent on our ability to obtain additional debt or equity financing or a strategic partnership, which cannot be guaranteed. Cash requirements may vary materially from those now planned because of changes in our focus and direction of our research and development programs, competitive and technical advances, patent developments, regulatory changes or other developments. If adequate additional funds are not available when required, management may need to curtail its development efforts and planned operations to conserve cash.

As of February 28, 2025, the Company had cash and cash equivalents of approximately $6.5 million to settle $1.8 million in current liabilities. We have performed a review of our cash flow forecast and have concluded that our existing cash, combined with inflows expected from executed license agreements, will not be sufficient to meet the Company's financial obligations for the twelve-month period following the issuance of these consolidated financial statements. Accordingly, there is substantial doubt as to our ability to continue as a going concern within one year from the date of issuance of these financial statements. The accompanying financial statements do not include any adjustments that might be necessary if the Company is not able to continue as a going concern.

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 February 28, 2025, 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 six months ended February 28, 2025 and February 29, 2024.

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 February 28, 2025.

	Carrying Value	Fair Value Measurement Using			
		Level 1	Level 2	Level 3	Total
Marketable Securities	$ 73,915	$ 73,915	$ -	$ -	$ 73,915

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 six months ended February 28, 2025, two customers accounted for 100% of consolidated revenues. In the six months ended February 29, 2024, two customers accounted for 97% of consolidated revenues.

As of February 28, 2025, the Company had $157,166 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 February 28, 2025 and August 31, 2024 consist of the following:

	February 28, 2025	August 31, 2024
Territory license fees	$ 174,000	$ 84,000
Sales tax	157,166	70,477
Long term receivable	64,014	63,575
Total Receivables	**$ 395,180**	**$ 218,052**

6. Prepaid Expenses and Other Current Assets

Prepaid expenses consist of the following as of February 28, 2025 and August 31, 2024:

	February 28, 2025	August 31, 2024
Advertising & Conferences	$ 32,822	$ 204,894
Research and Development	560,679	673,126
Legal & Accounting Fees	25,000	45,600
License, Filing Fees, Dues	64,312	22,925
Office & Insurance	73,574	122,245
Capital Financing	94,000	119,027
Total Prepaid Expenses and Other Current Assets	**$ 850,387**	**$ 1,187,817**

7. Intellectual Property, net

A continuity schedule for capitalized patents is presented below:

	February 28, 2025	August 31, 2024
Balance – beginning	$ 516,676	$ 462,625
Additions	41,052	145,591
Impairment	(33,540)	(57,836)
Amortization	(18,008)	(33,704)
Balance – ending	**$ 506,180**	**$ 516,676**

The Company evaluated its patent portfolio to determine whether certain pending applications had been abandoned or will not be pursued. During the six months ended February 28, 2025, the Company recognized an impairment loss of $33,540 related to those abandoned applications. The Company recognized $18,008 of amortization expense related to patents and licenses in the six months ended February 28, 2025.

The following table summarizes expected future amortization of the Company's patent portfolio as of February 28, 2025:

Fiscal Years Ending August 31,	
2025	$ 25,309
2026	$ 25,309
2027	$ 25,309
2028	$ 25,309
2029	$ 25,309
Thereafter	$ 379,635
Total	$ 506,180

8. Property & Equipment, net

Consists of:

February 28, 2025	Cost	Period Amortization	Additions	Accumulated Amortization	Net Balance
Leasehold improvements	$ 259,981	$	$ -	$ (259,981)	$ -
Computers	70,781	(1,137)	-	(70,213)	568
Furniture fixtures equipment	31,126		-	(31,126)	-
Lab equipment	410,438	(16,328)	24,646	(173,762)	261,322
Total	**$ 772,326**	**$ (17,465)**	**$ 24,646**	**$ (535,082)**	**$ 261,890**

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 six months ended February 28, 2025 and the year ended August 31, 2024 totaled $17,465 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 February 28, 2025 and August 31, 2024 consist of the following:

