**Form 51-102F4**

***Business Acquisition Report***

# PART 2 CONTENT OF BUSINESS ACQUISITION REPORT

## Item 1. Identity of Company

### 1.1 Name and Address of Company

EGF Theramed Health Corp. (the "**Company**" or "**Theramed**")
Suite 1600 – 609 Granville Street
Vancouver, British Columbia
V7Y 1C3

### 1.2 Executive Officer

The name of the executive officer of Theramed who is knowledgeable about the significant acquisition and this report is Jay Dhaliwal, Chief Executive Officer, and his business telephone number is 604-368-3551.

## Item 2. Item 2 Details of Acquisition

### 2.1 Nature of Business Acquired

On May 6, 2020, the Company closed on its joint venture transaction with Pharmadelic Labs Corp. ("**Pharmadelic**") pursuant to the Joint Venture and Share Purchase Agreement among the Company, Pharmadelic and the Pharmadelic shareholders (the "**Agreement**"). Pursuant to the Agreement, the Company acquired a 30% equity interest in Pharmadelic through the issuance of an aggregate of 4,000,000 of its common shares ("**Consideration Shares**") to the shareholders of Pharmadelic. The Consideration Shares are subject to certain pooling restrictions, with 2,395,480 of the Consideration Shares being released in 12 monthly installments commencing four months from closing. The balance of the shares issued by the Company are free of resale restrictions.

Pharmadelic is developing proprietary genetic processes to help create pharmaceutical grade psilocybin-derived ingredients in a synthetic lab environment. Pharmadelic believes that through the use of genetic engineering and biosynthesis, it can expedite a process that creates unique modified psilocybin ingredients in a far more efficient and cost effective manner than traditional production methods.

### 2.2 Acquisition Date

See Item 2.1.

### 2.3 Consideration

See Item 2.1

### 2.4 Effect on Financial Position

Through the joint venture, the Company and Green Parrot intend to fund the further advancement and commercialization of the technologies under development by Pharmadelic. This will include obtaining intellectual property protection and will require licensing and permitting by Pharmadelic as operations advance. The parties have agreed that any funds contributed to the joint venture by the Company will be treated as a loan to Pharmadelic.

## 2.5 Prior Valuations

None.

## 2.6 Parties to Transaction

The transaction with Pharmadelic was not a transaction with an informed person, associate or affiliate of the Company.

## 2.7 Date of Report

September 3, 2020

## Item 3. Financial Statements and Other Information

The financial statements of Pharmadelic and other information required by Part 8 of National Instrument 51-102 are attached as Schedule “A”.

**Schedule “A”**

# PHARMADELIC LABS CORP.

*(a Nevada corporation)*

## Audited Financial Statements

For the inception period of January 29, 2020 through May 2, 2020

# Financial Statements

# PHARMADELIC LABS CORP.

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IndigoSpire
CPAs & ADVISORS

**INDEPENDENT AUDITOR'S REPORT**

September 3, 2020

To: Board of Directors, PHARMADELIC LABS CORP.
Attn: George Anstey

Re: 2020 (inception) Financial Statement Audit

We have audited the accompanying consolidated financial statements of PHARMADELIC LABS CORP. (a corporation organized in Nevada) (the "Company"), which comprise the balance sheet as of May 2, 2020, and the related statements of income, stockholders' equity, and cash flows for the inception period of January 29, 2020 (inception) and ending May 2, 2020, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of the Company's financial statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of May 2, 2020, and the results of its operations, shareholders' equity and its cash flows for the period January 29, 2020 (inception) through May 2, 2020 in accordance with accounting principles generally accepted in the United States of America.

**Going Concern**

As discussed in the Notes and Additional Disclosures, certain conditions indicate the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments which might be necessary should the Company be unable to continue as a going concern. Our conclusion is not modified with respect to that matter.

