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, 2020

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: None

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 5,512,928 shares as of June 4, 2020.

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NUTRIBAND INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	April 30, 2020 (Unaudited)	January 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 20,644	$ 10,181
Accounts receivable	39,644	12,833
Prepaid expenses	6,417	20,167
Total Current Assets	66,705	43,181
PROPERTY & EQUIPMENT-net	102,250	111,029
OTHER ASSETS:		
Right of use asset, net	4,805	9,610
Intangible assets, net	305,433	314,700
Goodwill	1,719,235	1,719,235
TOTAL ASSETS	$ 2,198,428	$ 2,197,755
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 712,126	$ 771,931
Derivative liability	-	928,774
Operating lease liability	5,082	10,050
Notes payable- related party	8,695	29,067
Note payable	-	215,000
Convertible debt- net of debt discount of $-0- and $202,500 as of April 30, 2020 and January 31, 2020, respectively	-	67,500
Total Current Liabilities	725,903	2,022,322
Commitments and Contingencies	-	-
STOCKHOLDERS' EQUITY:		
Preferred stock, $.001 par value, 10,000,000 shares authorized, -0- outstanding	-	-
Common stock, $.001 par value, 250,000,000 shares authorized; 5,512,928 and 5,441,100 shares issued and outstanding at April 30, 2020 and January 31, 2020, respectively	5,513	5,441
Additional paid-in-capital	10,781,787	9,072,573
Accumulated other comprehensive loss	(304)	(304)
Accumulated deficit	(9,314,471)	(8,902,277)
Total Stockholders' Equity	1,472,525	175,433
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,198,428	$ 2,197,755

See notes to unaudited consolidated financial statements

NUTRIBAND INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED)

	Three Months Ended April 30,	
	2020	2019
Revenue	$ 119,364	$ 193,590
Costs and expenses:		
Cost of revenues	74,939	198,794
Selling, general and administrative expenses	191,917	567,957
Total Costs and Expenses	266,856	766,751
Loss from operations	(147,492)	(573,161)
Other income (expense)		
Loss on extinguishment of debt	(12,500)	-
Early prepayment fee on convertible debenture	(69,131)	-
Gain on change of fair value of derivative	22,096	-
Interest expense	(205,167)	(192)
Total other income (expense)	(264,702)	(192)
Loss from operations before provision for income taxes	(412,194)	(573,353)
Provision for income taxes	-	-
Net loss	$ (412,194)	$ (573,353)
Net loss per share of common stock-basic and diluted	$ (0.08)	$ (0.11)

Weighted average shares of common stock outstanding - basic and diluted	5,469,033	5,423,882
Other Comprehensive Loss:		
Net loss	$ (412,194)	$ (573,353)
Foreign currency translation adjustment	-	(252)
Total Comprehensive Loss	$ (412,194)	$ (573,605)

See notes to unaudited consolidated financial statements

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

	Total	Common Stock Number of shares	Common Stock Amount	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit
Balance, February 1, 2020	$ 175,433	5,441,100	$ 5,441	$ 9,072,573	$ (304)	$ (8,902,277)
Sale of common stock for cash	515,108	46,828	47	515,061	-	-
Conversion of debt for common stock	287,500	25,000	25	287,475	-	-
Reclass of warrants from liability to equity	906,678	-	-	906,678	-	-
Net loss for the three months ended April 30, 2020	(412,194)	-	-	-	-	(412,194)
Balance, April 30, 2020	$ 1,472,525	$ 5,512,928	$ 5,513	$ 10,781,787	$ (304)	$ (9,314,471)

	Total	Common Stock Number of shares	Common Stock Amount	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit
Balance, February 1, 2019	$ 2,404,612	5,423,956	$ 5,424	$ 8,579,890	$ (52)	$ (6,180,650)
Issuance of warrants for services	252,700	-	-	252,700	-	-
Foreign currency translation adjustment	(252)	-	-	-	(252)	-
Net loss for the three months ended April 30, 2019	(573,353)	-	-	-	-	(573,353)
Balance, April 30, 2019	$ 2,083,707	5,423,956	$ 5,424	$ 8,832,590	$ (304)	$ (6,754,003)

See notes to unaudited consolidated financial statements

NUTRIBAND INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended April 30, 2020	2019
Cash flows from operating activities:		
Net loss	$ (412,194)	$ (573,353)
Adjustments to reconcile net loss to net cash provided by (used-in) operating activities:		
Expenses paid on behalf of the Company by related party	3,628	-
Depreciation and amortization	18,046	18,245
Amortization of debt discount	202,500	-
Gain on change in fair value of derivative	(22,096)	
Early prepayment fee on convertible debenture	69,131	
Amortization of right of use asset	4,805	5,025
Loss on extinguishment of debt	12,500	-
Stock-based compensation	-	252,700
Changes in operating assets and liabilities:		
Accounts receivable	(26,811)	(31,769)
Prepaid expenses	13,750	34,225
Deposit on sales	-	(71,225)
Accounts payable and accrued expenses	(59,805)	98,567
Operating lease liability	(4,968)	(4,968)
Net Cash Used In Operating Activities	(201,514)	(272,553)
Cash flows from financing activities:		
Proceeds from sale of common stock units	515,108	-
Proceeds from notes payable	60,000	-

Payment of convertible debt	(339,131)	
Payment of related party payables	(24,000)	-
Net Cash Provided by Financing Activities	211,977	-
Effect of exchange rate on cash	-	(252)
Net change in cash	10,463	(272,805)
Cash and cash equivalents - Beginning of period	10,181	474,653
Cash and cash equivalents - End of period	$ 20,644	$ 201,848
Supplementary information:		
Cash paid for:		
Interest	$ 6,525	$ -
Income taxes	$ -	$ -
Supplemental disclosure of non-cash investing and financing activities		
Common stock issued for settlement of notes payable	$ 287,500	$ -
Adoption of ASC 842 Operating lease asset and liability	$ -	$ 10,850
Derivative liability warrant reclassed to equity	$ 906,678	$ -

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, 2020 and 2019

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 62,500 shares of common stock, valued at $1,850,000, and $400,000, and a royalty payable to the former owner of 4P Therapeutics, of 6% on all revenue generated by the Company from the abuse deterrent intellectual property that had been developed by 4P Therapeutics. The former owner of 4P Therapeutics has been a director of the Company since April 2018, when the Company entered into the agreement to acquire 4P Therapeutics.

