
PHARMATHER HOLDINGS LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE AND SIX MONTHS ENDED NOVEMBER 30,
2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of PharmaTher Holdings Ltd. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

PharmaTher Holdings Ltd.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	November 30, 2021	May 31, 2021
ASSETS		
Current assets		
Cash	\$ 11,276,436	\$ 2,778,081
Amounts receivable	73,228	28,650
Prepaid expense	10,000	33,333
Investment (note 3)	3,600,000	3,100,000
Total current assets	14,959,664	5,940,064
Non-current assets		
Equipment, net	3,199	3,910
Total assets	\$ 14,962,863	\$ 5,943,974
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 9(a))	\$ 265,292	\$ 133,595
Due to related party (note 9(a)(v))	2,558	2,414
Income tax payable	39,551	39,551
	307,401	175,560
Non-current liabilities		
Deferred tax liabilities	185,500	185,500
Total liabilities	492,901	361,060
Equity		
Share capital (note 4)	8,286,155	2,369,128
Warrants and broker warrants (note 6)	4,153,611	234,895
Contributed surplus (note 7)	441,369	338,511
Retained earnings	1,588,827	2,640,380
Total equity	14,469,962	5,582,914
Total liabilities and equity	\$ 14,962,863	\$ 5,943,974

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

Business of the Company and going concern (note 1)

On Behalf of the Board:

"Fabio Chianelli"
Director

"Carlo Sansalone"
Director

PharmaTher Holdings Ltd.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****(Unaudited)**

	Three Months Ended November 30,		Six Months Ended November 30,	
	2021	2020	2021	2020
Expenses				
Research (note 11)	\$ 527,447	\$ 12,556	\$ 706,480	\$ 204,164
Professional fees	76,537	292,325	117,562	316,185
Consulting fees (note 9(a)(i))	173,424	283,887	373,196	352,887
Stock-based compensation (notes 7 and 9(b))	168,779	391,527	168,779	535,501
General and administrative	23,359	113,604	65,301	151,068
Shareholder information and filing fees	67,533	72,486	120,235	83,438
RTO transaction cost (note 5)	-	-	-	332,174
Comprehensive loss before below items	(1,037,079)	1,166,385	(1,551,553)	(1,975,417)
Unrealized gain on investment (note 3)	900,000		500,000	-
Net loss and comprehensive loss for the period	\$ (137,079)	\$ (1,166,385)	\$ (1,051,553)	\$ (1,975,417)
Basic and diluted net loss for the period (note 8)	\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.03)
Weighted average number of common shares outstanding - basic and diluted	81,215,634	65,992,305	74,872,843	62,122,445

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

PharmaTher Holdings Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Share Capital		Shares to be issued	Warrants and broker warrants	Contributed Surplus	Retained earnings (Deficit)	Total
	Number of shares	Amount					
Balance, May 31, 2020	34,300,000	\$ 15,001	\$ 388,500	\$ -	\$ -	\$ (23,816)	\$ 379,685
Private placements (note 4(b))	22,940,000	1,647,000	(388,500)	-	-	-	1,258,500
Issuance of broker warrants (note 4(b))	-	(38,384)	-	38,384	-	-	-
Share issuance costs (note 4(b))	-	(116,137)	-	-	-	-	(116,137)
Elimination of PharmaTher shares (note 5)	(47,240,000)	-	-	-	-	-	-
Conversion of PharmaTher shares (note 5)	47,240,000	-	-	-	-	-	-
Conversion of Newscope shares and consideration for RTO (note 5)	7,100,000	355,000	-	53,311	4,563	-	412,874
Exercise of special warrants	1,036,000	51,800	-	(51,800)	-	-	-
Exercise of stock options	125,000	12,500	-	-	-	-	12,500
Reclassification of fair value of stock options exercised	-	1,521	-	-	(1,521)	-	-
Common shares and warrants issued in settlement of debt (note 4(b))	571,794	111,500	-	195,000	-	-	306,500
Stock based compensation (note 7)	-	-	-	-	535,501	-	535,501
Net loss for the period	-	-	-	-	-	(1,975,417)	(1,975,417)
Balance, November 30, 2020	66,072,794	\$ 2,039,801	\$ -	\$ 234,895	\$ 538,543	\$ (1,999,233)	\$ 814,006
Balance, May 31, 2021	67,734,865	\$ 2,369,128	\$ -	\$ 234,895	\$ 338,511	\$ 2,640,380	\$ 5,582,914
Shares issued from exercise of stock options	1,125,000	207,500	-	-	-	-	207,500
Fair value of stock options exercised	-	65,921	-	-	(65,921)	-	-
Private placements (note 4(b))	15,625,000	6,425,423	-	3,574,577	-	-	10,000,000
Issuance of broker warrants (note 4(b))	-	(539,139)	-	539,139	-	-	-
Share issuance costs (note 4(b))	-	(827,678)	-	-	-	-	(827,678)
Exercise of warrants	2,000,000	390,000	-	-	-	-	390,000
Reclassification of fair value of warrants exercised	-	195,000	-	(195,000)	-	-	-
Stock based compensation (note 7)	-	-	-	-	168,779	-	168,779
Net loss for the period	-	-	-	-	-	(1,051,553)	(1,051,553)
Balance, November 30, 2021	86,484,865	\$ 8,286,155	\$ -	\$ 4,153,611	\$ 441,369	\$ 1,588,827	\$ 14,469,962

