UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

FORM 10-Q

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

For the quarterly period ended April 30, 2024

OR

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

For the transition period from _____ to _____

Commission File Number 000-55654

NUTRIBAND INC.
(Exact name of registrant as specified in its charter)

NEVADA	81-1118176
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
121 South Orange Ave., Suite 1500, Orlando, FL	32801
(Address of Principal Executive Offices)	(Zip Code)

(407) 377-6695
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	NTRB	The Nasdaq Stock Market LLC
Warrants	NTRBW	The Nasdaq Stock Market LLC

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 past 90 days. Yes ☒ 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 such files). Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by 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 ☒

The number of shares outstanding of the issuer's common stock, par value $0.001 per share, was 11,036,100 shares as of May 31, 2024.

NUTRIBAND INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Certain information and footnote disclosures required under accounting principles generally accepted in the United States of America have been condensed or omitted from the following financial statements pursuant to the rules and regulations of the Securities and Exchange Commission.

The results of operations for the three months ended April 30, 2024, and 2023 are not necessarily indicative of the results for the entire fiscal year or for any other period.

NUTRIBAND INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	April 30, 2024 (Unaudited)	January 31, 2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,347,740	$ 492,942
Accounts receivable	85,144	148,649
Inventory	168,505	168,605
Prepaid expenses	128,551	211,667
Total Current Assets	8,729,940	1,021,863
PROPERTY & EQUIPMENT-net	740,305	774,924
OTHER ASSETS:		
Goodwill	5,021,713	5,021,713
Operating lease right of use asset	23,529	31,374
Intangible assets-net	638,993	667,280
TOTAL ASSETS	$ 15,154,480	$ 7,517,154
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 994,106	$ 680,132
Deferred revenue	269,345	157,502
Operating lease liability-current portion	25,988	34,276
Notes payable-current portion	127,419	127,183
Total Current Liabilities	1,416,858	999,093
LONG-TERM LIABILITIES:		
Note payable-net of current portion	74,509	79,826
Note payable-related party	300,000	-
Total Liabilities	1,791,367	1,078,919
Commitments and Contingencies	-	-
STOCKHOLDERS' EQUITY:		
Preferred stock, $.001 par value, 10,000,000 shares authorized, -0- outstanding	-	-
Common stock, $.001 par value, 291,666,666 shares authorized; 10,969,870 and 8,869,870 shares issued at April 30, 2024 and January 31,2024, respectively, 10,959,870 and 8,859,870 shares outstanding as of April 30, 2024 and January 31, 2024, respectively	10,960	8,860
Additional paid-in-capital	43,263,194	34,442,339
Accumulated other comprehensive loss	(304)	(304)
Treasury stock, 10,000 and 10,000 shares at cost, respectively	(32,641)	(32,641)
Accumulated deficit	(29,878,096)	(27,980,019)
Total Stockholders' Equity	13,363,113	6,438,235
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 15,154,480	$ 7,517,154

See notes to unaudited consolidated financial statements

NUTRIBAND INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended April 30,	
	2024	2023
Revenue	$ 408,532	$ 476,932
Costs and expenses:		
Cost of revenues	243,746	254,648
Research and development	974,535	400,430
Selling, general and administrative	1,079,728	839,732
Total Costs and Expenses	2,298,009	1,494,810
Loss from operations	(1,889,477)	(1,017,878)
Other income (expense):		
Interest income	18	5,815
Interest expense	(8,618)	(3,166)
Total other income (expense)	(8,600)	2,649
Loss before provision for income taxes	(1,898,077)	(1,015,229)
Provision for income taxes	-	-
Net loss	$ (1,898,077)	$ (1,015,229)
Net loss per share of common stock-basic and diluted	$ (0.21)	$ (0.13)
Weighted average shares of common stock outstanding - basic and diluted	9,159,869	7,833,150

See notes to unaudited consolidated financial statements

NUTRIBAND INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Three Months Ended April 30, 2024

	Total	Common Stock Number of shares	Common Stock Amount	Additional Paid In Capital	Accumulated Other Comprehensive Income(Loss)	Accumulated Deficit	Treasury Stock
Balance, February 1, 2024	$ 6,438,235	8,859,870	$ 8,860	$ 34,442,339	$ (304)	$ (27,980,019)	$ (32,641)
Options issued for services	422,955	-	-	422,955	-	-	-
Proceeds from sale of common stock and warrants	8,400,000	2,100,000	2,100	8,397,900	-	-	-
Net loss for the three months ended April 30, 2024	(1,898,077)	-	-	-	-	(1,898,077)	-
Balance, April 30, 2024	$ 13,363,113	10,959,870	$ 10,960	$ 43,263,194	$ (304)	$ (29,878,096)	$ (32,641)

Three Months Ended April 30, 2023

	Total	Common Stock Number of shares	Common Stock Amount	Additional Paid In Capital	Accumulated Other Comprehensive Income(Loss)	Accumulated Deficit	Treasury Stock
Balance, February 1, 2023	$ 8,572,990	7,833,150	$ 7,833	$ 31,092,807	$ (304)	$ (22,494,705)	$ (32,641)
Warrants issued for services	87,090	-	-	87,090	-	-	-
Options issued for services	75,030	-	-	75,030	-	-	-
Net loss for the three months ended April 31, 2023	(1,015,229)	-	-	-	-	(1,015,229)	-

Balance, April 30, 2023	$ 7,719,881	7,833,150	$ 7,833	$ 31,254,927	$ (304)	$ (23,509,934)	$ (32,641)

See notes to unaudited consolidated financial statements

NUTRIBAND INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended April 30,	
	2024	2023
Cash flows from operating activities:		
Net loss	$ (1,898,077)	$ (1,015,229)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	69,101	75,201
Operating lease expense	7,845	7,845
Stock-based compensation-warrants	-	87,090
Stock-based compensation-options	422,955	75,030
Changes in operating assets and liabilities:		
Accounts receivable	63,505	(51,596)
Prepaid expenses	84,631	(3,354)
Inventories	(1,415)	47,838
Deferred revenue	111,843	25,794
Operating lease liability	(8,288)	(7,557)
Accounts payable and accrued expenses	313,974	9,074
Net Cash Used In Operating Activities	(833,926)	(749,864)
Cash flows from investing activities:		
Purchase of equipment	(6,195)	(2,624)
Net Cash Used in Investing Activities	(6,195)	(2,624)
Cash flows from financing activities:		
Proceeds from note payable-related party	300,000	50,000
Proceeds from sale of common stock and warrants	8,400,000	-
Payment on note payable	(5,081)	(4,877)
Net Cash Provided by Financing Activities	8,694,919	45,123
Net change in cash	7,854,798	(707,365)
Cash and cash equivalents - Beginning of period	492,942	1,985,440
Cash and cash equivalents - End of period	$ 8,347,740	$ 1,278,075
Supplementary information:		
Cash paid for:		
Interest	$ 611	$ 1,725
Income taxes	$ -	$ -

See notes to unaudited consolidated financial statements

NUTRIBAND INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements
as of and for the Three Months Ended April 30, 2024 and 2023

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

Nutriband Inc. (the "Company") is a Nevada corporation, incorporated on January 4, 2016. In January 2016, the Company acquired Nutriband Ltd, an Irish company which was formed by the Company's chief executive officer in 2012 to enter the health and wellness market by marketing transdermal patches. References to the Company relate to the Company and its subsidiaries unless the context indicates otherwise.

On August 1, 2018, the Company acquired 4P Therapeutics LLC ("4P Therapeutics") for $ 2,250,000, consisting of 250,000 shares of common stock, valued at $1,850,000, and $400,000, and a royalty of 6% on all revenue generated by the Company from the abuse deterrent intellectual property that had been developed by 4P Therapeutics payable to the former owner of 4P Therapeutics. The former owner of 4P Therapeutics has been a director of the Company since April 2018, when the Company entered into an agreement to acquire 4P Therapeutics. The former owner resigned as a director in January 2022.

4P Therapeutics is engaged in the development of a series of transdermal pharmaceutical products, that are in the preclinical stage of development. Prior to the acquisition of 4P Therapeutics, the Company's business was the development and marketing of a range of transdermal consumer

patches. Most of these products are considered drugs in the United States and cannot be marketed in the United States without approval by the Food and Drug Administration (the "FDA"). The Company entered a feasibility agreement as an initial step to seek FDA approval of its consumer transdermal products and its consumer products which are not being marketed in the United States.

With the acquisition of 4P Therapeutics, 4P Therapeutics' drug development business became the Company's principal business. The Company's approach is to use generic drugs that are off patent and incorporate them into the Company's transdermal drug delivery system. Although these medications have received FDA approval in oral or injectable form, the Company needs to conduct a transdermal product development program which will include the preclinical and clinical trials that are necessary to receive FDA approval before we can market any of our pharmaceutical products.

On August 25, 2020, the Company formed Pocono Pharmaceuticals Inc. ("Pocono Pharmaceuticals"), a wholly owned subsidiary of the Company. On August 31, 2020, the Company acquired certain assets and liabilities associated with the Transdermal, Topical, Cosmetic, and Nutraceutical business of Pocono Coated Products LLC ("PCP"). The net assets were contributed to Pocono Pharmaceuticals. Included in the transaction, Pocono Pharmaceuticals also acquired 100% of the membership interests of Active Intelligence LLC ("Active Intelligence").

Pocono Pharmaceuticals is a coated products manufacturing entity organized to take advantage of its unique process capabilities and experience. Pocono helps their customers with product design and development along with manufacturing to bring new products to market with minimal capital investment. Pocono Pharmaceutical's competitive edge is a low-cost manufacturing base: a result of its unique processes and state-of-the-art material technology. Active Intelligence manufactures activated kinesiology tape. The tape has transdermal and topical properties. This tape is used the same as traditional kinesiology tape.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unaudited Financial Statements

The consolidated balance sheet as of April 30, 2024, and the consolidated statements of operations, stockholders' equity, and cash flows for the periods presented have been prepared by the Company and are unaudited. In the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary to prepare fairly the financial position, results of operations, changes in stockholders' equity and cash flows for all periods presented have been made. The results for the three months ended April 30, 2024, are not necessarily indicative of the results to be expected for the full year. The consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in Nutriband's Annual Report on Form 10-K for the year ended January 31, 2024.

