
PHARMATHER HOLDINGS LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2022 AND 2021
(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)

	As at August 31, 2022	As at May 31, 2022
ASSETS		
Current assets		
Cash	\$ 7,747,271	\$ 9,154,906
Amounts receivable	31,172	30,164
Prepaid expense	10,000	10,000
Investment (note 3)	2,400,000	2,966,667
Total current assets	10,188,443	12,161,737
Non-current assets		
Equipment, net	1,777	2,133
Total assets	\$ 10,190,220	\$ 12,163,870
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 8(a))	\$ 142,381	\$ 327,778
Due to related party (note 8(a)(v)(i))	2,622	2,540
Total liabilities	145,003	330,318
Equity		
Share capital (note 4)	8,442,315	8,442,315
Warrants and broker warrants (note 5)	4,113,811	4,114,398
Contributed surplus (note 6)	645,999	645,999
Deficit	(3,156,908)	(1,369,160)
Total equity	10,045,217	11,833,552
Total liabilities and equity	\$ 10,190,220	\$ 12,163,870

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 August 31,	2022	2021
Expenses		
Research (notes 8 and 10)	\$ 1,027,493	\$ 179,033
Professional fees	28,456	41,025
Consulting fees (note 8(a)(i))	94,547	199,772
General and administrative	60,942	41,942
Shareholder information and filing fees	10,230	52,702
Comprehensive loss before below items	(1,221,668)	(514,474)
Unrealized loss on investment (note 3)	(566,667)	(400,000)
Net loss and comprehensive loss for the period	\$ (1,788,335)	\$ (914,474)
Basic and diluted net loss for the period (note 7)	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted	88,169,065	68,598,995

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		Warrants and broker warrants	Contributed Surplus	Retained earnings (Deficit)	Total
	Number of shares	Amount				
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)	-	-
Net loss for the period	-	-	-	-	(914,474)	(914,474)
Balance, August 31, 2021	68,859,865	\$ 2,642,549	\$ 234,895	\$ 272,590	\$ 1,725,906	\$ 4,875,940
Balance, May 31, 2022	88,169,065	\$ 8,442,315	\$ 4,114,398	\$ 645,999	\$ (1,369,160)	\$ 11,833,552
Expiry of warrants	-	-	(587)	-	587	-
Net loss for the period	-	-	-	-	(1,788,335)	(1,788,335)
Balance, August 31, 2022	88,169,065	\$ 8,442,315	\$ 4,113,811	\$ 645,999	\$ (3,156,908)	\$ 10,045,217

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)**

Three months ended August 31,	2022	2021
Operating activities		
Net loss for the period	\$ (1,788,335)	\$ (914,474)
Adjustments for:		
Foreign exchange loss	83	109
Depreciation	355	355
Unrealized loss on investment (note 3)	566,667	400,000
Non-cash working capital items:		
Amounts receivable	(1,008)	(25,784)
Prepaid expenses	-	25,000
Accounts payable and accrued liabilities	(185,397)	(37,999)
Net cash (used in) operating activities	(1,407,635)	(552,793)
Financing activities		
Proceeds from exercise of stock options	-	207,500
Net cash provided by financing activities	-	207,500
Net change in cash	(1,407,635)	(345,293)
Cash, beginning of period	9,154,906	2,778,081
Cash, end of period	\$ 7,747,271	\$ 2,432,788

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

August 31, 2022

(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.

These unaudited condensed interim consolidated financial statements were prepared in a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not earned revenue and incurred comprehensive loss of \$1,788,335 during the three months ended August 31, 2022.

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. The unaudited condensed interim consolidated financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

August 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

1. Business of the Company and going concern (continued)

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.

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 October 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, 2022, 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, 2023 could result in restatement of these unaudited condensed interim consolidated financial statements.

Accounting pronouncements not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after June 1, 2022 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following has not yet been adopted and is being evaluated to determine their impact on the Company.

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 August 31, 2022, the fair value of investment in Revive shares was \$2,400,000 (May 31, 2022 - \$2,966,667), resulting in an unrealized loss on investment of \$566,667 during the three months ended August 31, 2022 (three months ended August 31, 2021 - loss of \$400,000)

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

August 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

4. Share capital

a) Authorized share capital

Authorized unlimited common shares and unlimited number of preferred shares

b) Common shares issued

	Number of Common Shares	Amount (\$)
Balance, May 31, 2021	67,734,865	2,369,128
Shares issued from exercise of stock options	1,125,000	207,500
Reclassification of fair value of stock options exercised	-	65,921
Balance, August 31, 2021	68,859,865	2,642,549
Balance, May 31, 2022 and August 31, 2022	88,169,065	8,442,315

5. 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, 2021 and August 31, 2021	3,802,200	0.14
Balance, May 31, 2022	16,908,000	0.80
Expired	(33,000)	0.10
Balance, August 31, 2022	16,875,000	0.80

The following table reflects the warrants and broker warrants issued and outstanding as of August 31, 2022:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Warrants Outstanding
September 28, 2026	0.80	4.08	15,625,000
September 28, 2026	0.80	4.08	1,250,000
	0.80	4.08	16,875,000