Sincerely,

IndigoSpire CPA Group

IndigoSpire CPA Group, LLC
Aurora, Colorado

September 3, 2020

**PHARMADELIC LABS CORP.**

**BALANCE SHEET**

**As of May 2, 2020**

**See accompanying Auditor's Report and Notes to these Financial Statements**

| | |
|---|---|
| **ASSETS** | |
| Current Assets: | |
| Cash and cash equivalents | $ 0 |
| Total Current Assets | 0 |
| Capitalized development costs | 640,000 |
| TOTAL ASSETS | $ 640,000 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | |
| Liabilities: | |
| Current Liabilities: | |
| Accrued expenses, related party | $ 640,000 |
| Total Current Liabilities | 0 |
| Non-current Liabilities: | |
| None | 0 |
| TOTAL LIABILITIES | 640,000 |
| Shareholders' Equity: | |
| Common stock, 450,000,000 shares of $0.0001 par value authorized, 88,500,000 shares issued and outstanding as of May 2, 2020 | 8,850 |
| Common stock subscription receivable | (8,850) |
| Preferred stock, 50,000,000 shares of $0.0001 par value authorized, 0 shares issued and outstanding as of May 2, 2020 | 0 |
| Retained earnings, net of distributions | 0 |
| Total Stockholder's Equity | 0 |
| TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY | $ 640,000 |

**PHARMADELIC LABS CORP.**
**STATEMENT OF OPERATIONS**
**For the period of January 29, 2020 (inception) to May 2, 2020**
**See accompanying Auditor's Report and Notes to these Financial Statements**

| | |
|---|---|
| Revenues | $ 0 |
| Cost of revenues | 0 |
| Gross Profit (Loss) | 0 |
| Operating Expenses: | |
| General and administrative | 0 |
| Total Operating Expenses | 0 |
| Operating Income | 0 |
| Provision for Income Taxes | 0 |
| Net Income | $ 0 |

**PHARMADELIC LABS CORP.**

**STATEMENT OF STOCKHOLDERS' EQUITY**

**For the period of January 29, 2020 (inception) to May 2, 2020**

**See accompanying Auditor's Report and Notes to these Financial Statements**

| | Common Stock | | Common Stock Subscription Receivable | Preferred Stock | Accumulated Earnings/Deficit | Total Stockholders' Equity (Deficit) |
|---|---|---|---|---|---|---|
| | Shares | Value | | | | |
| **As of January 29, 2020 (inception)** | **0** | **$0** | **$0** | **$0** | **$0** | **$0** |
| Share Issuances | 88,500,000 | 8,850 | (8,850) | | | 0 |
| Net Income/(Loss) | | | | | 0 | 0 |
| **Balance as of May 2, 2020** | **88,500,000** | **$ 8,850** | **$ (8,850)** | **$0** | **$0** | **$0** |

**PHARMADELIC LABS CORP.**
**STATEMENT OF CASH FLOWS**
**For the period of January 29, 2020 (inception) to May 2, 2020**
**See accompanying Auditor's Report and Notes to these Financial Statements**

| | |
|---|---|
| **Cash Flows from Operating Activities** | |
| Net Income | $ 0 |
| Adjustments to reconcile net loss to net cash used in operating activities: | |
| Changes in operating assets and liabilities: | |
| None | 0 |
| Net Cash Used in Operating Activities | 0 |
| **Cash Flows from Investing Activities** | |
| None | |
| Net Cash Used in Investing Activities | 0 |
| **Cash Flows from Financing Activities** | |
| None | 0 |
| Net Cash Provided by Financing Activities | 0 |
| Net Change In Cash and Cash Equivalents | 0 |
| Cash and Cash Equivalents at Beginning of Period | 0 |
| Cash and Cash Equivalents at End of Period | $ 0 |
| **Supplemental Disclosure of Cash Flow Information** | |
| Cash paid for interest | $ 0 |
| Cash paid for income taxes | 0 |

**PHARMADELIC LABS CORP.**
**NOTES TO FINANCIAL STATEMENTS**
**As of May 2, 2020**
**See accompanying Auditors' Report**

## NOTE 1 - NATURE OF OPERATIONS

PHARMADELIC LABS CORP. (which may be referred to as the "Company," "we," "us," or "our") is an early stage company devoted to the development and production of biosynthesis products. The Company is a joint venture between EGF Theramed Health Corp. and the founding shareholders as discussed further in below in Note 8.

The Company incorporated on January 29, 2020 in the state of Nevada.