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 is not presently taking any steps to seek FDA approval of its consumer transdermal products and its consumer products 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 the Company can market any pharmaceutical transdermal products.

Reverse Stock Split

On June 25, 2019, the Company effected one-for-four reverse split, pursuant to which each share of common stock became and was converted into 0.25 share of common stock. The reverse split became effective in the marketplace on July 24, 2019. All share and per share information in these financial statements retroactively reflect the reverse split.

Going Concern

The Company's consolidated financial statements for the three months ended April 30, 2020 have been prepared on a going concern basis which contemplates the realization of assets and settlement of liabilities in the normal course of business. For the three months ended April 30, 2020, the Company generated revenue of $119,364 on which it recorded cost of revenues of $74,939 and a loss from operations of $147,492. Subsequent to January 31, 2020, because of the lack of available cash and the decline in business resulting in part from the effects of the COVID-19 pandemic, the Company has temporarily closed its operations, and does not expect it will be able to commence operations until it receives substantial funding. Successful business operations and its transition to attaining profitability are dependent upon obtaining significant additional financing, generating revenue primarily from its professional services to cover its overhead, developing its products, and obtaining FDA approval to market any product it develops and implementing a marketing program for such products. These factors raise substantial doubt about ability of the Company to continue as a going concern for a period of at least one year from the date of these financial statements. Without such financing, the Company may not be able to continue in business. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unaudited Interim Financial Statements

The consolidated balance sheet as of April 30, 2020 and the consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for the periods presented have been prepared by the Company and are unaudited. The consolidated financial statements are prepared in accordance with the requirements for unaudited interim periods pursuant to Rule 8-03 of Regulation S-X, and consequently, do not include all disclosures required to be made in conformity with accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position, results of operations, changes in stockholders' equity and cash flows for all periods presented have been made. The information for the consolidated balance sheet as of January 31, 2020 was derived from audited financial statements of the Company.

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.

Use of Estimates

The discussion and analysis of our plan of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect our reported results of operations and the amount of reported assets and liabilities.

Some accounting policies involve judgments and uncertainties to such an extent there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. Actual results may differ from estimates and assumptions used in the preparation of our consolidated financial statements.

The Company's significant accounting policies are summarized in Note 1 of the Company's Annual Report on Form 10-K for the year ended January 31, 2020. There were no significant changes to these accounting policies during the three months ended April 30, 2020, and the Company does not expect that the adoption of other accounting pronouncements will have a material impact on its financial statements.

Revenue Recognition

The Company recognized revenue in accordance with Topic 606 "Revenue from Contracts with Customers. Topic 606 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 adopted the guidance under the new revenue standards using the modified retrospective method effective February 1, 2018 and determined no cumulative effect adjusted to retained earnings was necessary upon adoption. Topic 606 requires the Company to recognize revenues when control of the promised goods or services and receipt of payment is probable. 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.

Upon adoption, Topic 606 replaced most existing revenue recognition guidance in U.S. GAAP. The adoption of Topic the new revenue recognition standards did not have any impact on its consolidated financial statements since the Company did not recognize any revenue prior to the third quarter of 2018, and all revenue is recognized pursuant to Topic 606.

NUTRIBAND INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements
as of and for the Three Months Ended April 30, 2020 and 2019

Revenue Service Types

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

- Professional services include contract research and development related services with clients in the life sciences field on an as-needed basis. Deliverables primarily consist of detailed findings and conclusion reports provided to the client for each given research project engaged.

- Sales revenues are derived from the sale of products. To date, sales related to consumer products sold to the Company's South Korean distributor. Upon receipt of a purchase order, the Company has the order filled and shipped.

Contracts with Customers

A contract with a customer exists when (i) the Company enters 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) the Company determines 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.

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 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 the Company performs professional service work, it recognizes revenue when it has the right to invoice the customer for the work completed, which typically occurs on a monthly basis for the work performed during that month.

All revenue recognized in the statement of operations is revenue from contracts with customers.

Disaggregation of Revenues

The Company disaggregates its revenue from contracts with customers by service type and by geographical location. The following tables set forth

revenue by service type and by geographical location.

Revenue by service type:

	Three months ended April 30,	
	2020	2019
Sale of goods	$ 61,320	$ 142,450
Services	58,044	51,140
Total	$ 119,364	$ 193,590

Revenue by geographic location:

	Three months ended April 30,	
	2020	2019
United States	$ 58,044	$ 51,140
Non-United States	61,320	142,450
Total	$ 119,364	$ 193,590

Accounts receivable

Trade accounts receivable 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-specific accounts. For the three months ended April 30, 2020 and 2019, the Company recorded no bad debt expense and no allowance for doubtful accounts related to accounts receivable.

Inventories

Inventories are valued at the lower of cost and realizable value determined using the first-in, first-out (FIFO) method. Net realizable 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 progress is comprised of material costs, direct labor costs and other direct costs and related production overheads (based on normal operating capacity).

Property, Plant and Equipment

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 5 years as follows:

Lab equipment	5 years
Furniture, fixtures and equipment	3 years

Intangibles Assets

Intangibles 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 acquisition of 4P Therapeutics in 2018 has 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.

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 fair market value of the long-lived asset and the related net 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, 2020 and 2019, there were 161,828 and 82,500 common stock equivalents outstanding, respectively, 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.

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 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 cash and cash equivalents, accounts receivable, prepaid expenses, and accrued expenses approximate their fair value due to the short maturities of these financial instruments.

Derivative liabilities are determined based on "Level 3" inputs, which are significant and unobservable and have the lowest priority. The recorded values of all other financial instruments approximate their current fair value because of their nature and respective short maturity dates or durations. See Note 6 for further information.