Certain information and footnote disclosures required under generally accepted accounting principles in the United States of America (U.S. GAAP") have been condensed or omitted from these consolidated financial statements pursuant to the rules and regulations, including interim reporting requirements of the U.S. Securities and Exchange Commission ("SEC"). The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosures of contingent amounts in our consolidated financial statements and accompanying footnotes. Actual results could differ from estimates.

The Company's significant accounting policies in Note 2 in the Company's Annual Report on Form 10-K for the year ended January 31, 2024. There were no significant changes to these accounting policies during the three months ended April 30, 2024.

Forward Stock Split

On July 26, 2022, our Board of Directors approved the amendment to our Articles of Incorporation to effect a 7- for- 6 forward stock split (the "Stock Split") of our outstanding common stock. The Company filed the amendment set forth in a Certificate of Change with the Secretary of State of Nevada on August 4, 2022. The 7:6 forward stock split was effective for trading purposes on the Nasdaq Capital Market on August 12, 2022. Each shareholder of record as of the August 15, 2022 record date received one (1) additional share for each six (6) shares held as of the record date. No fractional shares of common stock were issued in connection with the Stock Split. Instead, all shares were rounded up to the next whole share. In connection with the Stock Split, which did not require shareholder approval under the Nevada corporation law, the number of shares of common stock of the Company was increased in the same ratio as the shares of outstanding common stock were increased in the Stock Split, from 250,000,000 authorized shares to 291,666,666 authorized shares.

All share and per share information in these financial statements retroactively reflect the forward stock split.

Going Concern Assessment

Management assesses liquidity and going concern uncertainty in the Company's condensed financial statements to determine whether there is sufficient cash on hand and working capital, including available borrowings on loans, to operate for a period of at least one year from the date the consolidated financial statements are issued or available to be issued, which is referred to as the "look-forward period", as defined in GAAP. As part of this assessment, based on conditions that are known and reasonably knowable to management, management will consider various scenarios, forecasts, projections, estimates and will make certain key assumptions, including timing and nature of projected cash expenditures or programs, its ability to delay or curtail expenditures or programs and its ability to raise additional capital, if necessary, among other factors. Based on this assessment, as necessary or applicable, management makes certain assumptions around implementing curtailments or delays in the nature and timing of programs and expenditures to the extent it deems probable those implementations can be achieved and management has the proper authority to execute them within the look-forward period.

As of April 30, 2024, the Company had cash and cash equivalents of $ 8,347,740 and working capital of $ 7,313,082. For the three months ended April 30, 2024, the Company incurred a net loss from operations of $1,898,077 and used cash flow from operations of $ 833,926. The Company has generated operating losses since its inception and has relied on sales of securities and issuance of third-party and related-party debt to support cash flow from operations. The Company has used these proceeds from the sales of securities and issuance of third-party and related party debt to fund operations and will continue to use the funds as needed. In March 2023, the Company entered into a three-year $2,000,000 Credit Line Note facility with a related party, amended on July 13, 2023, to $5,000,000, which will permit the Company to draw down on the credit line to fund the Company's research and development of its Aversa product. On April 19, 2024, the Company received proceeds of $8,400,000 from equity financing with European investors, of which $7.12 million is from related parties.

Management has prepared estimates of operations for the next twelve months and believes that sufficient funds will be generated from operations to fund its operations for one year from the date of the filing of these condensed consolidated financial statements, which indicates improved operations and the Company's ability to continue operations as a going concern.

Management believes the substantial doubt about the ability of the Company to continue as a going concern is alleviated by the above assessment.

Principles of Consolidation

The consolidated financial statements of the Company include the Company and its wholly owned subsidiaries. All material intercompany balances and transactions have been eliminated. The operations of 4P Therapeutics are included in the Company's financial statements from the date of acquisition of August 1, 2018, and the operations of Pocono and Active Intelligence are included in the Company's financial statements from the date of acquisition of September 1, 2020 under Pocono Pharmaceuticals Inc. The wholly owned subsidiaries are as follows:

Nutriband Ltd.
4P Therapeutics LLC
Pocono Pharmaceuticals Inc.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates including, but not limited to, those related to such items as income tax exposures, accruals, depreciable/useful lives, allowance for doubtful accounts and valuation allowances. The Company bases its estimates on historical experience and on other various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), which amends the accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to a customer. The Company recognizes revenue based on the five criteria for revenue recognition established under Topic 606: 1) identify the contract, 2) identify separate performance obligations, 3) determine the transaction price, 4) allocate the transaction price among the performance obligations, and 5) recognize revenue as the performance obligations are satisfied.

Revenue Types

The following is a description of the Company's revenue types, which include professional services and sale of goods:

- Contract development and manufacturing services for consumer health transdermal, topical and tape products with revenues listed under sale of goods.
- Product revenues derived from the sale of the Company's consumer transdermal, topical and tape products with sales listed under sale of goods.
- Contract research and development services for pharmaceutical and medical devices for life sciences customers with revenues listed under services.

Contracts with Customers

A contract with a customer exists when (i) we enter into an enforceable contract with a customer that defines each party's rights regarding the goods or services to be transferred and identifies the payment terms related to these goods or services, (ii) the contract has commercial substance and, (iii) we determine that collection of substantially all consideration for services that are transferred is probable based on the customer's intent and ability to pay the promised consideration.

Contract Liabilities

Deferred revenue is a liability related to a revenue producing activity for which revenue has not been recognized. The Company records deferred revenue when it receives consideration from a contract before achieving certain criteria that must be met for revenue to be recognized in conformity with GAAP.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the new revenue standard. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For the Company's different revenue service types, the performance obligation is satisfied at different times. The Company's performance obligations include providing products and professional services in the area of research. The Company recognizes product revenue performance obligations in most cases when the product has shipped to the customer. When we perform professional service work, we recognize revenue when we have the right to invoice the customer for the work completed, which typically occurs over time on a monthly basis for the work performed during that month.

All revenue recognized in the income statement is considered to be revenue from contracts with customers.

Disaggregation of Revenues

The Company disaggregates its revenue from contracts with customers by type and by geographical location. See the tables:

	Three Months Ended April 30,	
	2024	2023
Revenue by type		
Sale of goods	$ 408,532	$ 401,057
Services	-	75,875
Total	$ 408,532	$ 476,932

	Three Months Ended April 30,	
	2024	2023
Revenue by geographic location:		
United States	$ 408,532	$ 476,932
Foreign	-	-
	$ 408,532	$ 476,932

Cash and cash equivalents.

Cash and cash equivalents include cash on hand, cash on deposit in money market accounts. The Company considers short-term highly liquid investments with an original maturity date of three months or less that are not part of an investment pool to be cash equivalents. As of April 30, 2024, the Company had $7,879,000 that exceeded federally insured limits.

Accounts receivable

Trade accounts receivables are recorded at the net invoice value and are not interest bearing. The Company maintains allowances for doubtful accounts for estimated losses from the inability of its customers to make the required payments. The Company determines its allowances by both the specific identification of customer accounts where appropriate and the application of historical loss to non-applicable accounts. For the three months ended April 30, 2024, and 2023, the Company recorded bad debt expenses of $1,200 and $-0-, respectively, for doubtful accounts related to accounts receivable. During the year ended January 31, 2024, the Company entered into an accounts receivable sale agreement for one of its subsidiaries. The Company received $106,528 in funds against an account receivable that is currently a claim in bankruptcy. The net accounts receivable remain on the books of the Company and a corresponding amount has been included as a secured borrowing liability under Notes payable. As of April 30, 2024, the receivable has been reserved in full. If the bankruptcy claim is not paid in full by the debtor, Company is obligated to pay any difference to the factor. The loan bears interest at 10%. The Company adopted ASU 2016-13 during 2013 and implemented the guidance on expected credit losses.

Inventories

Inventories are valued at the lower of cost and reasonable value determined using the first-in, first-out (FIFO) method. Net realized value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of finished goods and work in process is comprised of material costs, direct labor costs and other direct costs and related production overheads (based on normal operating capacity). As of April 30, 2024, total inventory was $168,505, consisting of work-in-process of $ 27,447, finished goods of $ 26,751 and raw materials of $ 114,307. As of January 31, 2024, total inventory was $168,605, consisting of work-in-process of $ 7,466, finished goods of $ 8,707 and raw materials of $ 134,691.

Property, Plant and Equipment

Property and equipment represent an important component of the Company's assets. The Company depreciates its plant and equipment on a straight-line basis over the estimated useful life of the assets. Property, plant and equipment is stated at historical cost. Expenditures for minor repairs, maintenance and replacement parts which do not increase the useful lives of the assets are charged to expense as incurred. All major additions and improvements are capitalized. Depreciation is computed using the straight-line method. The lives over which the fixed assets are depreciated range from 3 to 20 years as follows:

Lab Equipment	5-10 years
Furniture and fixtures	3 years
Machinery and equipment	10-20 years

Intangible Assets

Intangible assets include trademarks, intellectual property and customer base acquired through business combinations. The Company accounts for Other Intangible Assets under the guidance of ASC 350, "Intangibles-Goodwill and Other." The Company capitalizes certain costs related to patent technology. A substantial component of the purchase price related to the Company's acquisitions have also been assigned to intellectual property and other intangibles. Under the guidance, other intangible assets with definite lives are amortized over their estimated useful lives. Intangible assets with indefinite lives are tested annually for impairment. Trademarks, intellectual property and customer base are being amortized over their estimated useful lives of ten years.

Goodwill

Goodwill represents the difference between the total purchase price and the fair value of assets (tangible and intangible) and liabilities at the date of acquisition. Goodwill is reviewed for impairment annually on January 31, and more frequently as circumstances warrant, and written down only in the period in which the recorded value of such assets exceeds their fair value. The Company does not amortize goodwill in accordance with ASC 350. In connection with the Company's acquisition of 4P Therapeutics LLC in 2018, the Company recorded Goodwill of $1,719,235. On August 31, 2020, in connection with the Company's acquisition of Pocono Coated Products LLC and Active Intelligence LLC, the Company recorded Goodwill of $5,810,640. During the years ended January 31, 2024, and 2023, the Company recorded an impairment charge of $-0- and $327,326, respectively, reducing the Active Intelligence LLC Goodwill to $3,302,478. As of April 30, 2024, and January 31, 2024, Goodwill amounted to $ 5,021,713 and $5,021,713, respectively.

