



doseology

**Doseology Sciences Inc.**

Condensed Interim Consolidated Financial Statements  
For the three and nine months ended March 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

### **Notice of No Auditor Review**

In accordance with National Instrument 51-102, the Company discloses that the accompanying condensed interim financial statements have been prepared by and are the responsibility of the Company's management. They have been reviewed and approved by the Company's Audit Committee and the Board of Directors.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Professional Accountants of Canada.

## Doseology Sciences Inc.

### Condensed Interim Consolidated Statements of Financial Position

(Unaudited - expressed in Canadian dollars)

## Doseology Sciences Inc.

### Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	Note	March 31, 2023 \$	June 30, 2022 \$
<b>Assets</b>			
Current assets			
Cash and cash equivalents	3	1,413,340	1,874,416
Accounts receivable	4	11,379	85,412
Prepaid expenses and deposits	5	863,564	1,002,292
Inventories	6	-	10,393
		<b>2,288,283</b>	<b>2,972,513</b>
Property and equipment	7	586,410	882,828
Intangible assets	8	12,830	13,964
<b>Total assets</b>		<b>2,887,523</b>	<b>3,869,305</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	9	18,826	125,410
Lease liability - current portion	10	76,111	93,460
		<b>94,937</b>	<b>218,870</b>
Lease liability - long term portion	10	406,650	652,639
<b>Total liabilities</b>		<b>501,587</b>	<b>871,509</b>
<b>Shareholders' Equity</b>			
Share capital	12	6,711,326	6,711,326
Reserves	13	307,355	283,980
Deficit		(4,632,745)	(3,997,510)
<b>Total shareholders' equity</b>		<b>2,385,936</b>	<b>2,997,796</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,887,523</b>	<b>3,869,305</b>

Approved by the Board of Directors on March 29, 2023:

"Shawn Balaghi"

Director

"Scott Reeves"

Director

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

## Doseology Sciences Inc.

### Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three and nine months ended March 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

#### Doseology Sciences Inc.

#### Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	For the three months ended		For the nine months ended	
	'March 31,		March 31,	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Income</b>				
Product sales	9,808	2,386	32,029	2,386
Cost of sales	(7,358)	(1,631)	(29,087)	(1,631)
	2,450	755	2,942	755
<b>Expenses</b>				
Marketing and product placement	7,284	61,856	130,564	178,146
Investor relations	704	101,252	4,478	126,803
Product development and other costs	-	5,208	-	53,963
Leasehold operating costs	(23,289)	5,566	(12,231)	27,232
Consulting fees	-	37,359	12,125	63,628
Management fees	30,450	11,625	98,336	35,625
Professional fees	5,359	49,119	57,283	99,544
Regulatory filings and listing fees	6,115	13,449	24,925	164,985
Office	17,347	15,186	58,555	38,211
Salaries and benefits	57,764	184,236	248,689	370,546
Share-based compensation	-	6,794	23,375	68,449
Loss on asset disposal	5,797	-	5,797	2,733
Depreciation and amortization	27,976	34,053	84,335	111,658
	(135,507)	(525,703)	(736,231)	(1,341,523)
<b>Other income (expenses)</b>				
Interest and other income	40,207	5,330	56,723	6,212
Interest accretion	(17,711)	(17,841)	(54,679)	(56,862)
Income tax recovery	-	-	96,760	-
<b>Loss and comprehensive loss for the period</b>	<b>(110,561)</b>	<b>(537,459)</b>	<b>(634,485)</b>	<b>(1,391,418)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.04)</b>
<b>Weighted average number of shares</b>				
<b>outstanding - basic and diluted</b>	<b>41,100,300</b>	<b>41,100,300</b>	<b>41,100,300</b>	<b>38,431,764</b>

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

## Doseology Sciences Inc.

### Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the three and nine months ended March 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