Derivative Liabilities

The Company accounts for derivative instruments in accordance with ASC Topic 815, "Derivatives and Hedging" and all derivative instruments are reflected as either assets or liabilities at fair value on the balance sheet. The Company uses estimates at fair value to value its derivative instruments. Fair value is defined as the price to sell an asset or transfer a liability in an orderly transaction between willing and able market participants. In general, the Company's policy in estimating fair values is to first look at observable market prices for identical assets and liabilities in active markets, when available. When these are not available, other inputs are used to model fair value such as prices of similar instruments, yield curves, volatilities, prepayment speeds, default rates and credit spreads, relying first on observable data from active markets. Depending on the availability of observable inputs and prices, different valuation models could produce materially different fair value estimates. The value presented may not represent future fair values and may not be reliable. The Company categorizes its fair value estimates in accordance with ASC 820 based on the hierarchical framework associated with the three levels of price transparency utilized in measuring financial instruments at fair value as discussed above. As of April 30, 2020 and January 31, 2020, the Company had a $-0- and $928,774 derivative liability, respectively.

Fair value estimates are made at a specific point in time, based on relevant market information about the financial statement. These estimates are subjective in nature and involve uncertainties and matter of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Recent Accounting Standards

The Company has implemented all new pronouncements, including the adoption of ASU 2018-13, that are in effect and that may impact its consolidated financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its consolidated financial statements or results of operations.

3. PROPERTY AND EQUIPMENT

	April 30, 2020	January 31, 2020
Lab equipment	$ 144,585	$ 144,585
Furniture, fixtures and equipment	19,643	19,643
	164,228	164,228
Less: Accumulated depreciation	(61,978)	(53,199)
Net Property and Equipment	$ 102,250	$ 111,029

Depreciation expense amounted to $8,779 and $8,779 for the three months ended April 30, 2020 and 2019, respectively.

4. NOTES PAYABLE/CONVERTIBLE DEBT

In March 2020, a minority shareholder who had previously made loans of $215,000 as of January 31, 2020, made an additional loan to the Company in the amount of $60,000, increasing the total loans from the stockholder to $275,000. The loans are interest free and due upon demand. On March 27, 2020, the Company issued 25,000 shares of common stock upon reaching a settlement with the noteholder to convert the notes in the principal balance of $275,000. The transaction resulted in a loss on extinguishment of $12,500.

As of January 31, 2020, the Company owed its chief financial officer and chief operating officer $29,067 from advances made to the Company. During the three months ended April 30, 2020, the Company's chief financial officer paid expenses of $3,628 on behalf of the Company and the two officers were repaid $24,000. As of April 30, 2020, the amount due the chief financial officer was $8,895.

On October 30, 2019, the Company entered into a securities purchase agreement with two investors pursuant to which the Company issued to the investors (i) 6% one-year convertible promissory notes in the principal amount of $270,000 and (ii) three-year warrant to purchase 50,000 shares of common stock at an exercise price equal to the lesser of (i) $20.90 or (ii) if the Company completes a public offering, 110% of the initial public offering price of the common stock in the public offering. The loans contained an original issue discount of $20,000 resulting in gross proceeds from this financing of $250,000.

The notes are convertible at a conversion price equal to the lesser of (i) the per share price of our common stock offered in a public offering or (ii) the variable conversion price, which is defined as 70% of the lowest trading price of the common stock during the 20 trading days preceding the date of conversion. The conversion price and the percentage of the trading price is subject to downward adjustment in the event the Company fails to comply with the obligations under the notes. The Company has the right to prepay the notes during the 180 days following the issuance of the notes at a premium of 115% of the outstanding principal and interest during the 60 days following the date of issuance of the note, which percentage increases to 125% during the remainder of the 180 day period. The Company is required to pay the notes one business day after the closing of the first to occur of (a) the next public offering of the Company's securities or (b) the next private placement of the Company's equity or debt securities in which the Borrower received net proceeds of at least $1.0 million, (c) issuance of securities pursuant to an equity line of credit or (d) a financing with a bank or other institutional lender.

The embedded conversion option qualified for derivative accounting and bifurcation under ASC 815-15 Derivative and Hedging. The initial fair of the conversion feature was $128,870 and the fair value of the warrants in connection with the notes were valued at $888,789 and were recorded based on their relative fair values. A debt discount to the note payables of $270,000 and an initial derivative expense of $767,650 was recorded.

The debt discount will be amortized over the life of the note. Amortization of the debt discount for the year ended January 31, 2020 was $67,500. As of January 31, 2020, the debt discount remaining was $202,500.

On March 25, 2020, the Company prepaid the convertible notes in the principal amount of $270,000 from the proceeds of a private placement. The total payments, including a prepayment fee of $69,131 and accrued interest, was $345,565. As a result of the payment of the notes, the derivative liability, which was $928,774 at January 31, 2020, was reduced to zero.

Interest expense for the three months ended April 30, 2020 including the amortization of the debt discount was $204,975.

5. INTANGIBLE ASSETS

At April 30, 2020 and January 31, 2020, intangible assets consisted of intellectual property, customer base and trademarks, net of amortization, as follows:

	April 30, 2020	January 31, 2020
Customer base	$ 136,500	$ 136,500
Intellectual property	234,200	234,200
Total	370,700	370,700
Less: Accumulated amortization	(65,267)	(56,000)
Net Intangible Assets	$ 305,433	$ 314,700

The value of the intangible assets, consisting of intellectual property and customer base has been recorded at their fair value by the Company after completing a valuation and are being amortized over a period of ten years. Amortization expense for the three months ended April 30, 2020 and 2019 was $9,267 and $9,466, respectively.

Estimated Amortization:

Year Ended January 31,	Total
2021	$ 27,802
2022	37,070
2023	37,070
2024	37,070
2025 and thereafter	166,421
	$ 305,433

6. DERIVATIVE LIABILITIES

The embedded conversion option of the convertible debentures described in Note 4 contain conversion features that qualify for embedded derivative classification. The fair value of the liabilities will be re-measured at the end of every reporting period and the change in fair value will be reported in the

statement of operations as a gain or loss on derivative financial instruments.