Long-lived Assets

Management reviews long-lived assets for potential impairment whenever significant events or changes in circumstances indicate that the carrying

amount of an asset may not be recoverable. An impairment exists 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 estimated undiscounted cash flows expected to result from the use and eventual disposition of the asset. If an impairment exists, the resulting write-down would be the difference between the fair market value of the long-lived asset and the related book value.

Earnings per Share

Basic earnings per share of common stock is computed by dividing net earnings by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net earnings by the weighted average number of shares of common stock and potential shares of common stock outstanding during the period. Potential shares of common stock consist of shares issuable upon the exercise of outstanding options and common stock purchase warrants. As of April 30, 2024, and 2023, there were 6,747,873 and 1,783,373 common stock equivalents outstanding, that were not included in the calculation of dilutive earnings per share as their effect would be anti-dilutive.

Stock-Based Compensation

ASC 718, “Compensation - Stock Compensation,” prescribes accounting and reporting standards for all share-based payment transactions in which employee services, and, since February 1, 2019, non-employees, are acquired. Transactions include incurring liabilities, or issuing or offering to issue shares, options and other equity instruments such as employee stock ownership plans and stock appreciation rights. Share-based payments to employees, including grants of employee stock options, are recognized as compensation expense in the financial statements based on their fair values. That expense is recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period). As of February 1, 2019, pursuant to ASC 2018-07, ASC 718 was applied to stock-based compensation for both employees and non-employees.

Business Combinations

The Company recognizes the assets acquired, the liabilities assumed, and any non-controlling interest in the acquired entity at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the accounting literature. In accordance with this guidance, acquisition-related costs, including restructuring costs, must be recognized separately from the acquisition and will generally be expensed as incurred. That replaces the cost-allocation process detailed in previous accounting literature, which required the cost of an acquisition to be allocated to the individual assets acquired and liabilities assumed based on their estimated fair value.

Leases

In February 2016, the FASB issued ASU 2016-02, “Leases” (Topic 842), to provide a new comprehensive model for lease accounting under this guidance, lessees and lessors should apply a “right-of-use” model in accounting for all leases (including subleases) and eliminate the concept of operating leases and off-balance-sheet leases. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. Similar modifications have been made to lessor accounting in-line with revenue recognition guidance.

The Company applies the guidance for right-of-use accounting for all leases and records the operating lease liabilities on its balance sheet. The Company completed the necessary changes to its accounting policies, processes, disclosure and internal control over financial reporting.

Research and Development Expenses

Research and development costs are expensed as incurred.

Income Taxes

Taxes are calculated in accordance with taxation principles currently effective in the United States and Ireland.

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent they believe these assets will more likely than not be realized. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. In the event the Company was to determine that it would be able to realize its deferred income tax assets in the future in excess of its net recorded amount, the Company would make an adjustment to the valuation allowance which would reduce the provision for income taxes.

Fair Value Measurements

FASB ASC 820, “Fair Value Measurements and Disclosure” (“ASC 820”), defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value.

The Company utilizes the accounting guidance for fair value measurements and disclosures for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis during the reporting period. The fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based upon the best use of the asset or liability at the measurement date. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability. ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers are defined as follows:

Level 1 - Observable inputs such as quoted market prices in active markets.

Level 2 - Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3 - Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The carrying value of the Company's financial instruments, including accounts receivable, prepaid expenses, accounts payable and accrued expenses, and deferred revenue approximate their fair value due to the short maturities of these financial instruments.

Recent Accounting Standards

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326), The ASU introduces a new credit loss methodology. Current Expected Credit Loss ("CECL"), which requires earlier recognition of credit losses, which also provides additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The Company adopted ASU 2016-13 during the year ended January 31, 2024. The adoption of ASU 2016-13 did not have a material impact on the Company's balance sheet or statement of operations.

The Company has reviewed all other FASB-issued ASU accounting pronouncements and interpretations thereof that have effective dates during the period reported and in future periods. The Company has carefully considered the new pronouncements that alter previous GAAP and does not believe that any new or modified principles will have a material impact on the Company's reported financial position or operations in the near term. The applicability of any standard is subject to the formal review of the Company's financial management and certain standards are under consideration.

3. PROPERTY AND EQUIPMENT

	April 30, 2024	January 31, 2024
Lab equipment	$ 144,585	$ 144,585
Machinery and equipment	1,298,584	1,292,389
Furniture and fixtures	19,643	19,643
	1,462,812	1,456,617
Less: Accumulated depreciation	(722,507)	(681,693)
Net Property and Equipment	$ 740,305	$ 774,924

Depreciation expenses amounted to $ 40,814 and $46,914 for the three months ended April 30, 2024, and 2023, respectively. During the three months ended April 30, 2024, and 2023, depreciation expenses of $30,242 and $36,179, respectively, have been allocated to cost of goods sold.

4. NOTES PAYABLE

Notes Payable

Active Intelligence, entered into an agreement with the Carolina Small Business Development Fund for a line of credit of $ 160,000 due October 16, 2028, with interest of 5% per year. The amount assumed was $ 139,184. The loan requires monthly payments of principal and interest of $ 1,697. During the three months ended April 30, 2024, the Company made $3,959 of principal payments. As of April 30, 2024, the amount due was $ 81,290, of which $16,331 is current. As of January 31, 2024, the amount due was $ 85,249.

On April 3, 2022, the Company entered into a retail installment agreement for the purchase of an automobile. The contract price was $ 32,274, of which $22,795 was financed. The agreement is for five years bearing interest at 2.95% per annum with payments of $ 410 per month. The loan is secured by automobile. As of April 30, 2024, the amount due was $ 14,860 of which $ 4,560 is current. As of January 31, 2024, the amount due was $15,232.

Note payable-related party.

On July 17, 2023, the Company entered an amended Credit Line Note agreement, for an increased $ 5,000,000 credit line facility t the Company entered on March 17, 2023). Outstanding advances under the Note bears interest at 7% per annum. The promissory note is due and payable in full on March 19, 2026. Interest is payable annually on December 31 of each year during the term of the note. During the year ended January 31, 2024, the Company received $2,000,000 on the Note. In December 2023, the Company converted the balance of the credit facility of $ 2,000,000 and $53,476 of accrued interest into 1,026,520 shares of common stock. The fair value of the common stock was $ 2,554,423 resulting in a $554,423 loss on extinguishment. The Company received advances of $300,000 during the three months ended April 30, 2024. As of April 30, 2024, the balance due was $300,000. The Company recorded interest expense of $ 4,163 for the three months ended April 30, 2024.

Secured borrowing liability.

The Company entered into an accounts receivable sale agreement for one of its subsidiaries in connection with a bankruptcy claim. The Company received $106,528 and recorded the transaction as a secured loan payable against the account receivable. The sale of the account receivable balance was to an outside third party, whereby if the bankruptcy court does not pay the balance in full, the Company will owe back the unpaid portion. The loan is classified as a current liability as the Company expects the bankruptcy will be resolved in the next twelve months. The loan bears interest at 10%. For the three months ended April 30, 2024, the Company recorded interest expense of $ 2,578.

Interest expenses for the three months ended April 30, 2024, and 2023, were $ 8,618 and $3,166, respectively.

5. INTANGIBLE ASSETS

As of April 30, 2024, and January 31, 2024, intangible assets consisted of intellectual property and trademarks, customer base, and license agreement, net of amortization, as follows:

	April 30, 2024	January 31, 2024
Customer base	$ 314,100	$ 314,100
Intellectual property and trademarks	817,400	817,400
Total	1,131,500	1,131,500
Less: Accumulated amortization	(492,507)	(464,220)
Net Intangible Assets	$ 638,993	$ 667,280

Amortization expenses for the three months ended April 30, 2024, and 2023 amounted to $ 28,287 and $28,287, respectively.

Year Ended January 31,	
2025	$ 84,863
2026	113,148
2027	113,148
2028	113,148
2029	94,226
2030 and thereafter	120,460
	$ 638,993

6. RELATED PARTY TRANSACTIONS

Activity during the year ended April 30, 2024

a) In March 2024, options to purchase 390,000 shares of common stock to executives and employees of the Company at a price of $ 2.37 and $2.61 per share. The options vest immediately and expire in three years. The fair value of the options issued amounted to $ 422,955 and was expensed during the three months ended April 30, 2024.

b) On April 19, 2024, the Company completed an $ 8,400,000 equity financing with European investors which included related parties. The related parties invested a total of $7,120,000 and received 1,780,000 shares of common stock and warrants to purchase 3,560,000 shares of common stock @ $6.43 per share. One related party, a director of the Company, invested $ 4.5 million which included $500,000 from his son and $ 700,000 from an entity he controls. The other related party invested $2.62 million from entities controlled by the investor. See Note 7 for further information.

c) During the three months ended April 30, 2024, the Company received $ 300,000 from the credit line facility with TII Jet Services LDA. See Note 4 for further information.

Activity during the three months ended April 30, 2023

a) On February 1, 2023, options to purchase 30,000 shares of the Company's common stock were issued to an executive of the Company at a price of $3.975 per share. The options vest immediately and expire in three years. The fair value of the options issued for services amounted to $75,030 and was expensed during the three months ended April 30, 2023.

7. STOCKHOLDERS' EQUITY

Preferred Stock

On January 15, 2016, the board of directors of the Company approved a certificate of amendment to the articles of incorporation and changed the authorized capital stock of the Company to include and authorize 10,000,000 shares of Preferred Stock, par value $ 0.001 per share.

On May 24, 2019, the board of directors created a series of preferred stock consisting of 2,500,000 shares designated as the Series A Convertible Preferred Stock ("Series A Preferred Stock"). On June 20, 2019, the Series A preferred Stock was terminated, and the 2,500,000 shares were restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series, until such stock is once more designated as part of a particular series by the board of directors.

Common Stock

On June 25, 2019, the Company effected a one-for-four reverse stock split, pursuant to which each outstanding share of common stock was changed into 0.25 shares of common stock, and the Company decreased its authorized common stock in the same ratio from 100,000,000 to 25,000,000 shares.