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

PharmaTher Holdings Ltd.

Condensed Interim Consolidated Statements of Cash Flows (Expressed in Canadian Dollars) (Unaudited)

Six months ended November 30,	2021	2020
Operating activities		
Net loss for the period	\$ (1,051,553)	\$ (1,975,417)
Adjustments for:		
Stock based compensation (note 7)	168,779	535,501
RTO transaction cost (note 5)	-	208,412
Foreign exchange loss	144	-
Shares and warrants issued for settlement of debt		306,500
Depreciation	711	-
Unrealized gain on investment	(500,000)	-
Non-cash working capital items:		
Amounts receivable	(44,578)	(65,653)
Prepaid	23,333	-
Accounts payable and accrued liabilities	131,697	223,022
Due to related party	-	2,593
Net cash used in operating activities	(1,271,467)	(765,042)
Investing activities		
Cash obtained from RTO (note 5)	-	219,034
Net cash provided by investing activities	-	219,034
Financing activities		
Shares issued from exercise of warrants and stock options	597,500	12,500
Proceeds from private placements, net of costs	9,172,322	1,142,363
Net cash provided by financing activities	9,769,822	1,154,863
Net change in cash	8,498,355	608,855
Cash, beginning of period	2,778,081	388,382
Cash, end of period	\$ 11,276,436	\$ 997,237

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

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

November 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

1. Business of the Company and going concern

PharmaTher Inc. ("PharmaTher") was incorporated under the Business Corporations Act (Ontario) on April 1, 2020. The registered head office of the Company is 82 Richmond Street East, Toronto, Ontario M5C 1P1.

PharmaTher is a specialty psychedelic pharmaceutical company focused on the research, development and commercialization of ketamine and novel microneedle patches for delivering psychedelics to treat neuropsychiatric, neurodegenerative and pain disorders.

PharmaTher Holdings Ltd. (formerly Newscope Capital Corporation ("Newscope")) was incorporated under the Business Corporations Act (British Columbia) on March 20, 2019. The registered head office of the Company is 1055 West Georgia Street, 1500 Royal Centre, P.O. Box 11117, Vancouver B.C. V6E 4N7, Canada.

On June 10, 2020, Newscope issued 47,240,000 common shares as consideration for acquisition of all of the issued and outstanding common shares in the capital of PharmaTher (the "Acquisition"). In addition, Newscope issued an aggregate of 115,000 warrants in exchange for the issued and outstanding warrants of PharmaTher. Each warrant entitles the holder thereof to acquire one common share in the capital of Newscope at an exercise price of \$0.10 for a period of 24 months from the original date of issuance. The Acquisition was accounted for as a reverse takeover ("RTO") whereby PharmaTher was identified as the acquirer for accounting purpose and the resulting consolidated financial statements are presented as a continuance of PharmaTher and the comparative figures presented in the consolidated financial statements after the RTO are those of PharmaTher. After the RTO, the combined entity of Newscope and PharmaTher is referred to as the "Company" in these consolidated financial statements.

On October 1, 2020, the Company's common shares were approved for listing on the Canadian Securities Exchange (the "CSE") and began trading on the CSE under the trading symbol "PHRM" as of market open on October 9, 2020.

On January 13, 2021, the common shares of the Company were approved for trading on the OTCQB® Venture Market ("OTCQB"). The Company's U.S. listing will trade under the symbol "PHRRF" while the Company's primary Canadian listing will continue to trade on the Canadian Securities Exchange under "PHRM".