The table below sets forth a summary in the fair value of the Company's Level 3 financial liabilities:

	April 30, 2020
Balance at the beginning of the period	$ 928,774
Derivative liability warrants reclassed to equity	(906,678)
Change in value of embedded conversion option	(22,096)
Balance at the end of the period	$ -

The Company uses Level 3 inputs for its valuation methodology for the embedded conversion option liabilities (Binomial Model) and for its valuation methodology of the warrants reclassed to equity (Black Scholes Model) based on various assumptions.

At issuance, the expected volatility was 158.3%; risk-free interest rate of 1.58%; and expected term of one year. For the revaluation January 31, 2020, the expected volatility was 184.4%; risk-free rate of return of 1.43%; and expected term of nine months.

7. RELATED PARTY TRANSACTIONS

a) 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. See Note 4 in connection with the terms of the acquisition of 4P Therapeutics from the former owner. The former owner was not a director of the Company when the acquisition agreement was signed.

b) On February 19, 2019, the Company granted an executive officer an option to purchased 25,000 shares of the Company's common stock at an exercise price equal to 75% of the market price on the date the Company receives notice of exercise.

The fair value of the warrant on the date of grant using the Black Scholes model was $252,700 and was expensed during the nine months ended October 31, 2019. The warrant expired unexercised on May 19, 2019.

c) As of January 31, 2020, the Company owed its chief financial officer and chief operating officer $29,067 from advances made to the Company. During the three months ended April 30, 2020, the Company's chief financial officer paid expenses of $3,628 on behalf the Company and the two officers were repaid $24,000. As of April 30, 2020, the Company owed the chief financial officer $8,695.

8. 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 split, pursuant to which each share of common stock became converted into 0.25 shares of common stock, and the Company decreased its authorized common stock 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 shares to 250,000 000 shares.

On March 22, 2020, the Company issued in a private placement 46,828 units at a price of $11 per unit. Each unit consisted of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $14 per share. The warrants expire April 30, 2023. The Company issued a total of 46,828 shares of common stock and warrants to purchase 46,828 shares of comm stock. The Company received proceeds of $515,108.

In March 2020, a minority shareholder who had previously made loans of $215,000, made an additional loan to the Company in the amount of $60,000, increasing the loans to shareholder to $275,000. On March 27, 2020, the Company issued 25,000 shares of common stock upon reaching a settlement with the noteholder to convert the notes in the principal amount of $275,000. The transaction resulted in a loss on extinguishment of $12,500.

9. 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.

	Exercise	Remaining	Intrinsic

	Shares	Price	Life	Value
Outstanding, January 31, 2020	70,000	$ 18.93	1.53 years	$ -
Granted	91,830	12.53	3.00 years	-
Expired/Cancelled	-	-	-	-
Exercised	-	-	-	-
Outstanding-period ending April 30, 2020	161,830	$ 12.24	1.53 years	$ 95,000
Exercisable - period ending April 30, 2020	161,830	$ 12.24	1.53 years	$ 95,000

As result of the terms of a completed private placement, the warrants to purchase 50,000 shares at the lesser of (i) $20.90 or, (ii) if the Company completes a private offering of its common stock, 110% of the initial public offering price of the Common Stock in the public offering, became a warrant to purchase 95,000 shares at $11 per share, subject to adjustment pursuant to the antidilution provisions of the warrant. As a result of this transaction, the outstanding warrants are no longer a derivative liability. Accordingly, the Company recorded a derivative liability for the warrants in the amount of $906,678 and reclassed the related derivative liability to additional paid-in capital as of April 30, 2020.

In connection with a private placement in March 2020, the Company issued warrants to purchase 46,828 shares of its common stock at $14 per share. The warrants expire April 30, 2023.

The following table summarizes additional information relating to the warrants outstanding at April 30, 2020:

Range of Exercise Prices	Number Outstanding	Remaining Contractual Life (Years)	Exercise Price for Shares Outstanding	Number Exercisable	Exercise Price for Shares Exercisable	Intrinsic Value
$ 11.00	95,000	2.50	$ 11.00	95,000	$ 11.00	$ 95,000
$ 14.00	66,830	2.15	$ 14.00	66,830	$ 14.00	$ -

10. CONTINGENCIES

Legal Proceedings

On July 27, 2018, the Company commenced an action in the Circuit Court of the Ninth Judicial Circuit in and for Orange County, Florida, against Advanced Health Brands, Inc., Raymond Kalmar, Paul Murphy, Michelle Polly-Murphy, Laura Fillman and John Baker, together with a Motion for Temporary Injunction Without Notice and a Motion for Prejudgment Writ of Replevin arising from the Company's decision to seek to rescind for misrepresentation the agreement by which the Company acquired advanced Health Brands, Inc. for 1,250,000 shares of common stock valued at $2,500,000 and seek return of the shares. On August 2, 2018, the court entered a Temporary Injunction Without Notice and an Order to Show Cause against the defendants. Defendants Kalmar, Murphy, Polly-Murphy, and Baker filed a Motion to Dismiss the Company's Verified Complaint, Motion to Dissolve Temporary Injunction Without Notice and Response to Order to Show Cause, and Motion to Compel Arbitration. On January 4, 2019, the court dismissed the Company's complaint with prejudice, and directed the defendants to assign the Company within 30 days, the six patents never duly transferred to the Company. On February 1, 2019, the Company appealed the court's order. Pursuant to a settlement agreement with one of the defendants, that defendant returned the 50,000 shares which had been issued to her, and the shares were cancelled as of January 31, 2019. On June 7, 2019, the individual defendants (other than the defendant whom the Company has a settlement agreement), filed a motion for sanctions and civil contempt against us, which generally claimed that we failed to comply with the Court's January 4, 2019 order by refusing to issue the Ruling 144 letters that would allow the defendants to transfer their shares of common stock. On October 29, 2019, the Court denied the defendants motion. On March 20, 2020, the Florida district court of appeal reversed the lower court ruling in the Florida state court action that dismissed our complaint with prejudice, and gave us leave to file an amended complaint

On August 22, 2018, four of the defendants in the Florida action described in the previous paragraph filed a complaint against the Company in the Franklin County, Ohio Court of Common Pleas seeking a declaratory judgment permitting them to sell the shares of common stock they received pursuant to the acquisition agreement. The parties have agreed to a stay pending the outcome of the Florida litigation.

