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**PHARMALA BIOTECH HOLDINGS INC.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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**NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of PharmAla Biotech Holdings Inc. (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.

**PharmAla Biotech Holdings Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

<b>As at,</b>	<b>November 30, 2023</b>	<b>August 31, 2023</b>
<b>ASSETS</b>		
<i>Current</i>		
Cash	\$ 222,847	\$ 195,042
Accounts receivables (note 4)	234,676	194,958
Subscription receivables	4,000	4,000
HST receivable	46,713	24,531
Prepaid expenses and deposit	129,071	173,227
Inventory	10,159	122,192
<b>Total current assets</b>	<b>647,466</b>	<b>713,950</b>
Equipment (note 3)	1,674	2,102
Intangible assets (note 5)	1,737,636	1,696,486
<b>Total assets</b>	<b>\$ 2,386,776</b>	<b>\$ 2,412,538</b>
<b>LIABILITIES</b>		
<i>Current</i>		
Accounts payables and accrued liabilities (note 14)	\$ 594,815	\$ 585,698
Customer deposits	113,758	189,787
Cortexa deposits (note 11)	-	253,537
Deferred joint venture portion of sales (note 11)	169,430	-
<b>Total liabilities</b>	<b>878,003</b>	<b>1,029,022</b>
<b>SHAREHOLDER'S EQUITY</b>		
Share capital (note 6)	5,261,505	5,139,502
Contributed surplus (note 8)	343,140	376,363
Deficit	(4,095,872)	(4,132,349)
<b>Total shareholder's equity</b>	<b>1,508,773</b>	<b>1,383,516</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 2,386,776</b>	<b>\$ 2,412,538</b>

Nature of operations and going concern (note 1)  
Commitment and Contingencies (note 13)

Approved on behalf of the Board:

"Nicholas Kadysh"  
**Director**

"Kevin Roy"  
**Director**

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

**PharmAla Biotech Holdings Inc.**  
**Condensed Interim Consolidated Statements of Profit (Loss) and Comprehensive Profit (Loss)**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	<b>Three Months November 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenue</b> (note 12)	<b>\$ 752,470</b>	<b>\$ -</b>
<b>Cost of goods sold</b>	<b>292,958</b>	<b>-</b>
<b>Gross profit</b>	<b>459,512</b>	<b>-</b>
<b>Expenses</b>		
Consulting (note 14)	<b>100,778</b>	107,881
Depreciation and amortization (note 3 and 5)	<b>15,792</b>	13,178
Investor relations (note 14)	<b>14,985</b>	27,376
Office and general (note 14)	<b>39,948</b>	46,573
Research and testing costs (note 5)	<b>41,666</b>	-
Payroll expenses (note 14)	<b>9,689</b>	10,270
Professional fees (note 14)	<b>7,797</b>	49,285
Stock based compensation (note 8 and 14)	<b>18,780</b>	40,752
SR&ED refund	<b>-</b>	(6,814)
Travel	<b>4,170</b>	-
<b>Total expenses</b>	<b>253,605</b>	<b>288,501</b>
Deferred joint venture portion of sales (note 11)	<b>169,430</b>	<b>-</b>
<b>Net profit (loss) and comprehensive profit (loss) for the period</b>	<b>\$ 36,477</b>	<b>\$ (288,501)</b>
<b>Net profit (loss) and comprehensive profit (loss) per share</b>		
<b>- basic and diluted (note 10)</b>	<b>\$ 0.00</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>		
<b>- basic and diluted (note 10)</b>	<b>86,479,719</b>	<b>82,998,600</b>

