
**PHARMATHER HOLDINGS LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE MONTHS ENDED AUGUST 31, 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 August 31, 2023	As at May 31, 2023
ASSETS		
Current assets		
Cash	\$ 4,265,318	\$ 5,919,808
Amounts receivable	35,502	55,859
Investment (note 3)	320,000	333,333
Total current assets	4,620,820	6,309,000
Non-current assets		
Equipment, net	355	711
Investment in associate (note 4)	265,625	-
Total assets	\$ 4,886,800	\$ 6,309,711
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 9(a))	\$ 799,948	\$ 889,757
Due to related party (note 9(a)(vi))	2,721	2,721
Total liabilities	802,669	892,478
Equity		
Share capital (note 5)	8,442,315	8,442,315
Warrants and broker warrants (note 6)	4,113,811	4,113,811
Contributed surplus (note 7)	645,999	645,999
Deficit	(9,117,994)	(7,784,892)
Total equity	4,084,131	5,417,233
Total liabilities and equity	\$ 4,886,800	\$ 6,309,711

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)
Commitments (note 10)

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,	2023	2022
Expenses		
Research (notes 9 and 11)	\$ 1,066,737	\$ 1,027,493
Professional fees	35,837	28,456
Consulting fees (note 9(a)(i))	169,180	94,547
General and administrative	74,036	60,942
Shareholder information and filing fees	7,904	10,230
Comprehensive loss before below items	(1,353,694)	(1,221,668)
Unrealized loss on investment (note 3)	(13,333)	(566,667)
Interest income	68,300	-
Loss from investment in associate (note 4)	(34,375)	-
Net loss and comprehensive loss for the period	\$ (1,333,102)	\$ (1,788,335)
Basic and diluted net loss for the year (note 8)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding - basic and diluted	88,169,065	88,169,065

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, 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
Balance, May 31, 2023	88,169,065	\$ 8,442,315	\$ 4,113,811	\$ 645,999	\$ (7,784,892)	\$ 5,417,233
Net loss for the period	-	-	-	-	(1,333,102)	(1,333,102)
Balance, August 31, 2023	88,169,065	\$ 8,442,315	\$ 4,113,811	\$ 645,999	\$ (9,117,994)	\$ 4,084,131

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,	2023	2022
Operating activities		
Net loss for the period	\$ (1,333,102)	\$ (1,788,335)
Adjustments for:		
Foreign exchange loss	-	83
Depreciation	355	355
Loss from investment in associate (note 4)	34,375	-
Unrealized loss on investment (note 3)	13,333	566,667
Non-cash working capital items:		
Amounts receivable	20,357	(1,008)
Accounts payable and accrued liabilities	(89,808)	(185,397)
Net cash (used in) operating activities	(1,354,490)	(1,407,635)
Investing activities		
Investment in associate	(300,000)	-
Net cash (used in) investing activities	(300,000)	-
Net change in cash	(1,654,490)	(1,407,635)
Cash, beginning of period	5,919,808	9,154,906
Cash, end of period	\$ 4,265,318	\$ 7,747,271

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, 2023

(Expressed in Canadian Dollars)

(Unaudited)

1. Business of the Company and going concern

PharmaTher Holdings Inc. ("PharmaTher" or the "Company") was incorporated under the Business Corporations Act (British Columbia). 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.

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".

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 significant revenue and incurred a comprehensive loss of \$1,333,102 during the three months ended August 31, 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

August 31, 2023

(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 October 26, 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, 2023, 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, 2024 could result in restatement of these unaudited condensed interim consolidated financial statements.

Adoption of new accounting policy

Investment in associate

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Investment in an associate is accounted for using the equity method (equity accounted investee) and is recognized initially at cost. When applicable, the unaudited condensed interim consolidated financial statements include the Company's share of the income (loss) and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to \$nil, and the recognition of further losses is discontinued, except to the extent that the Company has an obligation, or has made payments on behalf of the investee.

Inter-company balances and transactions, and any unrealized income (loss) and expenses arising from inter-company transactions, are eliminated in preparing the unaudited condensed interim consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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, 2023 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.

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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, 2023, the fair value of investment in Revive shares was \$320,000 (May 31, 2023 - \$333,333), resulting in an unrealized loss on investment of \$13,333 during the three months ended August 31, 2023 (three months ended August 31, 2022 - loss of \$566,667).

4. Investment in associate

On July 18, 2023, PharmaTher Inc. the wholly-owned subsidiary of PharmaTher Holdings Ltd, entered into a unanimous shareholders agreement pursuant to which PharmaTher Inc. will subscribe for 144,117,647 common shares of PharmaDrug Inc. ("PharmaDrug")'s subsidiary Sairiyo Therapeutics Inc. ("Sairiyo") for \$300,000. PharmaTher Inc. is a 49% shareholder of Sairiyo. In the event that PharmaDrug elects not to participate in any new issuance, PharmaTher Inc. may increase its ownership from 49% to 51% with an investment of \$250,000. Either side may increase its ownership by 10% for additional \$100,000 investments. Neither side may be diluted beyond a 10% carried interest. The Company is diversifying its product portfolio with its stake in Sairiyo, whose sole asset is a patented reformulated version of the drug Cepharranthine as a potential treatment for medical countermeasures and cancer. Based on the factors, management has assessed that the Company has significant influence over Sairiyo and that the investment should be accounted for using the equity method of accounting.