On April 29, 2019, the Company filed a securities fraud action in the U.S. District Court for the Eastern District of New York against Raymond Kalmar, Paul Murphy, Michelle Polly-Murphy, Advanced Health Brands and TD Therapeutic, Inc. In the complaint the Company alleges that in 2017, the defendants fraudulently and deceitfully obtained 1,250,000 shares of common stock by orchestrating a months-long scheme to defraud the Company. The Company is seeking the return of the 1,200,000 shares of common stock and monetary damages resulting from the defendants' fraudulent conduct. The defendants filed a motion to dismiss on August 23, 2019, and the Company filed its response on September 13, 2019.

Employment Agreements

The Company has employment agreements with its chief executive officer and chief financial officer dated April 23, 2019 pursuant to which we agree to employ them as chief executive officer and chief financial officer, respectively. The agreement also provides that the Company will include each of them as our nominee for director. The agreements have a term ending on January 31, 2024, 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. Pursuant to the employment agreements at January 31, 2020, the chief executive officer is receiving compensation at an annual rate of $42,000, and chief financial officer is not currently receiving any compensation. Commencing with the month in which the Company has raised at least $2,500,000 from public or private financing of its equity

securities, they will each receive salary at the annual rate of $170,000.

The Company has an employment agreement May 16, 2018 with its president pursuant to which the Company employed him as president for a term with no expiration date at annual salary of $60,000, which may paid in stock or cash. The president serves on a part-time basis.

The Company has an employment agreement dated February 19, 2019 with its chief scientific officer pursuant to which the Company agrees to employ him as chief scientific officer for annual compensation of $60,000, payable in cash or stock, as the Company may elect. The agreement has a term ending on January 31, 2021 and continues thereafter on a quarter-to-quarter basis unless terminated by either party on 30 days' notice. The chief scientific officer serves on a part-time basis.

Royalty Agreement

On August 1, 2018, the Company acquired 100% of the membership interests of 4P Therapeutics LLC, pursuant to an agreement dated April 5, 2018, for $2,250,000, consisting of 62,500 shares of common stock valued at $1,850,000, and $400,000, and a royalty of 6% on all revenue generated by us on the abuse deterrent intellectual property that had been developed by 4P Therapeutics LLC payable to the former owner of 4P Therapeutics LLC.The royalty agreement has no expiration date. Currently, there is no marketable product and there are material uncertainties, including FDA approval, as to whether or when any revenue will be generated from the intellectual property subject to the royalty. If any royalties are paid to the former owner of 4P Therapeutics LLC, the royalties will be expensed as incurred and treated as a cost of revenue.

11. SUBSEQUENT EVENTS

In December 2019, COVID-19 emerged and has subsequently spread world-wide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mediating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining people who may have been exposed to the virus. The effect of these orders, government imposed quarantines and measures the Company would take, such as work-at-home policies, may negatively impact productivity, disrupt our business and could delay our clinical programs and timelines, the magnitude of which will depend, in part, on the length and severity of the restrictions and other limitations on our ability to conduct our business in the ordinary course. These and similar, and perhaps more severe, disruptions in our operations could negatively impact our business, operating results and financial condition. Further, quarantines, shelter-in-place and similar government orders, or the perception that such orders, shutdowns, or other restrictions on the conduct of business could occur, related to COVID-19 or other infectious diseases could impact personnel at third-party manufacturing facilities in the United States and other countries, or the availability or cost of materials, which could disrupt our supply chain.

In accordance with ASC 855-10, management reviewed all material events through the date of this report. There are no other material events to report.

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, 2020, 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 file reports with the SEC. The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

We undertake no obligation to revise or update any forward-looking statements in order 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.

References to "we," "us," "our" and words of like import refer to Nutriband Inc. and its subsidiaries unless the context indicates otherwise. Unless the context indicates otherwise, references to 4P Therapeutics relate to the operations of 4P Therapeutics LLC prior to our acquisition of 4P Therapeutics on August 1, 2018.

Overview

We are primarily engaged in the development of a portfolio of transdermal pharmaceutical products. Our lead product is our abuse deterrent fentanyl transdermal system which we are developing 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 help combat the opioid crisis by deterring the abuse and misuse of fentanyl patches. We believe that our abuse deterrent technology can also be utilized in transdermal patches to deter the abuse of other drugs and we are exploring follow-on applications. In addition, we are also exploring the development of generic transdermal patches and the application of our transdermal technology for the transdermal delivery of commercially available drugs or biologics that are typically delivered by injection.

Our marketing effort with respect to our consumer transdermal products is presently limited to our distribution agreement dated April 13, 2018 with EMI-Korea (Best Choice), Inc., whom we refer to as Best Choice, for marketing in certain regions in Asia. Pursuant to an exclusive distribution agreement, we granted Best Choice exclusive distribution rights for all of our transdermal consumer products in South Korea, Taiwan (the Republic of China), the People's Republic of China and South Asia. Best Choice is presently planning to market three of our consumer products only in South Korea, and is responsible for complying with all applicable regulations. The ability of Best Choice to market products at the volume we anticipated when we signed the contract with Best Choice was affected be a number of factors, including its inability to obtain necessary regulatory approval, which, as of the date of this annual report, has not been obtained. Best Choice has advised us that it is working with the South Korean Ministry of Food and Drug Safety ("MFDS") to determine a classification for our products, which is necessary before Best Choice can obtain approval from the MFDS to market our products to consumers. Our supplier had manufacturing problems in the United States because it ran into supply problems for certain foil components used in the transdermal patches due to the new tariffs on Chinese imports into the United States, design changes

in the pouch, and quality problems with material in the pouch, all of which resulted in manufacturing delays in meeting the first order for Best Choice. We solved the problem by delivering the patch in bulk and unpackaged, and Best Choice has the assembly of the patch completed in South Korea. Best Choice's purchases to date were for preliminary marketing activities. Best Choice has advised us that its preliminary marketing activities consisted of purchasing inventory in anticipation of obtaining regulatory approval, meeting with potential distributors and trying to build brand awareness through various marketing approaches most notably on social media. Until Best Choice has obtained the necessary regulatory approval, we do not anticipate generating any significant revenue from Best Choice. Our agreement with Best Choice agreement had an initial term which expired on April 30, 2019 and was extended to April 30, 2020. The agreement provides for an automatic renewal for three years and for five-year periods thereafter if certain minimum purchases are made. As of the date of this report, the minimum purchases for the current contract year have not been met.