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

**PharmAla Biotech Holdings Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	<b>Three Months November 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>		
Profit (loss) for the period ended	\$ 36,477	\$ (288,501)
<i>Items not affecting cash:</i>		
Depreciation and amortization (note 3 and 5)	15,792	13,178
Stock based compensation (note 7 and 8)	18,780	40,752
Accrued license revenue (note 12)	(54,838)	-
Deferred joint venture portion of sales (note 11)	169,430	-
<i>Changes in non-cash working capital items:</i>		
Accounts receivables	15,120	(50,209)
Prepaid expenses and deposit	44,156	38,735
HST receivable	(22,182)	(24,906)
Inventory	112,033	-
Accounts payables and accrued liabilities	9,117	(1,039)
Customer and Cortexa deposits	(329,566)	270,554
<b>Net cash used in operating activities</b>	<b>14,319</b>	<b>(1,436)</b>
<b>Investing activities</b>		
Intangible asset development costs (note 5)	(56,514)	(120,233)
<b>Net cash used in investing activities</b>	<b>(56,514)</b>	<b>(120,233)</b>
<b>Financing activities</b>		
Proceeds from exercise of stock options (note 6)	70,000	-
<b>Net cash provided by financing activities</b>	<b>70,000</b>	<b>-</b>
<b>Increase (Decrease) in cash</b>	<b>27,805</b>	<b>(121,669)</b>
<b>Cash, beginning of period</b>	<b>195,042</b>	<b>852,138</b>
<b>Cash, end of period</b>	<b>\$ 222,847</b>	<b>\$ 730,469</b>

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

**PharmAla Biotech Holdings Inc.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Special Warrants</b>	<b>Warrants</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, August 31, 2022</b>	<b>82,998,600</b>	<b>\$ 4,831,536</b>	<b>\$ -</b>	<b>\$ 190,272</b>	<b>\$ 379,150</b>	<b>\$ (3,494,649)</b>	<b>\$ 1,906,309</b>
Stock based compensation (note 8)	-	-	-	-	40,752	-	40,752
Net loss for the period ended	-	-	-	-	-	(288,501)	(288,501)
<b>Balance, November 30, 2022</b>	<b>82,998,600</b>	<b>\$ 4,831,536</b>	<b>\$ -</b>	<b>\$ 190,272</b>	<b>\$ 419,902</b>	<b>\$ (3,783,150)</b>	<b>\$ 1,658,560</b>
<b>Balance, August 31, 2023</b>	<b>86,082,552</b>	<b>\$ 5,139,502</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 376,363</b>	<b>\$ (4,132,349)</b>	<b>\$ 1,383,516</b>
Exercise of stock options (note 6)	825,000	122,003	-	-	(52,003)	-	70,000
Stock based compensation (note 8)	-	-	-	-	18,780	-	18,780
Net loss for the period ended	-	-	-	-	-	36,477	36,477
<b>Balance, November 30, 2023</b>	<b>86,907,552</b>	<b>\$ 5,261,505</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 343,140</b>	<b>\$ (4,095,872)</b>	<b>\$ 1,508,773</b>

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

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**PharmAla Biotech Holdings Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three Months Ended November 30, 2023 and 2022**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

PharmAla Biotech Inc. ("PharmAla") was incorporated under the Business Corporations Act (British Columbia) on December 23, 2020. The registered head office of the Company is 1055 West Georgia Street P.O. Box 11117, Vancouver, BC V6E 4N7, Canada.

PharmAla is a Canadian Biotechnology company dedicated to the development, manufacture and sales of MDMA and MDXX class molecules in service to the burgeoning clinical research community, and growing commercial use cases in select jurisdictions.

PharmAla Biotech Holdings Inc. (previously Greenridez 3.0 Acquisitions Corp.) ("Holdings Inc.") was incorporated under the Business Corporations Act (British Columbia) on January 12, 2021.

On March 19, 2021, Holdings Inc. issued 40,000,000 common shares as consideration for acquisition of the 5,000,000 outstanding common shares in the capital of PharmAla. The Acquisition was accounted for as a reverse takeover ("RTO") whereby PharmAla was identified as the acquirer for accounting purposes and the resulting consolidated financial statements are presented as a continuance of PharmAla. After the RTO, the combined entity of Holdings Inc. and PharmAla is referred to also as "the Company" in these consolidated financial statements.

On May 1, 2023, the Company along with Australian-based Vitura Health Limited (ASX: VIT) ("Vitura") each own 50% equity interest in Cortexa Pty Ltd. ("Cortexa" or "Joint Venture"). Cortexa has exclusive rights to manufacture and distribute MDMA and Psilocybin in Australia under GMP conditions using PharmAla's manufacturing technology and intellectual property.