On April 8, 2021, Newscope filed an application notice with BC Registry Services changing the name of the Company to PharmaTher Holdings Ltd.

The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments. If additional financing is arranged through the issuance of shares, control of the Company may change and shareholders may suffer significant dilution. In addition, the Company has not generated any revenue to date. These circumstances indicate that material uncertainties exist that may cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

November 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

2. Basis of Presentation

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full audited annual financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of January 21, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent financial statements as at and for the year ended May 31, 2021, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending May 31, 2022 could result in restatement of these unaudited condensed interim consolidated financial statements.

Accounting pronouncements not yet adopted

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

3. Investment

During the year ended May 31, 2021, the Company received 6,666,667 shares of Revive Therapeutics Ltd. ("Revive") valued at \$4,000,000 and cash of \$3,000,000 for sale of the full rights to PharmaTher's intellectual property pertaining to psilocybin. As at November 30, 2021, the fair value of investment in Revive shares was \$3,600,000, resulting in an unrealized gain on investment of \$500,000.

4. Share capital

a) Authorized share capital

Authorized unlimited common shares and unlimited number of preferred shares

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

November 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

4. Share capital (continued)

b) Common shares issued

	Number of Common Shares	Amount (\$)
Balance, May 31, 2020	34,300,000	15,001
Private placements (i)(iii)	22,940,000	1,647,000
Issuance of broker warrants (i)(iii)	-	(38,384)
Share issuance costs (i)(iii)	-	(116,137)
Elimination of PharmaTher shares (ii)	(47,240,000)	-
Conversion of PharmaTher shares (ii)	47,240,000	-
Conversion of Newscope shares and consideration for RTO (note 5)	7,100,000	355,000
Exercise of special warrants (iv)	1,036,000	51,800
Exercise of stock options	125,000	12,500
Reclassification of fair value of stock options exercised	-	1,521
Common shares and warrants issued in settlement of debt (v)	571,794	111,500
Balance, November 30, 2020	66,072,794	2,039,801
Balance, May 31, 2021	67,734,865	2,369,128
Private placements (vi)	15,625,000	6,425,423
Share issuance costs (vi)	-	(827,678)
Issuance of broker warrants (vi)	-	(539,139)
Exercise of warrants	2,000,000	390,000
Reclassification of fair value of stock options exercised	-	195,000
Exercise of stock options	1,125,000	207,500
Reclassification of fair value of stock options exercised	-	65,921
Balance, November 30, 2021	86,484,865	8,286,155

(i) On June 8, 2020, PharmaTher completed a private placement for the issuance of 12,940,000 common shares at \$0.05 per share for gross proceeds of \$647,000. The Company paid cash commission of \$50,360 and issued 1,007,200 finder's warrants of with each finder's warrant exercisable for one common share of the Company at \$0.05 per share until June 8, 2022. The fair value of the finder's warrants was estimated at \$38,537 using the Black-Scholes stock option valuation model using the following assumptions: stock price of \$0.05, risk-free interest rate of 0.28%, expected stock price volatility of 100%, expected dividend yield of 0% and expected life of 2 years.

(ii) On June 10, 2020, Newscope issued 47,240,000 common shares as consideration for acquisition of all of the issued and outstanding common shares in the capital of PharmaTher (the "Acquisition"). In addition, Newscope issued an aggregate of 115,000 warrants in exchange for the issued and outstanding warrants of PharmaTher. Each warrant entitles the holder thereof to acquire one common share in the capital of Newscope at an exercise price of \$0.10 for a period of 24 months from the original date of issuance. The Acquisition was accounted for as a reverse takeover ("RTO") whereby PharmaTher was identified as the acquirer for accounting purpose and the resulting consolidated financial statements are presented as a continuance of PharmaTher and the comparative figures presented in the consolidated financial statements after the RTO are those of PharmaTher.

(iii) On July 8, 2020, the Company issued 10,000,000 common shares at \$0.10 per share for gross proceeds of \$1,000,000 and 680,000 broker warrants with each warrant exercisable into one common share of the Company at \$0.10 per share expiring in two years from the date of issuance. The fair value of the warrants was estimated at \$51,792 using Black-Scholes stock option valuation model using the following assumptions: stock price of \$0.10, risk-free interest rate of 0.29%, expected stock price volatility of 100%, expected dividend yield of 0% and expected life of 2 years.