	February 28, 2025	August 31, 2024
Accounts Payable		
Vendors payable	$ 1,278,654	$ 379,882
Sales tax payable	$ -	$ 8,528
Accrued Liabilities		
Vendors payable	$ 514,425	$ 677,999
Balance Ending	**$ 1,793,079**	**$ 1,066,409**

10. Revenues

A breakdown of our revenues by type for the six months ended February 28, 2025, and February 29, 2024, are as follows:

	Six Months Ended February 28, 2025	29, 2024
IP Licensing	$ 348,000	$ 289,990
B2B	9,923	5,388
Other	-	900
	$ 357,923	**$ 296,278**

During the six-month period ended February 28, 2025, and February 29, 2024, 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 $348,000 and $289,990 in licensing revenue for the six months ended February 28, 2025, and February 29, 2024, respectively.

11. Income Taxes

For the six months ended February 28, 2025, 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 six months ended February 28, 2025, the Company completed the following issuances of common shares and warrants:

1. In February 2025, the Company sold 6,585 shares of common stock through an At the Market (ATM) offering for net proceeds of $ 11,720. Share issuance costs related to the ATM offering of $94,000 have been deferred pending termination of the offering.

2. On January 7, 2025 the Company issued 100,000 Restricted Stock Awards ("RSA's") with a fair value of $ 224,000 and having a vesting period of six months to its Strategic Executive Consultant.

3. 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 January 14, 2025, 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.

4. 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 six months ended February 28, 2025, is presented below:

	Number of Warrants	Weighted Average Exercise Price $
Balance, August 31, 2024	5,931,649	5.50
Issued	4,608,209	3.07
Cancelled/Expired	(2,977,830)	5.39
Balance, February 28, 2025	7,562,028	4.06

A summary of warrants outstanding as of February 28, 2025, is presented below:

Number of Warrants	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life ~in years~
317,190	10.50	0.18-0.20
16,667	9.00	0.04
1,719,828	6.58	0.88
483,750	0.95	3.20
314,287	2.31	3.97
102,097	5.94	3.97
4,551,019	3.06	4.88
57,190	3.83	4.88
7,562,028	$ 4.06	3.60

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, restricted stock awards or restricted stock units 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	142,000	2.91	2.58	-
Balance February 28, 2025 (outstanding)	**1,070,269**	**$ 2.83**	**3.41**	**$ 38,400**
Balance February 28, 2025 (exercisable)	**838,269**	**$ 2.65**	**3.10**	**$ 38,400**

On October 1, 2024, the Company granted a total of 62,000 options to two employees with an exercise price of $3.17 and a term of 5 years.

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

On December 9, 2024, the Company granted 10,000 options to a Scientific Advisory Board member with an exercise price of $2.42 and a term of 5 years.

On January 13, 2025, the Company granted an aggregate of 50,000 options to a Scientific Advisory Board member and a consultant with an exercise price of $2.07 and a term of 5 years.

The fair value of stock options granted in the six months ended February 28, 2025, were estimated as of the date of the grant by using the Black-Scholes option pricing model with the following assumptions:

February 28, 2025	
Expected volatility	94-96%
Risk-free interest rate	3.57-4.18%
Expected life	2.50years
Dividend yield	0.00%
Estimated fair value per option	$1.21-$1.72

Stock-based compensation expense for the six-month periods ended February 28, 2025, and February 29, 2024, was $266,634 and $53,953, respectively.

As of February 28, 2025, the total unrecognized non-cash compensation costs are $678,493 related to 232,000 non-vested stock options with a $3.47 weighted average exercise price and the restricted stock award issued on January 7, 2025. These costs are expected to be recognized over a weighted average period of 1.77 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.