The Company is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia. On January 11, 2022, the Company's shares were listed on the Canadian Securities Exchange ("CSE") under the symbol "MDMA" (note 11). On January 24, 2024 the Company ticker on the OTC was changed from PMBHF to MDXXF.

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. For the three months ended November 30, 2023, the Company reported a net profit of \$36,477 (three months ended November 30, 2022 - loss of \$288,501), and cumulative deficit of \$4,095,872 as of November 30, 2023 (August 31, 2023 - \$4,132,349). As of August 31, 2023, the Company has cash balance of \$222,847 (August 31, 2023 - \$195,042). The Company's ability to continue as a going concern is dependent upon its ability to develop and maintain profitable operations and/or to obtain additional financing. Management is of the opinion that the Company will achieve profitable operations, or that sufficient working capital will be obtained from either increased sales through access to new markets or new clients, or external financing to sustain its operations for the foreseeable future and that the going concern assumption is appropriate. However, there is no assurance that the outcome of these matters will be successful and, as a result, there are material uncertainties that might cause significant doubt regarding the going concern assumption.

These unaudited condensed interim consolidated 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 unaudited condensed interim consolidated financial statements. Such adjustments could be material.

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**PharmAla Biotech Holdings Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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## **2. BASIS OF PREPARATION**

### **Statement of compliance**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

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 annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The preparation of financial statements in accordance with International Accounting Standards (IAS) 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to these unaudited condensed interim consolidated financial statements were the same as those that applied to the Company's annual consolidated financial statements as at and for the year ended August 31, 2024, except as noted below.

The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended August 31, 2023, other than those noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending August 31, 2024 could result in restatement of these unaudited condensed interim consolidated financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS, which have been applied consistently to all periods presented. These unaudited condensed interim consolidated financial statements were issued and effective as of January 26, 2024, the date the Board of Directors approved the statements.

### **Restricted Share Units**

The Company grants RSUs to acquire common shares of the Company to directors, officers, employees, and consultants. The fair value of RSUs is measured at grant date, using the closing quoted bid price on the issuance date.

### **Accounting Standards Issued and adopted**

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The Company has adopted this amendment on September 1, 2023, and there was no material impact to the unaudited condensed interim consolidated financial statements.

**PharmAla Biotech Holdings Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**2. BASIS OF PREPARATION (Continued)**

**Accounting Standards Issued but not yet Applied**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after January 1, 2023 or later periods.

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. EQUIPMENT**

Equipment	Cost	Depreciation	Net book value
<b>Balance, August 31, 2022</b>	<b>\$ 5,656</b>	<b>\$ (1,857)</b>	<b>\$ 3,799</b>
Additions	-	(1,697)	(1,697)
<b>Balance, August 31, 2023</b>	<b>5,656</b>	<b>(3,554)</b>	<b>2,102</b>
Additions	-	(428)	(428)
<b>Balance, November 30, 2023</b>	<b>\$ 5,656</b>	<b>\$ (3,982)</b>	<b>\$ 1,674</b>

**4. ACCOUNTS RECEIVABLES**

Accounts receivables consist of:

	As of November 30,	
	2023	2022
Trade receivables	\$ 123,684	\$ 138,804
Other receivables	127,855	73,017
Allowance for bad debt	(16,863)	(16,863)
<b>Total</b>	<b>\$ 234,676</b>	<b>\$ 194,958</b>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. The aging of the net trade receivables at each reporting date was as follows:

	Current	Past due 1-90	Past due 91-181	Past due >182	Total
November 30, 2023	\$ 83,229	\$ -	\$ -	\$ 23,592	\$ 106,821
August 31, 2023	\$ -	\$ 90,319	\$ 31,622	\$ -	\$ 121,941

**5. INTANGIBLE ASSETS**

Intangible assets consist of deferred development costs for internally generated intangible assets such as:

- Patents of novel MDXX class compounds, as well as novel synthesis routes to manufacture these molecules;
- Preclinical testing of MDXX molecules to advance development of the molecules through regulatory pathway into human trials.
- Development of manufacturing pathways allowing for the manufacture and testing of clinical-grade MDMA at scale; and
- The development of novel delivery mechanisms for non-scheduled, and MDMA and MDXX class compounds;