We have agreed to extend with Best Choice regardless of the minimum purchases not being met for this year as much of the reason the minimum purchases were not reached was due to Best Choice needing additional time to confirm that any planned sales were fully in line with regulations in Korea, manufacturing process restructuring and the effects of the Coronavirus outbreak. Year 1 minimum sales requirements have been restarted as of April 30, 2020 and the coronavirus impact on Best Choice will be monitored to decide if an allowance will be made again for the next 12-month minimums.

With our acquisition of 4P Therapeutics on August 1, 2018, our focus changed, and we are seeking to develop and seek FDA approval on a number of transdermal pharmaceutical products under development by 4P Therapeutics. As a result of the acquisition of 4P Therapeutics, we have a pipeline of potential 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 or gross margin. Currently, there are no long-term contractual obligations for us, and either party can terminate the engagement at any time. During the three months ended April 30, 2020, we experienced a significant decline in revenue from 4P Therapeutics' largest customer, as a result of which our revenue from 4P Therapeutics was $58,044. Our revenue from our South Korean distributor for the three months ended April 30, 2020 was $61,320. Our cost of revenue for the three months ended April 30, 2020 was $74,939.

With the change in our focus, our capital requirement has 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 have budgeted $5.0 million for research and development of our abuse deterrent fentanyl transdermal system, including clinical manufacturing and clinical trials that need to be completed in order to obtain FDA approval. However, the total cost could be substantially in excess of that amount. We do not presently have the funds to enable us to develop our lead product, and we are seeking funding from a proposed public offering for this purpose for which we have filed a registration statement. We cannot assure you that we will complete this offering and, even if we complete the offering, the net proceeds of the offering will not be sufficient to complete the development and clinical testing necessary for FDA approval for our lead product. In the event that we are not able to complete this offering, we may not be able to raise the funds to finance our operations, either through a private placement or a joint venture agreement or strategic relationship, and, if we cannot raise funds as required or enter into a joint venture or other strategic relationship, we may not be able to fund the development of our product pipeline. Any money we raise in a private placement will most likely be at a discount to the then current market price and the discount could be significant, which would result in significant dilution to our stockholders with no assurance any proceeds we raise will be sufficient for us to complete the development of our lead product.

Results of Operations

Three Months Ended April 30, 2020 and 2019

For the three months ended April 30, 2020, we generated revenue of $119,364 and our costs of revenues were $74,939, resulting in gross profit of $44,425. For the three months ended April 30, 2019, we generated revenue of $193,950 and our cost of revenue was $198,794 resulting in negative gross profit of $5,204. We commenced generating revenues during the third quarter of 2018. Our revenue for the three months ended 2020 was derived from two sources – a continuation of research and development contracts of the type that 4P Therapeutics performed prior to our acquisition, which accounted for $ 58,044, and sales of our consumer transdermal product to our South Korean distributor, which accounted for $61,320, which our distributor purchased for its preliminary marketing efforts since the product has not obtained regulatory approval for retail sales in South Korea. We anticipate that all of our revenue for the quarter ended July 31, 2020 will be generated from research and development contracts and sales of our consumer transdermal products. Our cost of revenue was $24,254 for our research and development contracts and $50,685 for the consumer patches. Since we do not have the funds for the development of our lead product, the 4P Therapeutics fixed costs are allocated to the contract services that we perform for clients. The Company moved from their 4P facilities, and many of the prior costs relating to the facility were not incurred. This resulted in our operations showing a gross profit for the three months ended April 30, 2020.

For the three months ended April 30, 2020 our selling, general and administrative expenses were $191,917, primarily legal, accounting and payroll expense, compared to $567,957 in the three months ended April 30, 2019. The decrease from 2019 is primarily due to a decrease in payroll related expenses and non-cash compensation and decreases in legal fees during the three months. Additionally, stock-based compensation was $ -0- for the three months ended April 30, 2020 and $252,700 for the three months ended April 30, 2019.

During the three months ended April 30, 2020, we incurred gain on change in fair value of derivatives of $22,096 in connection with our October 2019 financing in which we raised gross proceeds of $250,000 and net proceeds of approximately $203,000 from the sale of convertible notes and warrants. We had no derivative expense during the three months ended April 30, 2019.

We incurred interest expense of $205,167 for the three months ended April 30, 2020 including the amortization of debt discounts of $202,500. We had no interest expense in the three months ended April 30, 2019. The Company also incurred a loss on extinguishment of debt of $12,500 in connection with conversion of debt to equity and a $69,131 early prepayment fee on the repayment of convertible debentures.

As a result of the foregoing, we sustained a net loss of $412,194, or $(0.08) per share (basic and diluted) for the three months ended April 30, 2020, compared with a loss of $573,353, or $(0.11) per share (basic and diluted) for the three months ended April 30, 2019.

Liquidity and Capital Resources

As of April 30, 2020, we had $20,644 in cash and cash equivalents and a working capital deficiency of $659,198, as compared with cash and cash equivalents of $10,463 and working capital deficiency of $1,979,141 at January 31, 2020. In October 2019, we received gross proceeds of $250,000 and net proceeds of approximately $203,000 from the sale of convertible notes in the principal amount of $270,000 and warrants to purchase 50,000 shares of common stock. We also received a $150,000 loan from a minority stockholder. In March 2020, the Company repaid the convertible debt. The total payments, including a prepayment fee of $69,131 and accrued interest, was $345,565.