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

November 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

4. Share capital (continued)

b) Common shares issued (continued)

(iv) On October 1, 2020, upon listing of the Company's common shares on the CSE, 1,036,000 special warrants were converted to 1,036,000 common shares for no additional consideration.

(v) On October 29, 2020, the Company issued 571,794 common shares valued at \$111,500 in settlement of accounts payable of \$111,500 and issued 2,000,000 warrants with each exercisable at \$0.195 for one common share of the Company until October 9, 2022 in settlement of accounts payable of \$195,000.

(vi) On September 28, 2021, the Company closed its previously announced private placement with institutional investors of its common shares ("Common Shares") and warrants to purchase common shares ("Warrants") for gross proceeds of \$10 million (the "Private Placement"). Pursuant to the Private Placement, the Company issued 15,625,000 Common Shares and Warrants to purchase 15,625,000 Common Shares at a purchase price of \$0.64 per Common Share and associated Warrant. Each Warrant entitles the holder to purchase one Common Share at an exercise price of \$0.80 per Common Share for a period of five years following the closing date of the Private Placement. The fair value of the warrants was estimated at \$3,574,577 using the Black-Scholes stock option valuation model using the following assumptions: stock price of \$0.61, risk-free interest rate of 1.09%, expected stock price volatility of 100%, expected dividend yield of 0% and expected life of 5 years. In connection with the Private Placement, the Company issued 1,250,000 broker warrants. Each Warrant entitles the holder to purchase one Common Share at an exercise price of \$0.80 per Common Share for a period of five years following the closing date of the Private Placement. The Company incurred share issuance costs of \$827,678 of which \$484,968 was allocated to share capital and \$342,710 was allocated to warrants.

5. Reverse takeover

The share capital of each company prior to the RTO was as follows:

	Number of Common Shares	Amount (\$)
Newscope		
Balance, May 31, 2020 and June 10, 2020, prior to the RTO	7,100,000	382,424
PharmaTher		
Balance, May 31, 2020	34,300,000	15,001
Balance, June 10, 2020, prior to the RTO	47,240,000	573,284

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

November 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

5. Reverse takeover (continued)

On June 10, 2020, Newscope issued 47,240,000 common shares as consideration for acquisition of all of the issued and outstanding common shares in the capital of PharmaTher. In addition, Newscope issued an aggregate of 115,000 warrants in exchange for the issued and outstanding warrants of PharmaTher.

In accordance with IFRS 3, Business Combination, the substance of the transaction is a reverse takeover of a non-operating company. The transaction does not constitute a business combination as Newscope does not meet the definition of a business under the standard. As a result, the transaction is accounted for as a capital transaction with PharmaTher being identified as the acquirer and the equity consideration being measured at fair value. The resulting consolidated statement of financial position is presented as a continuance of PharmaTher and comparative figures presented in the consolidated financial statements after the reverse takeover are those of PharmaTher.

IFRS 2, Share-based Payment, applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Because PharmaTher would have issued shares with a value in excess of the net assets received, the difference is recognised in comprehensive income as a RTO transaction cost. The amount assigned to the transaction cost of \$208,412 is the difference between the fair value of the consideration and the net identifiable assets of Newscope acquired by PharmaTher and included in the consolidated statement of loss and comprehensive loss.

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the combined entity after the transaction. This represents the fair value of the shares that PharmaTher would have had to issue for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of PharmaTher acquiring 100% of the shares in Newscope. The percentage of ownership Newscope shareholders had in the combined entity is 13% after the issue of 47,240,000 Newscope shares. The fair value of the consideration in the RTO is equivalent to the fair value of the 7,100,000 Newscope shares controlled by original Newscope shareholders, 375,000 stock options to Newscope stock options holders, 115,000 warrants to Newscope warrant holders and 1,036,000 special warrants to Newscope special warrant holders. The fair value of the shares controlled by original Newscope shareholders was estimated to be \$355,000 based on the fair market value of \$0.05 per share in the private placement of PharmaTher on the date of June 8, 2020. The fair value of the stock options was estimated to be \$4,563 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk-free interest rates of 0.28%; and expected lives of 1.44 years. The fair value of the warrants was estimated to be \$1,511 using the Black-Scholes valuation model on the following assumptions: dividend yield 0%; volatility 100%; risk-free interest rate 0.28%; and an expected life of 1.53 to 1.63 years. The fair value of the special warrants was estimated to be \$51,800 based on the fair market value of \$0.05 per share in the private placement of PharmaTher on the date of June 8, 2020 as each special warrant entitled the holder thereof to automatically receive, without payment of additional consideration and without further action on the part of the holder, one common share of the Company upon filing of the final prospectus for listing of its shares on TSX Venture Exchange. The Company also incurred \$123,762 professional fees related to the RTO which had been included in the consideration.