On January 27, 2020, the Company amended its Articles of Incorporation to increase its authorized common shares from 25,000,000 authorized shares to 250,000,000 authorized shares.

On July 26, 2022, the Board of Directors of the Company approved a 7-for-6 forward stock split, effective for trading purposes as of August 12, 2022, pursuant to which each shareholder as of the August 15, 2022 record date received one (1) additional share for each six (6) shares held as of the record date. Pursuant to the operation of the amendment providing for the forward stock split filed with the Secretary of State of Nevada on August 4, 2022, the authorized common stock of the Company was increased from 250,000,000 shares to 291,666,666 shares in connection with the forward split.

Activity during the Three Months Ended April 30, 2024

(a) As of April 30, 2024, the Company holds 10,000 of its shares comprising $ 32,641 of treasury stock. There was no activity during the three months ended April 30, 2024.

(b) On April 19, 2024, the Company completed an $ 8,400,000 equity financing with European investors, of which $ 7.12 million is from related parties, (the "Offering") of 2,100,000 units ("Units"), at a price of $ 4.00 per Unit, consisting of one share of common stock ("Shares") and a Warrant to purchase two Shares of common stock, the Warrant having an exercise price of $ 6.43, are exercisable by payment of the exercise price in cash only and expire April 19, 2029, five years from the date of issuance ("Warrants"). The offering was made solely to investors residing outside the United States and was not registered under the Security Act of 1933, as amended, (the "Security Act"), or the security law of any jurisdiction, including outside the United States, but was made privately by the Company pursuant to the exemptions from registration provided in the SEC's Regulation S and other exemptions under the Securities Act. See Note 6 for further information.

Activity during the Three Months Ended January 31, 2023

(a) As of April 30, 2023, the Company held 10,000 of its shares comprising $ 32,641 of treasury stock. There was no activity during the three months ended April 30, 2023.

8. OPTIONS and WARRANTS

Warrants

The following table summarizes the changes in warrants outstanding and the related price of the shares of the Company's common stock issued to non-employees of the Company during the year ended January 31, 2024. On March 7, 2023, the Company issued 30,000 warrants to purchase the Company's common shares to Barandnic Holdings Ltd. for services provided. The warrants are exercisable at a price of $4.00 per share and expire five years from the date of issuance. On October 27, 2023, the Company issued 145,833 warrants to purchase the Company's common shares to management (87,500 warrants were issued to the Chief Financial Officer) and non-employees of the Company. The warrants are exercisable at a price of $1.93 per share and expire in three years from the date of issuance. These warrants replace previously issued warrants that have now been cancelled. The Company used the Black-Scholes valuation model to record the fair value. The valuation model used a dividend rate of 0%; expected term of 1.5 years; volatility rates of 152.10-174.45%; and a risk-free rate of 4.31%-4.84%. Non-cash compensation for the year ended January 31, 2024, amounted to $242,840.

On April 19, 2024, in connection with a private placement of the Company's common stock, the Company issued 4,200,000 warrants. The warrants are exercisable at a price of $6.43 per share and expire five years from the date of issuance.

	Shares	Exercise Price	Remaining Life	Intrinsic Value
Outstanding, January 31, 2023	1,307,671	$ 6.43	3.34 years	$ -
Granted	175,833	2.28	2.97 years	-
Expired/Cancelled	(200,466)	6.33	-	-
Exercised	-	-	-	-
Outstanding, January 31, 2024	1,283,038	5.88	2.97 years	-
Granted	4,200,000	6.43	5.00 years	-
Expired/Cancelled	-	-	-	-
Exercised	-	-	-	-
Outstanding- April 30, 2024	5,483,038	$ 6.30	4.25 years	$ 233,125
Exercisable - April 30, 2024	5,483,038	$ 6.30	4.25 years	$ 233,125

The following table summarizes additional information relating to the warrants outstanding as of April 30, 2024:

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life(Years)	Weighted Average Exercise Price for Shares Outstanding	Number Exercisable	Weighted Average Exercise Price for Shares Exercisable	Intrinsic Value
$ 4.00	30,000	4.10	$ 4.00	30,000	$ 4.00	$ -
$ 6.43	5,282,205	2.68	$ 6.43	5,282,205	$ 6.43	$ -
$ 1.93	145,833	2.74	$ 1.93	145,833	$ 1.93	$ 233,125
$ 7.50	25,000	3.77	$ 7.50	25,000	$ 7.50	$ -
	5,483,038			5,483,038		$ 233,125

Options

The following table summarizes the changes in options outstanding and the related price of the shares of the Company's common stock issued to employees of the Company. See Note 7 for the issuance of related party options.

On November 1, 2021, the Board of Directors adopted the 2021 Employee Stock Option Plan (the "Plan"). The Company has reserved 408,333 shares for issuance and sale upon the exercise of stock options. In accordance with the Plan, on February 1, 2022, the Company reserved an additional 233,333 shares and on February 1, 2023, the Company reserved an additional 233,333 shares. The options vest immediately and expire in three years. Under the Plan, options may be granted which are intended to qualify as Incentive Stock Options ("ISO's") under Section 422 of the Internal Revenue Code of 1986 (the "Code") or which are not ("non-ISO's") intended to qualify as Incentive Stock Options thereunder. The Plan also provides for restricted stock awards representing shares of common stock that are issued subject to such restrictions on transfer and other incidents of ownership and such forfeiture conditions as the Board of Directors, or the committee administering the Plan composed of directors who qualify as "independent" under Nasdaq rules, may determine. On November 3, 2021, the Company filed a Registration Statement on Form S-8, to register under the Securities Act of 1933, as amended the 408,333 shares of common stock reserved for issuance under the Plan.

On March 20, 2024, our Board of Directors adopted an amendment to the Company's Employee Stock Option Plan (the "Plan") increasing the number of shares of common stock subject to the Plan (as of March 20, 2024, 875,000 shares) to 1,400,000 shares (the "Amendment"). The Company will submit the Amendment to the Plan to our stockholders for adoption and approval at the 2025 Annual Meeting. If the Amendment is not approved by stockholders within one year of adoption, the increase in shares subject to the Plan will be void, together with any options issued following March 20, 2024, in the period pending approval of the Plan by our stockholders. As of April 30, 2024, 135,165 shares remain available for issuance of options under the Plan.

During the three months ended April 30, 2024, 390,000 options to purchase shares of the Company's common stock were issued to executive officers and employees at prices of $2.37- $2.61 per share. The options vest immediately and expire three years from the date of issuance. The fair value of the options issued for services amounted to $422,955 and was recorded during the three months ended April 30, 2024. The Company used the Black-Scholes valuation model to record the fair value. The valuation model used a dividend rate of 0%; expected term of 1.5 years; volatility rate of 97.83%; and a risk-free rate of 4.87%.

During the year ended January 31, 2024, 404,500 options to purchase shares of the Company's common stock were issued to executive officers and employees at prices of $1.93-$3.975 per share. The options vest immediately and expire three years from the date of issuance. The fair value of the options issued for services amounted to $499,856 and was recorded during the year ended January 31, 2024. The Company used the Black-Scholes valuation model to record the fair value. The valuation model used a dividend rate of 0%; expected term of 1.5 years; volatility rates of 121.52-143.54%; and a risk-free rate of 3.00-4.5%.

	Shares	Exercise Price	Remaining Life	Intrinsic Value
Outstanding, January 31, 2023	470,335	$ 4.13	2.53 years	
Granted	404,500	2.18	2.68 years	-
Expired/Cancelled	-	-	-	
Exercised	-	-	-	
Outstanding, January 31, 2024	874,835	3.23	2.31 years	
Granted	390,000	2.49	2.80 years	$ 378,300
Expired/Cancelled	-	-	-	
Exercised	-	-	-	
Outstanding- April 30, 2024	1,264,835	$ 2.63	2.31 years	$ 910,285
Exercisable - April 30, 2024	1,264,835	$ 2.63	2.31 years	$ 910,285

The following table summarizes additional information relating to the options outstanding as of April 30, 2024:

Range of Exercise Prices	Number Outstanding	Weighted Average Life(Years)	Weighted Average Exercise Price for Shares Outstanding	Number Exercisable	Weighted Average Exercise Price for Shares Exercisable	Intrinsic Value
$ 1.93	214,500	2.74	$ 1.93	214,500	$ 1.93	$ 328,185
$ 2.12	140,000	2.74	$ 2.12	140,000	$ 2.12	$ 187,600
$ 2.37	195,000	2.37	$ 2.37	195,000	$ 2.37	$ 212,550
$ 2.61	195,000	2.61	$ 2.61	195,000	$ 2.61	$ 165,750
$ 2.65	20,000	2.63	$ 2.65	20,000	$ 2.65	$ 16,200
$ 3.59	35,000	3.67	$ 3.59	35,000	$ 3.59	$ -
$ 3.75	57,500	1.85	$ 3.75	57,500	$ 3.75	$ -
$ 3.98	30,000	2.01	$ 3.98	30,000	$ 3.98	$ -
$ 4.09	78,750	1.50	$ 4.09	78,750	$ 4.09	$ -
$ 4.12	50,000	1.85	$ 4.12	50,000	$ 4.12	$ -
$ 4.16	144,083	0.97	$ 4.16	144,083	$ 4.16	$ -
$ 4.50	58,334	1.50	$ 4.50	58,334	$ 4.50	$ -
$ 4.58	46,668	0.97	$ 4.58	46,668	$ 4.58	$ -

9. SEGMENT REPORTING

We organize and manage our business by the following two segments which meet the definition of reportable segments under ASC280-10, Segment Reporting: Sales of Goods and Services. These segments are based on the customer type of products or services provided and are the same as our business units. Separate financial information is available and regularly reviewed by our chief officer decision maker, who is our chief executive officer, in making resource allocation decisions for our segments. Our chief officer decision maker evaluates segment performance to the GAAP

measure of gross profit.