#### Doseology Sciences Inc.

#### Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Number of shares	Share capital \$	Reserves \$	Deficit \$	Total shareholders' equity \$
<b>Balance - June 30, 2021</b>	35,057,500	4,526,309	108,448	(2,058,189)	2,576,568
Share issued for cash	5,942,500	2,377,000	-	-	2,377,000
Share issued costs - cash	-	(91,555)	-	-	(91,555)
Share issued costs - warrants	-	(89,606)	89,606	-	-
Share issued costs - broker warrants	-	(10,822)	-	-	(10,822)
Share-based compensation	-	-	61,655	-	61,655
Loss for the period	-	-	-	(853,959)	(853,959)
<b>Balance - December 31, 2021</b>	<b>41,000,000</b>	<b>6,711,326</b>	<b>259,709</b>	<b>(2,912,148)</b>	<b>4,058,887</b>
<b>Balance - June 30, 2022</b>	41,100,300	6,711,326	283,980	(3,997,510)	2,997,796
Share-based compensation	-	-	23,375	(750)	22,625
Loss for the period	-	-	-	(634,485)	(634,485)
<b>Balance - March 31, 2023</b>	<b>41,100,300</b>	<b>6,711,326</b>	<b>307,355</b>	<b>(4,632,745)</b>	<b>2,385,936</b>

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

## Doseology Sciences Inc.

### Condensed Interim Consolidated Statements of Cash Flows

For the three and nine months ended March 31, 2022 and 2022

(Unaudited - expressed in Canadian dollars)

#### Doseology Sciences Inc.

#### Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	For the nine months ended	
	March 31,	
	2023	2022
	\$	\$
<b>Operating activities</b>		
Loss for the period	(634,485)	(1,391,418)
Items not involving cash:		
Depreciation and amortization	84,335	111,858
Share-based compensation	23,375	68,449
Interest accretion	54,679	56,862
Loss on asset disposal	5,797	2,533
	(466,299)	(1,151,716)
Changes in non-cash working capital items		
Receivables	74,033	(38,744)
Prepaid expenses and deposits	138,728	99,648
Inventories	10,393	(43,379)
Accounts payable and accrued liabilities	(106,584)	(256,448)
Cash used in operating activities	(349,729)	(1,390,639)
<b>Investing activities</b>		
Acquisition of property and equipment	-	(6,128)
Cash used in investing activities	-	(6,128)
<b>Financing activities</b>		
Share issued costs	(750)	(34,871)
Payments from related parties	-	15,096
Repayment of lease liability	(110,597)	(85,887)
Cash provided by (used in) financing activities	(111,347)	(105,662)
<b>Increase (decrease) in cash during the period</b>	<b>(461,076)</b>	<b>(1,502,429)</b>
<b>Cash and cash equivalents - beginning of the year</b>	<b>1,874,416</b>	<b>3,733,524</b>
<b>Cash and cash equivalents - end of the period</b>	<b>1,413,340</b>	<b>2,231,095</b>
<b>Non-cash transaction:</b>	-	-

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

# Doseology Sciences Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

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### 1. Nature of operations and going concern

Doseology Sciences Inc. (the “Company”), formerly known as Pcybin Therapeutic Inc., was incorporated on July 25, 2019 under the Business Corporations Act (British Columbia). The Company’s registered and records office is located at 406 – 460 Doyle Avenue, Kelowna, BC, V1Y 0C2. The Company’s primary business is to improve overall health with a focus on mental health through research, development and sale of its branded functional mushroom products. The common shares of the Company trade on the Canadian Securities Exchange under the symbol “MOOD”, on the Frankfurt Stock Exchange under the symbol “VU7”, and on the OTCQB Venture Market under the symbol “DOSEF”.

These condensed interim consolidated financial statements (“interim financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2023, the Company had an accumulated deficit of \$4,632,745 and working capital of \$2,193,346. In the course of developing its business, the Company will continue to incur losses. Management intends to finance its operations with equity financings. There is a risk that additional financing may not be available on a timely basis or on terms acceptable to the Company. These uncertainties may cast significant doubt regarding the Company’s ability to continue as a going concern.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements. These adjustments could be material.