	February 28, 2025	August 31, 2024
	$	$
Right of use assets - operating leases	156,748	167,446
Amortization	(35,663)	(32,603)
Total lease assets	121,084	134,843
Liabilities:	156,748	163,967

Lease payments	(46,793)	(33,273)
Interest accretion	13,768	6,672
Total lease liabilities	123,723	137,366
Operating lease cost	121,084	134,843
Operating cash flows for lease	(46,793)	(33,273)
Remaining lease term	3.71 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 February 28, 2025:

2025 (six months remaining)	$ 18,672
2026	37,345
2027	38,642
2028	38,901
2029	8,104
Thereafter	-
Total lease payments	141,664
Less: imputed interest	(17,941)
Present value of operating lease liabilities	123,723
Less: current obligations under leases	(29,337)
Total	$ 94,386

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 two licensees.

Six Months Ended February 28, 2025	IP Licensing	B2B Product	R&D	Corporate	Consolidated Total
Revenue	$ 348,000	$ 9,923	$ -	$ -	$ 357,923
Cost of goods sold	-	(2,720)	-	-	(2,720)
Operating expenses	(529)	(1,000)	(3,639,136)	(2,156,257)	(5,796,922)
Other Income(Expense)	-	-	-	18,119	18,119
Segment Income (Loss)	$ 347,471	$ 6,203	$ (3,639,136)	$ (2,138,138)	$ (5,423,600)
Total assets	**$ 180,423**	**$ 60,436**	**$ 527,211**	**$ 7,909,500**	**$ 8,677,570**

Six Months Ended February 29, 2024	IP Licensing	B2B Product	R&D	Corporate	Consolidated Total
Revenue	$ 289,990	$ 5,388	$ 900	$ -	$ 296,278
Cost of goods sold	-	(4,822)	-	-	(4,822)
Operating expenses	(345)	(1,354)	(820,270)	(1,400,223)	(2,222,192)
Other Income(Expense)		-	-	(30,624)	(30,624)
Segment Income (Loss)	$ 289,645	$ (788)	$ (819,370)	$ (1,430,847)	$ (1,961,360)
Total assets	**$ 98,877**	**$ 63,573**	**$ 491,551**	**$ 5,698,042**	**$ 6,352,043**

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) and 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 improves the way that Active Pharmaceutical Ingredients ("API") enter 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 six months ended February 28, 2025, 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 six months ended February 28, 2025, 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, as compared to the Zepbound® brand of injected tirzepatide. Results indicated that DehydraTECH-tirzepatide, as compared to Zepbound®, evidenced a 47% reduction in adverse events, a comparable overall reduction in blood glucose and a comparable increase in insulin levels.

During the six months ended February 28, 2025, 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 January 14, 2025, 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. The ATM was amended and renewed under the Company's new Form S-3 Registration Statement pursuant to an amending agreement entered into on February 5, 2025. Share issuance costs of $94,000 related to the amended ATM have been deferred pending termination of the offering. In February 2025, 6,585 shares were sold for net proceeds of $11,720 under the amended ATM offering.

Lexaria via its wholly owned subsidiary, Lexaria (AU) Pty Ltd, received Ethics Board Approval and entered into a Project Agreement with Novotech (Australia) Pty Limited for the conduct of its Australian Phase 1b 12-week chronic clinical study of DehydraTECH Cannabidiol alone and in combination with glucagon-like peptide 1 agonists in pre- and Type II Diabetes (GLP-1-H24-4) and began the associated site initiation visits and initial dosing of patients. During the six months ended February 28, 2025, it was also determined to add a 5th study arm to GLP-1-H24-4 to investigate DehydraTECH formulated tirzepatide which has also received Ethics Board Approval.

On January 15, 2025, Lexaria received independent Ethics Board Approval to the commencement of its human pilot study GLP-1-H25-5 which will be investigating an oral version of liraglutide by way of formulating the commercial injectable liraglutide drug sold under the brand name Saxenda®, with DehydraTECH. This Study is expected to be conducted with 8-10 healthy volunteers with the goals of demonstrating safety and pharmacokinetic performance in humans utilizing orally dosed DehydraTECH-liraglutide. If the Study results are positive, it could support a decision to investigate oral DehydraTECH-liraglutide in a future Phase I registered trial.