For the three months ended April 30, 2020, we used cash of $201,514 in our operations. The principal adjustments to our net loss of $412,194 were amortization of debt discount of $202,500, depreciation and amortization of $18,046, and loss on extinguishment of debt and early prepayment fee on convertible debentures of $81,631 offset by an decrease in accounts payable of $59,805 and a gain on change in fair value of derivative of $22,096.

For the three months ended April 30, 2020, we had cash flows of $211,977 from financing activities, primarily $515,108 from gross proceeds from the sale of Units consisting of shares of common stock and warrants to purchase common stock offset by the repayment of convertible debt, including an early prepayment fee, of $339,131.

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

The Company's consolidated financial statements for the three months ended April 30, 2020 have been prepared on a going concern basis which contemplates the realization of assets and settlement of liabilities in the normal course of business. For the three months ended April 30, 2020, the Company generated revenue of $119,364 on which it recorded cost of revenues of $74,939 and a loss from operations of $147,492. Subsequent to January 31, 2020, because of the lack of available cash and the decline in business resulting in part from the effects of the COVID-19 pandemic, the Company has temporarily closed its operations, and does not expect it will be able to commence operations until it receives substantial funding. Successful business operations and its transition to attaining profitability are dependent upon obtaining significant additional financing, generating revenue primarily from its professional services to cover its overhead, developing its products, and obtaining FDA approval to market any product it develops and implementing a marketing program for such products. These factors raise substantial doubt about the ability of the Company to continue as a going concern for a period of at least one year from the date of these financial statements. Without such financing, the Company may not be able to continue in business. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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. We adopted the guidance under the new revenue standards using the modified retrospective method effective February 1, 2018. Topic 606 requires us to recognize revenues when control of the promised goods or services and receipt of payment is probable. 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 Service Types

The following is a description of our revenue service types, which include professional services and sales of goods:

- Professional services include the contract of research and development related services with our clients in the life sciences field on an as-needed basis. Deliverables primarily consist of detailed findings and conclusion reports provided to the client for each given research project engaged.

- Sales revenues are generated from the sale of our products. Upon the receipt of a purchase order, we have the order filled and shipped.

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.

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. Our performance obligations include providing products and professional services in the area of research. We recognize 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 on a monthly basis for work performed during that month.

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

Stock-Based Compensation

ASC 718, "Compensation — Stock Compensation," prescribes accounting and reporting standards for all stock-based payment transactions in which employee services, and, since February 1, 2019, non-employee services, 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. Stock-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).

New Financial Accounting Standards

Management does not believe that any other recently issued, but not yet effective, accounting standard if currently adopted would have a material effect on the consolidated financial statements included herewith.

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 for reasons discussed in our annual report on Form 10-K for the year ended January 31, 2020, 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.

As reported in our Form 10-K, 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, excessive reliance on third party consultants for accounting, financial reporting and related activities, and the lack of any separation of duties. Because of our financial condition it is unlikely that we will be able to implement effective internal controls over financial reporting in the near future.

Until we generate significantly greater revenues and employ accounting personnel, it is doubtful that we will be able implement any system which provides us with any degree of internal controls over financial reporting. Due to the nature of this material weakness in our internal control over financial reporting, there is more than a remote likelihood that misstatements which could be material to our annual or interim financial statements could not be prevented or detected.

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

On July 27, 2018, we commenced an action in the Circuit Court of the Ninth Judicial Circuit in and for Orange County, Florida, against Advanced Health Brands, Inc., Raymond Kalmar, Paul Murphy, Michelle Polly-Murphy, Laura Fillman and John Baker, together with a Motion for Temporary Injunction Without Notice and a Motion for Prejudgment Writ of Replevin arising from our decision to seek to rescind for misrepresentation the agreement by which we acquired advanced Health Brands, Inc. for 1,250,000 shares of common stock valued at $2,500,000 and seek return of the shares. On August 2, 2018, the court entered a Temporary Injunction Without Notice and an Order to Show Cause against the defendants. Defendants Kalmar, Murphy, Polly-Murphy, and Baker filed a Motion to Dismiss our Verified Complaint, Motion to Dissolve Temporary Injunction Without Notice and Response to Order to Show Cause, and Motion to Compel Arbitration. On January 4, 2019, the court dismissed our complaint with prejudice, and directed the defendants to assign to us within 30 days, the six patents never duly transferred to us. On February 1, 2019, we appealed the court's order. Pursuant to a settlement agreement with one of the defendants, that defendant returned the 50,000 shares which had been issued to her, and the shares were cancelled as of January 31, 2019. On June 7, 2019, the individual defendants (other than the defendant whom we have a settlement agreement), filed a motion for sanctions and civil contempt against us, which generally claimed that we failed to comply with the Court's January 4, 2019 order by refusing to issue the Ruling 144 letters that would allow the defendants to transfer their shares of common stock. On October 29, 2019, the Court denied the defendants motion. On March 20, 2020, the Florida district court of appeal reversed the lower court ruling in the Florida state court action that dismissed our complaint with prejudice, and gave us leave to file an amended complaint.

On August 22, 2018, four of the defendants in the Florida action described in the previous paragraph filed a complaint against us in the Franklin County, Ohio Court of Common Pleas seeking a declaratory judgment permitting them to sell the shares of common stock they received pursuant to the acquisition agreement. The parties have agreed to a stay pending the outcome of the Florida litigation.

On April 29, 2019, we filed a securities fraud action in the U.S. District Court for the Eastern District of New York against Raymond Kalmar, Paul Murphy, Michelle Polly-Murphy, Advanced Health Brands and TD Therapeutic, Inc. In the complaint we allege that in 2017, the defendants fraudulently and deceitfully obtained 1,250,000 shares of common stock by orchestrating a months-long scheme to defraud us. We are seeking the return of the 1,200,000 shares of common stock and monetary damages resulting from the defendants' fraudulent conduct. The defendants filed a motion to dismiss on August 23, 2019, and we filed our response on September 13, 2019.