These interim consolidated financial statements were approved by the Board of Directors of the Company for issue on May 29, 2023.

### 2. Significant accounting policies

#### Basis of presentation and measurement

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and with interpretations of the International Financial Reporting Issues Committee (“IFRIC”) for the periods presented. These interim consolidated financial statements comply with International Accounting Standards 34, Interim Financial Reporting. These should be read in conjunction with the Company’s annual audited consolidated financial statements as at and for the year ended June 30, 2022 (“annual financial statements”). The accounting policies and critical estimates and judgements applied by the Company in these interim consolidated financial statements are the same as those applied in the Company’s annual consolidated financial statements, unless otherwise stated.

These interim consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments measured at fair value. In addition, these interim consolidated financial statements are prepared on an accrual basis, except for cash flow information. The interim consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

#### Principles of consolidation

These interim financial statements include the financial statements of the Company and entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial operating policies of an entity so as to obtain benefits from its activities.

The interim financial statements include the accounts of Doseology Sciences Inc. and its wholly owned subsidiary, Dose Labs Inc. (formerly Pendulm Craft Corp.) (Note 3), collectively referred to as the “Company”. The functional currency of the subsidiary is the Canadian dollar. Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing these interim financial statements.

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

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#### 2. Basis of presentation and summary of significant accounting policies (continued)

##### Principles of consolidation (continued)

Details of the company's subsidiary is as follows:

<u>Entity</u>	<u>Country of Incorporation</u>	<u>Ownership Percentage</u>
Dose Labs Inc.	Canada	100%

##### Critical Accounting Estimates, Judgements and Assumptions

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The critical accounting estimates, judgements and assumptions applied in the preparation of the financial statements for the three and nine months ended March 31, 2023 are consistent with those applied and disclosed in Note 2 of the Company's audited annual financial statements for the year ended June 30, 2022.

##### Accounting standards issued but not yet effective

The Company has reviewed the following new accounting pronouncements that have been issued but are not yet effective.

##### *IAS 1 Classification of Liabilities as Current or Non-Current*

In January 2021, the International Accounting Standards Board ("IASB") issued a narrow scope amendment to IAS 1 – Classification of Liabilities as Current or Non-Current, which affects only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. The amendment clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of settlement to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendment is effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The implementation of this amendment is not expected to have a significant impact on the Company.

##### *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*

In February 2021, the IASB issued an amendment to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendment introduces the definition of an accounting estimate and sets criteria to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendment is effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The implementation of this amendment is not expected to have a significant impact on the Company.



## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

#### 3. Cash and cash equivalents

	March 31, 2023 \$	June 30, 2022 \$
Cash at bank	273,340	1,874,416
Cashable GICs:		-
Earning fixed interest at 4.75% per annum	1,120,000	
Earning fixed interest at 2.00% per annum*	20,000	
Earning variable interest at 4.25% per annum as at December 31, 2022	-	-
	1,413,340	1,874,416

\* Held as security against a corporate credit card with a \$20,000 limit.

#### 4. Accounts receivable

	March 31, 2023 \$	June 30, 2022 \$
Goods and services tax credits	12,824	74,271
Trade receivables	(341)	9,752
Interest and other	(1,104)	1,389
	11,379	85,412

#### 5. Prepaid expenses and deposits

	March 31, 2023 \$	June 30, 2022 \$
Deposits on rent and utilities	5,420	5,420
Marketing and consulting	832,250	892,000
Insurance	14,042	35,864
Deposit on equipment	4,615	24,189
Retainers and others	7,237	44,819
	863,534	1,002,292

#### 6. Inventories

	March 31, 2023 \$	June 30, 2022 \$
Finished products – Medicinal mushroom and tinctures	0	10,393

During the six months ended March 31, 2023, the Company recorded \$15,805.58 (December 31, 2021 - \$3,510) to cost of sales on the Consolidated Statement of Loss and Comprehensive Loss for sold finished products. The cost of sales reflects the earlier write-down of sold finished goods.