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

August 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

6. Stock options

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

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, May 31, 2021	4,874,000	0.12
Exercised	(1,125,000)	0.11
Cancelled	(300,000)	0.10
Balance, August 31, 2021	3,449,000	0.10
Balance, May 31, 2022 and August 31, 2022	5,699,000	0.16

The following table reflects the actual stock options issued and outstanding as of August 31, 2022:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
July 16, 2025	0.10	2.88	3,449,000	3,449,000
September 10, 2026	0.91	4.03	250,000	250,000
March 30, 2027	0.18	4.58	1,000,000	1,000,000
April 4, 2027	0.16	4.59	500,000	500,000
April 18, 2027	0.15	4.63	500,000	500,000
	0.16	3.53	5,699,000	5,699,000

7. Net loss per share

The calculation of basic loss per share for the three months ended August 31, 2022 was based on the loss attributable to common shareholders of \$1,788,335 (three months ended August 31, 2021 - loss of \$914,474) and the basic weighted average number of common shares outstanding of 88,169,065 (three months ended August 31, 2021 - 68,598,995). Diluted loss per share for the three months ended August 31, 2022 did not include the effect of 16,875,000 warrants and broker warrants and 5,699,000 options as they are anti-dilutive.

8. 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 August 31,	2022	2021
Fabiotech Inc. (i)	\$ 60,000	\$ 45,000
Marrelli Support Services Inc. ("MSSI") (ii)	\$ 13,746	\$ 10,239
DSA Corporate Services Inc. ("DSA") (iii)	\$ 3,300	\$ 13,782
Larnic Inc. (iv)	\$ 75,000	\$ 40,000
Marrelli Trust Company Limited ("Marrelli Trust") (v)	\$ 540	\$ 1,020

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

August 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

8. Related party transactions (continued)

(a) Related party balances and transactions (continued)

(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 August 31, 2022, \$nil (May 31, 2022 - \$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 MSSl. Services were incurred for bookkeeping, accounting and CFO services. As at August 31, 2022, MSSl was owed \$2,522 (May 31, 2022 - \$1,463) and this amount was included in accounts payable and accrued liabilities. This amount is unsecured and non-interest bearing.

(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 August 31, 2022, DSA was owed \$3,870 (May 31, 2022 - \$3,277) and this amount was included in accounts payable and accrued liabilities. This amount is unsecured and non-interest bearing.

(iv) During the three months ended August 31, 2022, the Company incurred consulting fees of \$75,000 (three months ended August 31, 2021 - \$40,000) to a company controlled by the spouse of the CEO and the consulting fees have been included in research expenses, which services supported aspects of the product and clinical development, regulatory and market research of the Company's product pipeline. As at August 31, 2022, the company controlled by the spouse of the CEO was owed \$nil (May 31, 2022 - \$nil).

(v) The CFO of the Company is a director of Marrelli Trust. Marrelli Trust provided stock transfer services to the Company. As at August 31, 2022, Marrelli Trust was owed \$379 (May 31, 2022 - \$nil) and this amount was included in accounts payable and accrued liabilities. This amount is unsecured and non-interest bearing.

(vi) 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 August 31, 2022, the Company owed \$2,622 (May 31, 2022 - \$2,540) 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. During the three months ended August 31, 2022 and 2021, the Company incurred no remuneration of management.

(c) Major shareholders

To the knowledge of the directors and senior officers of the Company, as at August 31, 2022, 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 10.38% 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.

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

August 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

9. Commitments

The Company has entered into an exclusive patent license agreement 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.

The Company has entered into an exclusive patent and know-how license agreement with The Queen's University of Belfast, whereby certain milestone payments and royalties are payable upon the achievement of certain events. The Company will record these amounts as the events occur.

The Company has entered into an exclusive license agreement with BioRae, Inc., whereby certain milestone payments and royalties are payable upon the achievement of certain events. The Company will record these amounts as the events occur.

The Company has entered into an exclusive license agreement with The University of Kansas, whereby certain milestone payments and royalties are payable upon the achievement of certain events. The Company will record these amounts as the events occur.

The Company has entered into an exclusive license agreement with The National Health Research Institutes, whereby certain milestone payments and royalties are payable upon the achievement of certain events. The Company will record these amounts as the events occur.

The Company has entered into a license agreement with Gesval SA on behalf of the University of Liege, whereby certain milestone payments and royalties are payable upon the achievement of certain events. The Company will record these amounts as the events occur.

10. 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 and the Company is developing a novel injectable and intravenous ketamine product. During the three months ended August 31, 2022, the Company incurred (\$1,007) (three months ended August 31, 2021 - \$55,661) in the research of Ketamine for the treatment of Parkinson's disease and its novel injectable and intravenous ketamine product.

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 months ended August 31, 2022, the Company incurred \$573,457 (three months ended August 31, 2021 - \$74,172) in the research of Microneedle patch.

Other

During the three months ended August 31, 2022, the Company incurred \$455,043 (three months ended August 31, 2021 - \$49,200) on expenses related to research including research advisory, drug repurposing, pre-clinical and regulatory expenditures.