PharmAla Biotech Holdings Inc.  
Notes to Condensed Interim Consolidated Financial Statements  
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5. INTANGIBLE ASSETS (Continued)

Cost	MDXX	Process Development	Drug Delivery	Preclinical Testing	Total
Balance, August 31, 2022	\$ 331,542	\$ 722,352	\$ 27,500	\$ 170,006	\$ 1,251,400
Additions	242,829	199,313	-	64,593	506,735
Balance, August 31, 2023	574,371	921,665	27,500	234,599	1,758,135
Additions	56,514	-	-	-	56,514
Balance, November 30, 2023	\$ 630,885	\$ 921,665	\$ 27,500	\$ 234,599	\$ 1,814,649

Amortization	MDXX	Process Development	Drug Delivery	Preclinical Testing	Total
Balance, August 31, 2022	\$ -	\$ 10,581	\$ -	\$ -	\$ 10,581
Amortization	-	51,068	-	-	51,068
Balance, August 31, 2023	\$ -	\$ 61,649	\$ -	\$ -	\$ 61,649
Amortization	-	15,364	-	-	15,364
Balance, November 30, 2023	\$ -	\$ 77,013	\$ -	\$ -	\$ 77,013

Net Book value	MDXX	Process Development	Drug Delivery	Preclinical Testing	Total
Balance, August 31, 2023	\$ 574,371	\$ 860,016	\$ 27,500	\$ 234,599	\$ 1,696,486
Balance, November 30, 2023	\$ 630,885	\$ 844,652	\$ 27,500	\$ 234,599	\$ 1,737,636

6. SHARE CAPITAL

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

Common shares issued

	Number of Shares	Share Capital
Balance, August 31, 2022 and November 30, 2022	82,998,600	\$ 4,831,536
Balance, August 31, 2023	86,082,552	\$ 5,139,502
Exercise of stock options	825,000	122,003
Balance November 30, 2023	86,907,552	\$ 5,261,505

Option exercises

During the period ended November 30, 2023, the Company received funds for the exercise of 825,000 options for gross proceeds of \$70,000 from the CEO, with a black scholes value of \$52,003.

**PharmAla Biotech Holdings Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three Months Ended November 30, 2023 and 2022**  
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**(Unaudited)**

**7. RESTRICTED SHARE UNITS**

The Company has an unapproved Restricted Stock Unit (“RSU”) plan (“RSU Plan”). The RSU Plan is subject to the approval of the shareholders at the Company’s annual general meeting. The Company may issue RSUs to directors, officers, employees, and consultants, and may be granted for a maximum term of ten years from the date of the grant. The Board of Directors are responsible for determining if the RSU vest immediately or have vesting conditions.

The Company had the following RSUs activity during the periods ended November 30, 2023 and 2022:

	Number of RSUs	Weighted Average Price (\$)
<b>Balance, August 31, 2022, November 30, 2022 and August 31, 2023</b>	-	-
Issued	2,300,000	0.175
<b>Balance, November 30, 2023</b>	<b>2,300,000</b>	<b>0.175</b>

On November 3, 2023, the Company issued 2,300,000 restricted share unit awards to Clariti Strategic Advisors Inc, which vest based upon liquidity event and have an expiry date of 10 years. Based on the Company’s estimate a liquidity event like this may take place in approximately 2 years. For the period ended November 30, 2023 the Company recorded share-based compensation of \$10,350 related to the vesting of the restricted share units.

**8. STOCK OPTIONS**

The Company has adopted an incentive stock option plan in accordance with the policies of the Exchange (the “Stock Option Plan”). Options may be granted for a maximum term of ten years from the date of the grant. They are not transferable. Unless the Board determines otherwise, options shall be exercisable in whole or in part at any time during this period. Options expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

The Company had the following stock options activity during the periods ended November 30, 2023 and 2022.