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

#### 7. Property and equipment

	Leasehold improvements	Furniture and equipment	Farm equipment	Computer equipment	Right of use assets	Total
<b>Cost</b>						
Balance - June 30, 2022	\$268,320	\$30,169	\$19,546	\$3,354	\$782,331	\$1,103,720
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Remeasurement (Note 10)	-	-	-	-	(213,218)	(213,218)
<b>Balance - March 31, 2023</b>	<b>\$268,320</b>	<b>\$30,169</b>	<b>\$19,546</b>	<b>\$3,354</b>	<b>\$569,113</b>	<b>\$890,502</b>
<b>Accumulated depreciation</b>						
Balance - June 30, 2022	(46,029)	(5,312)	(3,948)	(1,118)	(164,485)	(220,892)
Depreciation	(20,505)	(2,310)	(2,822)	(839)	(56,724)	(83,200)
Disposals	-	-	-	-	-	-
<b>Balance - March 31, 2023</b>	<b>(66,534)</b>	<b>(7,622)</b>	<b>(6,770)</b>	<b>(1,957)</b>	<b>(221,209)</b>	<b>(304,092)</b>
<b>Carrying amounts</b>						
Balance - June 30, 2022	\$222,291	\$24,857	\$15,598	\$2,236	\$617,846	\$882,828
<b>Balance - March 31, 2023</b>	<b>\$201,786</b>	<b>\$22,547</b>	<b>\$12,776</b>	<b>\$1,397</b>	<b>\$347,904</b>	<b>\$586,410</b>

#### 8. Intangible assets

	Cannabis	Trademark	Total
<b>Cost</b>			
Balance - June 30, 2022	\$59,000	\$26,277	\$85,277
Additions	-	-	\$0
<b>Balance - March 31, 2023</b>	<b>\$59,000</b>	<b>\$26,277</b>	<b>\$85,277</b>
<b>Accumulated amortization</b>			
Balance - June 30, 2022	(59,000)	(12,313)	(71,313)
Amortization	-	(1,134)	(1,134)
<b>Balance - March 31, 2023</b>	<b>(59,000)</b>	<b>(13,447)</b>	<b>(72,447)</b>
<b>Carrying amounts</b>			
Balance - June 30, 2022	-	\$13,964	\$13,964
<b>Balance - March 31, 2023</b>	<b>-</b>	<b>\$12,830</b>	<b>\$12,830</b>

#### 9. Accounts payable and accrued liabilities

	March 31, 2023 \$	June 30, 2022 \$
Accounts payable	11,858	90,739
Accrued liabilities	2,433	26,005
Due to related parties (Note 11)	4,535	8,666
	<b>18,826</b>	<b>125,410</b>

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

#### 10. Lease Liabilities

The Company has two lease liabilities with details noted below:

- a) One liability relates to the lease of a farm property which commenced on July 1, 2020 for an initial 5-year term expiring on June 30, 2025 with an option to renew for an additional 5 years. The lease liability had originally been calculated using an incremental borrowing rate of 10% per annum and assumes that the Company will exercise its renewal option.

The second liability relates to the lease of a commercial office property which commenced on September 1, 2021 for an initial 3-year term expiring on August 31, 2024 with an option to renew for an additional 5 years. The lease liability has been calculated using an incremental borrowing rate of 10% per annum.

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Lease liabilities</b>		
Balance, beginning	746,099	687,544
Addition	-	103,085
Less: lease payments	(104,798)	(120,304)
Interest accretion	54,678	75,774
Remeasurement of lease liability*	(213,218)	-
Balance, ending **	482,761	746,099
Less: Lease liabilities, current portion	(76,111)	(93,460)
Lease liabilities, long-term portion	406,650	652,639

\* On July 1, 2022, the lease terms for the farm property were modified so that the lease payments continued on at \$8,000 per month rather than increasing to \$10,000 a month as of July 1, 2022 as originally planned. The Company utilizes the cost model for the measurement of its right of use lease liabilities and the lease liability was adjusted to reflect the remeasured liability based on the updated lease payment schedule and the Company's current incremental borrowing rate of 15% per annum. There was no change in management's assumption that it will exercise the renewal option in the lease.