	Three Months Ended April 30,	
	2024	2023
Net sales		
Pocono Pharmaceuticals	$ 408,532	$ 401,057
4P Therapeutics	-	75,875
	408,532	476,932
Gross profit		
Pocono Pharmaceuticals	164,786	169,308
4P Therapeutics	-	52,976
	164,786	222,284
Operating expenses		
Selling, general and administrative-Pocono Pharmaceuticals	154,394	136,863
Selling, general and administrative-4P Therapeutics	24,354	16,921
Selling, general and administrative-Corporate	900,980	685,948
Research and development-4P Therapeutics	974,535	400,430
	2,054,263	1,240,162
Depreciation and Amortization		
Pocono Pharmaceuticals	$ 56,823	$ 55,208
Corporate	3,011	3,497
4P Therapeutics	9,267	16,496
	$ 69,101	$ 75,201

The following table presents information about net sales and property and equipment, net of accumulated depreciation, in the United States and elsewhere.

	Three Months Ended April 30,	
	2024	2023
Net sales		
United States	$ 408,532	$ 401,057
Outside the United States	-	75,875
	$ 408,532	$ 476,932

	April 30, 2024	January 31, 2024
Property and equipment, net of accumulated depreciation		
United States	$ 740,305	$ 774,924
Outside the United States	-	-
	$ 740,305	$ 774,924
Assets		
Corporate	$ 8,210,779	$ 344,192
Pocono Pharmaceuticals	5,044,569	5,079,293
4P Therapeutics	1,899,132	2,093,369
	$ 15,154,480	$ 7,516,854

10. COMMITMENTS AND CONTIGENCIES

Employment Agreements

The Company entered into three-year employment agreements with Gareth Sheridan, our CEO, and Serguei Melnik, our President, effective February 1, 2022. The agreement also provides that the executives will continue as directors and officers of the Company for the respective terms thereof. The agreement provides for an initial term, commencing on the effective date of the agreement and ending on January 31, 2025, and continuing on a year-to-year basis thereafter unless terminated by either party on not less than 30 days' notice given prior to the expiration of the initial term or any one-year extension. For their services to the Company during the term of the agreement, Mr. Sheridan and Mr. Melnik will receive an annual salary of $250,000 per annum, commencing on the effective date of the agreement. Mr. Sheridan and Mr. Melnik will also receive a performance bonus of 3.5% of net income before income taxes. As of July 31, 2022, the Company and Mr. Sheridan and Mr. Melnik mutually agreed to reduce their annual salary to $150,000.

The Company entered into a three-year employment agreement with Gerald Goodman, our CFO, effective February 1, 2022. The agreement provides for an initial term, commencing on the effective date of the agreement and ending on January 31, 2025, and continuing on a year-to-year basis thereafter unless terminated by either party on not less than 30 days' notice given prior to the expiration of the initial term or any one-year extension. For his services to the Company during the term of the agreement, Mr. Goodman will receive an annual salary of $210,000 per annum, commencing on the effective date of the agreement. As of July 31, 2022, the Company and Mr. Goodman mutually agreed to reduce his annual salary to $110,000.

Kindeva Drug Delivery Agreement

On January 4, 2022, the Company signed a feasibility agreement with Kindeva Drug Delivery, L.P. ("Kindeva") to develop Nutriband's lead product, AVERSA Fentanyl, based on its proprietary AVERSA abuse deterrent transdermal technology and Kindeva's FDA-approved transdermal fentanyl patch (fentanyl transdermal system). The feasibility agreement provides for adapting Kindeva's commercial transdermal manufacturing process to incorporate AVERSA technology in the fentanyl transdermal system.

The agreement will remain in force until the earlier of: (1) the completion of the work and deliverables under the Workplan; or (2) two (2) years after the Effective Date, after which time the agreement will expire. The feasibility Workplan was completed in February 2024.

The estimated cost to complete the feasibility Workplan was approximately $ 2.5 million. Nutriband made an advance deposit of $250,000 in January 2022, to be applied against the final invoices. As of April 30, 2024, Nutriband has incurred expenses of $2,950,998 and the deposit of $250,000 has been applied to the final invoices.

On January 15, 2024, the Nutriband signed a commercial development and clinical supply agreement for their lead product with Kindeva. Kindeva will perform commercial manufacturing process development and manufacturing clinical supplies for the human abuse liability clinical study required by the FDA in support of a New Drug Application. The new agreement replaces the previous feasibility agreement between the two companies which was focused on adapting Kindeva's commercial transdermal manufacturing process to incorporate AVERSA abuse deterrent transdermal technology. The estimated cost to complete is approximately $8.1 million and the expected timing of FDA submission is twelve to eighteen months.

Lease Agreement

On February 1, 2022, Pocono Pharmaceuticals entered into a lease agreement with Geometric Group, LLC for 12,000 square feet of warehouse space currently occupied by Active Intelligence. The monthly rental is $3,000 and the lease expires on January 31, 2025. The lease can be extended for an additional three years at the same monthly rental. The Company recorded a Right of Use asset in the amount of $ 94,134 in connection with the valuation.

Sorrento Therapeutics, Inc. Agreement

On July 25, 2023, 4P Therapeutics assigned its claim under the bankruptcy proceedings from Sorrento Therapeutics Inc. and received proceeds of $106,528. The amount due under the claim was $118,675 and 4P Therapeutics recorded a reserve for bad debts of $ 118,675 during the year ended January 31, 2024. Under the agreement with the buyer of the claim, 4P Therapeutics will make proportional restitution and/or repayment of the purchase amount to the extent the claim is disallowed, reduced or not paid at the same time or distribution rate as other general unsecured claims against the Debtor are paid. The Company has recorded the amount of the proceeds as a secured loan payable to the factor as of April 30, 2024.

Legal Proceedings

The Company is currently a defendant in a lawsuit initiated by Joseph Gunnar, LLC ("Gunnar") and Lucosky Brookman LLP ("LB") in the Supreme Court of the State of New York, New York County, under Index No.654633/2023. The lawsuit alleges multiple allegations such as breach of contract, fraudulent activities, and tortious interference and seeks damages following the Company's termination of an engagement letter for assistance with a public stock offering. Gunnar is seeking over $500,000 in damages plus punitive damages, while LB is demanding reimbursement of legal fees.

In response, the Company denies all allegations, alleging that the engagement letter was unenforceable, and its termination was legally justified. The Company has also initiated counterclaims against Joseph Gunnar & Co., accusing them of intentional interference and breach of fiduciary duty, and is seeking $1,000,000 for each claim along with a declaratory judgment affirming the legality and justification of the termination. The plaintiffs have denied these counterclaims.

Currently, there are no pending hearings or motions as both parties are engaged in discovery and are attempting to resolve the matter amicably.

11. SUBSEQUENT EVENTS

(a) The Company agreed on May 14, 2024, to convert $ 300,000, which as of that date of all the outstanding principal on the Credit line Promissory Note of the Company held by TII Jet Services LDA, a related party, (the "Holder"). The conversion was made pursuant to the terms of a Conversion Agreement dated May 14, 2024, which provided that the conversion of $300,000 of principal and $4,922 of accrued interest would be made at a price of $4.00 per share, resulting in the Company issuing on May 14, 2024, a total of 76,230 shares of common stock at the conversion price of $4.00 per share. On May 22, 2024, the Conversion Agreement was amended allowing the lender to purchase an additional 152,460 shares of common stock at a rate of two warrants per converted share, with an exercise price of $ 6.43 per share and a term of five years from the conversion date (May 14, 2024).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements but are not deemed to represent an all-inclusive means of identifying forward-looking statements as denoted in this report. Additionally, statements concerning future matters are forward-looking statements.

Although forward-looking statements in this report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the year ended January 31, 2024, in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q and information contained in other reports that we file with the SEC. You are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this report.

We undertake no obligation to revise or update any forward-looking statements to reflect any event or circumstance that may arise after the date of this report, except as required by law. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this quarterly report, which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

Overview

AVERSA™ transdermal abuse deterrent technology.

Our primary business is the development of a portfolio of transdermal pharmaceutical products. Our lead product is our abuse deterrent fentanyl transdermal system which will require approval from the Food and Drug Administration ("FDA") and substantial additional capital for research and development. Our abuse deterrent transdermal product under development has the potential to provide clinicians and patients with an extended-release transdermal fentanyl product for use in managing chronic pain requiring around the clock opioid therapy combined with properties designed to deter the abuse and misuse of fentanyl patches. In addition, we believe that our abuse deterrent technology can be broadly applied to various transdermal products and our strategy is to follow the development of our abuse deterrent fentanyl transdermal system with the development of abuse deterrent transdermal products for pharmaceuticals that have risks or a history of abuse. We received on January 28, 2022, an Issue Notification from the United States Patent and Trademark Office (USPTO) for our United States patent entitled, "Abuse and Misuse Deterrent Transdermal System," that protects our Aversa™ technology platform.

Through October 31, 2018, our business was the development of a line of consumer and health products that are delivered through a transdermal or topical patch. Following our acquisition of 4P Therapeutics on August 1, 2018, our focus expanded to include prescription pharmaceuticals, and we are seeking to develop and seek FDA approval on a number of transdermal pharmaceutical products under development by 4P Therapeutics.

Most of our planned consumer products require FDA approval for sale in the United States, and we have not sought to obtain, and we do not plan to seek to obtain, FDA approval to market these products in the United States at this time. Following our acquisition of selected assets from Pocono Coated Products, LLC ("Pocono"), we are primarily focused on providing contract manufacturing services and consulting services to 3rd party brands with no intention at this time to launch our own consumer products.

4P Therapeutics has not generated any revenue from any of its products under development. Rather, prior to our acquisition, 4P Therapeutics generated revenue to provide cash for its operations through contract research and development and related services for a small number of clients in the life sciences field on an as-needed basis. We are, for the near term, continuing this activity, although we do not anticipate that it will generate significant revenues and, since our acquisition, it has generated minor gross margins. We have no long-term contractual obligations, and either party can terminate at any time.

With the change in our focus, our capital requirements have increased substantially. The process of developing pharmaceutical products and submitting them for FDA approval is both time consuming and expensive, with no assurance of obtaining approval from the FDA to market our product in the United States. We will require approximately $13 million for research and development of our abuse deterrent fentanyl transdermal system, including clinical manufacturing and clinical trials that need to be completed to obtain FDA approval. However, the total cost could be substantially in excess of that amount.