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

November 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

5. Reverse takeover (continued)

Based on the statement of financial position of Newscope at the time of the RTO, the net assets at estimated fair value that were acquired by PharmaTher were \$204,462 and the resulting transaction cost charged to the consolidated statement of loss and comprehensive loss is as follows:

Consideration

Common shares	\$	355,000
Warrants		1,512
Stock options		4,563
Special warrants		51,800
Professional fees incurred for RTO		123,761
Total consideration	\$	536,636

Identifiable assets acquired

Cash	\$	219,034
Amounts receivable		1,441
Accounts payable and accrued liabilities		(16,013)
Total identifiable assets acquired		204,462

Unidentifiable assets acquired

Transaction cost		332,174
Total net identifiable assets and transaction cost	\$	536,636

6. Warrants and broker warrants

The Company issued warrants and broker warrants to acquire common shares as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, May 31, 2020	-	-
Issued (note 4(b)(i)(iii))	3,687,200	0.14
Issued as consideration for the RTO (note 5)	115,000	0.10
Balance, November 30, 2020	3,802,200	0.14
Balance, May 31, 2021	3,802,200	0.14
Issued (note 4(b)(vi))	16,875,000	0.80
Exercised	(2,000,000)	0.20
Balance, November 30, 2021	18,677,200	0.73

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

November 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

6. Warrants and broker warrants (continued)

The following table reflects the warrants and broker warrants issued and outstanding as of November 30, 2021:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Warrants Outstanding
December 20, 2021	0.10	0.05	85,000
January 27, 2022	0.10	0.16	30,000
June 8, 2022	0.05	0.52	1,007,200
July 8, 2022	0.10	0.60	680,000
September 28, 2026	0.80	4.83	15,625,000
September 28, 2026	0.80	4.83	1,250,000
	0.73	4.41	18,677,200

7. Stock options

The Company issued stock options to acquire common shares as follows:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, May 31, 2020	-	-
Granted	5,975,000	0.12
Exercised	(125,000)	0.10
Balance, November 30, 2020	5,850,000	0.12
Balance, May 31, 2021	4,874,000	0.12
Granted	250,000	0.91
Exercised	(1,125,000)	0.11
Cancelled	(300,000)	0.10
Balance, November 30, 2021	3,699,000	0.15

The following table reflects the actual stock options issued and outstanding as of November 30, 2021:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
July 16, 2025	0.10	3.63	3,449,000	3,449,000
September 10, 2026	0.91	4.78	250,000	250,000
	0.15	3.71	3,699,000	3,699,000

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

November 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

7. Stock options (continued)

On July 16, 2020, the Company granted 4,600,000 stock options to certain directors, officers and consultants with each stock option exercisable for one common share of the Company at an exercise price of \$0.10 per share. These stock options expire in five years from the date of grant and vested immediately upon grant. The fair value of these stock options was estimated at \$339,900 using Black-Scholes stock option valuation model using the following assumptions: stock price of \$0.10, risk-free interest rate of 0.35%, expected stock price volatility of 100%, expected dividend yield of 0% and expected life of 5 years. The Company recorded stock-based compensation of \$339,900 in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

On September 10, 2021, the Company granted 250,000 stock options to a consultant with each stock option exercisable for one common share of the Company at an exercise price of \$0.91 per share. These stock options expire in five years from the date of grant and vested immediately upon grant. The fair value of these stock options was estimated at \$168,779 using Black-Scholes stock option valuation model using the following assumptions: stock price of \$0.91, risk-free interest rate of 0.83%, expected stock price volatility of 100%, expected dividend yield of 0% and expected life of 5 years. The Company recorded stock-based compensation of \$168,779 in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

8. Net loss per share

The calculation of basic loss per share for the three and six months ended November 30, 2021 was based on the loss attributable to common shareholders of \$137,079 and \$1,051,553, respectively (three and six months ended November 30, 2020 - loss of \$1,166,385 and \$1,975,417, respectively) and the weighted average number of common shares outstanding of 81,215,634 and 74,872,843, respectively (three and six months ended November 30, 2020 - 65,992,305 and 62,122,445, respectively). Diluted loss per share did not include the effect of warrants, broker warrants, special warrants and options for the three and six months ended November 30, 2021 and 2020, as they are anti-dilutive.