Since Inception, the Company has relied on advances from its current shareholders to fund its operations. As of May 2, 2020, the Company had little working capital and will likely incur losses prior to generating positive working capital. These matters raise substantial concern about the Company's ability to continue as a going concern (see Note 6). During the next 12 months, the Company intends to fund its operations with funding from a securities offering campaign (see Note 8) and funds from revenue producing activities, if and when such can be realized. If the Company cannot secure additional short-term capital, it may cease operations. These financial statements and related notes thereto do not include any adjustments that might result from these uncertainties.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Presentation*
The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP"). The Company has selected December 31 as the year end as the basis for its reporting. The Company's functional currency is the Canadian dollar. For presentation of these financial statements, cumulative currency adjustments are made after the measurement of operations, assets and liabilities.

*Use of Estimates*
The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the footnotes thereto. Actual results could differ from those estimates. It is reasonably possible that changes in estimates will occur in the near term.

*Risks and Uncertainties*
The Company has a limited operating history. The Company's business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company's control could cause fluctuations in these conditions. Adverse conditions may include: recession, downturn or otherwise, local competition or changes in consumer taste. These adverse conditions could affect the Company's financial condition and the results of its operations. As of May 2, 2020, the Company is operating as a going concern.

*Cash and Cash Equivalents*
The Company considers short-term, highly liquid investment with original maturities of three months or less at the time of purchase to be cash equivalents. Cash consists of currency held in the Company's checking account. As of May 2, 2020, the Company had not yet established a checking account.

*Receivables and Credit Policy*
Trade receivables from customers are uncollateralized customer obligations due under normal trade terms, primarily requiring payment before services are rendered. Trade receivables are stated at the amount billed to the customer. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoice. The Company, by policy, routinely assesses the financial strength of its customer. As a result, the Company believes that its accounts receivable

credit risk exposure is limited and it has not experienced significant write-downs in its accounts receivable balances. As of May 2, 2020, the Company did not have any outstanding accounts receivable.

*Property and Equipment*
Property and equipment are recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are expensed as incurred. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the balance sheet accounts and the resultant gain or loss is reflected in income.

Depreciation is provided using the straight-line method, based on useful lives of the assets. As of May 2, 2020, the Company had recorded no asset acquisitions and no depreciation.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. As of May 2, 2020, the Company had no fixed assets.

*Capitalized Development Costs*
Developed costs are capitalized at cost. Expenditures for renewals and improvements or continued development (including payroll) are capitalized. Once commercial feasibility is procured, the balance of capitalized development costs will be amortized over three years.

The Company reviews the carrying value of capitalized development costs for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. As of May 2, 2020, the Company had capitalized $640,000 of development costs.

*Deferred Offering Costs*
The Company complies with the requirements of ASC 340-10. The Deferred Offering Costs of the Company consist solely of legal and other fees incurred in connection with the capital raising efforts of the Company. Under ASC 340-10, costs incurred are capitalized until the offering whereupon the offering costs are charged to members' equity or expensed depending on whether the offering is successful or not successful, respectively. As of May 2, 2020, the Company had not yet recorded any deferred offering costs as of May 2, 2020.

*Income Taxes*
Income taxes are provided for the tax effects of transactions reporting in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of receivables, inventory, property and equipment, intangible assets, cryptocurrency valuation and accrued expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all the deferred tax assets will not be realized.

The Company is taxed as a C Corporation for federal and state income tax purposes. As the Company has recently been formed, no material tax provision exists as of the balance sheet date.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of May 2, 2020, the unrecognized tax benefits accrual was zero.

The Company is current with its foreign, US federal and state income tax filing obligations and is not currently under examination from any taxing authority.

*Revenue Recognition*
Starting with inception, the company adapted the provision of ASU 214-09 Revenue from Contracts with Customers ("ASC 606"). ASC 606 provides a five-step model for recognizing revenue from contracts:

- Identify the contract with the customer
- Identify the performance obligations within the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognize revenue when (or as) the performance obligations are satisfied

While the company has not yet earned any revenue, the Company intends to earn revenue through the development, license or sale of its pharmaceutical products.

*Advertising Expenses*
The Company expenses advertising costs as they are incurred.

*Organizational Costs*
In accordance with FASB ASC 720, organizational costs, including accounting fees, legal fees, and costs of incorporation, are expensed as incurred.