ITEM 1A. RISK FACTORS

You should carefully consider the risks described below together with all of the other information included in this prospectus before making an investment decision with regard to our securities. The risks set forth below 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 of a lack of funds, we have suspended our product development operations.

Our business is the development of transdermal systems for the delivery of pharmaceuticals. The development of pharmaceutical products is highly cash intensive, and many early stage drug development companies are unable to raise sufficient cash to complete the development and testing of their products and obtain regulatory approval, with the result that they either obtain funding on very unfavorable terms, cease to conduct business or sell or license their intellectual property on unfavorable terms. At January 31, 2020, we had a working capital deficiency of approximately $1.9 million, and cash of approximately $10,000. Because of our lack of cash and the absence of any significant financing, we have suspended our development activities relating to our transdermal pharmaceutical products. Because of the anticipated lack of revenues until we have an approved product that we can market and the time required to obtain FDA approval, which can take many years, we must rely on our ability to raise money in the private or public equity market or enter into a joint venture relationship with a company that has the funds, the willingness and the ability to fund or obtain funds for the project that is the subject of the joint venture. In March 2020, we withdrew a registration statement relating to a proposed public offering. If we are able to raise funds or enter into a joint venture, it is likely that the term will not be favorable to us. We cannot assure you that we will be able to raise funds in a public or private financing or a joint venture, and, if we are unable to do so, we may cease operations.

Our business is impacted by the following additional key risks:

- Our business could be adversely affected by the effects of health pandemics or epidemics, including the recent outbreak of COVID-19, which was declared by the World Health Organization as a global pandemic, and is resulting in travel and other restrictions to reduce the spread of the disease, including state and local orders across the country, which, among other things, direct individuals to shelter at their places of residence, direct businesses and governmental agencies to cease non-essential operations at physical locations, prohibit certain non-essential gatherings, and order cessation of non-

essential travel. The effects of these orders, government-imposed quarantines and measures we would take, such as work-from-home policies, may negatively impact productivity, disrupt our business and could delay our clinical programs and timelines, the magnitude of which will depend, in part, on the length and severity of the restrictions and other limitations on our ability to conduct our business in the ordinary course. These and similar, and perhaps more severe, disruptions in our operations could negatively impact our business, operating results and financial condition. Further, quarantines, shelter-in-place and similar government orders, or the perception that such orders, shutdowns or other restrictions on the conduct of business operations could occur, related to COVID-19 or other infectious diseases could impact personnel at third-party manufacturing facilities in the United States and other countries, or the availability or cost of materials, which could disrupt our supply chain.

- 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 are party to a settlement agreement with the SEC resulting from statements in our SEC filings that did not accurately reflect the FDA's jurisdiction over our consumer products and did not disclose that we could not legally market these products in the United States. The settlement included a cease-and-desist order against violating the provisions of the Securities Exchange Act which require us to file accurate registration statements and annual reports with the SEC. Our failure to comply with our obligations under the settlement agreement could result in enforcement proceedings against us or our officers.
- We may not be able to protect our rights in our intellectual property, and we may be subject to intellectual property litigation which would be expensive and disruptive of our operations even if we eventually prevail on the merits.

- Unanticipated side effects or other adverse events resulting from the use of our product could require a recall of our products and, even if no recall is required, our reputation could be impaired by side effects.
- We may not be able to evaluate potential acquisition candidates, with the result that we may not be able to benefit from the acquisition or integrate the acquired business with our business. We have recently incurred an impairment charge as a result of an acquisition when the intellectual property assets of the acquired company were not as represented. We cannot assure you that we will not incur similar or other problems with any future acquisitions.
- We may fail to comply with all applicable laws and regulations relating to our product. We may have to change or adapt our operations in the event of changes in national, regional and local government regulations, taxation, controls and political and economic developments that affect our products and the market for our products;
- We may be unable to accurately estimate anticipated expenses, capital requirements and needs for additional financing;
- Best Choice or any other international distributor of our products may fail to comply with applicable laws;
- Best Choice or any other international distributor of our products may not be able to obtain any necessary regulatory approval necessary to market our product or, if they are able to obtain regulatory approval, they may not be successful in marketing our products;

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On March 22, 2020, the Company issued in a private placement 46,828 units at a price of $11 per unit. Each unit consisted of one share of common stock and a warrant to purchase one share of common stock at an exercise price of $14.00 per share. The warrants expire April 30, 2023. The Company issued a total of 46,828 shares of common stock, with net proceeds to the Company from the offering of $515,108.

In March 2020, a minority stockholder who had previously made loans of $215,000 to the Company, made an additional loan to the Company in the amount of $60,000, increasing the total loans from the stockholder to $275,000. On March 27, 2020, the Company issued 25,000 shares upon conversion both of the loan notes in the aggregate principal amount of $275,000.

ITEM 6. 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 Certificate of Chief Executive Officer and Principal Financial Officer.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

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.

June 4, 2020

By: /s/ Gareth Sheridan
Gareth Sheridan,
Chief Executive Officer
(Principal Executive Officer)

June 4, 2020

By: /s/ Serguei Melnik
Serguei Melnik,
Chief Financial Officer
(Principal Financial Officer)

EX-31.1 2 f10q0420ex31-1_nutriband.htm CERTIFICATION

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

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: June 4, 2020

/s/ Gareth Sheridan
Gareth Sheridan,
Chief Executive Officer
(Principal Executive Officer)

EX-31.2 3 f10q0420ex31-2_nutriband.htm CERTIFICATION

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Serguei Melnik, 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: June 4, 2020

/s/ Serguei Melnik
Serguei Melnik,
Chief Financial Officer
(Principal Financial Officer)

EX-32.1 4 f10q0420ex32-1_nutriband.htm CERTIFICATION

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, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gareth Sheridan, chief executive officer, and I, Serguei Melnik, 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:

(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.

June 4, 2020

/s/ Gareth Sheridan
Gareth Sheridan,
Chief Executive Officer
(Principal Executive Officer)

June 4, 2020

/s/ Serguei Melnik
Serguei Melnik,
Chief Financial Officer
(Principal Financial Officer)