	Number of Stock options	Weighted Average Exercise Price (\$)
<b>Balance, August 31, 2022 and November 30, 2022</b>	<b>7,810,000</b>	<b>0.08</b>
<b>Balance, August 31, 2023</b>	<b>6,040,000</b>	<b>0.09</b>
Issued	2,300,000	0.175
Exercised	(825,000)	0.05
<b>Balance, November 30, 2023</b>	<b>7,515,000</b>	<b>0.12</b>

During the three months ended November 30, 2023, the Company recorded \$3,190 (November 30, 2022 - \$40,752) related to options granted in prior reporting periods.

On November 6, 2023, the Company granted stock options to directors, officers and advisors to purchase 2,300,000 common shares of the Company at an exercise price of \$0.175 for a period of 10 years following the date of grant, and vest upon a liquidity event. The options were valued at \$157,200 using a Black-Scholes valuation model with the following assumptions: share price of \$0.14 per common shares, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of 4.45%, and expected life of 2 years. During three months ended November 30, 2023, the Company recorded stock based compensation expense of \$5,240 related to this grant of stock options.

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**8. STOCK OPTIONS (Continued)**

The following table reflects the stock options issued and outstanding as of November 30, 2023:

<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Weighted Average Remaining Contractual Life (years)</b>	<b>Number of Options Outstanding</b>	<b>Number of Options Vested (Exercisable)</b>
March 23, 2026	0.05	2.31	1,010,000	1,010,000
June 18, 2026	0.10	2.55	1,025,000	1,025,000
August 12, 2026	0.10	2.70	380,000	280,000
November 1, 2026	0.10	2.92	750,000	458,333
January 5, 2027	0.10	3.10	1,750,000	1,750,000
July 13, 2027	0.10	3.62	300,000	300,000
November 6, 2033	0.175	9.94	2,300,000	-
<b>Total</b>	<b>0.12</b>	<b>4.99</b>	<b>7,515,000</b>	<b>4,823,333</b>

**9. WARRANTS**

The Company had the following activity regarding warrants during the three months ended November 30, 2023 and 2022.

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price (\$)</b>
<b>Balance, August 31, 2022 and November 30, 2022</b>	<b>6,766,952</b>	<b>0.05</b>
<b>Balance, August 31, 2023 and November 30, 2023</b>	<b>-</b>	<b>-</b>

As at November 30, 2023, the Company has no warrants outstanding.

**10. INCOME (LOSS) PER SHARE**

	<b>Three months ended November 30,</b>	
	<b>2023</b>	<b>2022</b>
Weighted average shares outstanding		
-basic	<b>86,479,719</b>	82,998,600
Dilutive effect of stock options	<b>1,934,303</b>	-
Dilutive effect of warrants	-	-
Weighted average shares outstanding		
-diluted	<b>88,414,022</b>	82,998,600
Income (loss) and comprehensive income (loss) per share		
-basic	<b>\$ 36,477</b>	\$ (288,501)
-diluted	<b>\$ 0.00</b>	\$ (0.00)
	<b>\$ 0.00</b>	\$ (0.00)

**PharmAla Biotech Holdings Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**11. JOINT VENTURE**

On May 1, 2023, the Company along with Australian-based Vitura Health Limited (ASX: VIT) each acquired a 50% equity interest in Cortexa. Cortexa has exclusive rights to manufacture and distribute MDMA and Psilocybin in Australia under GMP conditions using PharmAla's manufacturing technology and intellectual property. Cortexa is controlled by a board consisting of equal representatives of both the Company and Vitura. Cortexa is considered a joint venture for accounting purposes and accordingly is accounted for using the equity method.

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic, financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

PharmAla may make available from time to time products to Cortexa for import into Australia for supply to medical practitioners under the Therapeutic Goods Administration (TGA) Authorised Prescriber 2 scheme.

Cortexa has a licence based on PharmAla's manufacturing technology and intellectual property, allowing for the manufacturing of MDMA and Psilocybin in Australia under GMP conditions. During the three months ended November 30, 2023, the Company accrued license revenue of \$54,838 (AUS 62,500).

The following table summarizes, in aggregate, the financial information of Cortexa. The amounts included in the IFRS financial statements of the associate are presented in Australian dollars, and adjusted to reflect adjustments made by the Company when using the equity method.