Also, during the six months ended February 28, 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 and created a Scientific Advisory Board led by Mr. Docherty and comprised of:

- Dr. Michael Gibson, an interventional cardiologist, cardiovascular researcher, and educator who is CEO of the combined non-profit Baim and PERFUSE research institutes at Harvard Medical School;
- Dr. Karen Aust, who holds a Ph. D in Molecular Pharmacology from Stanford University and is deeply experienced in select therapeutic areas including cardiovascular and neuroscience; and
- Dr. Philip Ainslie, Professor, Research Chair, and co-director of the Centre of Heart, Lung, and Vascular Health at the University of British Columbia, Canada.

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 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	
US 12,213,986	02/04/2025	
US 12,220,422	02/11/2025	

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 February 28, 2025, Lexaria provided partial results from its third human pilot study which investigated DehydraTECH-tirzepatide as compared to the Zepbound® brand of injected tirzepatide, with DehydraTECH-tirzepatide evidencing a 47% reduction in adverse events, a comparable overall reduction in blood glucose and a comparable increase in insulin levels. 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.

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

During the quarter ended February 28, 2025, Lexaria 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 of DehydraTECH Cannabidiol and glucagon-like peptide 1 agonists alone or in combination, in overweight or obese, pre- and Type II Diabetes participants (GLP-1-H24-4) and began the associated site initiation visits and initial dosing of patients. It was also determined during the quarter to add a 5th study arm to GLP-1-H24-4 to investigate DehydraTECH formulated tirzepatide.

The objectives for the Study include discovering whether:

- DehydraTECH processed CBD and/or semaglutide or tirzepatide is safe over the study duration in the study population?
- DehydraTECH processing of 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?
- DehydraTECH processing of (pure or Zepbound) tirzepatide evidences reduced side effects during daily dosing for 12 weeks,

Human Pilot Study #5 (GLP-1-H25-5)

During the quarter ended February 28, 2025, Lexaria engaged a contract research organization and received Ethics Board Approval for the conduct of a human pilot study evaluation DehydraTECH-liraglutide against Saxenda® injectable liraglutide. This study is intended to be conducted with 8-10 healthy volunteers with goals of demonstrating safety and pharmacokinetic performance utilizing orally dosed DehydraTECH-liraglutide. On January 15, 2025, Lexaria received independent Ethics Board Approval to commence its human pilot study GLP-1-H25-5. If the Study results are positive, it could support a decision to investigate oral DehydraTECH-liraglutide in a future Phase I registered trial.

Chronic Dosing Animal Study (WEIGHT-A24-1)

During the quarter ended February 28, 2025, brain and other tissue samples from this obese rat diabetic-conditioned study investigating weight loss, PK, and blood sugar control of varied DehydraTECH formulations of semaglutide and liraglutide, alone and together with DehydraTECH-CBD as compared to commercially available Rybelsus®, were sent for analysis by a third-party lab. These analyses are still in progress and will be reported upon when concluded.

Biodistribution Study of DehydraTECH-semaglutide

During the quarter ended February 28, 2025, Lexaria completed its study which fluorescently tagged DehydraTECH-semaglutide and a non-DehydraTECH-processed Rybelsus® mimicking comparator formulation ingested by Sprague-Dawley rats to track semaglutide distribution and localization with additional information being provided by key tissue samples. Analytical testing and interpretation is in progress and will be reported upon when concluded.

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 is evaluating the timing for commencement of this study.

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.

A critical accounting estimate is an accounting estimate for which a) the nature of the estimate is material due to the related level of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change, and b) the impact of the estimate on the Company's financial position or operating performance is material. We did not identify any such estimates in our Annual Report on Form 10-K for the year ended August 31, 2024 and none have been identified for the six months ended February 28, 2025.