On August 31, 2020, the Company closed the purchase of all of the assets of Pocono Coated Products ("PCP") associated with its Transdermal, Topical, Cosmetic and Nutraceutical business (the "Assets"). pursuant to a Purchase Agreement ("Agreement"), entered into on August 31, 2020. The purchase price for the Assets was (i) $6,000,000 paid in shares of the Company's common stock at a value of the average price of the previous 90 days at the date of Closing (the "Shares"); and (ii) a promissory note of the Company in the principal amount of $1,500,000, which note was repaid in full in October 2021. Subsequent to the repayment of the note, on October 25, 2021, the Shares were released from escrow.

On October 5, 2021, the Company, having been approved for the listing of its common stock on The Nasdaq Capital Market effective October 1, 2021, consummated a public offering (the "IPO") of units (the "Units"), of common stock and warrants that were offered in the IPO on The Nasdaq Capital Market, which included 1,231,200 (each a "Unit"), each Unit consisting of one share of common stock, par value $0.001 per share, and one warrant (each a "Warrant") at a price of $5.36 per Unit. Each Warrant is immediately exercisable, entitles the holder to purchase one share of common stock at an exercise price of $6.43 and will expire five (5) years from the date of issuance. The underwriters' over-allotment option was exercised for 184,800 warrants to purchase shares of common stock bringing the total net proceeds to the Company from the IPO to $5,836,230. The shares of common stock and Warrants were separately transferred immediately upon issuance. As of April 30, 2023, 457,794 Warrants issued in the IPO have been exercised, with net proceeds to the Company of $2,942,970.

On November 1, 2021, The Board of Directors adopted the 2021 Employee Stock Option Plan (the "Plan"). The Company has reserved 408,333 shares to issue and sell upon the exercise of stock options issued under the Plan. On November 3, 2021, the Company filed a Registration Statement on Form S-8, to register under the Securities Act of 1933, as amended, the 408,333 shares of common stock reserved for issuance under the Plan, and on October 12, 2022, a Post-Effective Amendment to the Form S-8 was filed with the SEC. In accordance with the Plan, on February 1, 2022, the Company reserved an additional 233,333 shares and on February 1, 2023, the Company reserved an additional 233,333 shares. On March 20, 2024, our Board of Directors adopted an amendment to the Company's 2021 Employees Stock Option Plan (the "Plan") increasing the number of shares of common stock subject to the plan (as of March 20, 2024 875,000 shares) to 1,400,00 shares (the "Amendment"). The plan adopted by the Board on November 1, 2021, provided for an initial 350,000 shares to issue and sell upon the exercise of stock options issued under the Plan. The Plan provides for an automatic annual increase to be added on February 1 of each year equal to the lesser of (i) 250,000 shares of Common Equity or (ii) five percent (5%) of the total shares of Common Stock outstanding on such date (including for this purpose any shares of Common Stock issuable upon conversion of any outstanding capital equity of the Company) or (iii) such lesser number as determined by the Board. We will submit the Amendment to the Plan to our stockholders for adoption and approval at the 2025 Annual Meeting. If the Amendment is not approved by stockholders within one year of adoption by the increase in shares subject to the Plan will be void, together with any options issued following March 20, 2024 in the period pending approval of the Plan by our stockholders. As of April 30, 2024, 135,165 shares remain available for issuance of options under the Plan.

The Company received a favorable verdict on July 13, 2022 from the Circuit Court, Orange County, Florida, providing for rescission of the Company's 2017 acquisition of Advanced Health Brands and recovery by the Company of the 1,400,000 shares (adjusted for a 1-for-4 reverse stock split effective June 23, 2019 and the 7-for-six forward stock split effective August 15, 2022) of common stock issued in the acquisition, effectively allowing the Company on July 25, 2022 to cancel 1.4M shares of common stock held by the defendants.

On July 26, 2022, our Board of Directors approved the amendment to our Articles of Incorporation to effect a 7 for 6 forward stock split (the "Stock Split") of our outstanding common stock. We filed the amendment set forth in a Certificate of Change with the Secretary of State of Nevada on August 4, 2022. The 7:6 forward split was effective for trading purposes on the Nasdaq Capital Market on August 12, 2022. Each shareholder of record as of the August 15, 2022 record date received one (1) additional share of common stock for each six (6) shares held as of the record date. No fractional shares of common stock were issued in connection with the Stock Split. Instead, all shares were rounded up to the next whole share. In connection with the Stock Split, which did not require shareholder approval under the Nevada corporation law, the number of authorized shares of common stock of the Company was increased in the same ratio as the shares of outstanding common stock were increased in the Stock Split, from 250,000,000 authorized shares to 291,666,666 authorized shares.

On October 31, 2022, the Company filed the Proxy Statement with the SEC for its Annual Meeting of Stockholders, for the election of directors held on December 9, 2022, in Orlando, Florida. This Proxy Statement is available on our website at *HTTPS://Nutriband.com/proxy*.

The Company on July 13, 2023 entered into an amended three-year $5,000,000 credit line facility (replacing the $2,000,000 facility that we had entered into on March 19, 2023), drawdowns under which bear interest at the rate of 7% per annum. The credit line provides the Company with available financing through the FDA approval process and into commercial scale manufacturing, for the Company's patented lead product, AVERSA™ Fentanyl, an abuse-deterrent fentanyl transdermal system.

On December 27, 2023, the Company issued 1,026,720 shares of common stock in conversion of the outstanding $2,000,000 principal amount, plus accrued interest for the Credit Line Note of the Company held TII Jet Services LDA; and on May 14, 2024, TII Jet Services agreed to convert an additional $300,000 of principal of the Credit Line Note plus accrued interest at a conversion price of $4.00 per share, in exchange for the issuance of 76,230 shares of common stock.

On April 19, 2024, the Company completed an $8,400,000 equity financing with European investors, of which $7.12 million is from related parties, (the "Offering") of 2,100,000 units ("Units"), at a price of $4.00 per Unit, each Unit consisting of one share of common stock ("Shares") and a Warrant to purchase two Shares of common stock, the Warrants having an initial exercise price of $6.43, are exercisable by payment of the exercise price in cash only and expire April 19, 2029, five years from the date of issuance ("Warrants"). The Offering was made solely to investors resident outside the United States and was not registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any jurisdiction, including any jurisdiction outside the United States, but was made privately by the Company pursuant to the exemptions from registration provided in the SEC's Regulation S and other exemptions under the Securities Act.

Results of Operations

For the three months ended April 30, 2024, we generated revenue of $408,532 and our costs of revenue were $243,746. For the three months ended April 30, 2023, we generated revenue of $478,942 and our costs of revenue were $254,648. Our revenue for April 30, 2024, was derived from sales from contract manufacturing services performed in our Pocono Pharmaceuticals (Active Intelligence) segment $-0- from contract research and development services from our 4P Therapeutics segment. The revenue from the Transdermal Patches segment remained relatively constant from the prior year. An increase in demand is expected in the balance of the current year. The Company's contract with Sorrento Therapeutics was completed and 4P Therapeutics devoted most of its time to the development of its Aversa product, our cost of revenue for our contract research and development services represents our labor cost plus a modest amount of material costs which we passed on to the client.

For the three months ended April 30, 2024, our selling, general and administrative expenses were $1,078,728 primarily legal, accounting and administrative salaries and non-cash compensation from the issuance of employee stock options compared to $422,955 for the three months ended April 30, 2024.The increase from 2023 is primarily attributable to increases in non-cash equity-based expenses.

During the three months ended April 30, 2024, the Company incurred research and development expenses of its Aversa Fentanyl product of $974,535, primarily of salaries and increases in development costs from Kindeva as compared to $400,430 for the three months ended April 30, 2023.

We incurred interest expense of $8,618 for the three months ended April 30, 2024, as compared to $3,166 for the three months ended April 30, 2023. The increase is primarily due to interest in the Company's related party loans.

As a result of the foregoing, we sustained a net loss of $1,898,077 or $(0.21) per share (basic and diluted) for the three months ended April 30, 2024, compared with a loss of $1,015,235, or $(0.13) per share (basic and diluted) for the three months ended April 30, 2023.

Liquidity and Capital Resources

As of April 30, 2024, we had $8,347,740 in cash and cash equivalents and working capital of $7,313,072, as compared with cash and cash equivalents of $492,942 and working capital of $22,870 as of January 31, 2024.

For the three months ended April 30, 2024, we used cash of $833,926 in our operations. The principal adjustments to our net loss of $1,898,077 were depreciation and amortization of $69,101, and the issuance of employee stock options for services in the amount of $422,955.

For the three months ended April 30, 2024, we used cash in investing activities of $6,195 primarily for the purchase of equipment.

For the three months ended April 30, 2024, we provided cash in financing activities of $8,694,919. During the three months ended April 30, 2024, the Company entered into an equity financing agreement with European investors and received proceeds of $8,400,00, of which $7.12 million is from related parties, to fund its research and development of its Aversa Fentanyl product. The Company also received proceeds of $300,000 from its Credit Line Promissory Note.

Off Balance Sheet Arrangements

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

Critical Accounting Policies

Going Concern Assessment

Management assesses liquidity and going concern uncertainty in the Company's condensed financial statements to determine whether there is sufficient cash on hand and working capital, including available borrowings on loans, to operate for a period of at least one year from the date the consolidated financial statements are issued or available to be issued, which is referred to as the "look-forward period", as defined in GAAP. As part of this assessment, based on conditions that are known and reasonably knowable to management, management will consider various scenarios, forecasts, projections, estimates and will make certain key assumptions, including timing and nature of projected cash expenditures or programs, its ability to delay or curtail expenditures or programs and its ability to raise additional capital, if necessary, among other factors. Based on this assessment, as necessary or applicable, management makes certain assumptions around implementing curtailments or delays in the nature and timing of programs and expenditures to the extent it deems probable those implementations can be achieved and management has the proper authority to execute them within the look-forward period.

As of April 30, 2024, the Company had cash and cash equivalents of $8,347,740 and working capital of $7,313,082. For the three months ended April 30, 2024, the Company incurred a net loss from operations of $1,898,077 and used cash flow from operations of $833,926. The Company has generated operating losses since its inception and has relied on sales of securities and issuance of third-party and related-party debt to support cash flow from operations. The Company has used these proceeds from the sales of securities and issuance of third-party and related party debt to fund operations and will continue to use the funds as needed. In March 2023, the Company entered into a three-year $2,000,000 Credit Line Note facility with a related party, amended on July 13, 2023, to $5,000,000, which will permit the Company to draw down on the credit line to fund the Company's research and development of its Aversa product. On April 19, 2024, the Company received proceeds of $8,400,000 from equity financing with European investors, of which $7.12 million is from related parties.