*Concentration of Credit Risk*
The Company maintains its cash with a major financial institution located in the United States of America, which it believes to be credit worthy. The Federal Deposit Insurance Corporation insures balances up to $250,000. At times, the Company may maintain balances in excess of the federally insured limits.

*Recent Accounting Pronouncements*
In February 2016, FASB issued ASU No. 2016-02, Leases, that requires organizations that lease assets, referred to as "lessees", to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than 12 months. ASU 2016-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, and early application is permitted. We are currently evaluating the effect that the updated standard will have on our financial statements and related disclosures.

In August 2016, FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230)." ASU 2016-15 provides classification guidance for certain cash receipts and cash payments including payment of debt extinguishment costs, settlement of zero-coupon debt instruments, insurance claim payments and distributions from equity method investees. The standard is effective on January 1, 2018, with early adoption permitted. The Company is currently in the process of evaluating the impact the adoption will have on its financial statements and related disclosures.

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact our balance sheet.

**NOTE 3 – INCOME TAX PROVISION**

As described above, the Company was recently formed and has only incurred costs of its start-up operations and capital raising. As such, no material tax provision yet exists.

## NOTE 4 – COMMITMENTS AND CONTINGENCIES

*Legal Matters*
Company is not currently involved with and does not know of any pending or threatening litigation against the Company or founders.

*Lease Arrangement*
The Company has not entered any lease agreements as of the balance sheet date. However, as discussed in Note 9, the Company has entered into lease agreements for research facilities subsequent to May 2, 2020.

## NOTE 5 – COMMON EQUITY

The Company has 450,000,000 shares of $0.0001 par value common, voting stock authorized under Nevada law. As of May 2, 2020, the Company had issued 88,500,000 of those common shares to founders and other strategic shareholders (the "Shareholders"). As the Company had not yet formed a bank account as of May 2, 2020, the par value of the issued shares, $8,850, remains receivable from the shareholders. This receivable amount has been credited directly to the shareholders equity of the Company.

On May 3, subsequent to the balance sheet date, the Shareholders entered into a share purchase agreement with EGF Theramed Health Corp. (the "Purchaser") as discussed in Note 8. Each of the Shareholders tendered 30 percent of their outstanding shares to the Purchaser in exchange for 4,000,000 common shares of Purchaser.

## NOTE 6 – GOING CONCERN

These financial statements are prepared on a going concern basis. The Company began operation in 2020 and has limited operating history. The Company's ability to continue is dependent upon management's plan to raise additional funds (see Note 8) and achieve and sustain profitable operations. The financial statements do not include any adjustments that might be necessary if the Company is not able to continue as a going concern.

## NOTE 7 – RELATED PARTY TRANSACTIONS

*Related Party Transactions*
The Company has accrued development costs equal to the compensation owed to two strategic shareholders and members of the management team. Each of these individuals are related to the Company through their shareholding and are owed $320,000 each (a total of $640,000) for the expenditures.

As those would be agreements between related parties, there is no guarantee that these rates or costs would be commensurate with an arm's-length arrangement.

## NOTE 8 – SUBSEQUENT EVENTS

*Entering a Joint Venture*
On May 3, 2020, EGF Theramed Health Corp. (the "Purchaser") entered into a share purchase agreement with the shareholders of the Company to acquire 26,550,000 shares (30 percent) of outstanding common stock of the Company from existing shareholders in exchange for 4,000,000 shares of Purchaser's stock. The acquisition of the shares by Purchaser gave rise to the Company as a joint venture among these parties.

*Securities Offering*
The Company is intending to offer common equity in a securities offering planned to be exempt from SEC registration under Regulation A, tier 2. The Company intends to offer up to $20 million in securities. The Company has engaged with various advisors and other professionals to facilitate the offering who are being paid customary fees and equity interests for their work.

*Facilities Lease*
Subsequent to the balance sheet date, the Company had a lease agreement for its research facility in Burnaby, British Columbia. The rent on this facility was CAD $3,000 per month. The Company has since moved to laboratory facilities in Victoria, British Columbia in a one-year lease starting in August 2020. The monthly rent for the Victoria facility is CAD $5,000 per month.

*Management's Evaluation*
Management has evaluated subsequent events through September 3, 2020, the date the financial statements were available to be issued. Based on this evaluation, no additional material events were identified which require adjustment or disclosure in the financial statements.