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 February 28, 2025, 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 $5,423,600 and $1,837,771 for the six months ended February 28, 2025, and February 29, 2024, respectively.

During the six months ended February 28, 2025, we raised $4.4 million in net proceeds from the sale of securities pursuant to our Registered Direct offering which closed in October, 2024 and our At the Market (ATM) offerings.

The continuation of Lexaria as a going concern depends on raising additional capital and/or attaining and maintaining profitable operations. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern within one year following the date that these consolidated financial statements on Form 10-Q are filed and 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. Management believes that given the Company's current cash position, recurring losses from operations and net capital deficiency, there is substantial doubt as to the Company's ability to continue as a going concern within one year following the date that these consolidated financial statements are issued. The Company expects that its current cash resources will be sufficient to fund the Company's operations through the fourth quarter of calendar year 2025.

Results of Operations for the Period Ended February 28, 2025, and February 29, 2024

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

	February 28, 2025	February 29, 2024	Change
Revenues	$ 357,923	$ 296,278	$ 61,645
Cost of goods sold	(2,720)	(4,822)	2,102
Research and development	(3,639,136)	(820,270)	(2,818,866)
Consulting fees & salaries	(1,004,672)	(431,763)	(572,909)
Legal and professional	(386,559)	(361,405)	(25,154)
Other general and administrative	(766,555)	(485,165)	(281,390)
Other income (loss)	18,119	(30,624)	48,743
Net Loss	**$ (5,423,600)**	**$ (1,837,771)**	**$ (3,585,829)**

Revenue

Fees from intellectual property licensing and B2B sales totaled $357,923 and $296,278, respectively, for the six-month periods ended February 28, 2025 and February 29, 2024. For the six months ended February 28, 2025, relative to the six months ended February 29, 2024, license fees and B2B sales increased by $58,010 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 $2,818,866 year-over-year for the six-month period ended February 28, 2025, due primarily to the completion of the manufacturing of Investigational Drug Product and start-up activities related to our Phase 1b Clinical Trial (GLP-1-H24-4), combined with progression of our other GLP-1 studies. 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 six months ended February 28, 2025, consulting fees and salaries increased by $572,909 year-over-year primarily due to the transition of the Company's former CEO to the newly created role of Strategic Executive Consultant, the award of restricted stock, the engagement of a new CEO, with significant experience in development stage pharmaceutical company management, and a new CFO.

Legal and Professional Fees

Our legal and professional fees increased by $25,154 during the six months ended February 28, 2025 as compared to the same prior year period due to incremental accounting and professional fees incurred during the period and associated with increased registration statement filings and the utilization of legal advisory services.

General and Administrative

Our other general and administrative expenses increased in total by $281,390 during the six-month period ended February 28, 2025, as compared to the same prior year period. The increase is attributable to advertising and promotion expenses, which increased by $138,222 as we continued 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 foreign currency transaction losses of $89,598 related to Canadian Dollar-denominated cash balances held by our US-based bioscience subsidiary.

Liquidity and Financial Condition

Working Capital	**February 28, 2025**	**August 31, 2024**
Current assets	$ 7,724,402	$ 7,897,986
Current liabilities	(1,822,416)	(1,099,419)
Net Working Capital	**$ 5,901,986**	**$ 6,798,567**

Cash Flows	**February 28, 2025**	**February 29, 2024**
Cash flows used in operating activities	$ (4,223,936)	$ (1,801,267)
Cash flows used in investing activities	(65,698)	(97,016)
Cash flows provided by financing activities	4,357,113	5,272,206
Effect of exchange rate changes on cash	(98,430)	(20,626)
Net change in cash for the period	**$ (30,951)**	$ 3,353,297

Operating Activities

Net cash used in operating activities was approximately $4.2 million for the six months ended February 28, 2025, compared with $1.8 million during the same prior year period. The increase is attributable to an increase of $3.6 million in our net loss, which was partially offset by an increase of $0.2 million in non-cash expenses and a decrease in net working capital of $1.0 million, 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-H24-4.

