
PHARMATHER HOLDINGS LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE AND NINE MONTHS ENDED FEBRUARY 28,
2023 AND 2022
(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 February 28, 2023	As at May 31, 2022
ASSETS		
Current assets		
Cash	\$ 6,634,569	\$ 9,154,906
Amounts receivable	62,235	30,164
Prepaid expense	10,000	10,000
Investment (note 3)	866,667	2,966,667
Total current assets	7,573,471	12,161,737
Non-current assets		
Equipment, net	1,066	2,133
Total assets	\$ 7,574,537	\$ 12,163,870
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 8(a))	\$ 560,556	\$ 327,778
Due to related party (note 8(a)(vi))	2,702	2,540
Total liabilities	563,258	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	(6,190,846)	(1,369,160)
Total equity	7,011,279	11,833,552
Total liabilities and equity	\$ 7,574,537	\$ 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 February 28,		Nine months ended February 28,	
	2023	2022	2023	2022
Expenses				
Research (notes 8 and 10)	\$ 584,922	\$ 636,246	\$ 2,167,699	\$ 1,342,726
Professional fees	24,291	186,113	91,143	303,675
Consulting fees (note 8(a)(i))	128,121	181,310	341,486	554,506
Stock-based compensation (notes 6 and 8(b))	-	-	-	168,779
General and administrative	78,561	75,895	230,725	141,196
Shareholder information and filing fees	13,012	7,425	50,220	127,660
Comprehensive loss before below items	(828,907)	(1,086,989)	(2,881,273)	(2,638,542)
Unrealized loss on investment (note 3)	-	(1,933,333)	(2,100,000)	(1,433,333)
Interest and other income	74,859	-	159,000	-
Net loss and comprehensive loss for the period	\$ (754,048)	\$ (3,020,322)	\$ (4,822,273)	\$ (4,071,875)
Basic and diluted net loss for the period (note 7)	\$ (0.01)	\$ (0.03)	\$ (0.05)	\$ (0.05)
Weighted average number of common shares outstanding - basic and diluted	88,169,065	86,721,687	88,169,065	78,779,055

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)	-	-
Private placement (note 4(b))	15,625,000	6,425,330	3,574,670	-	-	10,000,000
Issuance of broker warrants (note 4(b))	-	(539,139)	539,139	-	-	-
Share issuance costs (note 4(b))	-	(827,695)	-	-	-	(827,695)
Exercise of warrants	3,037,200	443,360	-	-	-	443,360
Reclassification of fair value of warrants exercised	-	221,694	(221,694)	-	-	-
Expiry of warrants	-	-	(1,096)	-	1,096	-
Stock based compensation (note 6)	-	-	-	168,779	-	168,779
Net loss for the period	-	-	-	-	(4,071,875)	(4,071,875)
Balance, February 28, 2022	87,522,065	\$ 8,366,099	\$ 4,125,914	\$ 441,369	\$ (1,430,399)	\$ 11,502,983
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	-	-	-	-	(4,822,273)	(4,822,273)
Balance, February 28, 2023	88,169,065	\$ 8,442,315	\$ 4,113,811	\$ 645,999	\$ (6,190,846)	\$ 7,011,279

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)**

Nine months ended February 28,	2023	2022
Operating activities		
Net loss for the period	\$ (4,822,273)	\$ (4,071,875)
Adjustments for:		
Stock based compensation (note 6)	-	168,779
Foreign exchange loss	162	126
Depreciation	1,066	1,066
Unrealized loss on investment (note 3)	2,100,000	1,433,333
Non-cash working capital items:		
Amounts receivable	(32,071)	1,810
Prepaid expenses	-	23,333
Accounts payable and accrued liabilities	232,779	7,352
Net cash (used in) operating activities	(2,520,337)	(2,436,076)
Financing activities		
Proceeds from exercise of stock options	-	207,500
Proceeds from private placements, net of costs	-	9,172,305
Proceeds from exercise of warrants	-	443,360
Net cash provided by financing activities	-	9,823,165
Net change in cash	(2,520,337)	7,387,089
Cash, beginning of period	9,154,906	2,778,081
Cash, end of period	\$ 6,634,569	\$ 10,165,170

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

February 28, 2023

(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 pharmaceutical company focused on developing and commercializing KETARX™ (racemic ketamine) delivered by intravenous and intramuscular injection, microneedle patch, and on-body pump for mental health, neurological 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 \$4,822,273 during the nine months ended February 28, 2023.