\*\* On January 1, 2023, the Company obtained a lease agreement release from the landlord of the Company's farm property located in Vernon, BC. See note 10 for more details. By obtaining the lease agreement release, the Company is no longer liable for required monthly lease payments totalling \$240,000 up to June 2025. Furthermore, due to the lease agreement release obtained, on January 1, 2023, the Company remeasured its right of use lease asset and liability in accordance with the requirements of the Company's adopted cost model for measuring leases. The effect of the remeasurement was a reduction in right of use leased assets net book value of \$309,543 and a reduction of lease liability of \$430,768.

In addition and as a result of the lease agreement release obtained, on January 1, 2023, the Company derecognized leasehold improvements with a net book value of \$208,575 related to the leased farm property. The company is also planning to dispose of owned equipment at the property with a net book value of \$36,944. The maximum expected negative effect on profit and loss as a result of these disposals is \$245,519.

The following maturity analysis shows the minimum lease payments the Company is committed to as of March 31, 2023.

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Maturity analysis</b>		
Less than one year	141,359	163,882
One year to five years	163,208	293,487
Total undiscounted lease liability	304,567	457,369

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

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#### 11. Transactions with related parties

Key management personnel include directors and officers who have the authority and responsibility for planning, directing, and controlling the activities of the Company. The compensation paid to these key management personnel for the three and nine months ended March 31, 2023 and 2022 is shown below:

	Three months ended		Nine months ended	
	March 31, 2022 \$	March 31, 2023 \$	March 31, 2022 \$	March 31, 2023 \$
Management fees	11,625	30,450	35,625	98,336
Professional fees	29,449	5,359	45,199	5,359
Listing expenses	-	-	106,756	-
Lease payments	24,000	-	72,000	-
Salaries and benefits	58,298	-	58,298	-
Share-based compensation	1,416	-	47,726	23,375
	<u>124,788</u>	<u>35,809</u>	<u>365,604</u>	<u>127,070</u>

##### *Management fees*

During the three months ended March 31, 2023, the Company incurred \$19,281 in management fees to Ralph Olson, a director and the CEO of the Company. During the nine months ended March 31, 2023 the Company paid \$58,074. In addition, during the three months ended March 31, 2023, the Company incurred \$7,969 in management fees to a consulting firm where Peter Geh, the Company's former CFO, is the owner. In addition, during the three months ended March 31, 2023, the Company incurred \$3,200 in management fees to a consulting firm where Pratik Patel, the Company's CFO, is the owner.

##### *Professional fees and listing expenses*

During the three months ended March 31, 2023, the Company incurred \$5,359 in professional fees and listing expenses to a law firm where Scott Reeves, a director of the Company, is a partner. The balance outstanding is \$4,534.85 as at March 31, 2023. During the nine months ended March 31, 2023, the Company incurred \$5,359 in professional fees and listing expenses to Mr. Reeves' law firm.

##### *Share-based compensation*

During the three months ended March 31, 2023, the Company incurred share-based compensation of \$nil to directors and officers. During the nine months ended March 31, 2023 the company incurred share-based compensation of \$23,375 to directors and officers.

#### 12. Share capital

On April 27, 2021, the directors and shareholders of the Company approved the consolidation of its common shares on the basis of one (1) post-consolidation share for every two (2) pre-consolidation shares held. All references to shares and per share amounts have been retroactively restated to reflect the share consolidation.

As at March 31, 2023, the Company has 5,697,016 common shares in escrow. A total of 26,700,780 shares were escrowed due to the Company listing on the CSE.

##### **Authorized**

Unlimited number of voting common shares without par value.

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

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#### 12. Share capital (continued)

##### *Shares issued for the nine months period ended March 31, 2023*

There were no shares issued for the nine months period ended March 31, 2023.