	<b>November 30, 2023 (AUS)</b>	August 31, 2023 (AUS)
Cash	\$ 115,467	391,471
Total current assets	<b>676,624</b>	640,985
Total non-current assets	-	-
Total assets	<b>676,624</b>	640,985
Total current liabilities	<b>306,816</b>	739,709
Total non-current liabilities	<b>636,720</b>	70,248
Net assets	<b>\$ (266,912)</b>	(168,972)
	<b>Three months ended November 30, 2023 (AUS)</b>	2022 (AUS)
Revenue	\$ 86,895	-
Loss from continuing operations and total comprehensive loss	<b>\$ (97,939)</b>	-

Under the equity method, the Company's share of losses in Cortexa equals or exceeds its interest in Cortexa, the Company discontinues recognising its share of further losses. After the Company's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of Cortexa. If Cortexa subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

As part of its operations the Company from time to time may sell either raw GMP or encapsulated product to Cortexa to facilitate sales (downstream transaction), under the equity method transactions involving assets must be recognised only to the extent of unrelated investors' interests. During the three months ended November 30, 2023, the Company made sales of \$437,340 (US \$322,000), and deferred the gain on sales of \$169,430

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**PharmAla Biotech Holdings Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three Months Ended November 30, 2023 and 2022**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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## 12. REVENUE

The following is a breakdown of the Company's revenues by type:

	<b>Three Months November 30,</b>	
	<b>2023</b>	<b>2022</b>
Product sales	\$ 697,632	\$ -
License revenue (note 11)	54,838	-
<b>Total</b>	<b>\$ 752,470</b>	<b>\$ -</b>

## 13. COMMITMENTS AND CONTINGENCIES

### *Sales contracts*

Pursuant to the sales contracts with customers, the Company receives deposits for sales contracts. Certain upfront costs are non-refundable, however due to the nature of the industry of which the Company operates in, completing performance obligation for the contract often requires regulatory approval from a number of agencies. The Company is committed to completing its performance obligations.

### *Contingencies*

From time to time, the Company may become involved in various claims and litigation as part of its normal course of business. The Company is not currently aware of any claims and litigation that it is party to at this time.

## 14. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The Chief Financial Officer ("CFO") of the Company is the managing director of Marrelli Support Services Inc. ("MSSI"). During the three months ended November 30, 2023, the Company paid for professional fees of \$13,027 (November 30, 2022 - \$13,197) to Marrelli Support Services Inc., DSA Corporate Services Inc., DSA Filling Services Limited, and Marrelli Trust Company Limited, collectively, the ("Marrelli Group"). The services provided by the Marrelli Group are for:

- Bookkeeping services;
- Regulatory filing services;
- Corporate secretarial services; and
- Transfer agent services.

These services are required by the Company to maintain its reporting issuer status. As at November 30, 2023, the Marrelli Group was owed \$15,662 (August 31, 2023 - \$13,000) and this amount is included in accounts payables and accrued liabilities. These services were incurred in the normal course of business, and these cost are included in professional fees.

During three months ended November 30, 2023, the Company incurred consulting and payroll fees of \$36,000 (November 30, 2022 - \$36,000) to the Chief Executive Officer ("CEO") and companies controlled by the CEO. As at November 30, 2023, the CEO and companies controlled by the CEO were owed \$29,340 (August 31, 2023 - \$80,170) inclusive of HST, and this amount was included in accounts payables and accrued liabilities.

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**PharmAla Biotech Holdings Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**14. RELATED PARTY TRANSACTIONS (Continued)**

During three months ended November 30, 2023, the Company incurred consulting fees of \$24,640 (November 30, 2022 - \$24,000) to a company controlled by the Chief Operating Officer ("COO"). This service was incurred in the normal course of business, and these costs are included in consulting fees. As at November 30, 2023, companies controlled by the COO were owed \$12,540 (August 31, 2023 - \$8,000) inclusive of HST, and this amount was included in accounts payables and accrued liabilities.

During three months ended November 30, 2023, the Company incurred consulting fees of \$nil (November 30, 2022 - \$750) related to regulatory affairs to a company controlled by a Director. This service was incurred in the normal course of business, and these costs are included in investor relations.

See note 6.

During the three months ended November 30, 2023, the Company incurred stock based compensation expense of \$744 (November 30, 2022 - \$29,912).