Management has prepared estimates of operations for the next twelve months and believes that sufficient funds will be generated from operations to fund its operations for one year from the date of the filing of these condensed consolidated financial statements, which indicates improved operations and the Company's ability to continue operations as a going concern.

Management believes the substantial doubt about the ability of the Company to continue as a going concern is alleviated by the above assessment.

Principles of Consolidation

The consolidated financial statements of the Company include the Company and its wholly owned subsidiaries. All material intercompany balances and transactions have been eliminated. The operations of 4P Therapeutics are included in the Company's financial statements from the date of acquisition of August 1, 2018, and the operations of Pocono and Active Intelligence are included in the Company's financial statements from the date of acquisition of September 1, 2020 under Pocono Pharmaceuticals Inc. The wholly owned subsidiaries are as follows:

Nutriband Ltd.
4P Therapeutics LLC
Pocono Pharmaceuticals Inc.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates including, but not limited to, those related to such items as income tax exposures, accruals, depreciable/useful lives, allowance for doubtful accounts and valuation allowances. The Company bases its estimates on historical experience and on other various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), which amends the accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to a customer. The Company recognizes revenue based on the five criteria for revenue recognition established under Topic 606: 1) identify the contract, 2) identify separate performance obligations, 3) determine the transaction price, 4) allocate the transaction price among the performance obligations, and 5) recognize revenue as the performance obligations are satisfied.

Revenue Types

The following is a description of the Company's revenue types, which include professional services and sale of goods:

- Contract development and manufacturing services for consumer health transdermal, topical and tape products with revenues listed under sale of goods.
- Product revenues derived from the sale of the Company's consumer transdermal, topical and tape products with sales listed under sale of goods.
- Contract research and development services for pharmaceutical and medical devices for life sciences customers with revenues listed under services.

Contracts with Customers

A contract with a customer exists when (i) we enter into an enforceable contract with a customer that defines each party's rights regarding the goods or services to be transferred and identifies the payment terms related to these goods or services, (ii) the contract has commercial substance and, (iii) we determine that collection of substantially all consideration for services that are transferred is probable based on the customer's intent and ability to pay the promised consideration.

Contract Liabilities

Deferred revenue is a liability related to a revenue producing activity for which revenue has not been recognized. The Company records deferred revenue when it receives consideration from a contract before achieving certain criteria that must be met for revenue to be recognized in conformity with GAAP.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the new revenue standard. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. For the Company's different revenue service types, the performance obligation is satisfied at different times. The Company's performance obligations include providing products and professional services in the area of research. The Company recognizes product revenue performance obligations in most cases when the product has shipped to the customer. When we perform professional service work, we recognize revenue when we have the right to invoice the customer for the work completed, which typically occurs over time on a monthly basis for the work performed during that month.

All revenue recognized in the income statement is considered to be revenue from contracts with customers.

Cash and cash equivalents.

Cash and cash equivalents include cash on hand, cash on deposit in money market accounts. The Company considers short-term highly liquid investments with an original maturity date of three months or less that are not part of an investment pool to be cash equivalents. As of April 30, 2024, the Company had $7,879,000 that exceeded federally insured limits.

Accounts receivable

Trade accounts receivables are recorded at the net invoice value and are not interest bearing. The Company maintains allowances for doubtful accounts for estimated losses from the inability of its customers to make required payments. The Company determines its allowances by both specific identification of customer accounts where appropriate and the application of historical loss to non-applicable accounts. For the three months ended April 30, 2024, and 2023, the Company recorded bad debt expenses of $1,200 and $-0-, respectively, for doubtful accounts related to accounts receivable. During the year ended January 31, 2024, the Company entered into an accounts receivable sale agreement for one of its subsidiaries. The Company received $106,528 in funds against an account receivable that is currently a claim in bankruptcy. The net accounts receivable remain on the books of the Company and a corresponding amount has been included as a secured borrowing liability under Notes payable. As of April 30, 2024, the receivable has been reserved in full. If the bankruptcy claim is not paid in full by the debtor, Company is obligated to pay any difference to the factor. The loan bears interest at 10%. The Company adopted ASU 2016-13 during 2013, and implemented the guidance on expected credit losses.

Inventories

Inventories are valued at the lower of cost and reasonable value determined using the first-in, first-out (FIFO) method. Net realized value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The cost of finished goods and work in process is comprised of material costs, direct labor costs and other direct costs and related production overheads (based on normal operating capacity). As of April 30, 2024, total inventory was $168,505, consisting of work-in-process of $27,447, finished goods of $26,751 and raw materials of $114,307. As of January 31, 2024, total inventory was $168,605, consisting of work-in-process of $7,466, finished goods of $8,707 and raw materials of $134,691.

Property, Plant and Equipment

Property and equipment represent an important component of the Company's assets. The Company depreciates its plant and equipment on a straight-line basis over the estimated useful life of the assets. Property, plant and equipment is stated at historical cost. Expenditures for minor repairs, maintenance and replacement parts which do not increase the useful lives of the assets are charged to expense as incurred. All major additions and improvements are capitalized. Depreciation is computed using the straight-line method. The lives over which the fixed assets are depreciated range from 3 to 20 years as follows:

Lab Equipment	5-10 years
Furniture and fixtures	3 years
Machinery and equipment	10-20 years

Intangible Assets

Intangible assets include trademarks, intellectual property and customer base acquired through business combinations. The Company accounts for Other Intangible Assets under the guidance of ASC 350, "Intangibles-Goodwill and Other." The Company capitalizes certain costs related to patent technology. A substantial component of the purchase price related to the Company's acquisitions have also been assigned to intellectual property and other intangibles. Under the guidance, other intangible assets with definite lives are amortized over their estimated useful lives. Intangible assets with indefinite lives are tested annually for impairment. Trademarks, intellectual property and customer base are being amortized over their estimated useful lives of ten years.

Goodwill

Goodwill represents the difference between the total purchase price and the fair value of assets (tangible and intangible) and liabilities at the date of acquisition. Goodwill is reviewed for impairment annually on January 31, and more frequently as circumstances warrant, and written down only in the period in which the recorded value of such assets exceeds their fair value. The Company does not amortize goodwill in accordance with ASC 350. In connection with the Company's acquisition of 4P Therapeutics LLC in 2018, the Company recorded Goodwill of $1,719,235. On August 31, 2020, in connection with the Company's acquisition of Pocono Coated Products LLC and Active Intelligence LLC, the Company recorded Goodwill of $5,810,640. During the years ended January 31, 2024, and 2023, the Company recorded an impairment charge of $-0- and $327,326, respectively, reducing the Active Intelligence LLC Goodwill to $3,302,478. As of April 30, 2024, and January 31, 2024, Goodwill amounted to $5,021,713 and $5,021,713, respectively.

Long-lived Assets

Management reviews long-lived assets for potential impairment whenever significant events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment exists 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 estimated undiscounted cash flows expected to result from the use and eventual disposition of the asset. If an impairment exists, the resulting write-down would be the difference between the fair market value of the long-lived asset and the related book value.

Earnings per Share

Basic earnings per share of common stock is computed by dividing net earnings by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net earnings by the weighted average number of shares of common stock and potential shares of common stock outstanding during the period. Potential shares of common stock consist of shares issuable

upon the exercise of outstanding options and common stock purchase warrants. As of April 30, 2024, and 2023, there were 6,747,873 and 1,783,373 common stock equivalents outstanding, that were not included in the calculation of dilutive earnings per share as their effect would be anti-dilutive.

Stock-Based Compensation

ASC 718, "Compensation - Stock Compensation," prescribes accounting and reporting standards for all share-based payment transactions in which employee services, and, since February 1, 2019, non-employees, are acquired. Transactions include incurring liabilities, or issuing or offering to issue shares, options and other equity instruments such as employee stock ownership plans and stock appreciation rights. Share-based payments to employees, including grants of employee stock options, are recognized as compensation expense in the financial statements based on their fair values. That expense is recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period). As of February 1, 2019, pursuant to ASC 2018-07, ASC 718 was applied to stock-based compensation for both employees and non-employees.

Business Combinations

The Company recognizes the assets acquired, the liabilities assumed, and any non-controlling interest in the acquired entity at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the accounting literature. In accordance with this guidance, acquisition-related costs, including restructuring costs, must be recognized separately from the acquisition and will generally be expensed as incurred. That replaces the cost-allocation process detailed in previous accounting literature, which required the cost of an acquisition to be allocated to the individual assets acquired and liabilities assumed based on their estimated fair value.

Leases

In February 2016, the FASB issued ASU 2016-02, "Leases" (Topic 842), to provide a new comprehensive model for lease accounting under this guidance, lessees and lessors should apply a "right-of-use" model in accounting for all leases (including subleases) and eliminate the concept of operating leases and off-balance-sheet leases. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. Similar modifications have been made to lessor accounting in-line with revenue recognition guidance.

The Company applies the guidance for right-of-use accounting for all leases and records the operating lease liabilities on its balance sheet. The Company completed the necessary changes to its accounting policies, processes, disclosure and internal control over financial reporting.

Research and Development Expenses

Research and development costs are expensed as incurred.

Income Taxes

Taxes are calculated in accordance with taxation principles currently effective in the United States and Ireland.

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent they believe these assets will more-likely-than-not be realized. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. In the event the Company was to determine that it would be able to realize its deferred income tax assets in the future in excess of its net recorded amount, the Company would make an adjustment to the valuation allowance which would reduce the provision for income taxes.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls and procedures.

As of the end of period covered by this report, we carried out an evaluation, with the participation of our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures pursuant to Securities Exchange Act Rule 13a-15. Based upon that evaluation, we concluded that our disclosure controls and procedures are not effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms.

Management has determined that our internal controls contain material weaknesses due to the absence of segregation of duties, as well as lack of qualified accounting personnel, and excessive reliance on third-party consultants for accounting, financial reporting and related activities. During the past fiscal year, we have added qualified accounting personnel, so the Company does not have to rely on third-party consultants. The Company has established additional monitoring controls over the financial statements. We have also improved our internal controls to provide for a detailed accounting review of all revenue items and accounts receivable and accounts payable transactions in connection with the entry and categorization of each transaction in the preparation of the Company's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. 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 and procedures may deteriorate.