##### *Shares issued for the year ended June 30, 2022*

On October 29, 2021, the Company obtained a receipt for its final non-offering, long form prospectus from the British Columbia Securities Commission. Concurrent with its prospectus filing, the Company also received approval from the Canadian Securities Exchange (the "CSE") to list the Company's common shares on the CSE. The approval resulted in the Company's previously issued 11,885,000 subscription receipts (aggregate gross proceeds of \$2,377,000) to be automatically converted, without further payment, into 5,942,500 units.

Each of the converted units consisted of one common share and one warrant exercisable into a common share at \$0.80 per share until March 26, 2023. The warrants were fair-valued at \$89,606 calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price \$0.10; expected life, 2 years; expected volatility, 110%; risk free rate, 0.2%; and expected dividends, 0%. The residual amount of \$2,287,394 was attributed to share capital. As part of the above noted Subscription Receipts conversion, share issuance costs of \$91,555 in cash were incurred and the Company issued 100,300 common shares valued at \$10,300 as finders' fees and 203,800 broker warrants valued at \$10,822.

#### 13. Reserves

Reserves includes the accumulated fair values of stock options recognized as share-based compensation and the fair value of warrants. Reserves is increased by the fair values of these items on vesting.

	Warrant reserve \$	Stock option reserve \$	Total \$
<b>Balance - June 30, 2021</b>	88,618	19,830	108,448
Fair value of share purchase warrants	89,606	-	89,606
Fair value of stock options	-	85,926	85,926
<b>Balance - June 30, 2022</b>	178,224	105,756	283,980
Fair value of share purchase warrants	-	-	-
Fair value of stock options	-	23,375	23,375
<b>Balance - March 31, 2023</b>	<b>178,224</b>	<b>129,131</b>	<b>307,355</b>

##### Stock options

On April 16, 2021, a total of 3,050,000 stock options were granted to directors, officers, and employees with an exercise price of \$0.40 per share and an expiry date of April 16, 2026. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.10, expected life of 3.5 years, expected volatility of 110%, dividend yield of 0% and risk-free interest rate of 0.61%. The Company estimated the volatility based on historical share prices of comparable companies.

In October 2021, the Company cancelled 100,000 stock options to a former officer and then subsequently re-issued 400,000 stock options to the same officer with an exercise price of \$0.40 per share, which vested immediately. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.10, expected life of 3.5 years, expected volatility of 110%, dividend yield of 0%, risk-free interest rate of 0.61%. The Company estimated the volatility based on historical share prices of comparable companies.

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

#### 13. Reserves (continued)

##### Stock options (continued)

In January 2022, 450,000 and 50,000 stock options were forfeited by a former director and officer and a former consultant of the Company respectively. In addition, the Company granted 200,000 stock options with an exercise price of \$0.40 per share to the Company's CEO. On February 28, 2022, the 200,000 options issued were forfeited as a result of the CEO's departure from the Company.

On May 4, 2022, a total of 600,000 stock options were granted to directors, officers, and employees with an exercise price of \$0.10 per share and an expiry date of May 4, 2027. The fair value of the options granted was calculated using the Black-Scholes pricing model with the following assumptions: stock price of \$0.07, expected life of 3.5 years, expected volatility of 127%, dividend yield of 0% and risk-free interest rate of 2.90%. The Company estimated the volatility based on its own historical share prices and historical prices of a group of comparable companies.

In September 2022, 150,000 stock options were forfeited by a former employee of the Company.

On February 9, 2023, 2,300,000 stock options with an exercise price of \$0.40 and an expiry date of April 14, 2026 were cancelled and are no longer exercisable by the holders.

During the nine month period ended March 31, 2023, the Company recognized net share-based compensation of \$23,375 (March 31, 2022 - \$68,449). Gross share-based compensation of \$29,768 (March 31, 2022 - \$nil) was offset against \$6,393 (March 31, 2022 - \$12,721) in reversed share-based compensation expense related to forfeited unvested options.