9. Related party transactions

(a) Related party balances and transactions

Related parties include the directors of the Company, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

	Three Months Ended November 30,		Six Months Ended November 30,	
	2021	2020	2021	2020
Fabiotech Inc. (i)	\$ 75,000	\$ 43,000	\$ 120,000	\$ 82,000
Marrelli Support Services Inc. ("MSSI") (ii)	17,175	20,177	27,414	29,497
DSA Corporate Services Inc. ("DSA") (iii)	23,297	6,534	37,079	6,534
Marrelli Trust Company Limited ("Marrelli Trust") (iv)	4,295	-	5,315	-

(i) Fees are related to services of Fabio Chianelli to act as the Chief Executive Officer ("CEO") of the Company. Fabio Chianelli is the owner of Fabiotech Inc. As at November 30, 2021, \$nil was owed to the CEO.

(ii) Fees are related to services of Carmelo Marrelli to act as the Chief Financial Officer ("CFO") of the Company. Carmelo Marrelli is the Managing Director of MSSI. Services were incurred for bookkeeping, accounting and CFO services. As at November 30, 2021, MSSI was owed \$2,318 (May 31, 2021 - \$2,354) and this amount was included in accounts payable and accrued liabilities. This amount is unsecured and non-interest bearing.

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

November 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

9. Related party transactions (continued)

(a) Related party balances and transactions (continued)

(iii) The CFO of the Company is an officer of DSA and the Corporate Secretary of the Company is an employee of DSA. Fees are related to corporate secretarial and filing services provided by DSA. As at November 30, 2021, DSA was owed \$7,181 (May 31, 2021 - \$1,978) and this amount was included in accounts payable and accrued liabilities. This amount is unsecured and non-interest bearing.

(iv) The CFO of the Company is a director of Marrelli Trust. Marrelli Trust provided stock transfer services to the Company. As at November 30, 2021, Marrelli Trust was owed \$3,618 (May 31, 2021 - \$nil) and this amount was included in accounts payable and accrued liabilities. This amount is unsecured and non-interest bearing.

(v) During the year ended May 31, 2021, one of the officers of the Company paid research and development expenses in the amount of \$2,608 on behalf of the Company. As at November 30, 2021, the Company owed \$2,559 to the officer.

(b) Remuneration of directors and key management

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Remuneration of management of the Company was as follows:

	Three Months Ended November 30,		Six Months Ended November 30,	
	2021	2020	2021	2020
Stock-based compensation	\$ -	\$ -	\$ -	\$ 52,790

(c) Major shareholders

To the knowledge of the directors and senior officers of the Company, as at November 30, 2021, no person or corporation beneficially owns or exercises control over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than Mr. Fabio Chianelli who owns 17.75% of the Company. The holding can change at any time at the discretion of the owners.

None of the Company's major shareholders have different voting rights compared to holders of the Company's common shares.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

10. Commitment

The Company has entered into a licensing arrangement with the Arizona Board of Regents on behalf of the University of Arizona, whereby certain milestone payments and royalties are payable upon the achievement of certain events. The Company will record these amounts as the events occur.

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

November 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

11. Research

Ketamine

PharmaTher has entered into an exclusive license agreement with the University of Arizona for the development and commercialization of ketamine in the treatment of Parkinson's disease. During the three and six months ended November 30, 2021, the Company incurred \$281,683 and \$337,344, respectively (three and six months ended November 30, 2020 - \$nil and \$25,000, respectively) in the research of Ketamine for the treatment of Parkinson's disease.

Microneedle

PharmaTher entered into an exclusive worldwide patent and know-how license agreement with The Queen's University of Belfast to develop and commercialize a patented hydrogel-forming microneedle patch delivery technology. During the three and six months ended November 30, 2021, the Company incurred \$153,907 and \$228,079, respectively (three and six months ended November 30, 2020 - \$nil) in the research of Microneedle patch.

Other

During the three and six months ended November 30, 2021, the Company incurred \$91,857 and \$141,057, respectively (three and six months ended November 30, 2020 - \$12,556 and \$179,164, respectively) on expenses related to research including research advisory, drug repurposing, pre-clinical and regulatory expenditures.