Investing Activities

Net cash used in investing activities was $65,698 for the six months ended February 28, 2025, compared to $97,016 for the same prior year period. The decrease relates primarily 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 $4.4 million for the six months ended February 28, 2025, compared to approximately $5.3 million for the same prior year period. The decrease relates to lower net proceeds from the exercise of warrants, which was partially offset by higher 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 $5.4 million and $1.8 million for the six months ended February 28, 2025, and February 29, 2024, respectively. As of February 28, 2025, we had an accumulated deficit of $57.0 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 six months ended February 28, 2025, the Company has completed the following:

- In February 2025, the Company sold 6,585 shares of common stock through an amendment to its ATM offering. Net proceeds from these sales totaled $11,720.
- 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.
- 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.

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.

Going Concern

The accompanying unaudited consolidated financial statements have been prepared assuming that we will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the ordinary course of business. As of February 28, 2025, the Company had cash and cash equivalents of approximately $6.5 million to settle $1.8 million in current liabilities. We have performed a review of our cash flow forecast and have concluded that our existing cash, combined with inflows expected from executed license agreements, will not 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. Accordingly, there is substantial doubt as to our ability to continue as a going concern for at least one year following the date of the financial statements included in this Quarterly Report. We intend to fund operations, working capital and other cash requirements for the twelve-month period subsequent to February 28, 2025 through equity financing arrangements and potentially from collaborations or strategic partnerships.

The successful outcome of future activities cannot be determined at this time and there is no assurance that, if achieved, we will have sufficient funds to execute our intended business plan or generate positive operating results.

The consolidated financial statements do not include any adjustments related to this uncertainty and as to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should we be unable to continue as a going concern.

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 February 28, 2025, 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 February 28, 2025.

Inherent limitations on Effectiveness of Controls

Internal control over financial reporting has inherent limitations which include but is 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 February 28, 2025, 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 February 28, 2025, 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 include those described in the Form 10-K for the year ended August 31, 2024, as filed with the SEC on November 26, 2024 and the following:

There is substantial doubt as to our ability to continue as a going concern, which may affect our ability to obtain future financing and may require us to curtail or cease our operations.

Our consolidated financial statements as of February 28, 2025 were prepared under the assumption that we will continue as a going concern. As of February 28, 2025, we had unrestricted cash and cash equivalents of approximately $6.5 million to settle $1.8 million in current liabilities. Our ability to continue as a going concern will depend on our ability to obtain additional equity, effect a collaborative or strategic partnership, reduce or contain expenditures, and, ultimately, to generate revenue. Based on these factors, management determined that there is substantial doubt as to our ability to continue as a going concern.

If we are unable to continue as a going concern, we may have to liquidate our assets and may receive less than the value at which those assets are carried on our audited financial statements, and it is likely that investors will lose all or part of their investment. If we seek additional financing to fund our business activities as a result of the substantial doubt as to our ability to continue as a going concern, investors or other financing sources may be unwilling to provide additional funding to us on commercially reasonable terms or at all.

Item 2. Recent Sales of Unregistered Equity Securities

During the quarter ended February 28, 2025, 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 February 28, 2025, 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	Project Agreement dated December 2, 2024 with Novotech (Australia) Pty Limited (incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q filed January 10, 2025)
10.2	Executive Employment Agreement dated December 31, 2024 with John Docherty (incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q filed January 10, 2025)
10.3	Form of Director Services Agreement
(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: April 14, 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: April 14, 2025

By: /s/ Michael Shankman
Michael Shankman
Chief Financial Officer
(Principal Financial and Accounting Officer)
Date: April 14, 2025

Board of Directors Services Agreement
(the "Agreement")

Effective this xx day of xx, 20xx.