A continuity of the Company's investment in associate is as follows:

	Carrying value of investment in associate
Balance, May 31, 2023	\$ -
Initial investment	300,000
Share of loss	(34,375)
Balance, August 31, 2023	\$ 265,625

Summarized financial information of Sairiyo based on the unaudited condensed interim financial statements of Sairiyo is set out below:

As at August 31, 2023

Cash	\$ -
Total current assets	-
Total non-current assets	10,772,216
Total current liabilities	(1,100,221)
Total non-current liabilities	\$ (1,010,344)
Net loss	\$ (70,153)
Proportinate share of loss	\$ (34,375)

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

5. 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, 2022, August 31, 2022, May 31, 2023 and August 31, 2023	88,169,065	8,442,315

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, 2022	16,908,000	0.80
Expired	(33,000)	0.10
Balance, August 31, 2022, May 31, 2023 and August 31, 2023	16,875,000	0.80

The following table reflects the warrants and broker warrants issued and outstanding as of August 31, 2023:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Warrants Outstanding
September 28, 2026	0.80	3.08	15,625,000
September 28, 2026	0.80	3.08	1,250,000
	0.80	3.08	16,875,000

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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, 2022, August 31, 2022, May 31, 2023 and August 31, 2023	5,699,000	0.16

The following table reflects the actual stock options issued and outstanding as of August 31, 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	1.88	3,449,000	3,449,000
September 10, 2026	0.91	3.03	250,000	250,000
March 30, 2027	0.18	3.58	1,000,000	1,000,000
April 4, 2027	0.16	3.59	500,000	500,000
April 18, 2027	0.15	3.63	500,000	500,000
	0.16	2.53	5,699,000	5,699,000

8. Net loss per share

The calculation of basic loss per share for the three months ended August 31, 2023 was based on the loss attributable to common shareholders of \$1,333,102 (three months ended August 31, 2022 - loss of \$1,788,335) and the basic weighted average number of common shares outstanding of 88,169,065 (three months ended August 31, 2022 - 88,169,065). Diluted loss per share for the three months ended August 31, 2023 did not include the effect of 16,875,000 warrants and broker warrants (three months ended August 31, 2022 - 16,875,000) and 5,699,000 options (three months ended August 31, 2022 - 5,699,000) as they are anti-dilutive.

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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 August 31,	2023	2022
Fabiotech Inc. (i)	\$ 90,000	\$ 60,000
Marrelli Support Services Inc. ("MSSI") (ii)	\$ 10,240	\$ 13,746
DSA Corporate Services Inc. ("DSA") (iii)	\$ 7,999	\$ 3,300
Larnic Inc. (iv)	\$ 45,000	\$ 75,000
Marrelli Trust Company Limited ("Marrelli Trust") (v)	\$ 1,065	\$ 540

(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, 2023, \$nil (May 31, 2023 - \$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 August 31, 2023, MSSI was owed \$2,544 (May 31, 2023 - \$2,522) 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, 2023, DSA was owed \$2,147 (May 31, 2023 - \$2,260) 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, 2023, the Company incurred consulting fees of \$45,000 (three months ended August 31, 2022 - \$75,000) 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, 2023, the company controlled by the spouse of the CEO was owed \$nil (May 31, 2023 - \$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, 2023, Marrelli Trust was owed \$1,065 (May 31, 2023 - \$1,085) 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, 2023, the Company owed \$2,721 (May 31, 2023 - \$2,721) to the officer.

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

August 31, 2023

(Expressed in Canadian Dollars)

(Unaudited)

9. 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 months ended August 31, 2023 and 2022, the Company incurred no remuneration of management with the exception of the consulting fees paid to the CEO and CFO as outlined above.

(c) Major shareholders

To the knowledge of the directors and senior officers of the Company, as at August 31, 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 17.56% 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. 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.

The Company has entered into an evaluation and exclusive option agreement (the "Agreement") with Case Western Reserve University ("CWRU") in the development and commercialization for the intellectual property of ketamine in the treatment Rett Syndrome, a rare genetic neurological disorder. Consistent with industry standards, PharmaTher paid a one-time fee for entering into the Agreement, and should the Company elect to exercise its option, both the Company and CWRU will negotiate a license agreement.

PharmaTher Holdings Ltd.

Notes to Condensed Interim Consolidated Financial Statements

August 31, 2023

(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 and the Company is developing a novel injectable and intravenous ketamine product. During the three months ended August 31, 2023, the Company incurred \$991,687 (three months ended August 31, 2022 - (\$1,007)) 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, 2023, the Company incurred \$30,000 (three months ended August 31, 2022 - \$573,457) in the research of Microneedle patch.

Other

During the three months ended August 31, 2023, the Company incurred \$45,050 (three months ended August 31, 2022 - \$455,043) on expenses related to research including research advisory, drug repurposing, pre-clinical and regulatory expenditures.

12. Contingent asset

During the year ended May 31, 2023, the Company signed a settlement agreement with Relevium Technologies Inc. ("Relevium") relating to a lawsuit commenced by the Company against Relevium for breach of contract regarding a take-over transaction. Per the agreement, Relevium is to issue shares to the Company for a value of \$225,000 once Relevium's Cease Trade Order with TSX Venture Exchange is lifted.