Changes in internal controls over financial reporting.

No changes were made to our internal controls in the quarterly period covered by this report that have materially affected, or are reasonably likely materially to affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

With respect to legal proceedings that arise in the ordinary course of business, when the Company becomes aware of a claim or potential claim, it assesses the likelihood of any loss or exposure. In accordance with authoritative guidance, the Company records loss contingencies in its financial statements only for matters in which losses are probable and can be reasonably estimated.

The Company is currently a defendant in a lawsuit initiated by Joseph Gunnar, LLC ("Gunnar") and Lucosky Brookman LLP ("LB") in the Supreme Court of the State of New York, New York County, under Index No.654633/2023. The lawsuit alleges multiple allegations such as breach of contract, fraudulent activities, and tortious interference and seeks damages following the Company's termination of an engagement letter for assistance with a public stock offering. Gunnar is seeking over $500,000 in damages plus punitive damages, while LB is demanding reimbursement of legal fees.

In response, the Company denies all allegations, alleging that the engagement letter was unenforceable, and its termination was legally justified. The Company has also initiated counterclaims against Joseph Gunnar & Co., accusing them of intentional interference and breach of fiduciary duty, and is seeking $1,000,000 for each claim along with a declaratory judgment affirming the legality and justification of the termination. The plaintiffs have denied these counterclaims.

Currently, there are no pending hearings or motions as both parties are engaged in discovery and are attempting to resolve the matter amicably.

ITEM 1A. RISK FACTORS

You should carefully consider the key risks described below together with all of the other information included in this report and our Annual Report on Form 10-K, filed with the Securities and Exchange Commission on May 1, 2024, before making an investment decision with regard to our securities. The risks set forth below and in our Form 10-K are not the only risks facing us. Additional risks and uncertainties may exist that could also adversely affect our business, prospects or operations. If any of the following risks actually occurs, our business, financial condition or results of operations could be harmed. In that case, the trading price of our common stock could decline, and you may lose all or a significant part of your investment.

Because we are an early-stage company with minimal revenue and a history of losses and we expect to continue to incur losses for the foreseeable future, we cannot assure you that we can or will be able to operate profitably.

We did not generate any revenue prior to the quarter ended October 31, 2018 and, since then, we have reported only modest revenue from our pharmaceutical transdermal patch business. We are subject to the risks common to start-up, pre-revenue enterprises, including, among other factors, undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. Drug development companies typically incur substantial losses during the product development and FDA testing phase of the business and do not generate revenues until after the drug has received FDA approval, which cannot be assured, and until the company has started to sell the product. We can give no assurance that we can or will ever be successful in achieving profitability and the likelihood of our success must be considered in light of our early stage of operations. We cannot assure you that we will be able to operate profitably or generate positive cash flow. If we cannot achieve profitability, we may be forced to cease operations and you may suffer a total loss of your investment.

Because we do not have a product we can market in the United States, we cannot predict when or whether we will operate profitably.

We have not completed the development of our lead product, which is our abuse deterrent fentanyl transdermal system, and we do not have any product that we can market in the United States. Because of the numerous risks and uncertainties associated with product development, we cannot assure you that we will be able to develop and market any products or achieve or attain profitability. If we are able to obtain financing for our operations, we expect that we will incur substantial expenses as we continue with our product development and clinical trials. Further, if we are required by applicable regulatory authorities, including the FDA as well as the comparable regulatory agencies in other countries in which we may seek to market product, to perform studies in addition to those we currently anticipate, our expenses will increase beyond expectations and the timing of any potential product approval may be delayed. As a result, we expect to continue to incur substantial losses and negative cash flow for the foreseeable future.

If any of our potential products are approved for marketing but fail to achieve the broad degree of physician or market acceptance necessary for commercial success, our operating results and financial condition will be adversely affected.

If any of the products in our pipeline receives FDA approval thereby allowing us to market the product in the United States, it will be necessary for us to generate acceptance of our product for the indications covered by the FDA approval. In order to generate acceptance in the marketplace, we will need to demonstrate to physicians, patients and payors that our product provides a distinct advantage or better outcome at a price that reflects the value of our product as compared with existing products. We will need to develop and implement a marketing program directed at both physicians and the general public. Since we do not presently have the resources necessary to develop or implement an in-house marketing program and we may not have the funds to do so if and when we obtain FDA approval to market our product, we will need to establish a distribution network though license and distribution agreements with third parties who have the capability to market our product to physicians, and we will be dependent upon the ability of these third parties to market our products effectively. We cannot assure you that we will be able to negotiate license and distribution agreements with terms that are acceptable to us. Since we do not have an established track record and our product pipeline is relatively small, we may be at a disadvantage in negotiating the terms of license and distribution agreements. Further, we may have little control over the development and implementation of our licensee's marketing program, and our licensees may have interests that are inconsistent with ours with respect to the allocation of resources and implementation of the marketing program. We cannot assure you that a marketing program for any of our products can or will be implemented effectively or that we will be successful in developing physician and emergency service acceptance of our products.

The drug delivery industry is subject to rapid technological change and, our failure to keep up with technological developments may impair our ability to market our products.

Our products use technology which we developed for the transdermal delivery of drugs. The field of drug delivery is subject to rapid technological changes. Our future success will depend upon our ability to keep abreast of the latest developments in the industry and to keep pace with advances in technology and changing customer requirements. If we cannot keep pace with such changes and advances, our proposed products could be rendered obsolete, which would result in our having to cease its operations.

If we obtain FDA approval, we will face significant competition from better known and better capitalized companies.

If we obtain FDA approval for any of our products, we expect to face significant competition from existing companies, which are better known and already have developed relationships with physicians within the healthcare system. Any product we may develop will compete with existing medications performing the same medicinal functions, which may include transdermal patches. We cannot assure you that we will be able to compete successfully. In addition, even if we are able to commercialize our product candidates, we may not be able to price them competitively with current standard of care products or their price may drop considerably due to factors outside our control. If this happens or the price of materials and manufacture increases dramatically, our ability to continue to operate our business would be materially harmed and we may be unable to commercialize any products successfully. In addition, other pharmaceutical companies may be engaged in developing, patenting, manufacturing and marketing products that compete with those that we are developing. These potential competitors may include large and experienced companies that enjoy significant competitive advantages over us, such as greater financial, research and development, manufacturing, personnel and marketing resources, greater brand recognition and more experience and expertise in obtaining marketing approvals from the FDA and foreign regulatory authorities.

Our stock price has been and is likely to continue to be volatile and you may not be able to resell shares of our common stock at or above the price you paid, if at all.

The trading price of our common stock has experienced fluctuations due to the factors discussed in these risk factors section and elsewhere in this report. In addition, the stock market in general has, and the NASDAQ Global Market and technology companies in particular have, experienced extreme price and volume fluctuations. These trading prices and valuations may not be sustainable. These broad market and industry factors may decrease the market price of our common stock, regardless of our actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against companies (primarily those that are larger than us) that experienced such volatility. This type of litigation, if instituted against us, regardless of its outcome, could result in substantial costs and a diversion of our management's attention and resources.

Our business is impacted by the following additional key risks:

- The FDA regulatory process may take longer and be more expensive than we anticipate without any assurance that we will obtain FDA approval.
- If we are not able to obtain FDA approval for our lead product, we may not have the resources to develop any other product, and we may not be able to continue in business.
- We may not be able to launch any products for which we receive FDA marketing approval.
- We may not be able to establish a distribution network for the marketing and sale of any products for which we receive FDA approval.
- We may not be able to establish manufacturing facilities in compliance with FDA good manufacturing practices or to enter into manufacturing agreements for the manufacture of our products in an FDA approved manufacturing facility.
- It may be necessary to us to enter into a joint venture or other strategic relationship in order to develop, perform clinical testing for, manufacture or market any of our proposed products. We may not be able to enter into such a relationship, and any relationship may not be successful, and the other party may have business interests and priorities that are different from ours.
- We may be unable to accurately estimate anticipated expenses, capital requirements and needs for additional financing;

ITEM 6. EXHIBITS.

Exhibits

Exhibit Number	Description of Exhibits
31.1	Section 302 Certificate of Chief Executive Officer.
31.2	Section 302 Certification of Chief Financial Officer.
32.1	Section 906 Certification of Chief Executive Officer.
32.2	Section 906 Certification of Chief Financial Officer.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

In accordance with the requirements of the Exchange Act, the Company has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NUTRIBAND INC.

May 31, 2024

By: /s/ Gareth Sheridan

Gareth Sheridan,
Chief Executive Officer

(Principal Executive Officer)

May 31, 2024

By: /s/ Gerald Goodman

Gerald Goodman,
Chief Financial Officer
(Principal Financial Officer)

Exhibit 31.1

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

I, Gareth Sheridan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nutriband Inc.;

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. I am 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 fourth 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. I have disclosed, based on my 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: May 31, 2024

/s/ Gareth Sheridan
Gareth Sheridan,
Chief Executive Officer

Exhibit 31.2

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

I, Gerald Goodman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Nutriband Inc.;

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. I am 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) nd 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 fourth 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. I have disclosed, based on my 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: May 31, 2024

/s/ Gerald Goodman
Gerald Goodman,
Chief Financial 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

In connection with the Quarterly Report of Nutriband Inc. (the "Company") on Form 10-Q for the quarter ended April 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gareth Sheridan, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge: (1) 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 result of operations of the Company.

/s/ Gareth Sheridan
Gareth Sheridan,
Chief Executive Officer

May 31, 2024

The foregoing certification is not filed with the Securities and Exchange Commission as part of the Form 10-Q or as a separate disclosure document and is not incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespectively of any general incorporation language contained in such filing.

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

In connection with the Quarterly Report of Nutriband Inc. (the "Company") on Form 10-Q for the quarter ended April 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gerald Goodman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge: (1) 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 result of operations of the Company.

/s/ Gerald Goodman
Gerald Goodman
Chief Financial Officer

May 31, 2024

The foregoing certification is not filed with the Securities and Exchange Commission as part of the Form 10-Q or as a separate disclosure document and is not incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespectively of any general incorporation language contained in such filing.