BETWEEN:

LEXARIA BIOSCIENCE CORP.
100 – 740 McCurdy Road
Kelowna, BC V1X 2P7

(the "**Company**")

AND:

_____[name]

_____[address]

_____ [city & state/province]

_____ [postal or zip code]

(the "**Director**")

WHEREAS, the Company desires to retain the services of Director for the benefit of the Company and its stockholders;

AND WHEREAS, Director desires to serve on the Company's Board of Directors subject to the terms and conditions set forth herein;

AND WHEREAS, the Parties intend and desire for these recitals to be incorporated into the Agreement, and to be bound by any representations or obligations contained therein;

AND WHEREAS, the Director agrees that any previous contract entered into with the Company, as applicable, shall be of no further force or effect upon entering into this Agreement and that only this Agreement shall govern the obligations of, and the compensation to, the Director.

NOW, THEREFORE, for consideration and as set forth herein, the parties hereto agree as follows:

1. **Board Duties.** Director agrees to provide services to the Company as a member of the Board of Directors. Director shall, for so long as he/she remains a member of the Board of Directors, meet with the Company upon written request, at dates and times mutually agreeable to Director and the Company, to discuss any matter involving the Company or its subsidiaries, which involves or may involve issues of which Director has knowledge and cooperate in the review, defense or prosecution of such matters. Director acknowledges and agrees that the Company may rely upon Director's expertise in product development, marketing or other business disciplines where Director has a deep understanding with respect to the Company's business operations and that such requests may require substantial additional time and efforts in addition to Director's customary service as a member of the Board of Directors. Director will notify the Company promptly if he/she is subpoenaed or otherwise served with legal process in any matter involving the Company or its subsidiaries. Director will notify the Company if any attorney who is not representing the Company contacts or attempts to contact Director (other than Director's own legal counsel) to obtain information that in any way relates to the Company or its subsidiaries, and Director will not discuss any of these matters with any such attorney without first so notifying the Company and providing the Company with an opportunity to have its attorney present during any meeting or conversation with any such attorney.

2. **Committee Duties**. Director may, if mutually agreed upon by the Director and the Board of Directors, assume a position on any of the committees struck by the Board of Directors. If a committee position is assumed by the Director, the Director will provide the services outlined by such committee's charter and any additional services as agreed to by the Board of Directors. The Director may also be appointed to act as the Chairperson of a committee at the request of a committee and if such Director agrees act in that capacity.

3. **Compensation.** All compensation arrangements that existed prior to execution of this Agreement are hereby terminated. As compensation for the services provided herein, the Company shall pay as follows:

(i) **For Director Services**: an amount equal to US$40,000 annually (the "**Annual Base Payment**") to be paid quarterly at the beginning of each fiscal quarter for so long as the Director continues to fulfill his/her duties and provide the services set forth above.

(ii) **For Committee Member Services**: an amount equal to US$5,000 annually for each committee the Director serves on, to be paid quarterly at the beginning of each fiscal quarter for so long as the Director continues to fulfill his/her duties and provide the committee services set out in the relevant charter.

(iii) **For Committee Chairperson Services**: an amount equal to US$5,000 annually for each committee the Director serves as the Chairperson of, to be paid quarterly at the beginning of each fiscal quarter for so long as the Director continues to fulfill his/her duties as the Chairperson of such committee.

(iv) **For Chairperson of the Board Services**: an amount equal to US$5,000 annually to be paid quarter at the beginning of each fiscal quarter for so long as the Director continues to fulfill his/her duties as the Chairperson of the Board.

(v) **For a Change of Control as Defined in Schedule A**: provided that the Director has served a minimum of one year on the Company's Board of Directors, an amount equal to an Annual Base Payment and the annual dollar value associated with the services noted under Section 3. (ii) to (iv), which the Director was providing as at the date of the Change of Control, being 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).

Compensation payable may be deferred by the Director upon written notice of such deferment to accounting@lexariabioscience.com; the parties agree however, that any deferred payment shall not bear any interest.