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price (\$)
Balance - June 30, 2021	3,050,000	-
Forfeited	(1,200,000)	0.40
Issued	1,200,000	0.25
Balance - June 30, 2022	3,050,000	0.34
Forfeited	-	-
Expired	(150,000)	0.40
Issued	-	-
<b>Balance - March 31, 2023</b>	<b>2,900,000</b>	<b>0.36</b>

As at March 31, 2023, the Company's outstanding stock options were as follows:

Number of options *	Exercise price (\$ per share)	Expiry date	Weighted average remaining life (years)
2,300,000	0.40	April 14, 2026	3.29
600,000	0.10	May 4, 2027	4.34
<b>2,900,000</b>			<b>3.51</b>

## Doseology Sciences Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

#### 13. Reserves (continued)

##### Warrants

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price (\$)
Balance - June 30, 2021	10,390,220	0.49
Issued	5,942,500	0.80
Balance - June 30, 2022	16,332,720	0.60
Issued	-	-
Expired	(500,000)	0.80
<b>Balance - March 31, 2023</b>	<b>15,832,720</b>	<b>0.60</b>

As at March 31, 2023, the Company's outstanding warrants were as follows:

Number of warrants	Exercise price (\$ per share)	Expiry date	Weighted average remaining life (years)
5,000,000	0.16	June 1, 2025	2.17
30,000	0.80	March 31, 2023	-
173,800	0.80	March 26, 2023	(0.01)
4,686,420	0.80	February 8, 2023	(0.14)
5,942,500	0.80	November 1, 2023	0.59
<b>15,832,720</b>	<b>0.60</b>		<b>0.87</b>

#### 14. Financial instruments

##### Fair value

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value. The following table summarizes the carrying and fair value of the Company's financial instruments. The fair values of these financial instruments approximate their carrying values mostly because of their current nature.

	March 31, 2023 \$	June 30, 2022 \$
Cash *	1,413,340	1,874,416
Accounts receivable	11,379	85,412
Accounts payable and accrued liabilities	18,826	125,410
Lease liability	482,761	746,099

\* Cash is classified as fair value through profit and loss, all other financial instruments are classified as amortized cost. Interest income, interest expense, and gains and losses from financial assets and financial liabilities classified at amortized cost are recognized in the statement of loss and comprehensive loss.

## **Doseology Sciences Inc.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

For the three and nine months ended March 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

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#### **14. Financial instruments (continued)**

##### **Risks arising from financial instruments and risk management**

a) Credit risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

b) Foreign exchange risk

Foreign exchange risk arises from fluctuations in the future cash flows of a financial instrument because of changes in foreign exchange rates. The Company is not subject to significant foreign exchange rate risk as predominately all its transactions occur in Canadian dollars.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The observable impacts on the fair value and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in profit or loss from financial instruments whose cash flows are determined with reference to floating interest rates and potential changes in value of financial instruments whose cash flows are fixed in nature. The Company does not have any financial liabilities with floating interest rates but it does hold GIC investments. The GIC's are cashable and investment terms are 90 days or less to minimize cash flow and interest rate risk. Overall, the Company is exposed to minimal cash flow risk.

d) Liquidity and funding risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at December 31, 2022, the Company had a cash and cash equivalent balance of \$1,413,340 to settle the current liabilities of \$94,937 which are due on demand or within 1 year.

Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions.

#### **15. Capital management**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders (Note 1). The capital structure of the Company consists of equity comprising issued share capital, reserves, and deficit.

The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other financing activities as deemed appropriate under specific circumstances.

The Company is not subject to externally imposed capital requirements and its overall strategy with respect to capital risk management remains unchanged as of March 31, 2023.



## **Doseology Sciences Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended March 31, 2023 and 2022

(Unaudited - expressed in Canadian dollars)

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### **16. Subsequent events**

On April 13, 2023, Shawn Balaghi was appointed as a director of the Company.

On April 14, 2023, Dustin Merritt resigned as Corporate Secretary of the Company.

On April 18, 2023, Lindsay Hamelin was appointed as Corporate Secretary of the Company.