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

February 28, 2023

(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 April 24, 2023, 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 February 28, 2023, the fair value of investment in Revive shares was \$866,667 (May 31, 2022 - \$2,966,667), resulting in an unrealized loss on investment of \$nil and \$2,100,000, respectively, during the three and nine months ended February 28, 2023 (three and nine months ended February 28, 2022 - loss of \$1,933,333 and \$1,433,333, respectively)

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

February 28, 2023

(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
Private placement (i)	15,625,000	6,425,330
Share issuance costs (i)	-	(827,695)
Issuance of broker warrants (i)	-	(539,139)
Exercise of warrants	3,037,200	443,360
Reclassification of fair value of warrants exercised	-	221,694
Shares issued from exercise of stock options	1,125,000	207,500
Reclassification of fair value of stock options exercised	-	65,921
Balance, February 28, 2022	87,522,065	8,366,099
Balance, May 31, 2022 and February 28, 2023	88,169,065	8,442,315

(i) 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 \$3,574,670 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 \$827,695 which was allocated to share capital.

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	3,802,200	0.14
Issued (note 4(b)(i))	16,875,000	0.80
Exercised	(3,037,200)	0.15
Expired	(85,000)	0.10
Balance, February 28, 2022	17,555,000	0.77
Balance, May 31, 2022	16,908,000	0.80
Expired	(33,000)	0.10
Balance, February 28, 2023	16,875,000	0.80

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

5. Warrants and broker warrants (continued)

The following table reflects the warrants and broker warrants issued and outstanding as of February 28, 2023:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Warrants Outstanding
September 28, 2026	0.80	3.58	15,625,000
September 28, 2026	0.80	3.58	1,250,000
	0.80	3.58	16,875,000

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
Granted	250,000	0.91
Exercised	(1,125,000)	0.11
Cancelled	(300,000)	0.10
Balance, February 28, 2022	3,699,000	0.15
Balance, May 31, 2022 and February 28, 2023	5,699,000	0.16

The following table reflects the actual stock options issued and outstanding as of February 28, 2023:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
July 16, 2025	0.10	2.38	3,449,000	3,449,000
September 10, 2026	0.91	3.53	250,000	250,000
March 30, 2027	0.18	4.08	1,000,000	1,000,000
April 4, 2027	0.16	4.10	500,000	500,000
April 18, 2027	0.15	4.14	500,000	500,000
	0.16	3.04	5,699,000	5,699,000

7. Net loss per share

The calculation of basic loss per share for the three and nine months ended February 28, 2023 was based on the loss attributable to common shareholders of \$754,048 and \$4,822,273, respectively (three and nine months ended February 28, 2022 - loss of \$3,020,322 and \$4,071,875, respectively) and the basic weighted average number of common shares outstanding of 88,169,065 (three and nine months ended February 28, 2022 - 86,721,687 and 78,779,055, respectively). Diluted loss per share for the three and nine months ended February 28, 2023 did not include the effect of 16,875,000 warrants and broker warrants (three and nine months ended February 28, 2022 - 17,555,000) and 5,699,000 options (three and nine months ended February 28, 2022 - 3,699,000) as they are anti-dilutive.

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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 February 28,		Nine months ended February 28,	
	2023	2022	2023	2022
Fabiotech Inc. (i)	\$ 90,000	\$ 70,000	\$ 230,000	\$ 190,000
Marrelli Support Services Inc. ("MSSI") (ii)	\$ 10,452	\$ 10,040	\$ 41,162	\$ 37,454
DSA Corporate Services Inc. ("DSA") (iii)	\$ 12,811	\$ 10,410	\$ 34,930	\$ 47,489
Larnic Inc. (iv)	\$ 45,000	\$ 50,000	\$ 175,000	\$ 162,000
Marrelli Trust Company Limited ("Marrelli Trust") (v)	\$ 960	\$ 206	\$ 6,165	\$ 5,521

(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 February 28, 2023, \$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 MSSI. Services were incurred for bookkeeping, accounting and CFO services. As at February 28, 2023, MSSI was owed \$2,322 (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 February 28, 2023, DSA was owed \$16,821 (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 and nine months ended February 28, 2023, the Company incurred consulting fees of \$45,000 and \$175,000, respectively (three and nine months ended February 28, 2022 - \$50,000 and \$162,000, respectively) 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 February 28, 2023, 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 February 28, 2023, Marrelli Trust was owed \$1,085 (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 February 28, 2023, the Company owed \$2,702 (May 31, 2022 - \$2,540) to the officer.

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

8. Related party transactions (continued)

(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 and nine months ended February 28, 2023 and 2022, the Company incurred no remuneration of management.

(c) Major shareholders

To the knowledge of the directors and senior officers of the Company, as at February 28, 2023, 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 17.54% 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.

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 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.

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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 and nine months ended February 28, 2023, the Company incurred \$16,092 and \$20,600, respectively (three and nine months ended February 28, 2022 - \$407,369 and \$744,713, respectively) 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 and nine months ended February 28, 2023, the Company incurred \$69,861 and \$848,804, respectively (three and nine months ended February 28, 2022 - \$134,411 and \$362,490, respectively) in the research of Microneedle patch.

Other

During the three and nine months ended February 28, 2023, the Company incurred \$498,969 and \$1,298,295, respectively (three and nine months ended February 28, 2022 - \$94,466 and \$235,523, respectively) on expenses related to research including research advisory, drug repurposing, pre-clinical and regulatory expenditures.