4. **Options.** Annually, upon the review and approval of the then current Board of Directors, the Company shall issue the Director an option to purchase up to an annual aggregate amount of 11,000 common shares of the Company (subject to any required adjustments due to share consolidation or split) with an exercise period of 5 years and bearing an exercise price that is $0.01 greater than the market price of such shares of the Company on the primary market or exchange that the Company's shares are trading at the time of grant (the "**Option**"). The date of grant of the Option will be at the discretion of the Chief Executive Officer (the "**CEO**") and Chief Financial Officer (the "**CFO**"), taking into consideration the Company's trading black-out policies and the timing of potential material information. The Company may, at its discretion, issue further Options to the Director having the same exercise terms as noted for the initial Option grant.

5. **Expenses**. The Company will reimburse Director for reasonable business expenses incurred on behalf of the Company prior to the date hereof. The Company shall also reimburse Director for reasonable out-of-pocket expenses incurred in connection with discharging his/her duties as a Board member. Any additional expenses shall be pre-approved by the CEO or CFO of the Company and will be reimbursed subject to receiving reasonable substantiating documentation relating to such expenses.

6. **Mutual Non-Disparagement.** Director and the Company mutually agree to forbear from making, causing to be made, publishing, ratifying or endorsing any and all disparaging remarks, derogatory statements or comments made to any party with respect to either of them. Further, the parties hereto agree to forbear from making any public or non-confidential statement with respect to the any claim or complaint against either party without the mutual consent of each of them, to be given in advance of any such statement.

7. **Liability Insurance**. The Company shall ensure that appropriate director liability insurance is purchased in the name of the Director and shall be responsible for paying all monthly fees and deductibles in connection with such insurance.

8. **Cooperation.** In the event of any claim or litigation against the Company and/or Director based upon any alleged conduct, acts or omissions of Director during the tenure of Director, whether known or unknown, threatened or not as of the time of this writing, the Company will cooperate with Director and provide to Director such information and documents as are necessary and reasonably requested by Director or his/her counsel, subject to restrictions imposed by federal or state securities laws or court order or injunction. The Company shall cooperate in all respects to ensure that Director has access to all available insurance coverage and shall do nothing to damage Director's status as an insured and shall provide all necessary information for Director to make or tender any claim under applicable coverage.

9. **Confidentiality.** Subject to exceptions mutually agreed upon by the parties to this Agreement in advance and in writing, the terms and conditions of this Agreement shall remain confidential and protected from disclosure except as required by law in connection with any registration or filing, in relation to a lawful subpoena, or as may be necessary for purposes of disclosure to accountants, financial advisors or other experts, who shall be made aware of and agree to be bound by the confidentiality provisions hereof.

10. **Governing Law.** This Agreement shall be governed by the laws of the Province of British Columbia and any federal laws applicable therein, without regard to any conflict of law principles. In the event of any dispute regarding the performance or terms hereof, the prevailing party in any litigation shall be entitled to an award of reasonable attorneys' fees and costs of suit, together with any other relief awarded hereunder or in accordance with governing law.

IN WITNESS WHEREOF, the parties hereto enter into this Agreement as of the effective date first set forth above.

LEXARIA BIOSCIENCE CORP.

Per: _____
Richard Christopher, CEO

Per: _____
John Docherty, President

SIGNED, SEALED & DELIVERED in the presence of:

_____
Signature

_____
Print Name

_____
Address

_____
Occupation

_____
Signature of Director
Print Name:_____

SCHEDULE A

CHANGE OF CONTROL

A Change of Control of Lexaria Bioscience Corp. ("**Lexaria**"), 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 (b), 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 (c), 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.

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: April 14, 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: April 14, 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 February 28, 2025 (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: April 14, 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 February 28, 2025 (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: April 14, 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 will be retained by Lexaria Bioscience Corp. and furnished to the Securities and Exchange Commission or its staff upon request.